



## EDITORIAL

# GOING AGAINST THE GRAIN

"IF YOU SEE A BANDWAGON COMING, it's already too late to climb on board," observed one Wall Street financier, explaining that the best opportunities are inevitably those that are overlooked. This year's recipients of Music Trades *Man of the Year*, *Company of the Year*, and *Product of the Year* are all case studies in the power of the overlooked opportunity. Fourteen years ago, Bill Schultz, Fender CEO and Man of the Year, assumed considerable personal risk in leading a leveraged buy-out of Fender. He understood Fender's untapped potential, even though the industry at large had written the company off as "irreparably damaged." At Company of the Year Gemini Sound, Alan and Artie Cabasso built a thriving \$50 million business by aggressively pursuing the DJ market, long before established audio companies paid the category any serious notice. Steve Ridinger also exhibited a contrarian streak in his amazingly successful relaunch of the Danelectro Guitar, our 1998 Product of the Year. Who would have thought that a guitar that had gone out of large scale production in the late '60s and had a somewhat tarnished reputation because of an association with Sears Roebuck, could be

a top seller in 1998?

The lesson to be learned in each of these cases is that conventional wisdom is often wrong. Just because a lot of people are saying the same thing doesn't make it true. A decade ago, a large cadre of pundits were wide of the mark in predicting that the Japanese economy was going to overtake the US by 2000. Only three years ago they missed again, predicting that the U.S. was destined to be hobbled by deficits for the foreseeable future. Within the music industry, conventional wisdom hasn't been much better. It wasn't too long ago that our columns contained widely accepted predictions that acoustic instruments were on the verge of extinction and that video games were destined to replace music making as an activity.

Today, the conventional wisdom, privately embraced by many manufacturers, is that independent retailers are on the verge of being overwhelmed by the roll-out of huge national chains. We suspect that in the years to come, this generalization will be debunked by clever business people who adapt to a changing marketplace. If the past is any indication, they will probably rely on a strategy that has either been disparaged or overlooked.

## CORRECTION & AMPLIFICATION

WE TAKE THIS OPPORTUNITY to apologize for inaccurate reporting of a bizarre retail scandal in our September 1998 issue that unfairly cast Fletcher Music Centers in an unfavorable light. Several years ago Jeff Snyder, a Fletcher salesman, began selling his customers phony stock in the 30-store organ chain, promising them handsome returns when the company went public. The problem was that Snyder owned no stock in Fletcher Music and the company had no immediate plans to go public. What made the fraud so peculiar was the fact that Snyder didn't enrich himself. Rather, the phony stock sales were part of an intricate scheme to help customers purchase organs they couldn't otherwise afford.

When Snyder's dealings came to light a year ago, Fletcher received a blizzard of unfavorable publicity from the local press. However, what both Music Trades and the St. Petersburg Times failed to cover was the chain's extraordinary efforts to make amends for the illegal behavior of one of its 300-plus employees. John Riley, president, personally met with over 100 wronged customers and paid out over \$1.0 million in settlements.

A large stack of glowing "thank you" letters provides potent testimony to the sincerity of Fletcher Music's efforts to right Jeff Snyder's wrongs.

The headline in Music Trades' coverage also implied that Fletcher was the target of a fraud investigation. What was omitted was the fact that after examining the evidence, local police and Federal agents quickly concluded that Snyder acted independently and that Fletcher management was blameless.

Over the past two decades, Fletcher Music has achieved exceptional performance despite precipitous declines in the market for home organs. The company also enjoys a well deserved reputation for superior customer service. Unfortunately, these well documented facts got short shrift in our coverage, resulting in an unfair characterization of one of the industry's finest retail businesses. For that, we express our sincere regrets.

**Brian T. Majeski**  
Editor