



## The Hard Decision About Software

**Y**OU KNOW, IT NEVER CEASES TO AMAZE ME. After presenting a seminar on "Inventory Management" or "Financing a Music Store" or "Improving Cash Flow," I get attacked by a mob of retailers with only one burning question.

I keep hoping they'll ask me about my favorite guitar or what tubes I use in my amp or how many milliseconds I prefer on my delay setting. I'd even settle for "What's a Roth IRA?" (named, of course, after the former lead singer of Van Halen). But no, I never get asked any of these cool questions. The question burning a hole in every retailers brain is: "What accounting software package should I use?"

Exciting? No. Critical to the survival of a music store? Absolutely. That's one reason everyone keeps asking. Perhaps another is the fact that there's been a definite lack of a "standardized solution" to automating the music retailing industry

(although I think a couple of software packages are emerging). And until retailers start making demands of software developers to create a software solution that is cost-effective, well-supported and meets the unique retailing needs of

the majority of music dealers, this industry will continue to be plagued with untimely data, poor cash flow, horrible inventory turns and inefficient operations from the lack of effective bar coding and EDI (Electronic Data Interchange) technology. No wonder you don't care what amp I'm using.

### Why We're So Far Behind

Given the size of the music retailing industry and the obvious need for automated accounting, inventory management and retailing functions, it makes no sense that this industry continues to lag behind other retail industries in store automation. But if we take a closer look at the "typical" retailer, the reasons become more apparent.

First, the music retailer derives revenue from sources other than just sales. Most retailers offer music lesson instruction, rent musical instruments and equipment, provide repair services, perform sound system installation and offer other unique services (i.e. customer financing). Clearly, there are few, if any, other retail industries that are as varied as the typical music dealer. And with the variety of these services comes the need to track unique business data way beyond "who" got sold "what."

No wonder retailers haven't had the time or resources to implement vital technologies like bar coding, internet access or EDI. They're still trying to get their accounting system right!

### Accounting Software Keys

In an effort to identify the right accounting software package, let's first identify the key components in an accounting software solution. I have divided the important accounting functions into 3 groups (see chart): (1) Basic, (2) Music Retailing and (3) Advanced functions. The "basic" functions are those that should be present in every accounting software package. The "music retailing" functions are

those that won't be found in "off-the-shelf" (i.e. QuickBooks, PeachTree) or "authorized dealer" (i.e. MAS-90, RealWorld) software. The "advanced" functions are those that are generally not critical to your store operations, but do bring greater data power (and possibly a competitive edge) to your organization.

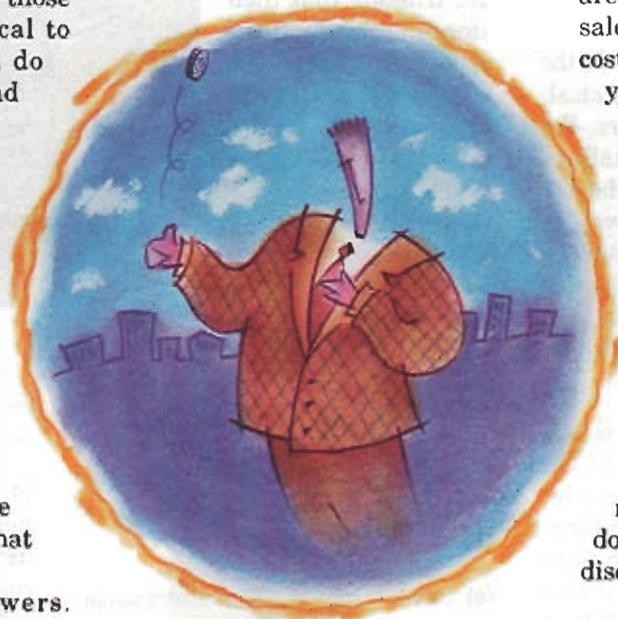
Now that we know what constitutes a "good" accounting software package, selecting the right one should be easy, right? Wrong!

### You've Got to be Kidding

I have a new industry joke. You put ten retailers in a room, ask them what software package they're using, and what do you get?

Thirteen different answers. Literally! That's because some retailers are not automated at all, others are using old software that's no longer supported, others are using newer packages that don't meet their needs and others still are using two or more packages for their single store (i.e. QuickBooks for their accounting, Tri-Tech for their rentals

and Microsoft Access for their inventory). Why? Because no one has the complete answer to all the unique music retailer needs. So do you wait



until that perfect solution is available? Absolutely not!!

By waiting, you continue to lose control of your company by not having the easily accessible, timely financial data you need to make critical daily decisions about (1) what and how much to buy, (2) what's in stock,

out-of-stock, back-ordered, missing or stolen, (3) who owes you money and for how long, (4) who you owe, when they need to be paid and if discounts are available, (5) who's making the sales and gross profit, and at what cost, and (6) where and why and if you're making money. With internet commerce, catalogue sales and music superstores trying to grab a big piece of your market, you've got to employ state-of-the-art automated accounting technology just to keep pace, if not stay ahead of your competition.

### How to Choose

In its simplest terms, the measurement for selecting the right software package comes down to four criteria. Let's briefly discuss each one:

**1. Does it meet your needs?** You may find a package that has great accounting functionality. But if your store needs a system that can get a line of customers in and out of your store on a Saturday afternoon, you need intuitive point-of-sale processing. In short, make sure the package meets both your operational and reporting needs.

#### The "Basic" Functions

- Accounts Payable
- Accounts Receivable
- Inventory Control
- Order Entry and Customer Invoicing
- Purchase Orders
- Payroll
- General Ledger
- Check Reconciliation

#### The "Music Retailing" Functions

- Point-of-Sale Processing
- Bar Coding
- Rental Contract Management
- Service and Repair Tracking
- Music Lesson Scheduling

#### The "Advanced" Functions

- Fixed Asset Accounting
- Sales Lead/Contact Management
- Exporting Capability to Other Software
- Custom Report Generator
- Electronic Data Interchange (EDI) Capability
- Internal Messaging/E-mail

**2. Does it run on widely used hardware and operating systems?** In today's computing environment, this criteria should be easy to meet. I know I'm going to take some heat from all my Mac-based musician buddies, but the Apple Macintosh is not the answer to the accounting challenges facing today's retailers. For most small and mid-size retailers, your system should be PC-based, utilizing Novell or Windows NT network operating systems. And by the way, with every new version of Windows, several good DOS programs no longer run. Like it or not, Windows is here to stay.

**3. Is it affordable?** What good is any system if you can't afford it? On the other hand, don't always let price be the overriding factor. Worse off is the retailer who buys the cheaper solution, only to find the new software package doesn't meet the store's needs after thousands of data entry hours have been spent building inventory, customer and vendor files. Don't be penny wise and pound foolish.

**4. Is it well supported?** Maybe there's a great music retailing package that's written and supported by Joe Bob from Joe's Musik Shak in Bonehead, Slabovia. Once again, I'm amazed by how many music retailers are relying on a one- or

two-person software development company for support. In other words, music retailers are trusting that their store's entire financial reporting system will survive the retirement, bankruptcy or death of the one individual who developed it. By the way, who's going to fix the Year 2000 bug in that program? Don't underestimate the importance of continued support.

### A Few Final Thoughts

When considering whether to implement or switch to a particular accounting software package, do the following:

(a) Get key people in your organization involved right from the start. They'll feel a part of the team and will see the implementation of your new system to a successful completion.

(b) Gather lots of documentation on the new software before you buy it. Software demos, operator manuals and sample reports will help insure the package meets your needs.

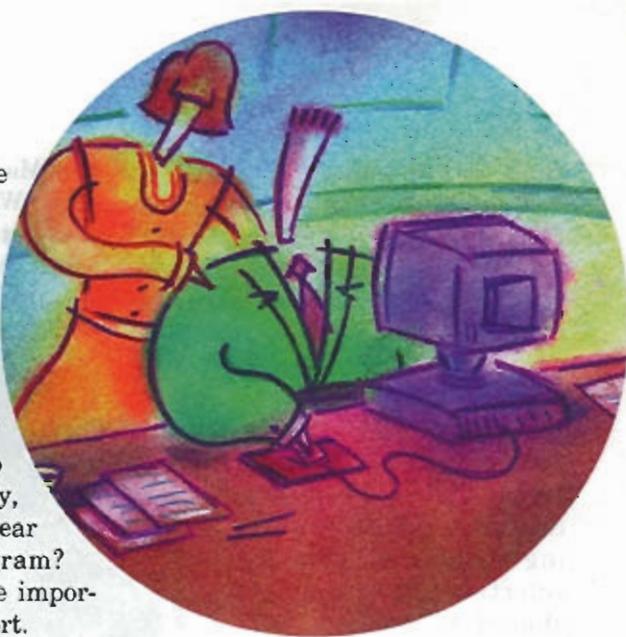
(c) Talk to (and visit, if possible) existing users of the software. They're generally more than

happy to tell you what they like or hate about the software.

(d) Attend NAMM trade shows to meet with the exhibiting software developers. What better way to compare music industry software.

And when all else fails, try this: Call up some software company, tell them you'll buy their system if they take you to dinner, fly you to their office for free training, discount the price, give you extended payment terms and guarantee 24 hour support service at no cost to you. Hey, it can't hurt to ask.

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## Judy's Music Advertising Campaign Takes Flight

Judy Rieger-Hanley sees a sold-out Steelers professional football game as a stadium full of potential customers for her Pittsburgh piano store.

"The people who go to football games are from all walks of life and that is what the piano market is," Rieger-Hanley said. "For the piano market, what I am learning about advertising is that you have to hit lots of numbers."

To capture this large target audience last Labor Day weekend, Rieger-Hanley contracted an airplane to fly a Judy's Music banner during opening day at Three Rivers Stadium. The next day, she

scheduled another fly-by. The Pirates were at home for an inter-league clash with the Cleveland Indians.

Both days, the airplane circled the sold-out stadium 15 times, which is approximately 20 minutes of air time, Rieger-Hanley said. Between the two days, "I had 80,000 people staring at 'Judy's Music'," Rieger-Hanley said.

The \$375 airplane campaign was designed to build name recognition in the community and increase traffic at Judy's Music's annual Labor Day sale.