



LETTERS

Alan Stirs the Industry

I just read Alan Friedman's *Think Tank* article in the February 2004 issue of Music Inc. ("Wake Up and Smell the Coffin") and wanted to give a hearty "Amen" to his insight and wisdom.

With all the uncontrollable variables, it would seem obvious that the one thing manufacturers could do for their own survival is to acknowledge good margins for dealers are a prerequisite of a healthy industry—and then do something about it.

There is a pronounced lack of wisdom in the music manufacturing industry, compounded by a lack of courage and principle; I am thrilled that Alan pointed it out in such a clear and concise way.

Mike Morgan
Morgan Music
Lebanon, Mo.

I applaud Alan Friedman's article in your February issue.

There is an apparent need for such straight talk. His view on MAP prices is right on and certainly shared by many of us independent music dealers.

Suppliers, dealers and educators need to wake up and "smell the coffin" before we all end up in a mass grave. We have a responsibility to future young musicians to insure that they can get a quality music education on quality musical instruments. Alan hits the mark in placing shared blame on dealers, suppliers and manufacturers.

Rex Tate
The Music Room
Rome, Ga.

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FOR PROGRESSIVE MUSIC RETAILERS

music inc.

FEBRUARY 1 2004 \$3.50

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GEAR

Guide

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I was very pleased to read Alan Friedman's February article on profit margins, discounting and the approach of some retailers to regain profitability through increased sales volume.

As a small manufacturer, I have been aware of this but never saw it stated and documented so well. Congratulations, it was long overdue!

Our company tries to maintain a profit margin averaging 40 percent with mostly "Made in the USA" parts and assembly labor. Lately, we have been aggressively approached by several companies wanting to provide everything from some parts to complete "turn-key" products manufactured in China. Alan mentions this as a viable way to

reduce costs and increase margin. I agree, but am also aware of a few horror stories from smaller companies trying to switch some manufacturing to China.

As a small manufacturer, I wonder if there is a volume level that must be reached before Chinese manufacturing and all of the potential problems (shipping, scheduling, politics, language, quality control, etc.) are minimized. A future article with a few examples would be very helpful in deciding if we are ready to make the leap.

Again, great article.

John Fisher
President
Motion Sound

I just wanted to thank Alan Friedman for all he does for our industry.

Why do we seem to know the answers to our problems, but no one wants to execute what's needed? It's insane to do the same thing over and over, expecting a different result. The scary part is when I read letters from our industry leaders who seem unsure what to do.

We all know "1 minus 2" will always equal to -1; so will \$10,000,000 - \$20,000,000 always equal -\$10,000,000? You may have to add a few more zeros, but the result is the same.

So what's next? Just add a few more lines and a few hundred more product SKUs? The "worst plan" will yield the same result as the "best plan without action." Alan has given us the answers to the best plan; now it's time for us to act!

Thanks Music Inc. for giving us more of Alan Friedman. It was great to see him speaking again at this year's NAMM trade show, as I always enjoy attending his presentations and cherish the incredible amount of new knowledge I gain from his NAMM University sessions.

Mike Guillot
Mississippi Music
Hattiesburg, Miss.

Kudos to both Music Inc. and Alan Friedman! The February *Think Tank* by Alan was right on.

The relationship between the suppliers and the dealers changed some time ago, which is unfortunate. However, everyone has to do what is best for their business. Alan's

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piece is well said and long overdue.

Beth Houlihan
Kidder Music
Peoria, Ill.

Last night, I sat down and read the February *Think Tank* article by Alan Friedman. Today, I had the first in a long line of reps visit me looking for a NAMM Show-related order. I asked my rep if he had read Alan's article. When he said "No," I took it upon myself to give him a brief synopsis. He got pretty defensive, to say the least.

Alan hit the nail right on the head, and it's about time someone had the balls to stand up and say it in a public forum. Hopefully, no one will send a hit man after him until after he finishes our tax returns—just kidding.

The article was excellent, offering me a lot to think about as a music retailer.

Matt Leff
Matt's Music Center
Weymouth, Mass.

I can't believe it! I've been in the music products business for 33 years, reading all the articles in the many industry magazines. Alan Friedman's *Think Tank* article in your February 2003 issue, however, is the most honest, down-to-earth piece I've ever read. He tells it like it is without sugar coating anything.

Alan's comments about manufacturers selling guitars to Wal-Mart and Costco, then asking the local store to service these units, is right on. I believe that only four-out-of-12 beginners will go on to buy a step-up prod-

uct. By then, they have every catalog and website at their disposal. So, chances of selling them a second guitar is cut down. By the time they buy their third guitar, they know more about the competition's price than the local dealers do.

The manufacturers are trying to take away the first-time buyer from the local music stores. The catalog and internet are taking away the second- and third-time buyer. What's left for us? Oh yes, we can sell the customer a thing-a-ma-jig when it falls off his guitar, and maybe we will make a buck. Thanks a lot.

Why doesn't anyone want to make money anymore? As the retail price drops, you need to sell a lot more products just to stay at the same level. In my part of the country, we have a lot more cows than people. And in my 33 years, I still haven't sold a guitar to a cow, so just because prices have dropped doesn't mean I'll sell more.

Alan's view of MAP is also right on. MAP is just the new list price or a new price to discount from.

After 33 years in business, I have learned that when a manufacturer's rep comes in and tells me that I have to order so many units to "re-up" for the year, I have to tell him to either accept what I want or not order anything if that product is not making money for us.

I do agree with Alan about buying smaller quantities more often, as well. I can't tell you the amount of times I've bought a lot of an item because I got a deal on freight, only to have that item not sell and end up in my half-price bin. Buying less more often has really worked for me.

I think music product retail-

'I can't believe it! I've been in the music products business for 33 years, reading all the articles in the many industry magazines. Alan Friedman's "Think Tank" article in your February 2003 issue, however, is the most honest, down-to-earth piece I've ever read. He tells it like it is without sugarcoating anything'

—Sam Wangler
Guitarland

ers are getting tired of reading every month about how many stores all the big-box guys are opening up. We could all use more real articles like this one.

Sam Wangler
Guitarland
Bismarck, N.D.

Reinforcing the Commitment

American Way Marketing was recently contacted by one of its customers to contribute to a worthy cause. One of the local high schools won its division in the Indiana State Marching Band Competition, and the director was raising funds to present the band members with a championship ring. Of course, we complied immediately.

After a month or so, we began receiving hand-written thank-you letters from the students. I present excerpts from

those letters here:

"I want to tell you how much I appreciate your donation to fund our rings. I am a junior and play the trumpet. I have worked hard for three years to win state, this year more than ever, because I wanted to do it for my Mom, who died in 2002 of cancer. This ring, along with my great pride, will help me remember this always. I can't tell you how much this means to me."

"I would like to express my extreme gratitude for your contribution toward our championship rings. For the rest of my life, this ring will remind me I was a part of a championship team. My ring will be special to me because I know the people that contributed to it personally."

Letters like these reinforce what we do every day in our business and personal lives. It is one thing to say how important school music programs are to the members and the communities, and the above positively illustrates this. It is another to reinforce this feeling within ourselves and our staff.

I hope that everyone who reads this will show these bits to their employees and share the joy that a student feels for playing, performing and achievement in his/her life, not only in this area, but others as well.

Jim Klingler
Vice President of Purchasing
American Way Marketing

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