

**NAMM**<sup>®</sup>   
idea center

**Back to Basics**  
DNA of a Successful Music Store

presented by

Alan Friedman, CPA  
& Daniel Jobe  
Friedman, Kannenberg & Company, P.C.



# TODAY'S OBJECTIVES...



- **"Identify"** the DNA characteristics of other successful music stores
- Provide **"suggestions"** to improve your store's business
- **Q & A** (along the way)

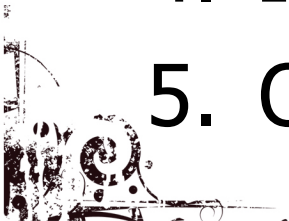


# THE ESSENTIALS...



## The "5" Must Haves in Music Retailing:

1. Music Education
2. Instrument Rentals
3. Low Overhead
4. Internet Presence
5. Owner Involvement



# THE COMMON "DNA"...



## All Have "5" Traits:

1. Communication
2. Customer Service
3. Advertising Plan
4. Financial Analysis
5. An Educated Owner



# Communication...With Customers



- How many people have heard of your store?
- What have you done recently to invite ANYONE into your store or community?
- Is your store a destination store? Do you sell a necessary commodity?



# Communication...With Customers



## 5 Great Practices of Customer Communication:

1. Follow-up calls
2. Customer surveys
3. Flyers into the schools
4. Create opportunities for live music
5. Use social media to invite people into your store and become part of your community



## Communication...With Staff



- Does your staff know how much you expect them to sell today? This month?
- Do they know how many repairs or students are needed to beat last year's numbers?
- Do they appropriately greet customers? Do they know what product to promote?



# Communication...With Staff



## 5 Great Practices of Staff Communication:

1. Hold weekly training meetings
2. Help them set personal goals
3. Help them understand the marketing plan and how to cross promote
4. Expect excellence





# Customer Service



- Would you ship to a customer at no charge?
- Do you have a community for your customers?
- How far would you go to make a customer feel good about your store?
- Are you sincere, knowledgeable and available?



# Customer Service



## 3 Great Practices of Customer Service:

1. When handling a customer's complaint, before you say **NO**, take one step towards **YES**.
2. Create a community for your customers
3. Consider the larger picture when considering the small stuff



# Advertising



Consider the last promotion you ran...

- How many ways did you contact the public?
- Did you get anyone/business to partner with you?
- What was the success rate in terms of both customer impressions and sales profitability?
- Did you have a marketing plan?
- Were you able to measure your success?



# Advertising



## 3 Great Advertising & Promotion Practices:

1. Develop a marketing plan or initiative in detail
2. Work with other businesses to cross-promote
3. Be sure to **TRACK** your success!



# Financial Reporting



The numbers most dealers review regularly:

- Sales & expenses by department
- Store overhead expenses
- Inventory productivity
- Receivables & Payables
- Why?...they all effect "Cash"



# Financial Reporting

## Profitability by Department



- Which part of your business is most profitable?
- Which vendors/products yield the most profit?
- What can you do to improve the low performing segments of your business?



# Financial Reporting

## Overhead Expenses



Manage overhead at its most basic level:

- Use a budget
- Get your *staff to performance* ratio in balance
- Spend money with purpose
- Spend money to make money



# Financial Reporting

## Inventory Productivity



Items to monitor on a monthly basis:

- GMROI (Gross Margin Return on Inventory)
- Inventory Turns
- Aging products (= liquidate!)





# Financial Reporting

## Receivables & Payables



- How old are your receivables?
- How often do you contact customers with outstanding debt?
- Do you routinely review credit policies?
- Do we really care about A/P? (...yes!)



# Financial Reporting

## Cash



- Who balances the checkbook?
- How many people have signing power and access to the store's bank account (s)?
- Plan to make purchases when cash is best, and save for times when cash is slow.



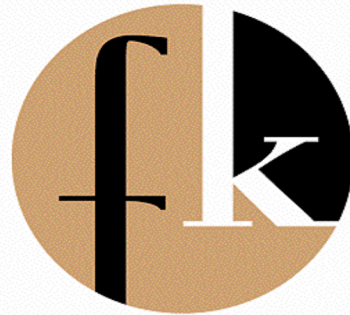
# An Educated Owner



- How many hats do you wear at your store?
- Why not try A.B.C.? (Always Be Coaching)
- Stay involved to get the most out of YOUR investment, but don't do everything
- The best owners know their limitations!



**Need more help?**



**friedman kannenberg**  

---

**and company pc**

**Contact **Jen Lowe** after this seminar  
to set up a meeting time**

**NAMM**<sup>®</sup>   
idea center

Enjoy the show!