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JULY 2014 MUSICINCMAG.COM

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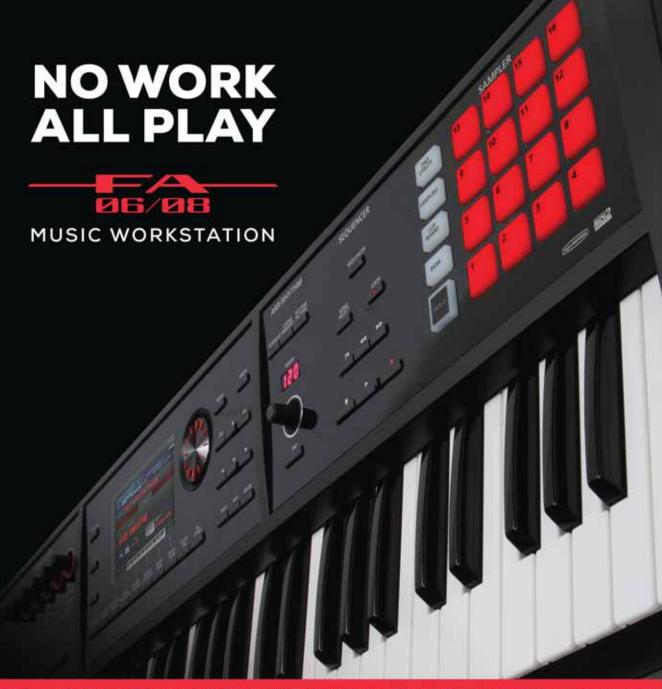
GC'S MIKE PRATT

RPMDA

FULL 2014 CONVENTION WRAP-UP

THE ALTERNATIVE ACOUSTIC THE NEXT WAVE OF ACOUSTIC GUITARS

PAGE 68



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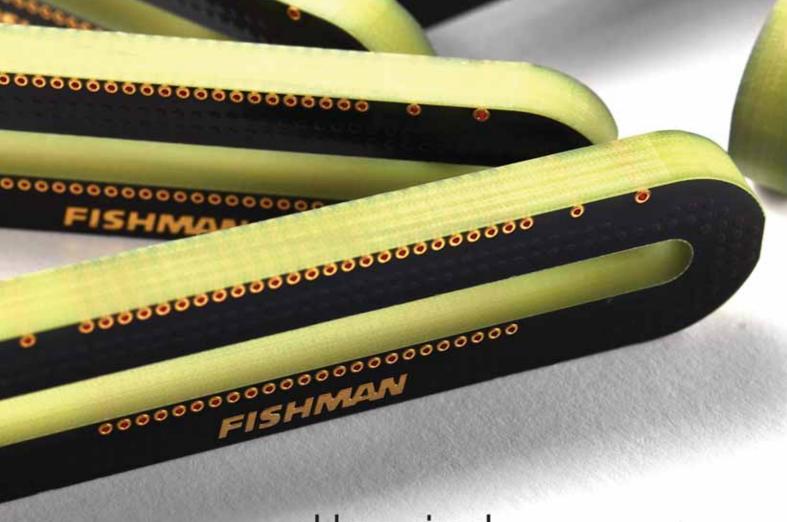


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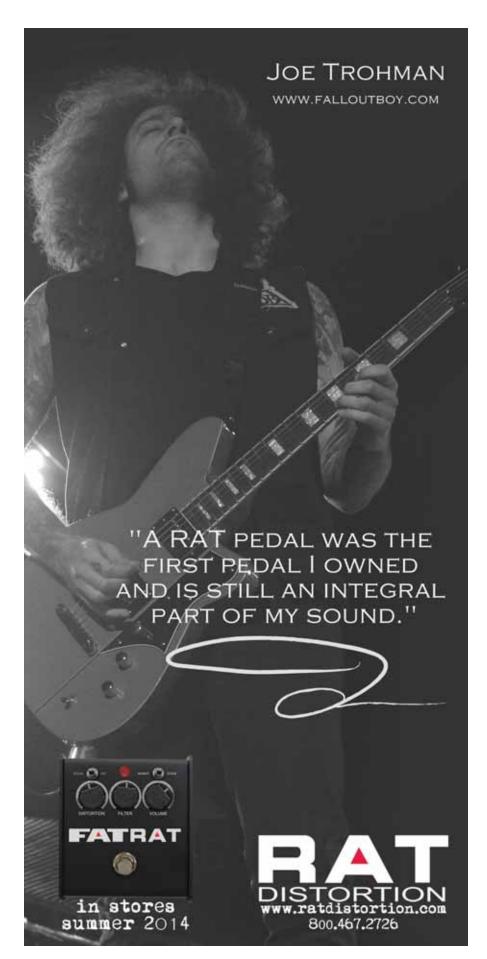
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OWN IT



July 2014



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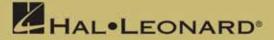
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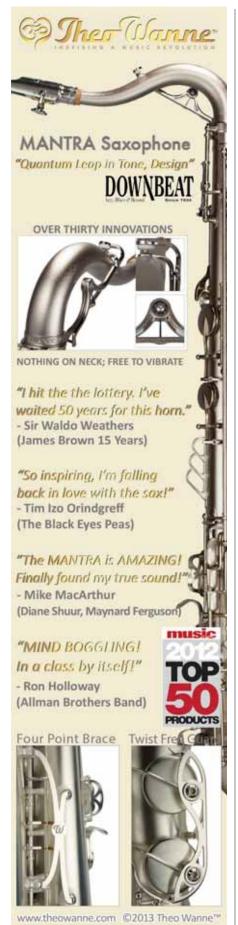
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PERSPECTIVE

PERSPECTIVE I BY KATIE KAILUS

A MID-YEAR MUST

ach summer, NAMM gives the MI industry the best holiday gift any retailer could receive: a three-day crash course on the upcoming holiday selling season, also known as Summer NAMM.

From the hottest gear to educational sessions that target the Q4 to irreplaceable networking opportunities, Summer NAMM is the gift that keeps on giving.

This year's show, held in Nashville, Tennessee from July 17-19, is seeing the highest number of registered exhibitors in the last five years. So many

that NAMM is expanding the show floor to include two full halls with additional entrances. (For more Summer NAMM prep, check out our planner on page 49.)

NAMM is also reporting a rise in pro-audio's presence with the segment claiming more than 95 percent of the expanded space.

"Buyers will have more brands to work with, progressive, educational opportunities and fun evening events," said Joe Lamond, NAMM's CEO and president. "This will be an unmissable event."

As Billy Cuthrell said in his column this month, "Just Show Up," making the effort to attend NAMM shows — especially for newcomers to the industry — is the first step to success.

"Get involved and learn about the industry while helping it grow," Cuthrell writes. "There are plenty of programs that will help you connect the pieces of the puzzle and prepare you

for work in the MI industry if you just show up."

But don't get me wrong — Summer NAMM isn't just for MI newbies. Everyone can learn something from attending, and this summer's NAMM U lineup includes many innovative educational sessions, including Retail Boot Camp — which is held on July 16 — a day before the show starts. This year's boot camp will address taking control of inventory and running successful promotions that won't cost you a lot of money. And the best part of this session? It's free to members, and it's great for the whole team, so bring your staff. Friday's Breakfast Session, "Leadership in the 'New Normal," with business trainer and entrepreneur Brian Parsley, discusses how to lead in today's business climate — a must for retailers looking to adapt in this ever-changing marketplace.

"Capturing the perceived growth requires different tactics than those that helped our members survive the great recession," Lamond said. "Stores that attend this [Summer NAMM] will have the upper hand in the competitive battles ahead. It's as simple as that."

So, whether you're a newbie to the MI world or a veteran retailer, make the trip out to Nashville this month. You'll be thanking NAMM all December long. \blacksquare







Surack on the GC/ Behringer Split

ve watched the controversy over Guitar Center and Behringer [ending their relationship] with some interest. I don't know what happened here from a business standpoint. However, I can say that over the past few years, Sweetwater has developed a solid relationship with Behringer. We expect a lot from our manufacturing partners, and Behringer has delivered on every front, always honoring their promises and agreements to the letter. We've never experienced them changing agreements or making unreasonable demands on us.

I've also spent time with Uli Behringer personally, and as a passionate and driven person myself, I appreciate those qualities in him and in how he does business. He's a friendly, personable and easy person to spend time with.

There are always two sides to every story, and we may never know what really occurred between Behringer and Guitar Center. But I did want to try to give a bit of perspective through our dealings with Uli Behringer, both from a business and personal standpoint.

Chuck Surack President & Founder Sweetwater

For full story, turn to page 18.

GC & String Woes

/hy do independents hate GC? D'Addario and Ernie Ball in effect give GC a six-week exclusive on new summer launch products.

We had a few folks asking about the D'Addario NYXL strings and noticed we couldn't pull them up on our electronic ordering form. I assumed they weren't available yet. Then, one customer brought in the strings

and receipt he had purchased from Guitar Center a few days later.

We tried again to order online and this time the strings showed up but weren't available for shipping (to us anyway) until June 20. At that point, our buyer called our rep and he said GC bought all the original stock which was odd that no one had ever solicited us on this product.

The same thing applied to the Ernie Ball Aluminum Acoustic strings only our inside rep basically said he needed to talk to his manager, really?

I'd think that customer would go back to GC to buy those strings — and whatever else — if they knew we didn't carry them. The bottom line is, there were two products we weren't even solicited on, and even if we had been, we couldn't get them before GC.

Snit Fitzpatrick & Bart Wittrock Buyer, General Manager Rockin' Robin Guitars & Music Houston, Texas

D'Addario Responds

|YXL is the result of a two-√year R&D journey that led us to producing the world's strongest electric guitar string. As part of the development process we manufactured several thousand final beta samples that were mailed to various lists of guitar players around the country. GC employees, along with other dealers' personnel, were some of the individuals found on the list of those who received beta samples. Due to the overwhelmingly positive response to the beta testing, we were approached by GC regarding our initial production capacity.

Ramping up a completely new wire drawing plant and string line is a daunting task. Between Guitar Center's initial order, and the amount required to be delivered to our international distributors, we quickly found ourselves in a situation where we had to schedule the release of our limited production, and thus phase-in availability.

Over the last two months we have been ramping up production and are delighted to confirm that by June 1 NYXL will be available to our complete global customer base. We have also received countless requests for a wider assortment of NYXL sets and singles. NYXL is currently available in only two popular electric guitar string set gauges, however by August four more sets and a complete line of NYXL singles will be launched globally.

We apologize if our initial limited production has caused any inconvenience, and I appreciate your wanting to get a complete understanding of these circumstances.

David Via Vice-President, Sales D'Addario

Flying in for Music Education

his year was the first time that I had the privilege of participating in the NAMM Advocacy Fly-In in Washington, D.C. I was told by several prior attendees that it would be a "life-changing" experience, and I can attest that it definitely was. Over 60 NAMM delegates spent several days advocating on Capitol Hill for keeping and strengthening music education in the public schools. We successfully concluded over 130 individual meetings with members of congress and their staff to get the message across that music and arts education is critical to the success of our children.

Numerous activities leading

up to these meetings were also very meaningful. On Monday, we participated in a "day of service" at Savoy Elementary, one of eight Turnaround Arts project schools nationally, helping kids participate in a drum circle and a guitar and ukulele class. Tuesday evening's dinner at the the Library of Congress honoring the leaders of these eight schools, along with the GRAMMY Foundation's first ever "Music Educator Award" honoring music teacher Kent Knappenberger, was spectacular.

I encourage others to consider donating their time and effort to this important advocacy, and I look forward to participating again next year.

Chris Syllaba President & CEO Jordan Kitt's Music

RPMDA Reflection

hank you once again for your constant support and coverage of RPMDA! We had a great convention in Dallas, and we were all thrilled at how well our new track program was received. It's an exciting time to be part of such a vibrant group. Not only did the membership vote unanimously to approve all of our bylaw changes, which included tightening the board leadership while also giving our commercial members the right to hold executive board positions for the first time, but we are now in a position to set firm goals and make the best use of the vast talents our members possess.

> Carol Wilbur Past-President/RPMDA Pender's Music

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RETAIL

KIDDER MUSIC I BY KATIE KAILUS

PRINT DOMINATION

idder Music is a somewhat of an anomaly. This year, the Peoria, Illinois-based three-location retailer is celebrating its 40th anniversary. It's become a musical staple in its community by adpating to the current marketplace and the digital age. However, Kidder has still managed to maintain a solid print music department that is so large it requires two full-time print music exmployees.

"Print music is still a large part of our business," said Beth Houlihan, owner of Kidder and daughter of founder James Kidder. "But we've definitely felt the effects the digital age have put on the print industry."

PRINT MUSIC STRONG

o how has a primarily school music retailer maintained such strong hold in print music? Houlihan said it's through blending the two MI segments. She said the store's sales and road reps get print music out to the nearly 50 school districts it services in Central Illinois.

"Just like on the band director size, it's the relationships with choral directors that help our print music business," Houlihan said. "We participate in district festivals, and we educate the new directors on the services that we



Kidder Music adapts to the digital age, but maintains a strong print music department

can provide to them."

During the holidays, Houlihan targets her print department towards churches and choruses but mostly schools.

"At Christmas time we will do a flyer that has the instrumental pop Christmas books for the beginning kids and the sales reps will take those around to the schools," she said.

Kidder Music also promotes its print department by holding clinics revolving around it like its annual sacred choral reading session.

"Holding clinics maintains customer loyalty," Houlihan said. "During the sacred choral reading session, we select 25 or 30 pieces that will cover all the church-related holidays, and we invite all church directors in the area to come and sing and hopefully buy quite a bit. With directors singing you really get a feel for what it sounds like, and it's a great social event."

B&O SUCCESS

idder Music does most of its business in the B&O segment

— with the exception of its Sterling, Illinois location which is mostly combo. Houlihan said her store's B&O success has come from making the band rental experience easy for everyone by embracing the digital age through the online rental program on its website.

"A lot of time the band director sets up a meeting for the parents, but the parents have to get the kids to soccer practice and ballet," Houlihan explained. "They are too busy and unable to attend as many meetings. So, we've customize our rental section [on our website] so that the first thing they choose is their school and after that the only options that pop up are what that specific school's band director wants. So, it's impossible for them to do it wrong. We still go out and do tryouts. But if they can't make the rental meeting they can go online and chose. We make it really simple and easy for them to use."

Kidder also offers its rental clients a rent-to-own program that includes discounts if the renter decides to pay their balance.

"Having that rent-to-own program and that flexibility is still appealing to parents," Houlihan said. "We didn't offer that 25 years ago." MI

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DOLLARHIDE MUSIC I RENOVATION

Dollarhide Music Copes With Flooding

Bill Dollarhide, owner of Dollarhide Music in Pensacola, Florida, said rain storms are part of life in the sunshine state. But unlike the record-breaking storm that hit the area the night of April 29, there's usually more time to prepare.

"Nobody had any idea that before dawn we were going to get a couple of feet of water from the sky," Dollarhide said. The storm set a record for the rainiest day ever recorded in the area.

Luckily, the damage to Dollarhide's building and inventory wasn't catastrophic — only about one inch of water seeped in, soaking the carpet which in turn soaked the drywall. But even though business had to be shut down during periods of the renovations,

Dollarhide is looking on the bright side.

"We're actually going to get what amounts to a renovation, not just a restoration," Dollarhide said, adding they've installed new carpet and sheetrock, applied new finishes on the walls and have used new colors. "We're kind of pumped about a little new life in our showroom and we're all very optimistic and positive."

Besides the upgrades, Dollarhide said business "kicks up substantially for two years after an event like this" due to increased demand. The business also advertised it was offering free piano appraisals, insurance paperwork services and repair estimates which garnered it local press coverage.

GROTH MUSIC I ACQUISTION

GROTH MUSIC PURCHASES EBLE MUSIC

Groth Music in Bloomington, Minnesota, has acquired the assets and brand name of sheet music store Eble Music Company, in Iowa City, Iowa, including its entire inventory which it moved over Memorial Day weekend. Eble Music owner David Hempel said he was looking for the right buyer to run Eble Music as he prepares for retirement and he will stay on in an advisory capacity for three months.

"This acquisition will benefit Groth Music by bringing a new customer base and a new area of specialty to an already successful printed music department," said Al Hager, Groth Music's general manager. "Groth Music will offer additional resources, such as a larger store, more employees, a bigger market, and a more sophisticated computer infrastructure. Groth Music has been traditionally very strong in the areas of choral, band and piano music and Eble Music is particularly strong in classical instrumental music, so the two companies are a perfect fit."

DEAN ZELINSKY FACTORY OLITLET LOPENING

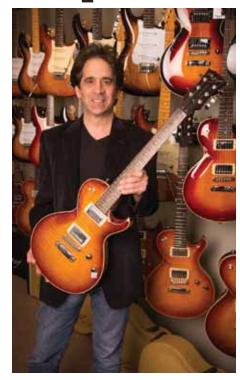
Dean Zelinsky Opens Factory Store

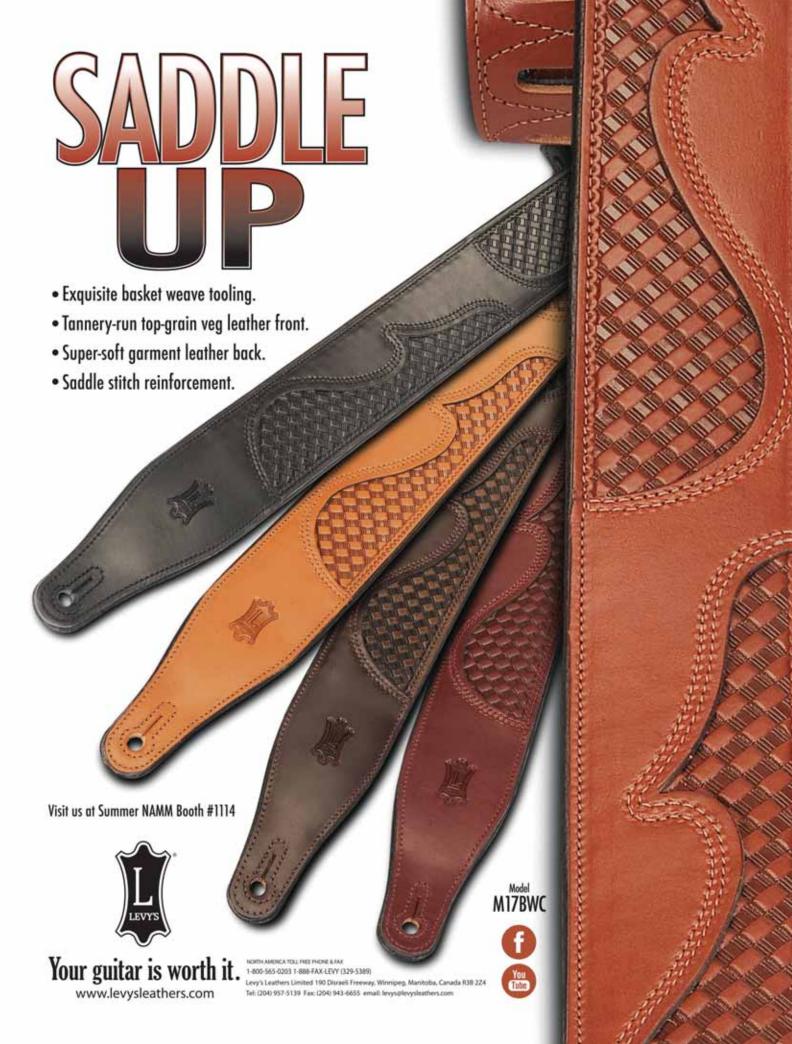
Dean Zelinsky has opened a new outlet store, Dean Zelinsky's Guitar Factory Outlet, in Highland Park, Illinois, to showcase his new line of Dean Zelinsky Private Label guitars.

In a release, Zelinsky said he opened the store for two reasons.

"I recently invented and patented the Z-Glide neck," he said. "This is a revolutionary new guitar neck where, through strategic engraving, we remove about 70 percent of the wood from the neck. Your hand glides on a cushion of air. Players all over the Chicago area constantly call and write our head-quarters asking where they can try the Z-Glide neck. We now have a physical store to experience my guitars."

He also said that, like many other manufacturers, the company needed an outlet to move factory one-offs and slightly blemished models. "Players win because they can get an extremely great deal on a slightly blemished guitar, and I am happy to offer these guitars factory-direct to players. We are talking about savings of 50 to 70-percent off the street price on similar guitars," he said.





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J.W. PEPPER & SON I OPENING

J.W. Pepper Celebrates New HQ

.W. Pepper & Son held a gala on May 21st to celebrate the opening of their new corporate headquarters in Exton, Pennsylvania. While the new building opened in the fall, the gathering was the first chance for the local community and music industry guests to see the new facilities.

The new headquarters is situated just off the Pennsylvania turnpike, making visiting more convenient for local customers.

The store still includes a reference center, public computers and wi-fi, as well as pianos for customer use. New, however, is the customer lounge open to customers which can be used for presentations on music teacher in-service days, staff meetings or other events.

The Grand Opening Gala featured building tours of historical items from Pepper's 138-year history, as well as musical performances.

GUITAR CENTER I SALES

GC, BEHRINGER SEVER RELATIONSHIP

n May 16, GC terminated its relationship with Behringer. According to Guitar Center sources, "the decision was made by Guitar Center executive leadership based on Behringer's revision to unreasonable business terms late last year and a continuous history of attempting to force unfavorable changes into agreements."

"We can't speak for anyone else in the industry, but we'd had enough of watching Behringer try to do business this way," said a Guitar Center spokesperson. "It's not the way we like to work with people and it's not productive. They made some questionable choices that put us into a position to develop a contingency plan. As we re-evaluated that plan several weeks ago, we

found that it would allow us to build better relationships with other vendor partners in the category. When Plan B starts to make this much business sense, it became clear we didn't need to tolerate this anymore."

MUSIC Group CEO Uli Behringer gave a different take on the reasons for the split.

"Over the last year, due to GC's highly publicized financial situation, we were forced to evaluate their credit worthiness," Behringer said in a statment. "As a result of their credit rating, it was determined that they were a high risk and we were forced to put them on business hold. We certainly respect GC's decision to discontinue business with us and we thank them for our excellent 20-year relationship."







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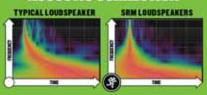


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InsideSUPPLY

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- Cordoba Buys Guild from Fender PAGE 24
- Celebrates a decade of Washington D.C. Fly-ins

SUPPLY

HANSER MUSIC GROUP I BY KATHLEEN COSTANZA

HANSER HISTORY LESSON

or all of the American music industry's heritage of family owned businesses, only a handful of companies can trace their roots back nine decades.

The Hanser Music Group, now in its 90th year, has origins that go all the way back to 1924, when word got out that John Hanser could get ahold of quality violin parts from his connections in Germany. He and his friend William Davitt started up a retail store in Cincinnati — Davitt & Hanser Music Co.

Today, of course, the Hanser Music Group looks much different. For one thing, Davitt left the business five years in and it's been owned by the Hanser family since. But the company has taken a number of risks over the years to transform the business into a group of companies across several different MI categories.

Now based in Kentucky, the group owns B.C. Rich Guitars, Kustom Amplification, Michael Kelly Guitar Co., Powerwerks and Traben Bass. Its accessory distribution division, Davitt & Hanser, has a 8,000 product catalog. All orders placed before 3 p.m. go out the same day and can get to 80 percent of the U.S. population within two days.

Plus, it exclusively distributes several more brands including Spector Basses, Premier Percus-



'You really have to sit down and maintain focus constantly on all brands.'

sion and Diezel Amplification.

GOING WHOLESALE

volving from a retail storefront to national distributor and brand group took several generations.

When Gary Hanser and his brothers Tim and Jack entered the business in the mid-70s, Hanser said the goal from the beginning was to expand the wholesale business to a national scale. In 1986, they acquired a Louisiana wholesaler, letting them get into Texas the next day with UPS. (Today, the company also has a distrubution center in California.)

But as the 1990s approached, they started to see the writing on the wall as big boxes creeped in and overtook mom-and-pop hardware and sporting good stores.

"We said, 'What are we going to do in the future if this happens to the music industry?" Hanser said. "We have to start not only having a wholesale division and distributing other people's product, we need to start owning some brands that are actually exclusive to us."

In 1989, the company acquired Kustom Amplification despite never having owned a brand at that point.

"It was a different mindset to sell to protected dealers instead of anybody who wanted to buy it. That was the biggest challenge," Hanser said.

The company kept the two sides separate in the beginning to overcome confusion and over the years went on to add two other brands and, most recently, Michael Kelly Guitar Co. in 2007.

The breadth of categories and services Hanser Music Group offers begs the question — how has the company managed to balance each operation?

"You really have to sit down and maintain focus constantly on all brands," Hanser said. He added that even if market trends mean one brand is picking up steam more than others, keeping focus consistent across all parts of the business has been key.

WHERE TO NEXT?

ontinuing its tradition of venturing into new channels, Hanser said the company is building up its electronics division to head further into the pro-audio sector. In the last two years, the division grew from four engineers to eight.

"When you see all the reports today, there is tremendous growth in that area," Hanser said. "It seems to be a segment that's out performing any other area in the entire music indus-

try." MI



HAL LEONARD'S NEW 'MYLIBRARY' FEATURE CONTINUES TO GROW

ast December, Hal Leonard rolled out MyLibrary, a site that stores supplemental content for the company's publications. The feature is an easy way for consumers to access audio, video and other files that accompany Hal Leonard's physical products. While the concept is still new, Hal Leonard has already launched more than 100 titles with online audio, and is planning on releasing more soon. Jeff Schrodel, executive vice president of Hal Leonard, said MyLibrary has been well-received due in part to consumers' digital needs.

"Many of our consumers, especially our younger consumers, no longer use physical audio CDs so it's been a great solution for products like *Frozen for Piano Play-Along*," Schrodel said. "The codes are very easy to find in the books, and the online interface is simple. You can play the tracks as many times as you want from your laptop, phone, or any device."

In addition to being helpful for consumers, retailers can also benefit from MyLibrary.

"Mainly, it helps them stay up-to-date with their customers," Schrodel said. "In the past, they might've sold a play-along product such as *Adele for Flute* in book/CD

format to a 14-yearold who doesn't own a CD player. I'm sure that wasn't an ideal scenario and may have resulted in some lost sales opportunities. Now, that 14-year old can purchase the product and listen from their iPad."

Schrodel said MyLibrary also lets Hal Leonard produce better products for dealers to sell.

"For example, we used to have limitation with space on standard audio CDs — 79 minutes max — but no longer have to worry about that. We can also mix audio and video. Little things like this allow

us to make better publications for our dealers. And, of course, the price is the same

| Property | Description | Property | Proper

so the dealers make the same profit margin as if the CD was in the book."

{halleonard.com}

D'ADDARIO I EXPANSION

D'Addario Moves Wire Mill to New York

ong Island, New York-based D'Addario & Company recently moved its carbon steel wire mill from Massachusetts to Farmingdale, New York. By the end of the year, the project will have created approximately 30 new jobs on Long Island.

On May 1, D'Addario hosted a tour and press conference in order to thank the state of New York, Suffolk county and town of Babylon for its assistance.

"Three years ago, D'Addario began research to move our struggling high carbon steel wire mill from Massachusetts to Farmingdale, New York. Without the help from New York State, Suffolk County and the Town of Babylon, we

could have never made this happen," said Jim D'Addario, CEO of D'Addario.

"We spent nearly \$3 million of our own funds to re-engineer the wire drawing and coating process, investing in all new machinery and retrofitting one of our buildings at 540 Smith Street, Farmingdale."

Also, thanks to the relocation of this mill, D'Addario said it has created the most stable music string on the market, and will be distributing this product in more than 120 countries around the world. The NYXL strings' wire is made in New York and the strings are wound and packaged in New York.

Also in D'Addario news, the com-

pany has announced a new OEM partnership with ESP guitars.

"As part of the emerging OEM partnership between ESP USA and D'Addario, ESP is proud to include D'Addario NYXL strings on every ESP USA Series guitar built at ESP's newly opened California shop," said Eric Oppenheimer, ESP product manager.

"In addition to our ESP USA guitars including these strings as part of our pristine factory setup, we're also including a spare set of the NYXL's in each custom hardshell case to match the set installed on every guitar." {daddario.com}



CORDOBA I ACQUISTION

Cordoba Announces Plan to Purchase Guild from Fender

Ordoba Music Group has finalized a letter of intent to purchase the Guild guitar brand and related assets from Fender Musical Instruments Corporation (FMIC).

"It was important for us to find a great steward to continue the important legacy

of Guild guitars," said Scott Gilbertson, FMIC's interim CEO and board member. "We have found a great fit in Cordoba Music Group, a company committed to quality and with impressive U.S.-based production capabilities."

"Guild is an iconic American brand with a rich heritage, and we're truly excited and honored to be the ones to move it forward," said Jon Thomas, Cordoba Music Group president. "We will continue to make instruments of exceptional quality in the USA, and look forward to giving one of the industry's great American brands a new home."

Sales of Guild guitars will continue as usual during the transition process. Upon finalization of the sale, Cordoba Music Group is expected to begin production of some models in Cordoba's factory in Oxnard, California. {cordobaguitars.com; guildguitars.com}



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YAMAHA I OUTREACH

Yamaha, Piano Kraft Offer Musical Assistance to Tornado Victims

Yamaha and Piano Kraft of Little Rock, Arkansas have joined forces to provide musical assistance to schools and churches devastated by recent tornado activity in central Arkansas.

The two companies have reached out to churches and schools in the area offering Clavinova digital pianos on loan for a year, at no cost and no obligation. A total of 12 Clavinovas, valued at \$36,000 are being shipped to facilities as far as 90 miles away from the Little Rock music store.

One of the first beneficiaries of the outreach is the Lifeline Church in May-flower, Arkansas, which was left in rubble, and will now hold Sunday morning services at Mayflower High School.

"Music is vital to our church, and the use of a Clavinova will certainly help us with our mission to restore hope in our community," said Walt Hollis, Mayflower's senior pastor. {yamaha.com}



NAMM I ADVOCACY

NAMM CELEBRATES DECADE OF D.C. FLY-INS

NAMM celebrated the 10th anniversary of its Washington, D.C., lobbying fly-ins in late May with 63 industry representatives taking to Capitol Hill to ask legislators to support music education in our nation's schools.

The event— the largest music industry fly-in to date—included a day of service at Savoy Elementary School, advocacy training and more than 100 meetings with members of Congress.

Advocates focused on urging the reauthorization and full funding of the Elementary and Secondary Education Act (ESEA), which has been languishing in Congress.

In addition to lobbying, NAMM spon-

sored a celebration of eight Turnaround Arts schools at the Library of Congress. These schools, backed by an initiative from the President's Committee for the Arts and Humanities, have incorporated music and the arts as core to improve attendance and test scores.

Fly-In attendees included retailers, manufacturers and NAMM board members as well as Chad Smith, drummer for the Red Hot Chilli Peppers, Bernie Williams, guitarist and former all-star baseball player, and actor, singer and rapper Doc Shaw.

A full report on the fly-in will appear in the upcoming August issue *Music Inc.* **{namm.org}**



IN MEMORIAM



QRS SALES MANAGER PASSES AWAY

Tim Omiatek, district sales manager at QRS, passed away on March 25. He was 55. Omiatek had worked with QRS for more than 28 years.

"He has worn many hats and worn them without complaining and never failed to put his best out there," said a statement from QRS. "This willingness to help anyone at any time showed his love for what he did."

{qrsmusic.com}

APPOINTMENTS



FENDER NAMES NEW EXECUTIVES

ender Musical Instruments Corporation (FMIC) has appointed Bob Roback president of FMIC. Roback has also joined the company's board of directors. Roback will oversee the development of Fender's emerging digital strategy aimed at deeply engaging musicians and music fans more broadly. Roback will also establish a new Los Angeles office in order to expand the company's consumer marketing and digital capabilities

"Bob brings an impressive set of skills and a track record of success that is a terrific complement to Fender's growth strategy," said Scott Gilbertson, FMIC's interim CEO and board member. "We are looking forward to fully developing the incredible potential of the Fender brand."

"I'm excited and humbled to have the opportunity to contribute to the future of such an iconic, revered music brand and to develop opportunities for both musicians and fans to connect more closely with it," Roback said.

Additionally, FMIC has promoted Richard McDonald to executive vice president, Fender brand. The move represents a larger strategic shift that improves alignment and better unifies all aspects of the Fender brand under one executive.

"Richard is a unique talent with an impressive blend of industry experience, creative capacity, strong business instincts and leadership traits," Gilbertson said. **(fender.com)**

National Educational Music Co. (NEMC) has hired Ron Beaudoin as its chief sales and marketing officer. **Ren Ferguson** will join the Cordoba Music Group as vice president of manufacturing and R&D for Guild.





Note From Joe Lessons From the Past, Optimism for the Future

At our recent NAMM Board of Directors meeting, we reviewed a presentation of NAMM's 113-year history. It's pretty unbelievable really, when you consider all that our little industry has been through... Economic swings, great depressions, World Wars, technological breakthroughs, all told through the people and companies who lived through it, and set to the music that changed the world. Seeing the predictability (in hindsight of course) of the economic cycles not only added important historical context to our board discussions, it also made me think about our current situation as we work to emerge from the destabilizing period we now call "the great recession."

We hear more and more Members tell us they're doing better, selling more to existing customers and gaining new customers. There are always exceptions, but for the most part, optimism is the shared feeling in the industry. It seems we're coming out of "survival" mode. The latest numbers support this sentiment, as the *Music Trades* recently reported 3.8-percent growth in the first quarter. With this increase in sales, there is a palpable sense of an emerging "animal spirit," one that follows the economics of going from "fear to greed." In fact, one of the themes I hear often as I speak with Members is, "Joe, I'm sick of just trying to survive. I want to grow again!"

Coming out of the post-recession economy, perhaps this optimism is a good thing. It helps spur industry growth because it's when entrepreneurs get optimistic that things get interesting. It's when incredible breakthroughs and innovations start taking place: companies developing new products and technology, creating new promotional strategies and introducing programs to grow the market.

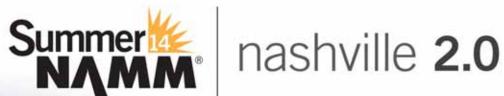
You'll hear a lot about growth at 2014 Summer NAMM, dubbed "Nashville 2.0." The show is all about taking your marketing, promotions and sales to the next level. You'll get specific examples during the annual "NAMM Retail Summit," where we'll show you businesses that are flourishing in the new normal—some experiencing double-digit growth—and what they're doing to get there. But even more important, we're going to inspire you to start growing again.

If the economic pendulum truly is swinging in our favor, will it eventually swing back the other way? Based on more than 100 years of well-documented industry history, I'd have to say yes. That's why we must make the most of this time while respecting the hard-earned lessons of the past—being frugal, saving for a rainy day and making careful decisions—while also leaving our comfort zone to embrace the opportunities in front of us at this moment. With the economy seemingly moving in the right direction, now is the time to position your business for growth, expansion and success. That means being bold, taking risks, venturing into new markets and creating new customers. Now is when entrepreneurs aggressively promote and grow their business. And, not trying to get all "Gordon Gecko," but perhaps there is a time for the animal spirit to be greedy, to be hungry for growth and success.

If we are entering the next phase of the economic cycle, then let's make the most of it—individually, in our own businesses and with a clear vision of helping everyone make music!

Joe Lamond

NAME News is published by NAMM. To keep up-to-date on the latest breaking industry news, sign up for our NAMM News e-newsletter at info@namm.org.





"The new convention center is incredible and with all the amazing events and sessions, it was truly a can't-miss event that people will be talking about for years. Summer NAMM is BACK!"

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IDEAS

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THE CUSTOMER WHISPERER LBY GREG BILLINGS

THE 17-MINUTE RULE

few weeks ago, I heard an interesting little nugget of information on NPR. It turns out that all TED Talks are limited to 18 minutes. It doesn't matter if you are Bill Gates, Bill Clinton or Billy Graham — you get 18 minutes.

TED Talks (ted.com) are those 1,700 flashes of wisdom curated by *Wired* Editor Chris Anderson and streamed 2 million times a day on a variety of interesting subjects. There is no agenda, except to spread great ideas. And not many rules, except; no commercialism, pseudo science or talking longer than 18 minutes. But why 18 minutes? Anderson said, "It is long enough to be serious and short enough to hold people's attention."

SHORT BUT SWEET

his got me thinking about our own 17-minute rule. In the mid-1980s, we discovered the need to formalize our sales training and break away from the conventions of our fathers' generation. Things like the "Ben Franklin close" and the "reduction to the ridicules close"



Tell your customers a story, but keep it short

just didn't work for those of us who had come directly from the counter culture to the sales floor. So, we dissected the process and refined the fundamentals handed down from our elders.

As we dug into the presentation part of the process we discovered that when we talked for more than 17 minutes, we often lost our customers' attention. Of course, at the time the supplier geniuses were training

us to tell every prospect about every feature. The products were becoming increasingly complicated and this was impossible. Also, we noted that TV shows rarely went more than 12 or 15 minutes without a commercial and that our pastor's sermon was rarely 20 minutes long.

We had to do some serious cutting to get our 'pitch' down to 17 minutes. But, it worked. More of our prospects became customers. Trimmed down to its essence, we were able to give our clients enough information to feel informed and about as much information as they were capable of absorbing. Listening and taking in information is hard mental work and we tune out when we are overloaded. An unexpected benefit of our fine tuning was that our clients quickly came to see us as experts.

TED speakers similarly report that the 18-minute limit forces them to refine their message to its essence. What can you say in less than 18 minutes? David Christian's TED Talk told the history of the world, from the big bang to the Internet, in 18 minutes. John Kennedy convinced Americans to go to the moon.

Abraham Lincoln delivered the Gettysburg Address. Martin Luther King told us he had a dream. Steve Jobs gave one of the most remembered commencement speeches of all time at Stanford University in 15 minutes.

The best way to deliver the information and to hold our customers attention is to frame the facts and features as a story. Our most memorable teachers were the ones who told us stories. So, to hold our customers' attention we must turn that boring list of features into a story our customers can understand.

A quick way to start a story is by asking, "Do you know how a [piano, guitar, speaker] is built? They start with ..." and go from there. Lead your story to the particular item you are trying to explain, how it fits into the grand scheme and why it's better.

Refine your story as you go and let your enthusiasm show. But keep it short. Your customers will see you as an expert and you can ask them to buy the product before you lose their attention. MI

Greg Billings whispers to customers at the Steinway Piano Gallery in Naples, Fla. He welcomes questions and comments at greg@steinwaynaples.com.

THE RETAIL DOCTOR I BY BILLY CUTHRELL

Just Show Up

uring this past January's NAMM Show I attended many spectacular events, but two in general really stuck out. The first was the NAMM YP event with *Music Inc.*'s Publisher Frank Alkyer as keynote speaker. Alkyer gave a fantastic talk on the "7 Habits of Highly Effective Music Executives" to a standing-room-only crowd of mostly young, first-time NAMM attendees. The next day I had the honor

of being a panelist on the "Generation Next" session presented by The Crane Institute for Music Business and NAMM. This round table discussion included a panel of industry icons, including Sammy Ash, COO of Sam Ash Music, and Mary Luehrsen, director of public affairs and government at NAMM. The common traits outlined in Alkyer's NAMM YP presentation and the "Generation Next" panel run deep through the fabric of many of today's MI executives.

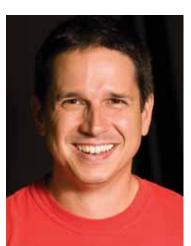
I chatted with some industry friends before the panel started. As I did so, I watched attendees, mostly students showing up to NAMM for the very first time, file into the ballroom. Watching them I thought of my last 23 years spent in this industry and how fast it's gone by.

When I was a little younger than most of the attendees at the panel I snuck my way into my first

NAMM Show in Nashville as a "freelance writer." I was not sure what NAMM held for me at the time, but I knew it offered plenty of opportunity as long as I was willing to show up and look for it, taking action if the opportunity presented itself. I reminded the long-time friends I was talking with that I had known them for at least 15 years if not longer. Many of them I've known

from the first or second NAMM show I ever attended.

As I looked out at the crowd during the panel, it was great to see so many new faces, and I noticed several faces from the NAMM YP event from the day before. It reinforced a core belief for me that a large part of being successful is just showing up and being present. If you're not there, others don't know you, can't get to know you and can't see your potential.



'A large part of being successful is just showing up and being present.'

MAKE THE EFFORT

s the panel concluded and we made our way to the lobby, I had several people from the audience approach me and as we talked they drew comparisons to what they took away from the NAMM YP speech.

I was inclined to add the trait of just showing up to their list. I reminded them that they were already working towards success in just being present for the NAMM YP event and the panel presentation. You could see the first-time NAMM experience on their faces. I could feel their exuberance even though many expressed concerns to me that they were unsure if they would find jobs as they graduated and ventured into the "real world." Nevertheless, they were undaunted and full of optimism.

If you are just entering the MI industry I implore you to attend the Summer NAMM Show, held July 17–19 in Nashville, Tennessee. Get involved and learn about the industry while helping it grow. There are plenty of programs that will help you connect the pieces of the puzzle and prepare you for work in the MI industry if you just show up and take advantage. MI

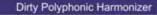
Billy Cuthrell owns and operates Progressive Music Center. Contact him at billy@raleighmusiclessons.com.

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THE LESSON ROOM I BY PETE GAMBER

The Lethal Call

o, you've got your website humming, your Facebook is growing every week, and you're No. 1 in searches on the Web. So what do 86 percent of the customers that find you on the Web do? Hit the dial button on their phone and give you a call. This is the point where all of your hard work on the Web either gets flushed down the toilet or gets you a new lesson student. Your online presentation

may be awesome, but how is the staff member that answers the phone? They could be totally "offline" with their music lesson presentation.

The goal is simple: what's online should be the same as what's offline. What's online should be the training material for your staff. If a teacher video is on your Web presence, it should be up and running in your store. If you place something on Facebook, everyone on your staff should be aware of this update. Another issue is how your staff is trained to answer the initial question of "Do you have music lessons?" The customer calling shouldn't know more from your online information than your staff.



Fine-tune your staff's lesson program knowledge and score more lessons via phone

GET SCRIPTED

aving a pre-written script is the easiest and most duplicable approach to the initial phone inquiry. Yes, everyone says the same words to every call, but if it is poorly designed, it can sound really fake and not engage the caller. Also, if all your staff knows are the 10 bullet points, they will get stumped if a customer asks them a really basic question.

The flaw of most phone scripts is the employee "vomits" all of the points verbatim (usually nonstop) without ever asking the "who, what, where and when" of the customer. Your staff member isn't

listening to what the customer is saying. They've read the script and now they've done their job. That customer then calls your competitor or decides not to pursue music lessons anywhere. (There's always YouTube.)

So what's the solution? Design a custom script. Your script should be designed for the caller. Is it a parent? A teen? A grandparent?

An adult student? What type of lesson, age, style or level are they interested in? Your phone discussions need to be adaptable to a variety of potential students.

Ask the caller how they discovered you. Was it an online search? Word-of-mouth from an existing customer? All these questions help you create the best presentation for your music lesson program. Tie vour online presence into your phone call. Ask the customer over the phone, "Are you online now? If so, you can see on our website some of the teachers and events I'll be talking about." This will make your phone presentation come to life. Don't forget to include the part where you ask for the lesson sign-up in your script.

Now here's the twist: Have each staff member come up with their own phone script. Make sure their script hits the bullet points that you have in your design and it's their conversational style. Have your staff practice their presentation. Phone shop your store. If you don't stay diligent on this matter, staff will start to deviate. Also, this let's them know that are you on top of this and that it's important. MI

Pete Gamber is a 35-year veteran of music retailing and music lessons. He specializes in music lesson programs and music retail consulting. He can be reached at petegambermusic@gmail.com.



THE YEAR YOU START HATING YOUR CCOUNTAINT

TAX LAW CHANGES WILL MAKE TAX YEAR 2014 A LITTLE TOUGHER TO SWALLOW

old on to your hat and wallet. Tax year 2014 will become the year you start disliking your accountant, through no fault of their own. Most accountants love being a superhero for their clients, as they guide them through the dark alleys of our tax code and protect law-abiding citizens from that feared predator commonly referred to as Uncle Sam. Yes, these tax-fighting number-crunching superheroes slap down Uncle Sam's outstretched grubby hands with brilliant tax planning ideas and legitimate business deductions, credits and deferrals.

But calendar year 2014 will unfortunately greatly reduce the power of these tax fighting supporters with some new kryptonite-fueled tax law changes. It will also render many businesses (especially school music dealers) easy prey to Uncle Sam's voracious appetite for tax collection, as the tax superhero's most powerful weapons — the Section 179 and bonus depreciation deductions — have now been significantly reduced and stripped away. So let me be the first to forewarn you of the impending tax doom that will, with one hand on your tax return and the other one in your wallet, rear its ugly head by April 15, 2015.

SECTION 179 DEFINED

Let me first start with a brief explanation of the tax term Section 179. This term refers to Sec. 179 of the U.S. Internal Revenue Code and lets a taxpayer elect to deduct the cost of certain types of business property on their tax return as an expense, rather than requiring the cost of that property to be capitalized and depreciated over time. Qualifying property is generally limited to tangible, depreciable, personal property acquired by purchase for use in an active trade or business. Although buildings were not eligible for Sec. 179 deductions prior to the passage of the Small Business Jobs Act of 2010, certain qualified real property may be deducted now.

The Sec. 179 election may be made only for the year the equipment is placed in service, it's generally irrevocable, and it's subject to certain dollar limitations. Lastly, the Sec. 179 deduction for any taxable year may not exceed the taxpayer's aggregate income from their active involvement in a trade or business for that year.

THE GOOD OLD DAYS

As part of last year's January 2013 fiscal cliff deal, Congress extended the 50-percent bonus depreciation and the more robust Sec. 179 expensing deduction through the end of 2013. Businesses — including self-employed sole proprietorships — could purchase up to \$2 million of new or used capital assets and elect to immediately expense or "write off" the entire (100 percent) cost of those purchases

up to \$500,000, instead of being forced to depreciate them over their typical three, five and/or seven-year useful life. This immediate tax deduction provided many business owners with literally tens of thousands of dollars annually saved in federal and state tax.

Any new capital assets that couldn't be immediately expensed could then at least enjoy a 50-percent bonus depreciation write-off on those purchases. In some circumstances, the bonus depreciation can be more valuable than the Sec. 179 break because the Sec. 179 deduction is limited to business taxable income and any excess unused Sec. 179 deduction must be carried forward. But if you're actively involved in running a business, the 50-percent bonus depreciation not only lets you deduct losses, it generates against other income, but you can also carry any unused losses back for two years and get a refund check from Uncle Sam.

These deductions were especially valuable to those businesses which faced new higher tax rates for 2013, including the Medicare surtax on wages and self-employment income. We saw many music retailers (especially school music dealers, with recurring rental instrument purchases who had not yet exceeded the Sec. 179 expensing limits) make needed capital asset purchases at the end of 2013 to take advantage of these disappearing deductions. In short, these tax savings were huge and business owners got spoiled by getting used to them.

THE NOT-SO-GOOD NEW DAYS

Now that 2013 is nothing more than a fading memory, business owners will think twice about both making expansive capital purchases (like computers, store furniture and fixtures, vehicles, lease-hold improvements and instrument rental pools) and how they go about financing these purchases. Why? Because any purchase of capital assets will no longer deliver the same kind of dollar-for-dollar tax-saving deduction it has in the past, leaving many businesses with significantly higher tax bills at the end of their fiscal year. Under the current law, the Section 179 deduction drops from \$500,000 to a mere \$25,000 on capital asset purchases up to \$200,000. And the 50-percent bonus depreciation is now totally gone. The loss of these vital tax deductions and resulting federal and state tax liabilities will, for the first time in a long time, dramatically impair the cash reserves of many businesses when they're forced to write big fat tax checks in March/April of 2015.

SO HOW MUCH WE TALKIN' ABOUT?

While many businesses will feel the tax pain of this vanishing deduction in varying degrees, nobody in MI retailing will feel it more than school music dealers who are actively involved in renting band and

orchestral musical instruments. The same is true for keyboard dealers actively renting pianos and organs, and combo/MI dealers actively renting large amounts of backline gear. For many of these music dealers, annual purchases of new and/or replacement instruments for their rental pools typically range from tens of thousands to hundreds of thousands of dollars. Irrespective of whether those purchases are financed or paid for out of operating cash flow, the tax bite from buying large quantities of capital assets without receiving an offsetting dollar-for-dollar tax deduction in the same year will be big ... and it'll hurt.

For example, let's take a look at a music store that's earned \$350,000 of income before any rental pool depreciation. Let's say they bought \$300,000 of new B&O instruments in 2013, did it again in 2014, and rented all of these instruments on a "rent-to-own" basis. Chart #1 (at right) shows the kind of depreciation deduction they can expect to get in 2013 and 2014, as well as the resulting tax effect. Because the retailer can make a Sec. 179 election in 2013 to expense the entire \$300,000 purchase of B&O instruments, they can keep their 2013 tax liability to a manageable \$17,500. But with the Sec. 179 deduction dramatically reduced and the bonus depreciation completely gone in 2014, their only option is to depreciate their B&O purchases over the three years allowed for rent-to-own contract pools. This results in a 2014 tax liability of \$87,500 ... which is \$70,000 more in tax than the previous year.

Now let's look at Chart #2 which features numbers for the same music store, the same income and same rental pool purchases except these instruments are rented on "rent-to-rent" basis. Yes, the retailer can make the same Sec. 179 election in 2013 to expense the entire \$300,000 purchase of B&O instruments. But again, with the Sec. 179 deduction dramatically reduced and the bonus depreciation completely gone in 2014, they're forced to depreciate their B&O purchases over the seven years required for rent-to-rent contract pools, thereby further limiting their deprecation deduction. This results in a 2014 tax liability of \$107,500, which is \$90,000 more in tax than the previous year.

Don't forget: With bigger rental pools comes bigger taxable income. With bigger taxable income comes higher tax brackets and proportionately bigger tax liabilities. This begs the question, "Is there anything that can be done to soften the forthcoming tax blow?" The answer is a resounding "yes," but it won't come in the typical form of some new tax deduction, or some overlooked tax strategy or loophole, or clever tax avoidance scheme (i.e. fraud). It'll come solely from some intelligent tax planning and — something many of you won't like — borrowing.

WHEN BORROWING IS A GOOD THING

I've been saying for years and remain steadfast in my belief that borrowing money is a good thing — as long as you're profitable and you manage your debt in a fiscally responsible manner. Borrowing money to pay taxes (which is presumably occurring because you're profitable) is, in my opinion, a good reason to borrow money. Even when profits are earned, they're rarely found sitting in the checking account. That's because most store owners take the cash generated by profits and use them to either buy more assets, pay down debt, or some combination of the two. This often results in little or no cash available to pay the taxes arising from those profits.

Since the tax due on net income is always far less than the

CHART #1 AL'S MUSIC STORE (RENT-TO-OWN CONTRACTS)

	2013	2014
Net Income Before Depreciation	\$350,000	\$350,000
Depreciation Deduction	(300,000)	(100,000)
NET INCOME	\$50,000	\$250,000
FEDERAL & STATE TAX (35%)	\$1 <i>7,</i> 500	\$87,500

CHART #2 AL'S MUSIC STORE (RENT-TO-RENT CONTRACTS)

	2013	2014
Net Income Before Depreciation	\$350,000	\$350,000
Depreciation Deduction	(300,000)	(42,857)
NET INCOME	\$50,000	\$307,143
FEDERAL & STATE TAX (35%)	\$1 <i>7,</i> 500	\$107,500

net income itself, no business is going to damage its long-term profitability by paying taxes, but it can absolutely damage current cash flow by paying substantial or even unexpected tax liabilities. I'm confident most banks would be thrilled to lend money to a profitable business that simply needs some short-term borrowings to pay for a tax-related cash flow hiccup. But if the cash flow shortages stem more from paying for rental pool additions out of cash flow (even if invoices are "fall dated" from a vendor), long-term bank borrowings are a must. Remember: Never finance long-term assets (like computers, store fixtures, leasehold improvements and rental pools) with vital cash need for operations or even with short-term debt (like accounts payable or lines of credit). Always finance long-term assets with long-term debt, such as a five-year fully amortizing note.

"P" IS FOR PLANNING

Don't be caught off guard by this encumbering tax issue. Meet with your accountant to begin the process of forecasting rental pool additions and depletions, related depreciation, anticipated net income, resulting tax liabilities and their combined impact on cash flow for the 2014 tax year. Additionally, meet with your banker as soon as feasible, under the widely held belief that, "The time to get a banker is when you don't need one."

SUCK IT UP

In closing, for those of you who are about to start complaining, I have one bluntly insensitive but ultimately accurate retort: Be happy you had the benefit of huge depreciation deductions all these years, which saved you tens or even hundreds of thousands of dollars in taxes. You now get to pay the taxes, that would have been paid years ago, with today's cheaper deflated dollars — not to mention the earnings you made on all that tax money that was in your pocket instead of Uncle Sam's. Now don't you feel better? So, stop hating your accountant, say "thanks" to him or her for being on your side. MI

Alan Friedman, CPA, provides accouting and financial services to music industry cients, Visit his website at fkco.com.

By Frank Alkyer

CELEBRATING ITS 50TH ANNIVERSARY,
GUITAR CENTER HAS CHOSEN TO LOOK
FORWARD, NOT BACK, WITH AMBITIOUS
GOALS — \$3 BILLION IN SALES & \$300
MILLION IN EBITDA BY 2020

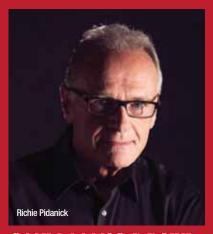


here's an added air of confidence in the hallways of Guitar Center's Agoura Hills, California, headquarters these days. Not that the world's largest retailer of musical products has ever lacked in self-esteem, but two recent events have given the organization a seemingly renewed drive.

First, the restructuring of the company's debt in April
— whereby Ares Management exchanged some \$500
million in debt for a 60-percent stake in the company
along with a refinancing of GC's remaining debt — has

put Guitar Center in a financial position to "invest more back into the business, and back into our people," said Mike Pratt, the company's CEO. A few weeks later, Pratt and his management team

A few weeks later, Pratt and his management team gathered some 1,000 top GC executives in Westlake Village, California, as well as key vendors, to outline a new corporate strategy called Vision 2020. It served as a meeting where Pratt and company laid out ambitious plans — including a goal of \$3 billion in annual sales with \$300 million in EBITDA by the year 2020.



ONE MAN'S BRIEF HISTORY OF GC

Richie Pidanick has employee number 11. Considering that between all of Guitar Center's brands there are currently more than 11,000 active employees, not to mention the tens of thousands of employees from its 50-year history, that's saying something.

Today, the veteran retailer is the company's second-longest tenured employee with 30 years of service — and a walking history of GC.

He joined Guitar Center in July 1983 selling drums at GC's Sherman Oaks, California, location. He climbed the ranks, opened new territories like Minneapolis and Dallas, fixed markets like Chicago and helped lead the team that launched Guitar Center's online sales platform.

His role as vice president of culture and values allows him to work with new hires, gather info from the field and counsel experienced execs. *Music Inc.* sat down with Pidanick for a bit of company history.

Pidanick said his early days at GC were like the "wild, wild west."

"It was a door-close, hard-pop environment," he said. "You'd wait at the front door for the customer, 'Hey, looking to buy today?' And we'd grab them and reel them into the guitar floor, the drum department.

"We didn't quote prices. You couldn't get a price out of us on the phone."

But that culture, which was prevalent in much of retailing, began to change in the late '80s and early '90s.

"I said, 'I'm not going to treat my customers this way," Pidanick said. "So I started making changes. And Marty Albertson [who is currently a member of Guitar Center Inc.'s board of directors] started digging it. He'd say, 'So you did quote that price?' And I'd say, 'Yeah, he's one of my best customers. He's got to go get the check from his record company to buy a Linn drum. I've got to tell him how much it is.'

"1990 is when the real change came. And that was with the advent of our 30-30 price guarantee [a 30-day, lowest price guarantee with a 30-day satisfaction guarantee that exists to this day]. I said, 'Marty, we've got to start putting prices on stuff. It's too hard to talk to the customers. And I can't remember the price on every single piece in the store.' So, it was really his baby, but I drove it home. We did it in Chicago where we were suffering greatly.

"And it turned all that around."

Another turning point for the company came with the advent of the Internet.

"I'm speechless when I think about it," he said. "Where would we be without it?"

Pidanick said that the original guitarcenter.com started as a static site where the company would put up promotions running that week.

"We realized, we don't know what the f**k we're talking about," he chuckled. "It was a big learning curve for me, but we brought in Steve Zapf [now president of Music & Arts], and he helped immensely, but what we did is we bought Musician's Friend at that point. We thought, "Who understands it better than those guys?" So, we bought Musician's Friend. And that helped us launch our direct business, which is huge today.

"We still have Musician's Friend. And we have Music 123, the little edgier site. And we have Woodwind & Brasswind. And we have Music & Arts and all these acquisitions that we have been geared to fill the void in businesses we didn't know how to do."

The next shift at Guitar Center for Pidanick comes from how the customer interacts with the company.

"In our past we did things for the customer," he said. "In the present, we're doing things with the customer."

He cited several programs like Guitar Center Studios for lessons and its Music Mentor Series of clinics, classes and webinars as proof. MI

So, in the midst of the its 50th anniversary, a time when companies traditionally look back, Guitar Center has chosen to get aggressive. Eight new GC locations are scheduled to open by April 2015, including one in New York's Times Square. The company's Music & Arts subsidiary of school music dealerships recently purchased two retailers in Washington state, adding 13 locations, and it's looking for more. In February, Guitar Center launched the industry's first true national brand advertising campaign with ads staring Questlove Thompson and the tagline "All We Sell Is The Greatest Feeling On Earth." Pratt, who took over the CEO post just over a year ago, sat down with Music Inc. Publisher Frank Alkyer shortly after the Vision 2020 meeting to discuss all of this and more, then participated in an email interview to outline where GC is heading. The following is an edited transcript.

Music Inc.: The story of Guitar Center at 50 has become much more about its future than its past in recent months. But before we get into that future, tell me what has really impressed you in learning about this organization during your first year as CEO?

Pratt: I spent a lot of time on the road the first few months into this role, and in every store I visited, there was a real sense of history and legacy that astounded me. I was impressed by the genuine passion for music that each associate shared, and how that passion translated into a sense of pride in working for Guitar Center. For the associates here, it's much more than a job, it's really about the music. There's an energy that comes from the love of music in our stores that our customers can identify with. I don't think I expected that would inspire me as much as it did right out of the gate.

Music Inc.: Let's talk about the Ares deal for a minute. Now that it's done, how much of a relief was this?

Pratt: Or how about we not talk about that deal for a minute! I'm kidding of course, but I feel like that's all our CFO Tim Martin and I have been talking about over the last few months. We've had more meetings and presentations than you can possibly imagine. It was important to get this deal done just right for both Ares and Bain. They're two tremendous partners and supporters of Guitar Center and

all of us put the interests of our people and the organization ahead of anything else as this started to finally come together. You used the word "relief," but I think the better word would be "satisfaction." I absolutely believe in this deal and what it's done for our financial position. It allows us a great deal of breathing room to invest more back into the business, and back into our people.

Music Inc.: You said going into this that you were hoping to "hit a double," but this deal was more of a "home run" for Guitar Center. As a way of discussing its high points, what elements made this a home run from your viewpoint?

Pratt: I use that as an analogy to help illustrate what we set out to achieve at the beginning of this process. I believe that solid "singles and doubles" day in and day out are what organizations need to win in the long run ... this particular hit was big for us, and it definitely cleared the fence! We took almost \$500 million off our balance sheet, reduced our yearly interest burden

by approximately \$80 million and put ourselves in a very solid liquidity position. This essentially means we have more time now, along with the financial wherewithal to move Guitar Center forward into growth mode. That's a great position for us to be in right now.

Music Inc.: What does this mean for the future of Guitar Center?

Pratt: We'll be very focused on improving the customer experience in all business units, investing in our people and building out a world-class foundation to support both. We're now in a financial position to make these investments and have the time and breathing room to build it out in a sustainable way. The future has never looked brighter for Guitar Center and our associated brand family.

Music Inc.: The deal means you no longer have to report to the SEC. How great is it not to have that extra layer of reporting, and scrutiny, to deal with going forward?

Pratt: I'm not going to miss it, that's for sure, Frank! I'm a big believer in transparency, and I think that's a hallmark of any truly successful organization. However, the press often did their readers a disservice by sometimes misreporting or providing analysis without doing the proper diligence. I think that was sometimes compounded over the years by our association with Bain Capital who had taken a really unfair beating during







THE RETAILER AS CONTENT CREATOR

Guitar Center sees content creation as a critical component to its success. The company has made strong moves on social media, radio and television in a way that few retailers do, or even can imagine.

For starters, *Guitar Center Sessions*, an hour-long music interview show on DirectTV, recently entered its eighth season, creating a total of 72 episodes so far. Hosted by California radio veteran Nic Harcourt, the show has featured everyone from legends like Snoop Dogg, Buddy Guy and Cheap Trick to up-and-comers like The 1975 and Phantogram.

"We have to perpetuate one of the greatest passions on the planet — playing music," said Dustin Hinz, Guitar Center vice president of music and entertainment marketing. "We sell the tools that people need to become musicians, yet a lot of brands in the segment don't invest to drive the natural affinity that already exists."

Hinz noted that the return on investment from *Sessions* comes in the form of an estimated 4 million viewers a month.

In addition to *Sessions*, podcasts and an exhaustive YouTube channel with some 1,500 videos, 200,000-plus subscribers and 95 million views, Guitar Center's national advertising campaign under the tagline "All We Sell Is The Greatest Feeling On Earth," began in February with ads featuring Questlove Thompson from The Roots. In April, a second ad began to air with guitarist James Hetfield from Metallica, and Q3's campaign will feature electro-house musician Steve Aoki.

"We decided that every interview we did this year would be tied to the 'Greatest Feeling' theme," Hinz said. "And when we did the James Hetfield interview, it did 1.6 million views in a month. We didn't put any money behind it, and it caught fire. It got a lot of press because James is talking about all the things that no one ever thought to ask him about, like when he got his first guitar.

"The feedback we were getting from the posts about the video were, 'This is the most inspirational thing I've ever seen'

"That's what it's all about. If that video made one more person play guitar, then we did our jobs."

Next up for Hinz? A New York-themed show in conjunction with the grand opening a Guitar Center location in Times Square this fall. **MI**

the last presidential election. But I've been working with the press for years, and you take the good with the bad. The critics are always going to be there, especially when you're the big guy on the block. Fifty years and more than 270 stores later, we're still here though, aren't we?

Music Inc.: Can we discuss Vision 2020 for a minute? You had a meeting of some 1,000 of GC's management team. In essence, you laid out an ambitious vision for the company to reach by 2020. Can you share those goals? First, an ambitious goal to reach \$3 billion in sales and \$300 million in EBITDA. How do you get there?

Pratt: Well, it's going to be a lot of hard work, but we're going to have a lot of fun doing it. I feel very strongly that if we continue to invest in our associates at all levels and stay focused on what's most important to our customers, we're going to reach those goals. It's ambitious, and it's not going to be easy. But goals like this aren't supposed to be. This is about setting up the organization for what our next 50 years could look like. When you break down our objectives into each work group, at that level, it looks very achievable.

Music Inc.: Another strong component of this plan centers on investing in your people with a goal of becoming one of the best places to work in North America. This isn't something you do just to be a nice guy. What's the opportunity here, and how do you accomplish this?

Pratt: You're absolutely right, and the decision to set ourselves toward a goal like this was very deliberate. For us right now, it's a journey, not a final destination. The modern workplace looks much different than it did 10 years ago, and millennials are influencing and driving that change in very exciting new ways. The challenge of any big organization is trying to understand those changes and how it could work within their own unique work culture to impact morale, performance and the bottom line. There are also costs to be considered when you pursue a goal like that. What is the true cost of implementing the right changes to get us there and keep us there, but also, what is the true cost if we don't?

Music Inc.: You also announced some serious changes to the company's compensation plan, as in no more commissions. How did your team come to this strategy? Why? What has been the reaction from the front line?

Pratt: We did, and it's a bold change that everyone is very excit-



ed about. Essentially, what we're doing is aligning our in-store operating model with the kind of experience we want to deliver to our customers. This comes after many months of invaluable feedback and intense analysis on our current programs. We spent a lot of time talking with our associates to ensure they played a big part in how we were going to restructure things.

At the core of this change is a hybrid structure that includes a largely non-commission based workforce and then a small percentage that have adapted a more sophisticated approach to their business and will still operate on a commission structure that suits the improved experience we're presenting to our customers. The early feedback from our stores is that this is going over well.

Music Inc.: In watching the Vision 2020 presentation, uniforms for employees were also discussed. That's very un-GC. Why the move to uniforms?

Pratt: I'm not a big fan of the word "uniform," and we've tried not to use it very often. In truth, we've always had a dress code or standard for our associates to adhere to. That's very important in retail and there's a host of good reasons why it matters. That being said, I see this as an evolutionary part of our business where we want to ensure that every associate can also reflect the changing face of our brand to customers who visit our stores.

We also wanted to put a brand dress code in place that would allow our associates to stand out and be noticeable to our customers, and also, to give them something they'd be comfortable in as well as proud to wear.

Music Inc.: Guitar Center is becoming a major content provider as well as a retailer. First, your television show, Guitar Center Sessions on DirectTV. What does this show do for your brand?

Pratt: All of us here are very proud of

the fact that Guitar Center Sessions is in its eighth season, and is on track to hit 100 episodes by the end of this year. When you think about that, it puts us up there with an elite group of shows in the pantheon of television history. Critics have called it one of the best shows on TV you haven't seen yet, and I think we're only beginning to scratch the surface of what it truly means to our brand. Ultimately, we're a retailer and that's always at the core of what we're all about, but music is also about telling stories and we want to find new ways of sharing those stories through compelling content in partnership with some of the most groundbreaking artists of the day. But stay tuned on that. There's a host of exciting news on this front I'll be eager to share as we approach the fall.

Music Inc.: Beyond that, Guitar Center has created the first true national advertising campaign in the musical products industry. There have been one-offs and short runs,



but you seem committed long-term to brand advertising with your "All We Sell Is The Greatest Feeling On Earth" campaign. What does this do for the GC brand? Can you, or how do you, measure its effectiveness?

Pratt: This is a milestone campaign for Guitar Center. It's the first time in 50 years that we've ever launched a brand-centric

campaign and allowed the artists to help us drive the message. Our Greatest Feeling On Earth (GFOE) strategy was simple: We wanted to capture an idea that would speak to our "why" as a complement to our long-held mantra that "We help people make music." This is a visceral campaign, certainly more so than anything we've ever tried before, and that's exciting.

In terms of measuring its effectiveness, I think it's still early, but so far the reaction from customers, and critics alike has been quite positive. You can drive yourself crazy looking at every little measurable metric you can find over the course of a campaign like this, and to a certain extent, we're absolutely doing that. But there's also something valuable in engaging with those who've seen it and just listening to what's being said about it. From Questlove to James Hetfield and Steve Aoki — this entire campaign is about much more than these talented artists. It's really about the one thing that all of us have in common with them and a feeling that we're all trying to capture the moment you walk into a Guitar Center store.

Music Inc.: One last question, one of the goals laid out is to renew the company's values. Can you talk about why the three elements under this goal are so important to the growth of Guitar Center and its employees?

Pratt: We felt it was an important part of the Vision 2020 strategy to simplify wherever possible so we could focus better and achieve alignment across the organization, and that included our company values. Humility is about how we engage with people every day and how our success as an organization can come from our ability to put its needs ahead of any one individual's agenda.

Integrity carries similar themes, but allows us to refocus on how we can do more for our customers and for our valued vendor partners. Being the biggest retailer in the industry, we have to lead by example, and this particular value is an important part of guiding the way we have to continue to do it.

Innovation is about where we can be both curious and disruptive in a rapidly changing industry. I know you'd agree with me that music itself is changing in profound ways, and our ability to not only adapt to that change, but to also be the leader in which direction it's moving is essential to our success. Our customers are looking to us to understand where it's all going, and I see innovation as more than just a buzzword — it has to be a part of an organization's culture that translates down into every store. MI





Lâg guitars are crafted from carefully selected tonewoods and outfitted with professional electronics, providing your customers with a great sounding and versatile instrument. From solo gigs to full band settings, these attractive guitars command attention.

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HELP YOUR CUSTOMERS GET NOTICED!

FROM THE TOP

KURT LISTUG I TAYLOR GUITARS

INTERVIEWED BY MICHAEL GALLANT

HOW DO YOU START YOUR DAY?

I wake up around 5 a.m. and walk several miles. I get coffee, check email, spend time with my wife, read, and check on the news before heading into the office. Some days, I work from home. I don't have daily responsibilities, since I've delegated all of the company's day-to-day management.

IT SOUNDS LIKE YOU HAVE GREAT FLEXIBILITY AS A MANAGER.

I've worked into that sort of position. Back at the beginning, I was building guitar bodies and making parts. Then, from the late 1970s through the mid '80s, I needed to be on the road selling instruments. So, I drove around the country with samples, visiting dealerships. I wasn't working on guitars, so by necessity, I got replaced. I also used to do all of the accounting myself, by hand. My pattern through the years has been finding a new area I want to work on, figuring out how it works and how I want it to run, and then hiring someone, turning responsibilities over, and managing him or her. So I keep working myself out of a job. [Laughs.]

WHAT FEELS LIKE YOUR MOST IMPORTANT RESPONSIBILITY AT THIS POINT?

Keeping the business fun and maintaining an unserious, upbeat, fair culture. My antennae go up when things start seeming hard or taking too much effort, and I can usually trace any problems back to employees who are not in the right position. I've very sensitive to the impact that personnel problems can have on the company and very diligent about making sure that those situations are resolved in a way that can get things back on track. That falls on me, more than anyone else, even though we have a strong human resources department that does an excellent job.

HOW WOULD YOU DESCRIBE YOUR MANAGEMENT PHILOSOPHY?

I won't make decisions for anyone below me — I insist on employees having all of the responsibility for the job I've given them — but I will guide and mentor them. People need to put the boots and hat on, sort around, and learn how to make the calls that they need to make. I don't hire people who will just be assistants. If I did, I would never be able to shed a job that I want to shed and go on to something new.

WHAT'S YOUR APPROACH TO MARKETING?

It comes from the guitars themselves. We don't want our company to be about marketing various flavors of what we make — different finishes, price points, and limited-edition versions. We want the emphasis to be on guitar design, how we're innovating with our instruments and breaking ground with new materials, and lessening environmental impact. We never want marketing to lead the guitar design. We want the guitar design, and continued improvement of the instrument itself, to lead the marketing.

WHAT'S THE OWNERSHIP STRUCTURE OF TAYLOR?

There were three of us that started the company together in 1974, and, in 1983, Bob and I bought out the third partner. We've been 50-50 partners ever since. I oversee sales, marketing, finance, and HR, and I also liaison with Bob — he's over at design and production.

WHY "TAYLOR GUITARS," AND NOT "LISTUG GUITARS" OR SOMETHING ELSE?

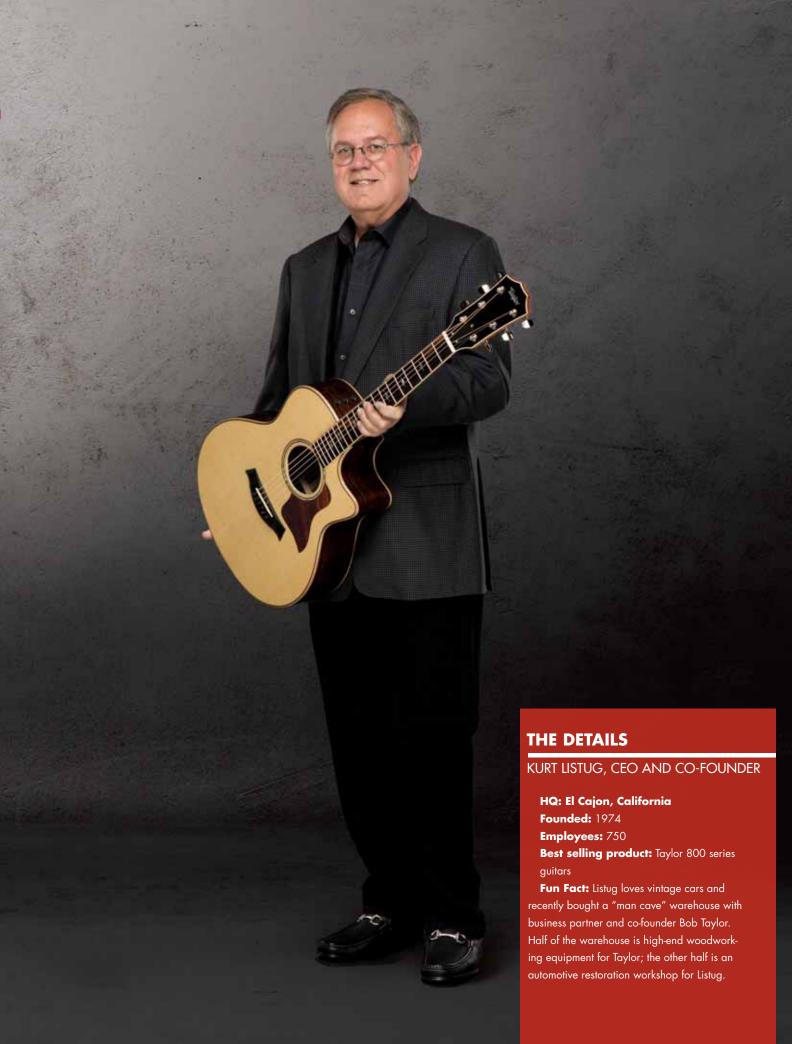
[Laughs.] Going back far enough, it was never assumed that we would call the guitars Taylor. The three of us that owned the company were young and had our dreams and ambitions, but we recognized that Taylor would be a good name — as good an acoustic guitar name as Martin. And Bob was the fellow who really had the talent for guitar building. I swallowed it and agreed that, yeah, the name should really be Taylor. [Laughs.]

AFTER 40 YEARS, DO YOU STILL LOVE WHAT YOU DO?

Absolutely. I'm probably more excited than I've been in decades. We're a market leader, one of the two big acoustic guitar brands, and one of the four big American guitar brands. We have significant market share — last year, we did \$97.4 million in revenue and we should break through \$100 million this year. It's a really nice business to have — I love being an employer, doing something creative, and doing something in music. This company has brought great challenges and great opportunities.

TO YOU, WHAT MAKES TAYLOR GUITARS GREAT INSTRUMENTS?

They're not a clone of anybody else's guitar, and we feel



KURT LISTUG I TAYLOR GUITARS

that a lot of instruments out there — acoustic and electric — are trying to imitate something else. When Bob started making guitars, he had never heard of Martin, so those instruments weren't a reference point for what we do. Bob is an engineer and inventor and his approach to product creation was to solve the problems inherent in guitar design. Why does the neck have to be clubby and the action high? Why does the top swell here and sink in there? He's taken a very pragmatic approach and, very early on, he hit upon a unique, bright sound that he liked and that was different from other people's guitars, and he's tweaked it from there. More importantly, he figured out how to make an acoustic instrument with a slimmer neck that played like an electric.

ON THE BUSINESS SIDE, WHAT'S TAYLOR'S INTERNATIONAL PRESENCE LIKE?

We have operations in three continents now. Here in El Cajon, near San Diego, we have our headquarters. Just across the border in Mexico, less than an hour's drive from here, we have another factory where we make parts, cases, Baby Taylors, GS Minis, 100 and 200 series. We

have offices in Amsterdam for European distribution and we just bought an ebony mill in Cameroon with a partner a few years ago. We have lots of irons in the fire.

WHY CAMEROON?

From what I know, Cameroon is the only country where you can legally export ebony anymore, and we had the opportunity to buy the mill in partnership with a wood broker in Spain. We've worked hard to make it a legal entity.

CAN YOU ELABORATE?

When we started working with the mill, you couldn't count on there being power or running water on any given day and there were roadblocks to getting nearly anything done. We wouldn't, and still won't, pay what they call "motivation," which is basically bribes. [Laughs.] It's illegal and we don't want to do business that way. But we've tried to improve the standard of living for the people there. We've doubled their wages since we started, we provide lunch every day, and we've made sure that there's running water.

HAVE YOU VISITED?

I haven't, but Bob's been going four times a year. At one point when he flew there to survey the situation, he went into the forest with some of the workers and saw lots of ebony logs just laying around. Why hadn't they been milled into

guitar parts? He found out that, for every 10 trees cut down, only one would be perfectly black, and perfectly black ebony was apparently what customers wanted. Especially when you're talking about sustainability of a rare wood, we thought that cutting down 10 trees to get one usable log was crazy.

HAVE YOU TRIED TO CHANGE THAT?

'IT'S A REALLY NICE BUSINESS

TO HAVE — I LOVE BEING AN

EMPLOYER, DOING SOMETHING

CREATIVE AND IN MUSIC.'

It's been a purpose of the company. Ebony is a beautiful wood and a guitar is no less great if it has a little brown streaking in it. We're using ebony that isn't purely black in our own guitars and telling that story through our magazine, Wood & Steel. It's just absurd to waste a precious natural resource just because people have been taught that an instrument's coloring has to be a certain way. I'm not

saying that the whole situation is the fault of any dealer or customer — it's just a matter of educating people and making them realize the beauty of the wood.

HOW DO YOU SOURCE

We import rosewood from India, mahogany from Honduras

and Belize, koa from Hawaii, and we get spruce for guitar tops from Washington. One of the things we're working on is developing different woods that haven't been traditionally used, and accepted by the market for guitars. There are lots of woods that can make great guitars but aren't known for that, since guitar companies haven't been using them. When you're talking about rare wood and sustainability issues, it's important to remember that there are also American hard woods where the trees grow more quickly and are easier to procure, and you don't have the same tropical rainforest issues.

DO YOU HANG OUT WITH TAYLOR PLAYERS LIKE TAYLOR SWIFT AND DAVE MATTHEWS?

[Laughs.] We do occasionally meet people at shows or the factory, but I wouldn't say we hang out with them personally. We have artist relations people who are very good at managing those relationships. We're thrilled when musicians choose our guitars and thrilled to see someone in concert or on TV using our instruments, but being the person who manages those relationships isn't really our cup of tea or what we do best.

IF NOT MUSIC, WHAT WOULD YOU BE DOING?

I'd probably be designing and building houses. I love architecture and great interior design.



Lanikai Ukuleles is the leader in ukulele innovation & development. Revolutionize your uke business with Lanikai's feature rich dealer programs, diverse POP options, and innovative products like TunaUke Technology - our exclusive advancement in ukulele sound which improves intonation up to 90%.

Here's what others are saying about TunaUke Technology:

- "The Lanikai TunaUke bridge system provides a simple yet affordable solution to the age old problem of ukulele intonation. It is truly an innovation that will be heard around the world, quite literally!"
 - John Gonzalez Del Sol, Fan Guitar & Ukulele
- If find the TunaUke system to be a great innovation for uke players and I can't wait to see what Lanikai comes out with next."
 - David Hutto Jr, Zen Ukes
- "A simple ukulele with a revolutionary fine tuning."
 - Uke4U Review Blog
- (1) It's been well over 100 years the uke's been in Hawaii and besides exotic woods, pickup/ preamp, and cutaways nothing has improved the overall intonation until this came along. The compensated nut and adjustable saddles are a must have for all uke players."
 - Ron Ravelo, Westside Music Hawaii
- "A very solid ukulele and the BEST one that could be grabbed up by a beginner without question."
 - Ukeonomics Blog
- "Chords and notes ring true. It will make any player sound better."
 - Shawn Steen, Jam Brothers Music

Learn more at www.LanikaiUkes.com

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2014 SUMMER NAMM

SUMMER NAMM 2014 I BY KATIE KAILUS

BIGGER & BETTER

his year's Summer NAMM promises to be big — in both physical size and educational offerings. Held July 17–19 at the Music City Center in Nashville, Tennessee, visitors can an attend an array of educational sessions, concerts and networking opportunities, while also enjoying an expanded show floor.

"This Summer NAMM is a bigger show," said Joe Lamond, NAMM president and CEO. "We are expanding into more of the beautiful Music City Center with more brands exhibiting than we've seen in the last five years."

The show floor has expanded to include two full halls with additional entrances. Also this year, exhibitors, such as Pearl, Orange Amps and KMC brands, will be returning to Summer NAMM for the first time in years.

According to Lamond, the show is also a bigger experience as far as the NAMM U sessions go.

"The education sessions are particularly progressive this year," he said. "They are



targeted to help members take advantage of some of the fresh opportunities in the industry, and to prepare for a profitable fourth quarter."

MUST-ATTEND EVENTS

vince Gill and Tom Bedell return to Summer NAMM and they are bringing some of their musician friends to discuss their favorite instruments and play some of their most memorable songs.

"It's a rare glimpse into the musical minds of some of these artists — a private concert that will never be repeated and it's only at Summer NAMM," Lamond said.

The show will also boast perennial favorites, including the Top 100 Dealer Awards, the opening breakfast session's Retail Summit and Wednesday's Retail Boot Camp.

Lamond said he believes the No. 1 reason to attend this year's

Summer NAMM is to capitalize on the current growth opportunites.

"This is the time to nurture relationships, stay abreast of new products, and learn from one's peers," he said. "Capturing the perceived growth requires different tactics than those that helped our members survive the great recession. Stores that attend this industry gathering will have the upper hand in the competitive battles ahead." MI

WEDNESDAY, JULY 16

8:30 a.m.-4 p.m. Retail Boot Camp

Nick Failla, Alan Friedman and Daniel Jobe
Music City Center, 205 A-C
Want to get more customers
and close more sales? Take
control of your inventory once
and for all? Run successful
promotions that don't require
lots of time and money? If
you and your staff want the
inside track, then sign up
for Retail Boot Camp! The
boot camp is for everyone,
so bring the whole team.

6 p.m.

Insight: Iconic Artists and the Gear That Inspires Them

(Lunch is served at noon.)

Country music star Vince Gill and Two Old Hippies' Tom Bedell with friends Music City Center's Davidson Ballroom

Country music superstar Vince Gill makes an encore appearance at Summer NAMM as he joins co-host Tom Bedell of Two Old Hippies for this session that features some of their all-star musician friends. Hear never before shared stories behind the treasured instruments that brought these musicians' greatest hits to life. Gill's band "The Players" will provide the soundtrack to this opening-night party. Free food and beverages will be served.

THURSDAY, JULY 17 BREAKFAST SESSION

8 a.m. NAMM Retail Summit

Joe Lamond, NAMM President and CEO, with guests

Music City Center, Davidson Ballroom

We're living in a world of same-day delivery, instant price shopping and unprecedented customer expectations. Join Joe Lamond as he sits down with retail leaders who are thriving in the new business normal. (Free breakfast is served until 8:30 a.m.)

10:30 a.m.

How I Got 5 Million Views and 13,000 Subscribers on My YouTube Channel Danny Rocks of The Company

Rocks has reached 5 million views and 13,000 subscribers on his YouTube channel. He'll share his strategy for using YouTube to promote his business and drive sales.

11 a.m. The Keys to a Powerful Website

Mike Ross of Sweetwater Sound will reveal the company's best online practices. He will dig into everything from powerful homepage tactics to enhanced product presentations to copyright no-no's.

11:30 a.m.
10 eBay Strategies
That Maximize Your
Sales and Profits

Jim DeStafney and Sierra Williams of Blues Angel Music have built a successful eBay business by mastering the "ins and outs" of the online auction site. In this session, DeStafney and Williams will reveal their 10 best ideas for getting more eBay sales and profits.

12 p.m. Simple Ways to Improve Your Cash Flow

Alan Friedman of Friedman, Kannenberg & Co. and Deb Barker of GE Capital offer easy ways to leverage debt for increased profitability and cash flow.

12:30 p.m.

Google AdWords: The Best Advertising for Your Buck Nick Failla, marketing guru and president of Collected

Nick Failla, marketing guru and president of Collected Concepts, reveals easyto-follow Google AdWords strategies to get you up and running in no time.

1 p.m.

Music Lessons: How I Built a Program With 2,000 Students

Pete Gamber, music lessons guru and *Music Inc.* columnist, will share a common-sense, proven growth system that you can take home and apply to your lesson program right away.

1:30 p.m.
Music Lessons: How to
Keep Your Best Teachers

Gayle Beacock of Beacock Music shares her secrets for holding on to the talent you have and keeping a steady stream of new, skilled teachers flowing into your program.

2 p.m.

New Ways to Market Your Store Online

Peter Dods of Easy Music Center explains how he's boosted his sales and successfully targeted key customers using online promotions that you can take advantage of in your own music store. Dods will cover everything from the newest social media niche outlets and how to make the most of them to creating an effective Facebook ad.

2:30 p.m.

Top Apps You Can Live By
Join CJ Averwater of Amro
Music and NAMM Young
Professionals as he looks at
10 apps that you'll want to
know about and use. Find
out how to eliminate your pile
of receipts, scan documents
using your smartphone, and
teleconference and videoconference for free. Averwater will
give live demos of each app.

3 p.m. Make More Money With Your iPad

Your iPad can be easily turned into a money-making mobile POS machine. Joe Dorsey of Hoggtowne Music will show you how he's used his iPad at rental nights, band camps and mobile booths to process more than 100 transactions in just over an hour — by himself.

3:30 p.m. How I Had My Best Sales

Month Ever Using Radio
Monster Music's Brian Reardon will walk you through
his radio ad campaign,
covering the ad messaging,

covering the ad messaging, how he chose the right radio station to partner with.

4 p.m.
5 Ways to Turn Your
Repair Department
Into a Profit Center

Robert Christie of A & G Central Music will explain how to take your repair department

from a drain to a profit center.

4:30 p.m.

How to Boost Your Business With Tech Products

Ryan West of West Music and John Mlynczak of PreSonus will explore how music educators are integrating technology in the classroom and successful examples of how West Music has grown its business by offering technology products and services.

FRIDAY, JULY 18 BREAKFAST SESSION

8 a.m. Leadership in the 'New Normal'

Brian Parsley, business trainer, intelligence strategy expert and entrepreneur

Music City Center, Davidson Ballroom

Join Brian Parsley, business trainer, intelligence strategy expert and entrepreneur, and learn what leadership really means in today's economic climate. Hear what it takes to influence others and guide them to the most effective decisions that benefit everyone in your business. (Free breakfast is served until 8:30 a.m.)

10:30 p.m. Confessions of a Chain Retailer

Donovan Bankhead of Springfield Music doubled his company's size in the past year, acquiring two retailers and growing from two to four stores. Listen in as he shares what he's learned along the way.

11 a.m.

Streetwise Sales Secrets

Brian Parsley is back and this time he is giving listeners a chance to build their skills and learn from the experts — hawkers on the streets of South Africa. These masters sell everything from Super Glue to jewelry, despite getting rejected hundreds of times. Parsley lived alongside them and studied their techniques for closing deals. Learn their secrets on attitude, discipline and willingness to work with the next customer.

11:30 p.m. How to Compete With the Internet Giants (Double Session)

Bob Popyk moderates a panel made up of Larry Garris of Corner Music, Jerry Sims of Sims Music and Michael Newell of Newell's Music. This hard-hitting discussion includes proven ideas to get customers into your store rather than lose business to e-commerce giants.

12:30 p.m. Merchandising Tips to Make, Not Break, Your Sales

Tracy Leenman of Musical Innovations shares quick and easy merchandising ideas to make your store more shopper-friendly and designed to yield the most sales per transaction.

1 p.m.

Music Lessons: Your Biggest Questions Answered

Danny Rocks is back, this time with Gayle Beacock of Beacock Music and Menzie Pittman of Contemporary Music Center. Join them as they address the questions they're privately asked by their peers. You'll receive tips on student retention, handling makeup lessons and more.

1:30 p.m. Make More Money With Rentals

Alan Friedman and Daniel Jobe are back and highlighting the benefits of a well-run rental program, along with the costs and dangers of a misguided program. Discover new ways to make rentals more profitable and ensure that you're using the right accounting and tax methods.

2 p.m. Yelp Help: Make Online Reviews Work for You

If negative online reviews are giving you a headache, join Robin Sassi, president and CEO of San Diego Music Studio and attorney at law. You'll walk away from this session with a strategy to promote the positive feedback, combat the negative and create an online follow-

ing through word-of-mouth.

2:30 p.m. How I've Kept My Lesson Program Alive and Thriving

Billy Cuthrell of **Progressive Music Center** Tired of student turnover? Summer months killing your lesson numbers? Retail sales slow? Find out how Billy Cuthrell of Progressive Music Center reversed these trends with his reinvented lesson program. Based on the cellphone store model, his program has significantly boosted student retention and helped move inventory by getting students into an affordable instrument. Learn how you can do this and more with an instrument/lesson package program.

3 p.m. Simple Ways to Get Found on Google

Gabriel O'Brien of Larry's Music Center reveals easy ways to boost your Google ranking for better search results. He'll cover everything from managing your Google Places listing to optimizing your website using keywords.

3:30 p.m. Our Most Unique and Profitable Source of New Students

Menzie Pittman of Contemporary Music Center discusses how his intitmate performance venue, @4410, has become Contemporary Music Center's best source of new students and business.

4 p.m. 5 Successful Facebook Promotions

Join social commerce expert Rick Camino as he shares five successful Facebook promotions that will help turn "likes" into music retail sales.

4:30 p.m. Back-to-School Promotions to Start the Fall Off Strong

Lauren Haas Amanfoh of Royalton Music Center presents her three most successful back-to-schoolpromotions. She'll outline her best ideas to increase retail sales, boost lesson sign-ups and improve rental numbers for the fall.

6 p.m. Top 100 Dealer Awards Music City Center, Davidson Ballroom

Support your peers, enjoy live music and pick up some powerful business-boosting ideas during this annual awards ceremony. NAMM will name its "Dealer of the Year" as well as other titles, including "Best Merchandising Display" and "Best Emerging Dealer."

SATURDAY, JULY 19 BREAKFAST SESSION

8 a.m. Best in Show

Frank Alkyer, publisher of Music Inc. and UpBeat Daily magazines with guests Music City Center, Davidson Ballroom

Join Frank Alkyer, publisher of *Music Inc.* and *UpBeat Daily* magazines, and a panel of music retail experts as they reveal the best and brightest products and services at the show. Find out about the gear that's sure to be a big deal this holiday season and check it out before you leave the show. (Free breakfast is served until 8:30 a.m.)

10:30 p.m. More Than 1 Million Facebook Fans: How to Grow Your Social Media Presence

Find out how Online Editor Damian Fanelli increased *Guitar World*'s fan base from 50,000 to more than 1.2 million Facebook fans. In this one-on-one interview with Mad Sun Marketing's Laura Whitmore, Fanelli will share practical tips and insights to help you increase your fan base.

11 a.m. Google Tools to Manage Your Business and Life

Donovan Bankhead of Springfield Music has successfully used Google Tools to stay ahead of the curve. Come hear how tools, such as Gmail, Google Calendar and Google Drive, can change your day-to-day experience — and impact your bottom line.

11:30 a.m. 5 Ways to Increase Your Lesson Sign-ups Starting Monday

Pete Gamber is back and this time he will show attendees five simple ways to boost sign-ups starting next Monday. Best of all, they're low-cost and easy to put into action.

12 p.m. 10 Tips for Effective Emails That Get Opened!

Mike Guillot of Mississippi Music offers 10 simple tips for effective email communications. He'll give you guidelines to get your emails opened, read and remembered.

12:30 p.m. How to Build the Ultimate Pedalboard (Double Session)

Paul Riario of Guitar World takes you through pedal-board essentials and shares his insights into unique and effective pedals.

1:30 p.m. 10 Keys to Marketing Success for Musicians

Laura Whitmore of Mad Sun Marketing presents a practical, tips-based workshop on the 10 most essential marketing elements that every musician should use to promote themselves, their music and their products.

2 p.m. How to Get an Endorsement Deal

Jen Lowe of Boom Boom Percussion walks you through what manufacturers look for in artists.

2:30 p.m. Hit Songwriting: Secrets of the Pros

Join Thornton Cline and a panel of fellow hit song-writers for an up-close look at the craft, art and business of songwriting.

>>> WHAT TO SEE

Fifth Anniversary

Kala is commemorating
the 5th anniversary of its
U-BASS with the introduction
of several new USA models
manufactured at the company's headquarters in Petaluma,
California. Kala's newest
California U-BASS models
include acoustic-electric
and solid body designs.
The acoustic electric
models are available

in finely crafted figured Hawaiian Koa or flame maple finishes. **{kalaubass.com}**

Lightweight Line



The OZZtosh Company will highlight its line of polished billet aluminum lightweight guitars, machined and hand-crafted from a solid aluminum block. Tested in several major cities, the LUMA guitar establishes a much richer sound than previous generations of hollow aluminum

guitars. {ozztosh.com}

Uke Crazy

Alfred Music's Complete Ukulele Method: Complete Edition is a book/CD pack that com-



bines three books into one complete volume to provide everything an aspiring ukulele player needs to begin strumming and eventually master, their ukulele with confi-

dence. The method features six-time Grammy award-winner Daniel Ho. **{alfred.com}**

Limited Edition Kit

CE Distribution will showcase its Contortionist kit, which is a limited edition, all-analog, high octane fuzz box. It produces

fuzz with layered octave overtones similar to those produced by an electronic-bow. The frequency multiplier circuitry creates harmonics that swell and recede depending on gain

recede depending on gain setting, pick attack, neck position and pickup. {cedist.com}

All Directions

Swan Song Guitars will display its U.S.-made 4Directions line of bass guitars. The 34-inch scale, 4-and 5-string basses feature an alder body with a 24-fret maple boarded neck, custom design Jason Lollar pickups and Hipshot hardware.

{swansongguitars.com}

No Intro Needed

Hal Leonard will showcase its 100 Greatest Guitar Intros, which features standard notation and tab. For each intro, there are also interesting facts

about the song, artist and album. Songs include "Blackbird," "Brown Eyed Girl," "Hotel California" and "Sweet Child O' Mine."

{halleonard.com}

Universal Interface

The AudioBox iOne and iTwo are USB bus-powered, compact, ruggedly built interfaces that work with virtually all Mac, Windows, and iPad recording software. They offer combo mic/line/instrument inputs with Class A mic preamplifiers and come with PreSonus Studio One Artist DAW (Mac/Windows) and Capture Duo recording software for iPad, with direct wireless transfer of your recordings to Studio One. {presonus.com}



Earth Friendly

Kyser's guitar straps are made from custom-printed poly twill and recycled leath-

er. The strap's design features a padded body that leads to a tail that can be adjusted from 45 to 55 inches. **(kyser.com)**

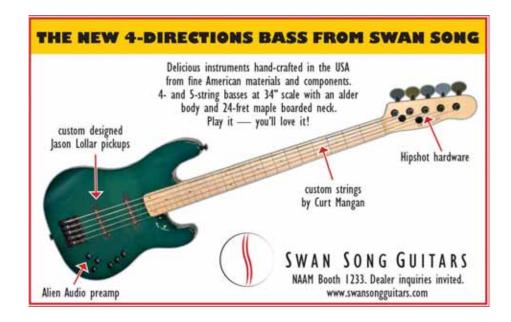


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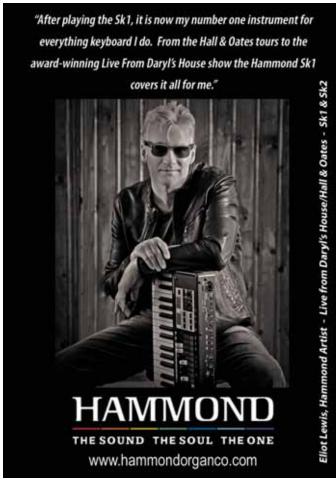
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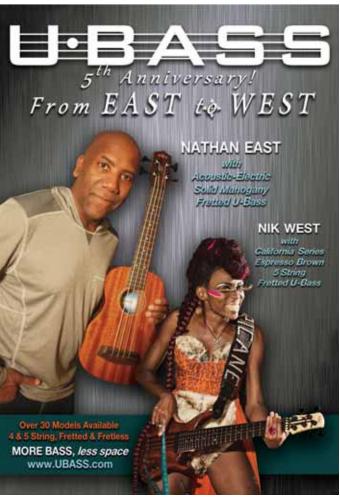






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>>> WHAT TO SEE

Sleek Aesthetic Reunion Blues' RBX series now includes two new double gig bag models for both electric and bass guitars. The RBX series features Reunion

Blues sleek aesthetic design and boasts a quilted Chevron exterior and padded blue luster lining. {reunionblues.com}

Full Range

Yorkville's new 600-watt NX10C full range cabinet acts as a scalable

as f s iii

front-of-house solution, innovative side-fill cabinet, or monitor enclosure. Designed to be one

of the most compact, most versatile cabinets in the NX series, the powered 10-inch coaxial NX10C can be used in almost any live sound application. {yorkville.com}

Fat Sounds

circuits. The FAT

RAT also features

a Fat Switch (bass

RAT will roll out the FAT RAT, an entirely U.S.-built pedal that features complete tonal flexibility through a choice of original or MOSFET

enhancement) that tightens up the bass response, which is ideal for bassists and guitar players who tune down their instruments. The pedal will run on 9 to 18 volts of DC

power. {ratdistortion.com}

Versatility & Value

The new CADLive D80, D82 and D84 microphones are designed to deliver maximum performance, value and ease of use for miking guitar cabinets and percussion instruments. The mics can be used individually or in tandem to create custom sounds for miking guitar and percussion. **{cadaudio.com}**



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>>> WHAT TO SEE

Otherworldly Pedal

Earthquaker will showcase its Afterneath pedal, a spatial arranger and reverberation machine. It starts with a cavernous reverb with adjustable length, adds control over diffusion (spread), reflection



(regeneration of trails), dampening (tone) then lets the user pull it through time with the drag control. The end result goes from large hall to an infinite glitched-out orchestra

pit warming up in a canyon at the bottom of another canyon inside a well. MAP: \$215. {earthquakerdevices.com}

Saddle Up

Levy's Leathers' new M17B-WC guitar strap made with the

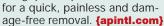
finest carving leather available. The foam padding is covered with soft garment leather and the multilayer top is a veg leather with a basket weave tooled insert. This 2.5-inch wide strap

is adjustable from 41 to 54 inches and is also available in XL which adds 12 inches to the strap. It is available in black, dark brown, cranberry, burgundy, brown, walnut and tan. {levysleathers.com}

Simple Solution

The Snapz Bridge Pin Puller prevents disfigured acoustic guitar bridge pins. The puller is a small tool that grips the head of the pin, and removes it without leaving a scratch. Using

the Snapz Bridge Pin Puller simply push down gently and snap-mount the tool on the pin, slide the lock down to maintain the grip, and pull



Now Shipping

Fishman's new Fluence Single Coil pickups feature true Multi-Voice electronics to create idealized versions of classic quitar sounds without spurious noise, hum, cable capacitance problems, loss in tonal response and clarity due to small volume changes. {fishman.com}





PRINT'S THINK TANK

BY KATHLEEN COSTANZA

ublishers showed up to this year's RPMDA show in Dallas with a slew of new products and titles, some of which included new ways to merge the digital and physical worlds of print music. But even more than new products, publishers and retailers alike brought their best ideas to boost sales, wrangle overhead and adapt to the industry's challenges.

"We are a think tank," said Luana Marler, vice president and regional marketing manager of the Dallas/Fort Worth location of J.W. Pepper & Son, during the "Tapping Into the Great Minds of RPMDA Membership" session, where the 180 attendees brainstormed in small groups. "We're individuals who are working

together to increase the music industry and not as competitors at RPMDA."

The collaborative nature of the convention extended onto the exhibit floor, where the Hal Leonard crew gave small group classes at its booth throughout the weekend. One of its sessions, "Tech for Teachers," went over four different recording studio products that are designed for schools and have lessons plans or curriculum for teachers to use.

"We try to teach people things because they know about all our products — we have more to offer," said Andrea Pelloquin, Hal Leonard's educational music account manager. "We actually get to go more in-depth with these smaller groups."

THINKING DIGITAL

Alfred's Ron Manus and Antonio Ferranti also pitched into the idea pot with their session on standing out with your brand. At its booth, the company showcased its DiY Series, which includes a peel-off code for streaming access to hours of audio and video content. Ferranti said streaming the content kept the cost low for the customer at \$10 per book.

"Most dealers' concerns are expressed to us by saying, 'How do we stay involved when we know students like to have a book, and that their teachers like to go through a book with them, but we also know they like to have content on their tablets, smartphones and laptops?" Ferranti said. "That's how a dealer gets involved with that sale."

The Lorenz Corporation was also thinking digitally with its release of Volume 9 and 10 of its Interactive Now series designed for interactive whiteboards. Lorenz's Jenny VanPelt said that through conferences, conventions, and from talking with dealers, "there was a convergence of information that said tech in the classroom is important."











RPMDA CHANGES

New to this year's convention was the track system for the educational sessions, which let attendees follow a path designed for beginning print music specialists, managers and buyers or owners and general managers.

RPMDA also saw major bylaws changes at the show. On the last day, the association voted unanimously to extend full membership privileges and voting rights to commercial members (publishers, suppliers and distributers.) RPMDA's new president, Christie Smith of Long & McQuade, said dealers and publishers have been working equally, side-by-side for years and it was the right time to make the relationship equal on paper.

"The entire membership needs to be involved in becoming a resource for all of the print music dealers who are out there," she said. "All of the owners, all the publishers, we need to be able to share ideas. We need to be able to help each other envision a future." MI

INVENTORY BOOT CAMP



How much inventory should you buy? How quickly should it be turning? When, if ever, should you sell below cost? Industry vets Bob Kohl and Alan Friedman broke down the delicate balance of inventory management in a fitness-themed session that showed retailers how to kick their bottom lines into shape.

MARGIN CHECK

Print music has some of the highest margins in the MI world. Right?

"You're very profitable in the things that you sell," Friedman said. "I'm afraid of the things you're *not* selling."

Including titles that don't have life or value anymore throws off an evaluation of what inventory is really worth. After taking into account unsold print music that's value has fallen below cost, more realistic print margins tend to fall around 30 to 35 percent.

"You never really know much profit you're making from the product you sell until you take into account the stuff you're not selling," Friedman said. "Be real with yourselves, make sure you're evaluating your inventory."

SHOULD YOU SELL?

It goes against human nature to sell something for less than you bought it for. But Friedman explained how turning dead inventory back into cash can end up making more profit than if you waited around to break even.

For example, if you're sitting on 10 arrangements of 1997's "My Heart Will Go On," chances are small you'll ever break even. But selling it at a loss and turning it into cash means a retailer can that invest in a super-seller like "Frozen," turn it quicker, and reinvest again in even more stock with life and value to it.

"Turn [dead stock] into cash and buy something that is working and you'll make your money back in no time," Friedman said. "It's the smartest thing you can do."

CLEARANCE PARTY

"Once you decide you're going to blow this stuff out, decide you're really going to put some aggressive oomph behind it," Kohl said. "We start our clearance at 50 percent off. My inventory has to pay its rent. If it's not paying its rent, evict it."

Retailers have been warned about the dangers of discounting but, when done prudently, Kohl said it can be a useful tool. He outlined Long & McQuade's "clearance cash" promotion, where customers are given \$1 in "clearance cash" for every \$10 they spend for three weeks leading up to a two-day clearance party event. The "cash" can only be used on clearance items, and the short time frame creates a sense of "urgency" around the event.

IT'S ALL ABOUT TURNS

Because of competitive online retailing, much of the industry has seen margin degradation. To make it up, retailers have to sell product faster, or, as Friedman explained, "It's all about turns."

A NAMM survey found the average inventory turns in MI retailing is about

1.5 turns per year — meaning that the average retailer has eight to 10 months of inventory on hand. Ideally, the goal should be 2.5 turns, but 2 turns would even be a good place to start.

Friedman explained one last tool to figure out the right mix between profitability and turns — GMROI (or Gross Margin Return on Investment), or profit dollars divided by average inventory.

"Really what [GMROI] says in simple terms is how many dollars in profit have I made for every dollar I invested in inventory," Friedman said. "If you're carrying \$300,000 during a year in inventory, and you generated \$400,000 of gross profit, that means you made \$1.33 for every dollar you invested."

Ideally, if you can generate something close to \$1.50, "your cash flow problems will virtually be over."

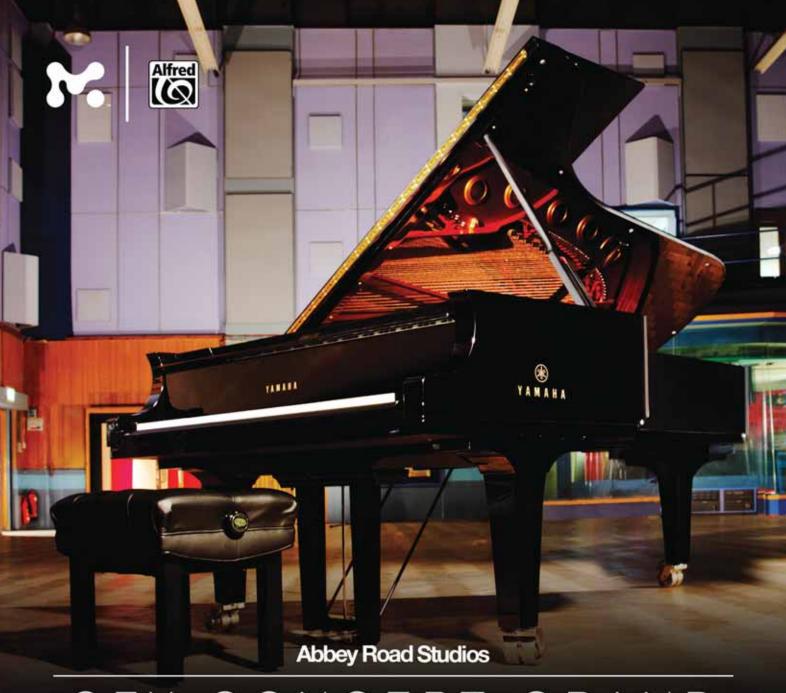
"If you can keep your average inventory low, or your profit dollars high you can get there. You don't have to get there doing both." Friedman said. "You can do it on low margins if you're turning your inventory fast enough." MI

ALAN'S RULE OF THUMB TO INVENTORY WEIGHT LOSS

"Only buy the quantity of products if you know you can sell it all in less than X days."

X= 360 days x Gross Profit Percent

If you're considering buying 10 products that will cost you \$60 each and that you'll sell for \$100 each, take that 40 percent margin and multiply it by 360. What do you get? 144 Days. Friedman explained, "Ask yourself, 'Can I move all 10 of those books in 144 days or less?' If the answer is 'yes', go ahead and buy it. If the answer is 'no' then reduce the quantity until the answer becomes 'yes.'"



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OVERCOMING INERTIA: MODERNIZING THE MUSIC ACADEMY



As James Harding, partner at Gist Piano Center, and fellow partner of John Gist were transitioning to taking over the business from its retiring founder, Harding had the chance to take a step back.

"John and I had to look at everything we did and say, 'Is this truly what we want to be in the next few years?" Harding said. He took the opportunity to retool and modernize the music academy, reduce overhead and build word-of-mouth advertising. In his session, he taught retailers how to do the same.

THE NETFLIX APPROACH

Fixed expenses aside, Harding said lesson providers' number one expense is lost revenue. When students get sick, forget to pay or go on vacation, it creates peaks and valleys in revenue and ups overhead costs as employees run around trying to track everyone down.

"So how do we combat lost revenue? My solution is stop charging for lessons," he said. "What we need to do is start charging for studio membership – just like the gym. You're paying a monthly membership to the studio and all the benefits are included for one low monthly fee. No credits or refunds."

Instead of charging per-lesson, Harding said charging peoples' cards automatically for a monthly package that includes lessons, recitals and special events stabilizes income. "For the past year, we haven't had a single person ask us, 'I'm not going to be here, can I get a credit?" he said.

While he did have some customers who were angry about the switch, Harding suggested explaining it from a positive angle — it's how you keep lesson pricing low.

DITCH FACEBOOK POSTS

"There was a time when word of mouth came from the mouth. That time is over," Harding said. "Word of mouth really means word of media."

That being said, Facebook, once the

juggernaut of social media exposure, has become harder use. Harding said posting to your Facebook page is "virtually useless," as free, organic exposure continues to be on the decline due to Facebook's algorithm changes and page redesigns.

Instead, Harding said getting people to "check in" to your store might be the best way to gain visibility. "If you can find a way to get people to check into your store on Facebook while they're there, your company name will show up to all their friends, just like how posts used to," he said.

GROWTH POTENTIAL

An often-cited Gallup poll found 85 percent of Americans who don't currently play and instrument wish they had learned to play one. Harding spoke to expanding your view of potential customers to adults — not the ones who already come to ukulele club or group guitar class— but the ones who aren't taking music lessons at all.

"Does [Mom and Dad] come into your store, or do they drop the kids off and pick them up? If they're dropping them off, wouldn't it be a great opportunity if your studio coordinator walked out to say hello?" he said. "Making them comfortable is the first step to getting them into the store. They're thinking of this how we are — that it's something for the kids. But it's not, it's for everybody, all ages." MI





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SKB has updated the Ultimate Series Roto-racks with a new Roto Rack design with a full stack—

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SHOW REPORT RPMDA 2014

BEST IDEAS



RPMDA's "Best Ideas" contest, where attendees pay \$10 to give a two-minute pitch, is always a goldmine for new concepts. Here are a few highlights.

HOLD A UKE READING SESSION

"[Ukulele print music] is a whole product area that's growing, but we can grow it even more if we focus on showing players music in the same way we do everything else. I put [the reading session] out and within five hours I had 70 registrations. Let's stop just trying to sell ukuleles and lessons and focus on the print because there's a lot of ukulele print coming up."

— Christie Smith, Long & McQuade

SWAP STORES

"Pick a buddy, work out a schedule, and

spend a day in each other's stores working in the print department. It's extremely eye-opening.

So many print people work in isolation — your company has one print person. Who else are you exchanging ideas with?"

— Elliott Wessel, Music & Arts Center



CREATE A SOUND FILE JUKEBOX

"We'd been getting a lot of requests from customers, 'How can we get those sound files so our choirs can hear them?' We invented what we call a jukebox where we take an iTunes approach. Customers can take all our sound files, build a playlist, and then send an email [with a] link. If you want to learn more about it, [visit] jukebox.stantons.com."

— David Ginter, Stanton's Sheet Music

BE REPRESENTED

"If the educator association in your state doesn't have an industry representative on the executive board, I think that you should try to campaign to get one.

"For instance, I was able to get [the association] to not accept a bid at a convention center because the exhibits were like a mile away from everything else. I said that's not going to work — exhibitors are going to hate it. And they listened to me and they chose the other venue."

— Becky Lightfoot, Art's Music Shop

SHOOT FIRST LESSON VIDEOS

"We've started uploading first lesson videos for all our teachers. They're usually under five minutes, and it's usually the teacher just talking about how to put your instrument together, play the mouthpiece, or hold it correctly. We feel like this does three things.

"One, we get a lot of parents who come in talking about how they really have no idea what their student is doing. It's not like math homework. They can't really sit down with their kid and tell them what to do.

"Two, this is something they're going to be doing anyway, looking it up on YouTube. So why not keep it in-house and keep them coming back to our website or Facebook page?

"Three, it gives our teachers face time with potential students or parents before they sign up."

— Bryan McEntire, Middle C Music

GET IN TOUCH

"When you have a clearance bin sale that's over, if something is left, please pick up the phone or email your sales rep or publisher and say 'Guess what never, ever sold?' That's information we would love to have."

— Janet Soller, Alpha Major

EXCHANGE DEAD STOCK

"I used to have a music store myself and I know we've all had the problem with music that doesn't sell and just sits. How come this industry doesn't have a dead product or POP music exchange database?

Maybe someone in Oklahoma has a product someone in Oregon wants but you don't know they have it. That way you could sell something you can't get from the publisher that maybe you're sitting on that somebody else has." — *Myles Reck, Music Search*





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PEA PODS AND POPULAR PRINT



Back in the early 1900s, Italian economist Vilfredo Pareto noticed that 20 percent of his pea plants were producing about 80 percent of all the peas in his garden. The discovery led to what we now refer to as the 80/20 rule — or that 80 percent of effects come from 20 percent of the causes. But that power law relationship isn't just limited to peas, as it's commonly seen in business, economics and even nature.

"This led me to a 'great scott' moment. Does our industry have a power law?," asked Tim Cose, district sales manager at Hal Leonard. "If it does, what kind of impact does that have for new products? What kind of impact does it have for merchandising? What impact does it have on re-ordering strategy?"

Cose crunched the numbers and offered these valuable ways to examine inventory.

POWER LAW RELATIONSHIPS

After analyzing both retail and publisher sales, Cose found the power law relationship in print music was closer to a 70/30 ratio — or, the top 30 percent of products made up 70 percent of the sales.

"As far as the 70/30 rule goes, it's not written in stone, but it's pretty apparent from looking at publisher and retail sales that, as long as there's a continuous supply, that approximately a third of your SKUs make up two thirds of your sales," Cose explained.

"For this type of ratio to be working, you need to be reordering consistently. If you're reordering irregularly or not enough, you end up with a 50/50 split, or with a ratio that's not letting your top 30 be performing at the level it should be."

IMPULSE CONTROL

Cose outlined two different categories of print products: impulse products and optimization products.

The first are what they sound like, bright-burning impulse buys with strong emotional value. Think pop culture and Hollywood marketing.

Optimization products sell more slowly and steadily over time and are more often part of the "long tail" of sales, typically mixed folios and series.

"What I couldn't find in any of this research is a silver bullet," Cose said. "There is no right answer for everybody. But the most efficient reordering process for you, as far as optimization products go, is based on your own sales history." He added optimization products should be merchandised with other print.

Highest visibility should be reserved for impulse buys because optimization products will always sell steadily over time. On the other hand, predicting impulse products is a guesstimation. Cose says retailers' best bet is to pay attention to media exposure.

SO WHAT?

Looking at the 70/30 rule and which products make up your own long-tail can be a helpful tool for evaluating what to keep in stock.

"At which point do you just stop re-ordering?" Cose asked. "My opinion is that if it's not in the top 30 percent, and it's not a consistent seller, it's not a left-handed guitar method or something that's going to sell small numbers but it going to sell pretty consistently, is that doesn't really deserve a reordering focus unless it's a special order." MI



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YORKVILLE SOUND



ONE STOP SHOPPING

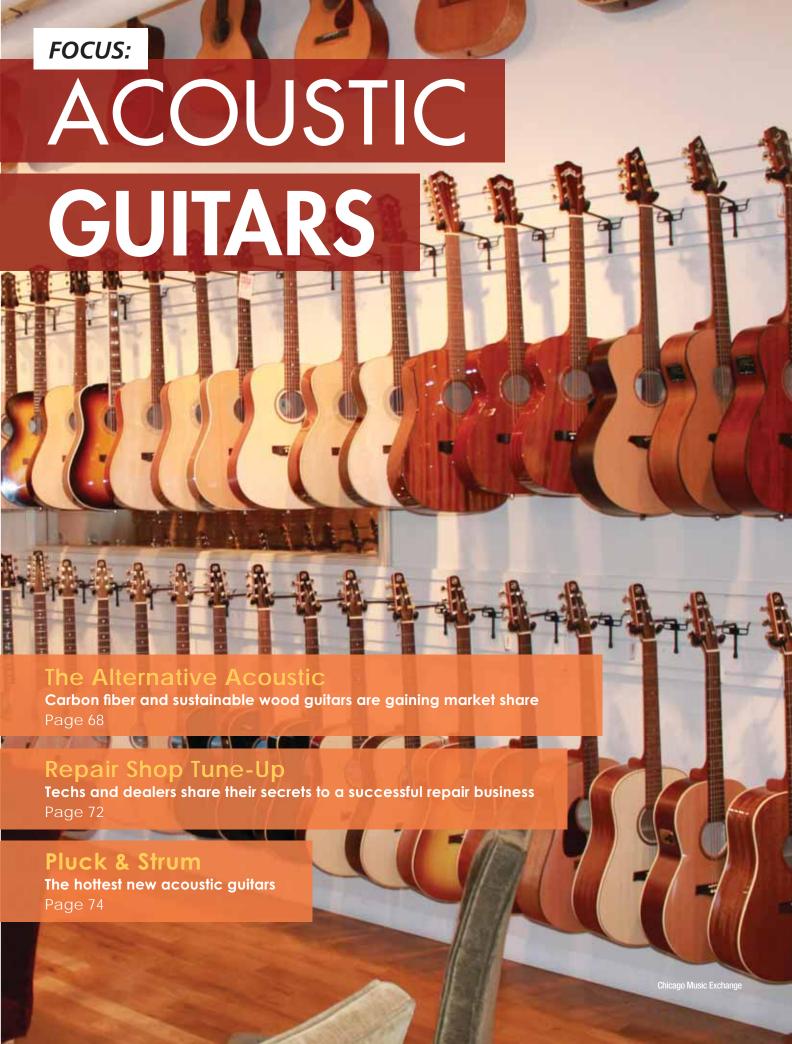
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ALTERNATIVE ACOUSTIC BY KATIE KAILUS

Carbon fiber and sustainable wood guitars are finding their way into the hands of an increasing number of musicians. But are they here to stay?

one are the days of only solid wood acoustics hanging on your store's guitar wall. Carbon fiber instruments and models made of sustainable woods have been popping up across guitar walls all over the country. And manufacturers and retailers alike are reporting more and more players being drawn to the environmental and tonal benefits of carbon fiber and sustainable wood guitars.

"The world has changed," said Michael Smith, product manager at Composite Acoustics. "Tonewoods are becoming more scarce, expensive and protected. There are laws in place now that restrict your ability to travel with a guitar that was built 50 years ago simply because of the type of wood it's made out of, even though when it was made it was completely legal."

THE SUSTAINABLE SOLUTION oing green is on nearly everyone's mind including MI manufacturers. Deforestation and government wood sanctions like the Lacey Act have made guitar manufacturers feel this push even more. Some suppliers, like Taylor Guitars, have found ways to create their instruments in the most environmentally conscious way. "We have taken an active role in supporting and promoting sustainable practices," said Charlie Redden, supply chain manager at Taylor Guitars. "We have worked with Greenwood, a non-profit NGO working in Honduras, for 15 years on the responsible harvesting of mahogany from the Rio Plantano Biosphere. Within the factory, we reuse wood scraps for inlays and partner with local recycling companies Santa Cruz custom 000 35th anniversary model to turn scrap into mulch." But, the Santa Cruz Guitar Company takes sustainability to a whole new level. Santa Cruz's instruments are made through a sustainable yield process. Simply put, Santa Cruz finds the best sounding wood using responsible means, including harvesting wood from downed trees, sunken logs and building beams to create its instruments. "Sustainable yield is a beautiful alternative to deforestation, as is reclamation," said Richard Hoover, founder of Santa Cruz. "Our Indian Rosewood comes from a family that has used both of these practices for generations. The first method reclaims trees downed by natural selection and the latter from trees grown in the same manner as a Christmas tree farm and are used to shade coffee crops until they are harvested at maturity. Surprisingly, we are starting to use old Mahogany from a sustainable yield project started

before World War One. Another favorite is Sitka Spruce reclaimed from old logging bridges, sunken logs and other sources." Hoover said this practice helps the environment,

while offering guitarists superb tonal quality.

"In the case of reclaimed, or older, wood, it offers us the same tonal advantage found in old instruments," Hoover said. "The wood becomes more resonant with age as the resins polymerize. Stability is another obvious advantage of older wood that has obtained equilibrium. This is not a matter of opinion, but rather it is physics that dictate the superiority of old wood in fine acoustic instruments."

Hoover said retailers that offer a sustainable option in their store are showing their customers sincerity towards environmental consciousness and that's a plus for garnering business from like-minded customers.

"It is certain that the interest in 'greener' manufacturing is on the rise in the United States, and those retailers who can deliver this message will benefit nicely from this increased awareness," Hoover said.

According to Ray Alshire, purchasing department manager of guitars at Elderly Instruments in Lansing, Michigan, all players are potential sustainable players, but so far his shop has only seen the true environmentalists showing deep interest, vet he believes more of these instruments will be coming down the pipeline.

"I think sustainable instruments are here to stay," Alshire said. "We will see more and more sustainable wood guitars — as well as other instruments — as traditional tonewoods become scarcer and more expensive. There are already many instruments that have fingerboards, bridges and the like made from sustainable or even synthetic materials. There will be more."



THE FIBER FIX

arbon fiber guitars have also seen a spike in popularity over the past few years. Blackbird Guitars founder Joseph Luttwak said more consumers are expecting retailers to stock sustainable instruments and his carbon fiber instruments fill this need.

"With dwindling tonewood stocks and the disappearing old-growth forests, consumers expect companies to have sustainable offerings," Luttwak said.

One aspect that both retailers and manufacturers said is a deal-closer is carbon fiber's ability to travel without show-

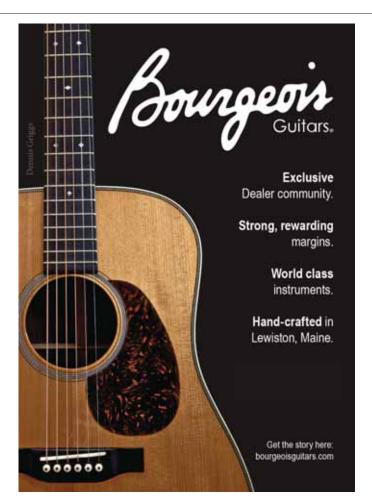
> ing the effects from climate changes. Smith of Composite Acoustics said that carbon fiber instruments are ideal for gigging musicians.

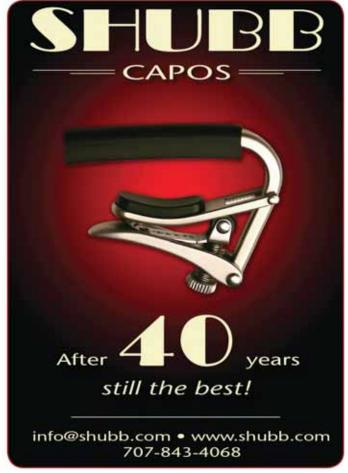
"You can take Composite Acoustic's guitars literally anywhere," Smith said. "Any customer that plays outdoors a lot is a perfect candidate for [carbon fiber instruments]. There's a cool story from one of our reps where he was making a sales call to a particularly sceptical dealer. There was about eight inches of snow on the ground outside. So our rep took the guitar, tuned it up, opened the front door and tossed it about 20 feet out into the snow. After about an hour, he went out and got it, brought it in and strummed a perfectly in-tune chord."

Kaan Howell, owner of Ludlow Guitars in New York, agrees with Smith's sentiments. He said the carbon fiber models in his store are ideal for withstanding New York summers and winters.

"We do a lot of repairs here, and we see an amazing amount due to rough, dry New York winters and damaged instruments because of air conditioning in the summer," Howell said. "It's really quite cool that with carbon guitars you don't have to feel worried about these factors."

Michael Stone of MacNichol Guitars said because



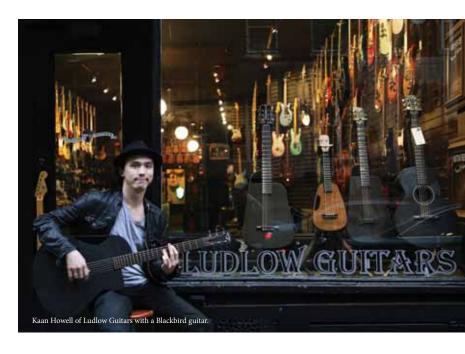


his store is located in Salt Lake City — a location well-known for its outdoor activities — he sells a lot of carbon fiber instruments to active players who want guitars for camping and backpacking. Also, a big selling point for Stone's customers is the tone of carbon fiber guitars.

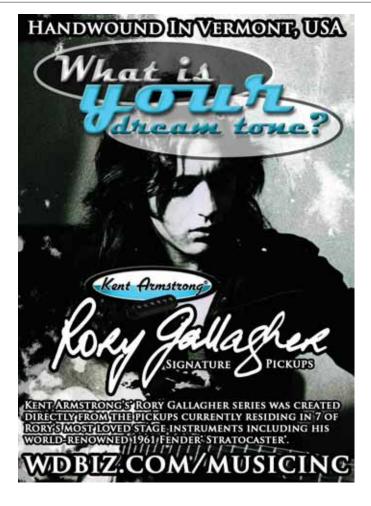
"We find that a lot of customers are skeptical at first, but they are often pleasantly surprised that they like the tone," Stone said. "Those who like good note-to-note separation are drawn to carbon fiber."

So are carbon fiber instruments here to stay? According to Ludlow Guitars' Howell, they are.

"I think this trend is inevitably going to stick with guitar companies," he said. "The sustainability buzz is a recent generational thing, and I think the next generation will continue to carry that on. There are certain woods in the world that are really rare like Brazilian rosewood. So it's cool to have some guitars that can be consistently built. To me, it's a no-brainer." MI







REPAIR SHOPTUNE-UP

BY KATHLEEN COSTANZA

THE REPAIR SHOP IS A NOTORIOUSLY TRICKY PROFIT CENTER.

BELOW, PRO REPAIR TECHS AND OWNERS WEIGH IN ON SOME KEYS
TO SUCCESS IN THEIR LONG-RUNNING SHOPS.





PRO-SHOP BALANCING ACT

Eric Daw has been Seattle's Emerald City Guitars' repair tech for close to 13 years and owner Jay Boone credits him with turning what was once a "skeleton" operation into one of the Northwest's premier pro-shops. But with a stream of clients that range from first-time acoustic players to musicians including Bill Frisell and Jimmie Vaughan, demand at the busy, vintage-focused shop can be challenging to manage.

"My biggest challenge is keeping my sanity," Daw joked. "I've learned [to] pace myself properly, set boundaries, and say 'Here's what I'll do, here's what I won't do,' as far as turnaround times." Although Daw does about 95 percent of repairs in-house, when a guitar is a real "basket case" he farms it out in order to keep turning out the setups and quicker repairs.

Daw said keeping parts on-hand can be both a clincher to a repair sale and a way to keep things moving. "If somebody asks about a particular part I can just pull it off the wall and show them rather than order it," he said. "Also, if they can't hold it in their hands it's kind of a leap of faith as to what they think they're getting."

Another time-consuming part of Daw's day-to-day is taking customers' calls with questions. So, with the customers' permission, he decided to record some the calls and turn them into a free podcast: *The Fret Files*. Also, the podcast draws an audience interested in tech-talk and spreads the word about the shop's services.

Boone said Daw has trained the sales staff to ask customers picking up repairs if they have time to check out the instrument.

"Seventy percent of the time guys say 'Yeah,'" Boone said. "So we'll sit him down, plug him into a great amplifier surrounded by a bunch of great guitars, and he gets to jam for 10 to 15 minutes and, low and behold there's times he says, 'Wow, I love this amp."

HIRING THE BEST

Chris Eudy, owner of Third Coast Guitar Service in Chicago, summed up the No. 1 rule of repair pretty well: "You're only as good as your technicians."

With five locations and 17 techs, Eudy knows a thing or two about honing in on the right people. He said he hires first on how he feels about a person. Then, every employee starts training from step one, no matter their experience level.

"We have a very specific way that we like to see things get done. There's freedom within the form. But for us, we train people from scratch," Eudy said.

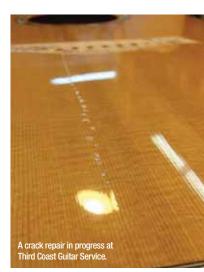
For a retailer though, devoting that much time to training can be difficult.

"For small retailers, having someone who can do what we would consider tier one and tier two repairs is a great idea," said Eudy. "But I think that hiring that person full-time or even part-time? Tread lightly."

Rather, for smaller or beginning operations,

Eudy suggested hiring a tech as a contractor who is paid on how much work he finishes, and then advertising to customers what days he'll be instore.





Duane Lewis



SELL REPAIR

Repairs might be the smallest of Springfield Music's profit centers, but the crew at Missouri-based Springfield Music and sister store Fazio's Frets & Friends said having a well-oiled repair shop establishes credibility for all the other profit centers.

"In my tenure, I've really come to know that a music store is going to be successful if they can service what they sell," said Duane Lewis, who has been Springfield's tech for more than 40 years.

Roy Huffman, repair tech and luthier at Fazio's, said selling small improvements,



not just repairs is a major profit booster. "The things you can do to improve an instrument, like swapping out a plastic saddle for bone, putting high quality tuners or putting in a pick-up system, are things I can do pretty fast. It's highly profitable and it makes the customer super happy because suddenly their \$250 guitar sounds like a \$1,000 guitar," Huffman said.

Owner of Springfield Music Donovan Bankhead said his stores either spiff or commission salespeople for selling repairs — which can even translate to more sales on the retail side. "If your salespeople are commissioned on repairs, they would have the incentive to try to sell things like upgraded tuners or better preamps because it's not just the money they're going to make on the widget, but it's going to also be the money installing it," he explained. He also added that bundling repairs and selling repairs as packages make for easier sales and customers feel they're getting a better deal.

HUMIDITY MANAGEMENT

From the beginning, when Andrew and Carrie Bell opened Twin Town Guitars in Minneapolis, Minnesota, they decided to make the shop a destination for repairs and service, not just sales. In part, Andrew said the emphasis was because "You have to service what you sell." But the repair operation was also driven by Minnesota's toll on guitars with almost 120 degree temperature swings from summers to brutally dry winters.

To protect guitars sitting in the shop, Bell has started using Nest, a wi-fi thermostat that learns the user's patterns. "I can set a variety of heating and cooling patterns and it will sense and learn what the patterns are in the store," he said. "It's also wi-fi driven, so with a smartphone, at any time you can see what the climate is like in the store. If the temperature is dropping outside, I can dial in and see what the temperature and

humidity is [inside.]"

They also reinvested in a new Aprilaire humidifier for a digital, more accurate and efficient version. So even though this winter was severe, he didn't see any cracks in guitars.





FOCUS:

ACOUSTIC GUITARS



LÂG GUITARS I OCCITANIA RANGE

True Classic

âg Guitars has launched the Occitania range of classical nylon string guitars. The OC300 series models feature a solid red cedar top, while the OC400 series models feature a solid Englemann Spruce top. Both feature rosewood back and sides. The OC66 series models feature a spruce top and mahogany back and sides. Each series features a mahogany neck finished in high gloss, with an Indonesian rosewood fingerboard. {usa.lagguitars.com}



SEAGULL I MERLIN

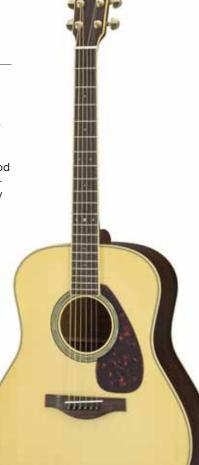
Mini Merlin

The Seagull Merlin is a compact
4-string diatonic acoustic instrument
that is inspired by the dulcimer. It was
designed to introduce people of all
ages to the joy of creating and playing
music. The Merlin is made in LaPatrie, Quebec. {seagullguitars.com}

YAMAHA I L SERIES

Rich Tone

Yamaha has redesigned the L series handcrafted acoustic guitars. The new models include solid Engelmann spruce tops that are treated with A.R.E. (Acoustic Resonance Enhancement), an original wood reforming technology developed by Yamaha. Instruments made with this technology produce a tonal richness that can only be found in vintage models that have been played for many years. A. R. E. treatment provides tonal balance and eliminates the harsh edge common with younger guitars. {yamaha.com}





RECORDING KING I 10 SERIES

Recording King's Latest

Recording King's new 10 series guitars offer players the benefits of all-solid tonewoods in a great-sounding, low-key package. The 10 series instruments are available in four body shapes to cover all styles of music. The classic Dreadnought (RD-10) has a 1-11/16-inch bone nut and 25.4-inch scale.

The 000 (RO-10) has a 1-3/4-inch bone nut and 24.9-inch scale, ideal for fingerstyle guitarists. The Single 0 (RP-10) is based on a traditional design with a 25.4-inch dreadnought scale length. For vintage vibes, the 12-fret 000 (ROS-10) has a 25.4-inch scale and a 1-13/16-inch bone nut. {recordingking.com}

Jumbo Sound The Alvarez LJ60 "Little Jumbo" is designed to give traveling players a great sound that won't slow them down. The LJ60 has a satin, open pore finish to the mahogany back and sides, and a solid sitka spruce top. The LJ60 also features a mahogany neck, real bone nut and saddle, a rosewood bi-level bridge and a rosewood fingerboard with 12th fret inlays. {alvarezguitars.com}



BEDELL I ANTIQUITY SERIES

Unique Models

Bedell Guitars has released the Antiquity series. The guitars are one-of-a-kind instruments created from tonewoods that are unique in their story, age, tonal quality and look. The guitars are handcrafted at Bedell guitar shop in Bend, Oregon. **(bedellguitars.com)**



GUITARS, AMPS & ACCESSORIES

RAT I FAT RAT

Ratted Out

RAT's FAT RAT guitar pedal is entirely built in the United States and features complete tonal flexibility through a choice of original or MOSFET clipping circuits. The MOSFET clipping section in the new pedal provides a subtle smoothing in the upper mids and a more amp-like tone

throughout the range of the RAT, without loss of the basic feel of the classic pedal. The new FAT RAT pedal also features a bass enhancement that increases the bass response, which is ideal for bassists and guitar players who tune down their instruments.

{ratdistortion.com}



KORG I PANDORA STOMP

Pandora's Box

org has released the Pandora Stomp, which offers the same effects found in other Pandora products, housed in a stomp-box-style pedal. The Pandora Stomp is a multi-effect unit that contains 158 types of modeling effects. (korg.com)





RADIAL ENGINEERING I BASSBONE OD

Fully-Equipped

Radial Engineering's Bassbone OD is a bass preamp featuring two instrument input channels, each of which are fully equipped with level control, a semi-parametric equalizer and low frequency resonance filter. Channel-1 is further equipped with drag control load correction to optimize the tone and feel when using a vintage passive instrument. Channel-2 takes a different slant with a PZB booster that increases the sensitivity and load to 10 meg ohms to optimize it for use with piezo transducers as commonly used on upright bass. {radialeng.com}

MEISEL I MAGMOUNT MM-10

Strong Hold

Meisel's new Magmount MM-10 digital clip-on chromatic tuner is a small, portable tuner featuring powerful magnets holding the tuner to the clip. Users can use the tuner as a clip-on or separate the tuner from the clip and attach it magnetically to a guitar machine head or any ferrous metal part of an instrument. {meiselaccessories.com}





ASHDOWN ENGINEERING I ROOTMASTER

iscover Your Roots

shdown Engineering's new Rootmas-speakers and combo amplifiers have professional features at an affordable price. The Rootmaster line consists of two powered amplifier heads, three full range combo amplifiers and five speaker cabi-

nets. All Rootmaster electronics include Ashdown attributes like Variable Overdrive, Variable Compression, an Ashdown Sub-Harmonic generator in addition to a comprehensive 5-band EQ, variable input gain, master volume, and an external input blend control. {ashdownmusic.com}



ON-STAGE I GA300

lassic Capo

n-Stage Gear has unveiled its GA300 classical guitar capo. Like all On-Stage capos, the GA300 features an elongated handle that fits comfortably in the player's hand. The quicksqueeze trigger design lets players squeeze to instantly remove. Thus, classical quitar players can reposition the capo mid-measure for key changes with no problems. The lightweight and durable GA300 is constructed from zinc alloy and sports a scratch-resistant anodized finish. MAP: \$13.95.

{onstagestands.com}





ALESIS I SRP100 HEADPHONES

Studio-Ready 'Phones

A lesis' new SRP100 headphones are designed for critical studio monitoring tasks and combine essential studio features with sound quality that rivals boutique headphones costing several times more. Tuned for clarity and dynamics, the SRP100 headphones feature 40 mm transducers that provide authentic audio reproduction across the entire range of hearing. With its non-fatiguing sound, the SRP100's reproduce complex layers of audio with ease ideal for mixing and critical listening for long periods of time. {alesis.com}





SKB I ROTO RACKS

Case Closed

SkB's redesigned Roto Racks are molded of linear medium density polyethylene for strength and durability with a new exterior size bar design to signify rack size with interlocking capabilities. The Roto Racks are shipping in 2U through 12U sizes with gasketed front and rear covers instead of rear panels for easy access, recessed steel, Mil-Spec black twist latches and new heavy-duty flush handles. {skbcases.com}



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BLUE MICROPHONES I SNOWBALL LOUD COLORS

Loud Colors

Blue Microphones' Snowball plugand-play USB microphone is now available in Bright Orange, Neon Green and Electric Blue. The mic, which captures professional, CD-quality sound, features two condenser mic

capsules, letting players switch between three settings: cardioid for solos or podcasts, omnidirectional for multiple people or band rehearsal, or cardioid with 10 db pad for instruments.

{bluemic.com}



CITRONIC I CV SERIES

High Power Lineup

The CV series from Citronic consists of high power output, full-range active speakers with high impact polypropylene enclosures. High spec driver components are coupled with digital amplifier modules with active

crossover sections to develop high SPLs from the compact and lightweight cabinet design. The precision injection-moulded housing is shaped for use in stacks, arrays or as wedge monitors. {citronic.avsl.com}



CAD AUDIO I MH320

Ear Candy

AD Audio's new MH320, closed back, circumaural monitor headphones can be used for a wide range of studio applications. Precision built and equipped with high output 45mm neodymium drivers, the MH320 feature an extended frequency response with a clear and detailed sound. Crafted from high-grade stainless steel, manganese and aluminum, the headphones are built with the durability and solid construction to ensure years of use. {cadaudio.com}









GROVER PRO I BLOCKNOCK

New Kid on the Block

The BlocKnock from Grover Pro lets percussionists make that traditional woody "crack" from the block with a hand or mallet. Made for percussionists who play a variety without stick changes, the BlocKnock is also suited to show players and hand drummers. It fits on any Grover Pro wood block and is made from coated spring steel and hardwoods. Its adjustable striking face that can be adjusted to three positions ensures optimal sound production. MSRP: BlockKnock, \$33; BlocKnock kit, \$74. {groverpro.com}

SABIAN I HHX OMNI

82 I MUSIC INC. I JULY 2014

Hammered Hit

Sabian's new HHX Omni cymbal, a collaboration with Jojo Mayer, provides more nuanced tone on the ride surface. This means the stick sound stays a safe distance from the body, refusing to get swallowed up no matter how loudly it's played. It also adds the dimension of playing with the shoulder which excites more of the cymbal's body without activating the crash — a direct result of the the HHX hammering. {sabian.com}





CYMGARD I CYMGARD

Toss the Tape

Cymgards, a new patent-pending percussion accessory, have three purposes. First, they deaden cymbal sound while keeping the natural stick to cymbal feel. Second, they protect the edge of cymbals from damage. Lastly, they provide cymbal armoring for shipping and stacking. Manufactured by TM

LLC, Cymgards are economical, durable, and attractive rubber elastic edge protectors that fit around and onto the cymbal's perimeter. They're available in three styles to fit single and hi-hat cymbals. Depending on the style, Cymgards are available in sizes ranging from 6 inches to 24 inches in diameter. {cymgard.com}

CHORD I DIGITAL DRUM TUTOR PAD

Rhythm Master The electronic drum tutor pad

The electronic drum tutor pad features metronome modes and training functions along with nine drum sound effects. The sensitive rubber pad accurately counts beats and training functions include beat counting, mute counting, gradual up/down and step up/down modes.

{chord.avsl.com}





DIXON I CAJON PEDAL PLUS

Pedal Possibilites

The Cajon Pedal Plus from Dixon is a multi-function remote foot pedal that delivers percussive flexibility. It can be easily mounted to a cajon but also clamps onto most cymbal stands to manipulate other drums and effects. {playdixon.com}







P. MAURIAT I INFLUENCE MODEL

Positive Influence

P. Mauriat's Influence model alto and tenor saxophones use patented nickel silver key touches in place of traditional finger buttons. The touches are soldered to the key arm instead of employing glue, as traditional finger buttons do. This variation allows for an increased resonance throughout the horn. **(stlouismusic.com)**



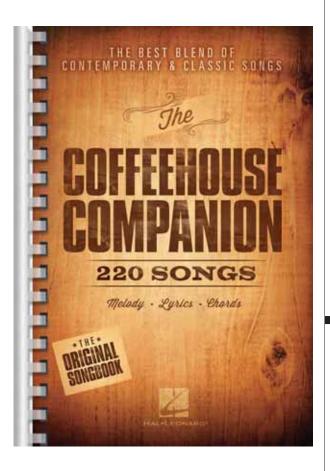


Precision Trimming Vandoren's new line of high-precision reed trimmers for

Vandoren's new line of high-precision reed trimmers for clarinet and alto saxophones will be available in seven models: five for B-flat clarinet and two for alto saxophone. The new trimmer is the first to exactly replicate the tip contours of various reed cuts designed by Vandoren. The incremental guides and self-sharpening scissor type blade give players control over precision while still being easy to use. {dansr.com}



PRINT, MULTIMEDIA & GIFTS



HAL LEONARD I 'THE COFFEEHOUSE COMPANION'

Fake It 'Till You Make It

The Coffeehouse Companion is the latest title in Hal Leonard's collection of fake books. Designed with singer-songwriters in mind, the book includes melody, lyrics and chords for 220 songs including "Big Yellow Taxi," "Your Song," and "Ho Hey." {halleonard.com}



AIM GIFTS I FASHION SCARVES

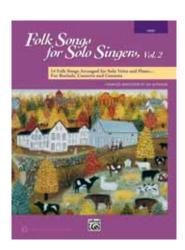
Musical Style

ashion scarves from AIM Gifts are lightweight and measure 14.5 inches by 66 inches. The stylish scarves are available in a rainbow of colors and musical patterns {aimgifts.com}

ALFRED I 'FOLK SONGS FOR SOLO SINGERS, VOL. 2'

Solo Folk

Folk Songs for Solo Singers, Vol. 2 is Alfred's the newest edition of the popular vocal collection. The volume of best-loved folk songs for solo voice and piano contains 14 works arranged by three of Alfred's top writers: Jay Althouse, Mark Hayes, and Ruth Elaine Schram. The collection includes: "He's Gone Away," "Shenandoah" and "Simple Gifts." {alfred.com}





BERETS PUBLICATIONS I B&O FLASHCARDS

Flashy Learning

Berets Publications' new Band and Orchestra Flashcards teach note names and fingerings to beginning students. Developed by band and orchestra teachers, each card features a note on one side while the other side features a diagram of the correct fingering

and note name. Each pack includes practice tips for each individual instrument. The flashcards provide the perfect add-on for every instrument rental and increase student retention and interest, resulting in longer rentals and fewer returns. **{beretspublications.com}**

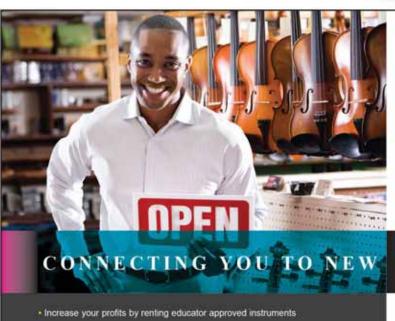


LIGHTSTREAM I ELEKTRALITE

Professional LED

ightStream, the new special event fixture from ElektraLite, is a multi-plane moving head spot system featuring six, 12-watt, quad (RGBW) LEDs. Each LED has a tight three-degree beam spread and the fixture features split-yoke rotators, offering high-speed independent pan (540 degrees) and till (270 degrees) control for advanced beam effects and movement profiles. LightStream also features individual control of each beam's profile — including color, intensity, strobe and effects. {myelektralite.com}







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CHAUVET PROFESSIONAL I COLORDASH BATTEN-HEX 8

Color Flexibility

Chavet Professional's COLORdash Batten-Hex 8 features the company's advanced six-color LED technology. The 23-inch long batten unit is powered by eight bright 10-watt "Hex" LEDs – each containing red, green, blue, amber, white and UV diodes on a single chip, providing ultimate flexibility in color blending with no annoying multicolored shadows. It's individually controllable LEDs can also produce stunning pixel mapping effects. {chauvetprofessional.com}



Akai Professional's new MPX16 is an advanced sample player with onboard sound recording. It plays and records .WAV samples using SD cards for powerful, reliable performance in live and studio situations. Like the popular MPX8, samples are triggered internally from the highly responsive MPC-style pads or an external MIDI device via USB-MIDI and 3.5 mm MIDI inputs. Also a feature-packed MIDI pad controller, the MPX16 is equally capable of launching clips or adding trigger pads to a producer's studio. {akaipro.com}

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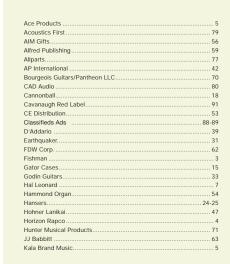
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The first thing is you have to have the product. I know that seems so obvious, but you have to have it. Inside the brick-and-mortar store, you have to display it in a way people have access to it and feel comfortable spending that kind of money. Our original store didn't originally match the product, but this new store does. We've set up an enviornment where guitar players like to congregate and hang out. It's the experience we're talking about.

If someone's competing in the high-end market and they're just purely working on price, [something] happens psychologically with a customer. This is just my oberservation — but let's say you were getting a great deal on a home or car. But it's so great that the first thing that comes up for me is, "What's wrong with it?" The last thing you want to feel like is, "Wow this is such a great deal that there's probably something wrong with it. Should I buy it?"

You have to be competitive. But in that form, I've found it better to represent the product in the way that the manufacturer would want you to represent it — and then some.

Tim O'Brien

>>>

American Guitar Boutique Phenix City, Alabama I think the way you sell high-

think the way you sell high-end guitars is fact and information-based. What's the difference between a \$2,000 and \$4,000 guitar? Being able to understand the differences in construction methods, normally you can show value in the additional money.

I would say, at this point, 75 percent of our business is online. I've owned and worked in stores in California, New York and Minneapolis and I've developed relationships that seem to go far beyond the sales relationship. Simple phone calls and emails must translate that [high-end quitar] knowledge.



How do you sell to the high-end guitar customer?

ave I sold high-end guitars in every sort of store — whether it be the old-school hole in the wall or the newer big box-y market? Yes. But to me, when I was designing my store, I just kept thinking, "If you go and buy a nice watch, if you go to buy a luxury car, the experience is totally different than what people usually get in a music store."

That was a huge part of [designing my store], making a big, open space that felt comfortable and didn't have piled up boxes with a bunch of amps.

Also, let's say somebody comes in with their partner who doesn't play. It's a comfortable place for the partner to give the buyer some time to actually try stuff out. Too often, if it's just this hot store where the person is interested in the guitar but their wife or husband is stuck sitting on an amp, just kind of waiting. They're saying, "I have to go, I'll come back another time by myself." I didn't want that.

We like to give people a lot of time alone with the guitar. We've built these demo rooms that are really cool and comfortable sound proof rooms where people can take a few guitars in. Then, they can connect with that guitar without the pressure of having a salesman watching them. Sometimes, these guys true. My of true. My of who with the guitar without track to see a Ferrari guitar without the pressure of having a ferrari guitar pla guitar pla do so you whatever you should be a ferrari guitar pla guitar pla guitar pla guitar pla do so you whatever you should be a ferrari guitar pla guitar

aren't great players. They don't want to feel like they have to perform for you. They might have all the money in the world and could afford any guitar — but they're not a great player.

Sometimes it makes people feel a little weird, like, "Oh, I don't deserve this guitar." But that's not true. My opinion is always, "You might not be a good guitar player, but you are really good at what you do so you're able to afford whatever guitar you want. You should have that."

Nobody tests you on a track to see if you can drive a Ferrari really well — you just have to be able to pay for it.

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