

### PRESIDENT'S LETTER



#### Are you trying to swim upstream?

If you've ever been caught in a strong current of water, you've found that your ability to swim upstream is short-lived. You quickly expend your energy trying to fight against the current, and ultimately find yourself moving downstream.

What does this have to do with business?

The marketplace is like a swiftly flowing current, and we often expend a great deal of energy trying to get our organizations to "swim upstream" against that current. But just as the current of water will ultimately overcome the swimmer, the current of the marketplace will ultimately overcome the retailer.

The marketplace always decides who it will do business with!

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### SANIBEL HARBOUR RESORT

Are you the type of person who thrives on the possibilities? Do you get giddy at the sight of an expansive buffet dinner where you don't have to choose just one entree, but can enjoy a bite of everything?

Then next April's NASMD convention in Fort Myers is the place for you. Held at the Sanibel

Harbour Resort on the southwest coast of Florida overlooking Sanibel Island, this world-class retreat offers a smorgasbord of choices, both in and around the resort.

The resort itself is 85 acres of luxurious tropical getaway. Aside from top-notch dining for every palate, a full spa/fitness center, and plenty of shopping, there are activities that will satisfy nearly any visitor. There's a championship tennis complex, nearby golf courses, nighttime entertainment, and of course—for no lack of water—fishing, boating, and swimming. For those who'd like to hit the waves, or just add to their seashell collection, the resort offers free shuttles to the beach.

For the historically inclined, the area has a rich history. The resort sits on the Punta Rassa—Spanish for 'flat point'—a piece of land that juts out where the Caloosahatchee River greets the Gulf of Mexico. Centuries ago the area was

inhabited by the Calusa Indians, whose civilization's remains can still be glimpsed on the several islands off the coast. The



Sanibel Harbour resort, home of 2006 NASMD

islands are visible by tour boat or canoe on a 'trail' known as the Great Calusa Blueway. Mound Key, an artificial island created by the Calusa Indians from a foundation of seashells, fish bone,

and pottery, is still open to visitors.

After the Civil War, cattle ranchers took a liking to the Punta Rassa, and a small rooming house for the cattlemen later became a seaside inn. By the end of the 19th century, the area was a fishing getaway for the wealthy. The Gulf waters teemed with channel bass, sea trout, kingfish, Spanish mackerel and silver king tarpon. (The region is still recognized for its tarpon-rich waters.) Legendary visitors included inventor Thomas Edison and automobile tycoon Henry Ford, whose winter homes in Fort Myers still stand as historic landmarks.

The Sanibel Harbour Resort honors its history to this day. The resort's turn-of-the-century-inspired design and Victorian-era touches remind visitors of a bygone era. But modern amenities and a myriad of choices will assure guests that their feet are firmly planted in the 21st century.

# NASMD Credit & Collections Roundtable

**Now that your back-to-school rentals are booked, what is your most important collection strategy to insure prompt payment of your rental accounts?**

**Jeff Malott**  
**Paige's Music**  
**Indianapolis, Indiana**

Any rental collection strategy must start at the application. You make sure you get the correct avenues of communication: address, home phone, cell phone, work phone, Social Security number, etc. If the customer does not have these avenues, or they refuse to give you this information, your risk of loss will increase. So, decide what risk level you're willing to take.

Once you book the rental, early communication is an important strategy to lower the risk of loss. Remind them as often as it takes! Many dealers have gone to an auto-pay collection system of having the rental payment automatically drafted from the checking account, or debiting a credit/debit card. This can dramatically lower the up-front cost of collecting rentals by eliminating the need for

coupons, and fewer reminders being sent. This method doesn't prevent all collections, due to some returned drafts or credit card problems, but it helps the overall collection strategy.

**Connie Wescoatt**  
**Summerhays Music Center**  
**Murray, Utah**

We use the same strategy regardless of the time of year. We run a credit report on all new accounts to screen out problem accounts before renting to them. We send the customers payment coupons and return address labels to make it easy to pay and encourage automatic payment options. If they are late we send a monthly late notice. We try to call each past due account at least twice during the month. We also report payment records to the credit bureau and make sure the customers know that we do. I guess the

most important defense is the phone call and the credit reporting.

**Rob Kessler**  
**Colonial Music**  
**Mt. Vernon, Ohio**

We handle all rental accounts we write within our company. This allows our accounting department to have up-to-the-minute accuracy on account status. Our department utilizes the Tri Tech program to track rentals. The majority of our rentals are a basic two-months-down to start the program, then monthly thereafter. The remainder are a one-month-down with a smaller monthly payment that requires a longer time period to pay off. With both programs our accounting department strives to have the coupon book for the entire rental period mailed to the customer within the first two weeks of the program.

When a customer account is 15

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days past the due date they receive notifications via mail and phone informing them they are delinquent. This will happen again at 30, 45, and 60 days. The next step in the process involves a personal visit from a store representative to the customer's residence to either repossess the instrument or receive back rent due in full. This process works well for our company. This is time-consuming, but it enables Colonial Music to maintain personal contact with our customer that we would not have if we were to sell our contracts to a financial institution.

**Paula Moore**  
**Sam Gibbs Music**  
**Wichita Falls, Texas**

Collection is a full-time job. It takes patience and perseverance. We try to get our customers on track from the beginning by starting as soon as the first payment is missed. Past-due notices are sent within 10 days, followed by a phone call. The customer's information then goes into a file for contact each week. We send a total of four notices and make as many

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## President's letter

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We've all heard that the marketplace is cyclical; it swings back and forth like a pendulum, it changes over time, etc. That may be true, but the fact remains that regardless of where the marketplace has been in the past, or is going in the future, if we are to be successful, we must be the best choice for the consumer today!

We do business in a marketplace that is full of time-starved, over-programmed, sensory-overloaded consumers who have plenty of discretionary income, easy access to information, very little patience for mistakes, and many choices to purchase the same (or similar) products and services that we provide. Because of these facts, today's consumers have strong expectations that drive their behavior, and that behavior provides the "current" of the marketplace.

Today's consumers want:

**Convenience:** Convenience is determined by the consumer, and it can come in many forms. Convenience could mean speed of delivery, the location of your retail store, the delivery options you offer, having the product in stock, having consumer-friendly hours, providing online access, making your transactions simple and easy, providing no-hassle returns, offering express service, etc.

**Competitive prices:** Because of the Internet, your prices are increasingly transparent. Consumers don't want to purchase something from you only to find out that they could have purchased the same thing from your competition for a lot less. Are you in the ballpark with other retailers offering similar products and service?

**Confidence:** Consumers want to have confidence in their purchase decisions. How can you help the consumer be more confident of their purchase with you before, during, and after the sale?

**Competence:** Consumers have little patience for incompetence. They expect your organization to get it right the first time. Are you delivering what you promise? Or are you making promises to get the deal, then delivering something less? Of course you need good people to deliver good results, but you also need good operational systems to support those people.

**Choices:** Consumers want choices. Give them options, and they'll be more likely to do business with you. Don't give them options, and they're more likely to shop around.

**Cheerfulness:** Being time-starved, over-programmed, and sensory-overloaded makes people grumpy! If you simply smile, make a human connection, and offer an encouraging word, both you and your customer will enjoy the process much more. It doesn't cost you a thing to be kind to your customers!

The marketplace is moving fast. Are you trying to swim upstream?

—Mark Goff

## Collections Roundtable

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telephone calls as necessary to get a customer in the habit of making monthly payments. In most cases we “train” customers well. They know that if a payment is missed, not only will they receive a notice, but also a call. They are also aware that if worst comes to worst we will reclaim our instrument. We find that by reacting early, we can keep tabs on customers who move often. We lose very few instruments, and that’s what it’s all about.

### **Mike White** **White’s Music Box** **Las Cruces, New Mexico**

More than 90 percent of our rentals are auto debit. We set up a debit to their credit card or checking account, thus eliminating any payment problems. We do run credit report before we rent our instruments, and if for some reason the auto debit isn’t working, our office is in contact with those people within 15 days. There are some people who—especially people in rural communities who just like to pay their own bills—don’t want anything debited. They don’t trust the automatic system. We send these people coupons and they mail the coupons or bring them into the store with their payments. Our office tries to work out problems quickly. If it’s not cleared up within 60 days, we turn the account over for collection.

## NEW MEMBER INTRODUCTIONS

NASMD is always accepting new members, and every year school music dealers from around the country sign up to enjoy not only the annual convention, but the year-round benefits and camaraderie that NASMD offers.

Pete Gamber, owner and founder of Alta Loma Music in Rancho Cucamonga, California, comes to NASMD this year after putting off joining for years.

“I had been getting the newsletter in *SMD* magazine,” Gamber says. “And every year I thought, One of these years I ought to join. I ran into Gayle and Russ Beacock from Beacock Music in Washington. They’re really heavy into NASMD. I had coffee with them one morning and she said, ‘Why don’t you join?’”

Gamber started Alta Loma Music back in 1978 on the advice of his trumpet teacher—Glenn Stuart of the Don Ellis Big Band.

“I’d wanted to go on tour with the Rolling Stones, but the likelihood of that wasn’t too good. I was sort of floundering, then [Stuart] said, ‘Every musician’s dream is to own a music store.’ After a few glasses of wine at his house down in Laguna, it sounded like a good thing to do. I started with ten thousand dollars, and now, between our two locations, we teach 1,800 students a week private lessons.”

Gamber, who says he’ll attend next year’s convention in Fort Myers,

Florida, emphasized the social aspect of the convention in San Antonio.

“I learned as much having dinner and cocktails with the road reps as I did at some of the seminars. They’re not sitting behind a desk; they call on the schools. They’re the ones figuring out how to rent horns to the schools, or how to get more repair business.”

New member Andrew Schlabach, general manager for Mr. E’s Music in Fort Worth, Texas, had a similar reason for joining NASMD and attending this year’s convention. Mr. E’s Music has been in business since 1945. The current owner, William Everett, bought the store in the early ‘60s, and the store is now a full-line retailer.

“We joined [NASMD] for the seminars and the social aspect,” says Schlabach. “Meeting people who do the same job, who have the same responsibilities I have. Sharing experiences, talking to each other about different scenarios and knowing there are people out there with the same challenges I have.”

Corky Trevino, general manager of Graner School Music in Colorado Springs, Colorado, says he joined NASMD “because it’s very important to see what other concerns are going on with other school music dealers.” He praised this year’s San Antonio convention. “[The convention] offered insightful classes on how to better hone my management skills.”