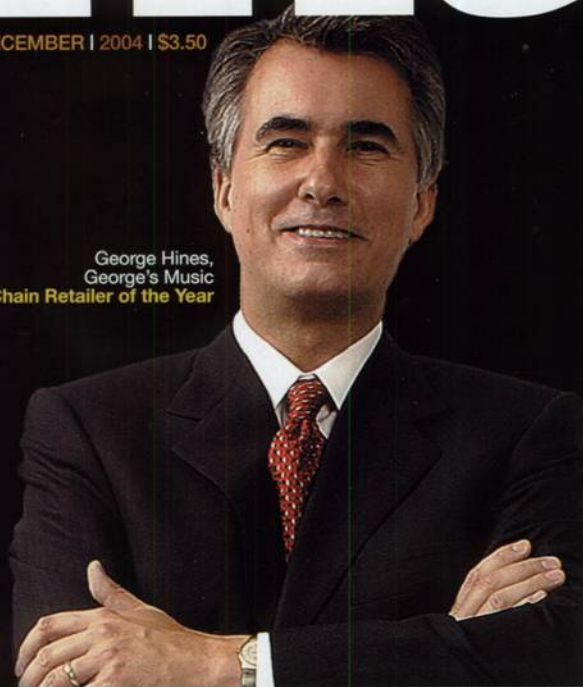


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George Hines,
George's Music
Chain Retailer of the Year

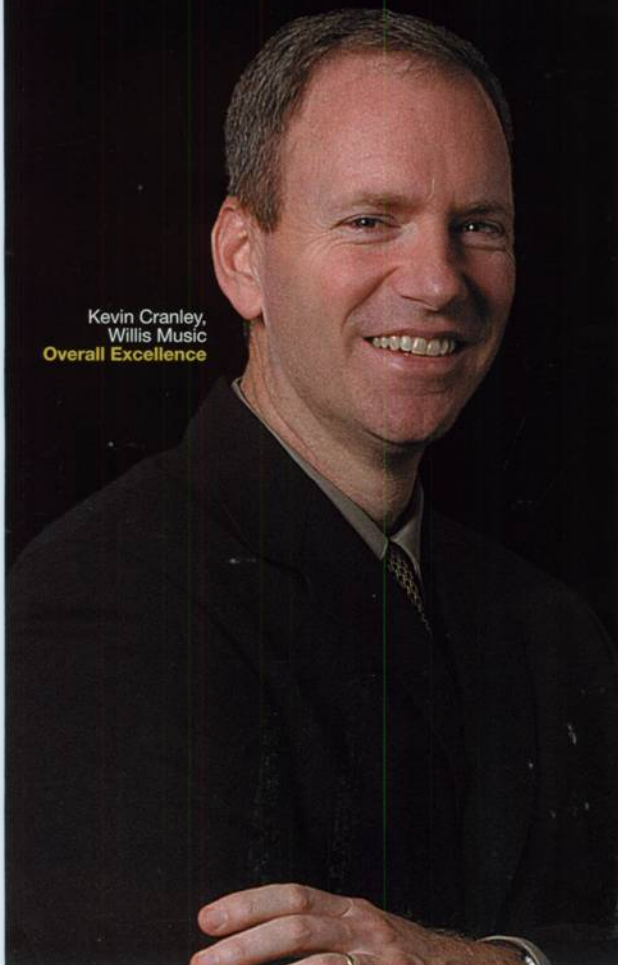


Team of Owners,
Dietze Music House
Indie Retailer of the Year

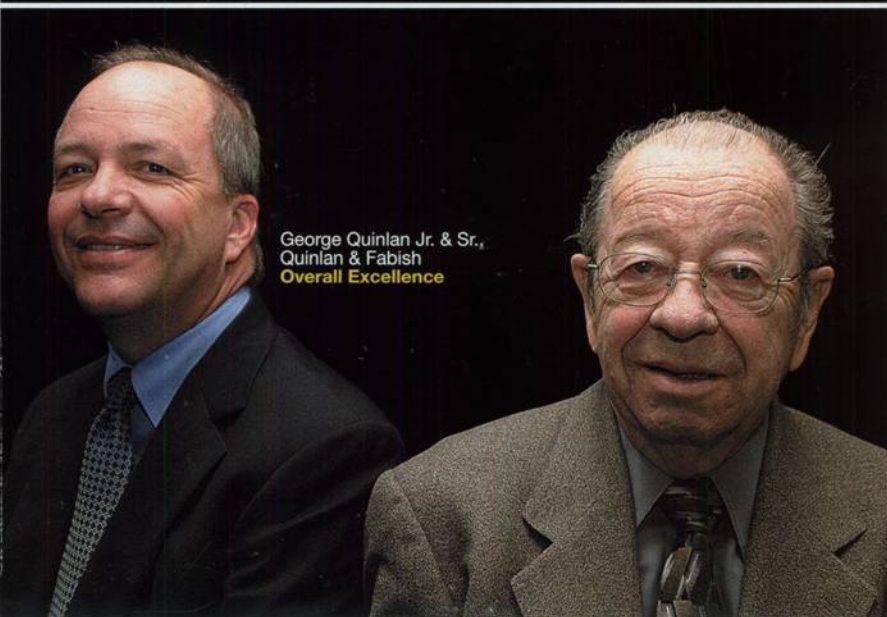


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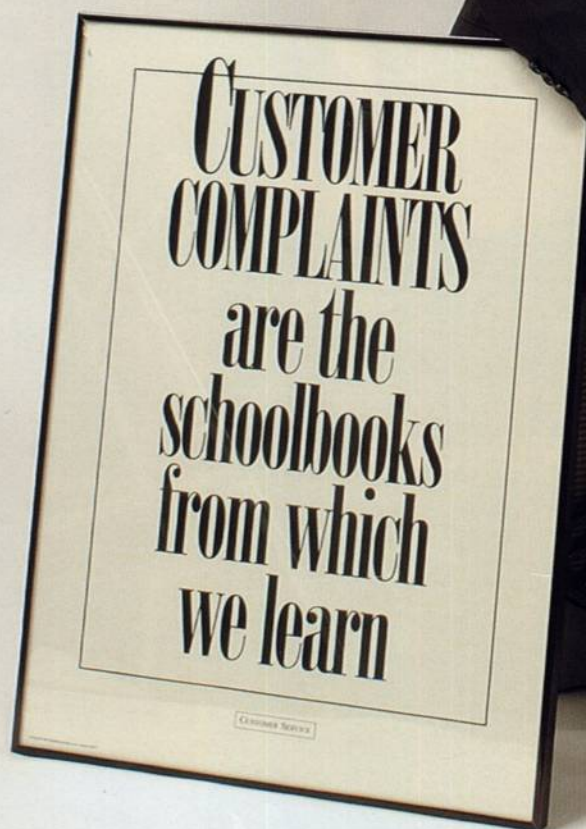
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**Congratulations to the recipients of Music INC.'s
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George Hines,
owner of
George's Music



CHAIN RETAILER OF THE YEAR | GEORGE'S MUSIC

THE SCIENCE OF RETAIL

by John Janowiak

With meticulous training, high-tech communications and sophisticated tracking systems, George's Music profits from its formula for customer satisfaction

Saying "It's all about the customer" is easy, but achieving that ideal takes discipline, coordination and hard work. In this regard, George's Music is one retailer that practices what it preaches, ingraining the customer-comes-first concept into every employee at its 11 stores in Pennsylvania and Florida.

"Everyone talks about taking care of the customer," said George Hines, the company's founder and president. "But what does it mean to have good service? You've got to be able to quantify it."

That's why, years ago, Hines began videotaping examples of good service in his stores. Instead of teaching his staff in the abstract, he showed them concrete examples of salespeople asking customers the right questions, listening to them and serving their needs. It's the kind of practice that has turned George's Music into not just a strong music retailer, but a training-and-development company that helps employees reach their full potential.

Now 27 years in business, George's Music has grown continually and profited every year. Situated in four geographic regions up to 1,500 miles apart, the company faces virtually every major competitor in the industry but still keeps thriving.

Success hasn't happened by accident. "George's Music is aggressive in merchandising, [using] technology in management and developing business partnerships that lead to more profitable sales for its stores and suppliers," said one supplier in nominating George's Music for Retailer of the Year (chain of five stores or more). "They do a great job promoting to the public, and their stores are impeccable," said another.

Retailing is Hines' passion, and you might say he's boiled it down to a science. He leaves little to chance; everything is deliberately strategized to ensure the customers' satisfaction, the employees' professionalism and the company's profitability.

"My concept is not to try to do what my competition does," Hines said. "My concept is to



excel on the relationship side with the customer, who really makes the decision on who gets to keep playing and who doesn't. We're not necessarily trying to be the biggest. We're trying to be the best."

TRAINING FOR SUCCESS

Hines' formula for success starts with an inverted-pyramid belief system that plants the customer on top of the company hierarchy. He and his staff go to great lengths in ensuring that customers get the kind of service they expect.

They conduct a monthly Service Quality Audit that monitors some 150 store functions like merchandising, signage and sales demonstrations to identify areas for improvement. An outside business-evaluation firm has representatives randomly visit each store to make sure service is at an exemplary level. Another firm monitors the stores' phone service.

Employees are evaluated on a numeric system, and managers are rewarded with bonuses for good performance. "Every store gets to quantify the quality of service every month, and we use that as a training tool to make sure our associates and management are delivering the quality of service that we expect from the store to the consumer," Hines said. "It's a little intense, but it's all about the customer."

Hines has operated an employee training center in Philadelphia for more than 20 years. And in 1995, when he became one of the first Northeastern dealers to jump into the Florida market, setting up a training center was among his first initiatives.

Utilizing incredibly detailed video training, the training centers not only serve to instruct new employees but

continually educate and monitor existing ones. They house constant meetings and training seminars, including product demonstrations by manufacturers and role-playing sessions by sales staff, which are videotaped for all to see.

As a result, employees have access to a library of videotapes demonstrating hands-on customer service techniques. "The culture is very much a 'we're in it together as a team' thing," Hines said. "We call it the power of the organization: Once you join the organization, you are tied to anybody else that's here so that anything that we all know, you have access to."

NO DETAIL OVERLOOKED

Added to that a state-of-the-art communications network, an extensive hiring system and strategy-planning sessions at all locations, and it's clear how George's Music ensures high standards of excellence in all areas of the business.

An early recruit to computerization, Hines possesses an inventory system that has been online since 1985 and refined and updated ever since. His company has also been praised for its broadcast e-mail system, which is a form-based system that helps measure the performance of each store. Vendors are tracked, too, in order to identify errors and set goals for improving performance. Most product orders are done computer-to-computer, eliminating the inefficiencies that can result from fax or phone orders.

"What it does is speed up the relationship process between us and vendors, our stores and the customers," Hines said. "Everyone has a way to track information so it's never hearsay. What happens is you end up getting bet-

ter quality communication. You therefore get better quality operations, better relationship building, and you have something to work with to improve the efficiency and the profitability of the relationship."

George's Music conducts a monthly Service Quality Audit that monitors some 150 store functions like merchandising, signage and sales demonstrations to identify areas of improvement.

SMILE, YOU'RE ON CAMERA

In the training store downstairs from the company's Pennsylvania headquarters, five cameras are poised on trainees and locked into a closed-circuit television. "When we hire someone, we explain that customer service is what it's all about," Hines said. "So it's very important that we monitor their quality of service to the customer."

It's not as if Big Brother is watching over them, waiting to pounce on their slightest misstep. Done the wrong way, such video monitoring could harm employee morale. Hines clarified that his cameras are about education, not intimidation, and said his employees are glad to see their performance captured on tape.

"If you think about it, operations are what allow salespeo-

ple to excel at selling," he explained. "So if the operation is not at a high level, it's an impediment for proper selling. Our managers understand our focus on the customer, so it's pretty well received. It's never used to come down on someone. It's only used to learn. You have to know how you're doing. We educate people—we're a development company. Our function from a leadership standpoint is to develop people to do a great job taking care of customers, not hammer them because they didn't get it right."

"The customer doesn't care if a guy's been there for one week or 20 years. What he cares about is what kind of quality service he gets. If we fail on that level, then we cease to exist as a company."

In 1998, Hines instituted an employee stock ownership plan to give all his employees a stake in the company's success. And there's little question that they share Hines' passion for top-notch retailing. This summer, when three hurricanes hit all six of the company's Florida locations, it forced 35 days of closure between them. But when bad things happen to good retailers, a tradition of strong management pays off.

"One of the good things about those situations is it really draws people out," Hines said. "You get to see who some of the greats are, the people who can really handle stress and pressure and get creative and rally the troops."

"Everybody hung tough. They all stayed in the market. Even when they were without power and there was a lot of damage, they'd be out trying to clean up debris. It makes you proud to see what people are capable of when the chips are down." **MI**