LESSONS LEARNED I BY GERSON ROSENBLOOM

Tough Decisions

Some decisions make themselves. When you run out of your best-selling guitar strings, you'll likely order more. When Elton John comes to town and wants to stop by your store to try some pianos, chances are you'll accommodate him. When your accountant suddenly announces he's tripling his retainer, you'll probably hustle to shop for a new one. If all decisions in business were this easy, everyone would be in business.

But easy decisions are a rarity. Instead, most decisions are riddled with several shades of gray. And once in a while, some decisions are so tough that they damn near paralyze us.

I dare say that the majority of my decisions as a music retailer were not clear-cut. Ironically, as I got older and more experienced in the business, the number of really tough decisions seemed to grow. I believe this was due to an increasingly challenging business climate combined with my own awareness of the consequences of wrong decisions.

The following are a few of my really difficult decisions, how I handled them and, as always, some lessons learned in the process.

THREE NEAR-PARALYZING DECISIONS

Many years ago, exclusivity was far more prominent in the combo business. At the height of the synthesizer explosion, customers considered my company the go-to store for high-tech products, and we enjoyed exclusive arrangements on many key lines. In reality, we and the manufacturers needed it that way in order to show the lines in their best light. But then the keyboard market weakened, and suppliers started to look for additional distribution. I was forced to either allow this change or open another branch to satisfy my vendors.

The common thread behind most bad decisions retailers make

In hindsight, opening the new branch was a miserable choice. It momentarily doused the fire that was being fed by the winds of change. But in the long haul, with the weakening keyboard market, the inevitable happened, and more dealers were opened.

The next decision, which took place in the not-so-distant past, involved a particular vendor that started forcing its dealers into large buy-ins every year. The difficulty in the decision was based on my perception that the line was indispensable to my company's reputation. I believed that without this product I wouldn't be viewed as a serious player. So I ignored the fact that I'd never turn my inventory quickly enough to justify the investment and acquiesced to the company's demands several times before realizing that enough was enough.

The final botched decision involved my banking relationship. I'd had a wonderful local banker for the past quarter century. Countless millions of dollars passed through the account. I had been warned that everything changes when you announce that you're closing your business, but I trusted that this particular relationship transcended the normal pitfalls. Despite excellent plans for an orderly dissolution of my company, let's just say the bank had an itchy trigger finger.

WHAT WENT WRONG?

The common thread in all these decisions is that I failed to focus, first and foremost, on my own company.

I made a decision to benefit my vendors. I made a decision based on perceived customer reactions. And I made a decision based on an honored relationship. In each case, the *right* decision would've been the decision that had the most positive effect on company profitability. The bottom line is the bottom line — and everything else is just noise. MI

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