

THE CUSTOMER WHISPERER | BY GREG BILLINGS

# Turnaround Basics

Many remember my dad's successes as a retailer and publisher. But as with most creative people, he had some very difficult times in between his triumphs. And when his back was up against the wall, Dad was at his best.

Myrna Sislen's recent column about turning her business around (July 2012) got me thinking about Dad. One of his key strategies, usually imposed by a bank, was to hire a tough financial professional, a "turnaround" guy. And Tad Wegmann was my favorite of them all.



In 1970, Keith Mardak and Art Jenson left Dad's publishing business to join Hal Leonard, leaving a big hole in a small company. Within a few years, we had serious problems. That's when Dad hired Tad. He was a 36-year-old Nixon Republican with a butch haircut. I was a 22-year-old pseudo hippie with a red beard and hair to my shoulders.

Tad's approach wasn't magic. He identified our most profitable products and most productive people and got the rest out of the way. He spent a lot of time outside of his office. He listened to everyone, found out what they needed to do their jobs and got it for them. He kept the bankers at bay and said "no" to Dad a lot. Tad made all of us write our own job descriptions and made every department manager write his or her own budget and business plan.

The best thing about Tad was he didn't care if I was the boss' son. He treated me the same as everyone else and became my first mentor. And what I learned from him was pretty basic: Write a reasonable plan, including a budget; measure performance against the plan; and make prudent adjustments along the way.

Shortly after, I started my own retail organ business, just as the organ market began to collapse. It was my turn to hire a turnaround guy, but I couldn't afford one. So like Myrna, I became my own.

## DAMAGE CONTROL

We had to reduce expenses and increase sales. We had to get out of the organ business and into the piano business.

Writing the plan was the easy part. Implementing it was the hard part. And the hardest part of my first turnaround plan was closing the mall stores and firing the entire sales staff.

The salesmen had occupied their own "closing" rooms along the side walls, and there was a big reception desk in the center of the store. My office was in back. Since there was no longer a receptionist or any salespeople, we turned the closing rooms into teaching studios, and I moved to the middle desk. Little thought went into it. Somebody had to sit at that desk, so it was me.

That move changed everything. Suddenly, I was saying "hi" to every student who came into the store and chatting with every parent. I also greeted every customer and took care of most of them. The plan worked, and we have had an annual business plan ever since.

A few years later, I hired a salesman named Steve Datz. He was trained to sit at the center desk when I had a customer, so he heard every word we exchanged. I also heard every word between him and his customers. We shouldn't have been surprised to learn that people did a better job when they knew someone was listening. It wasn't our intention — it was a result of logistics.

The store was later sold to my biggest competitor, Netzow's

**Why moving my desk to the middle of the store changed everything**

Pianos, and we went to work for the company. Right away, we realized Netzow's needed a turnaround guy. We kept the center desk and dragged the store into the 1980s. Today, Steve owns Netzow's, and it's the largest piano dealer in Milwaukee.

**HISTORY REPEATED**

When my contract with Netzow's expired, I bought back half interest in the store Dad had sold to his employees and became partners with Myron Brandt, Dad's last turnaround guy during his retail days. There, I found another company in need of a turnaround. The business had not made the transition from selling organs to selling pianos smoothly, and the sales staff was out of control, cloistered in their closing-room offices. Water-

cooler gossip centered around whose office the new partner was going to commandeer.

Instead, we found an unused desk in the warehouse and moved to the center of the store. A shocked saleswoman said, "You can't put our desk in the middle of the store. You will hear every word we say." She was right. She left of her own accord a few weeks later, followed by another old-timer.

We replaced the departed with trainable, motivated young people. One of them, David Hall, became a music store website specialist. Another, Jill Deschaine, has had a long, successful tenure at Hal Leonard. Myron and I had nine profitable years until he retired and I moved to Florida to open the Steinway Piano Gallery.

**THE LATEST TURNAROUND**

Things were good in Southwest Florida until we became ground zero for the housing meltdown. Once again, we needed to cut expenses, cut staff and increase sales. And once again, I needed to move my desk from a nice office in back to the center of the store. Our new plan also called for LED lighting and a change from media-based advertising to online marketing.

Immediately, things improved. We had big increases in 2010 and 2011, and we're up about 15 percent for the current year. I'm greeting and serving most of the customers and hear every word that's uttered. A higher percentage of prospects become customers, and there are fewer problems. Somehow, I still manage to get my desk work done.

Over the past 45 years, I've been blessed with remarkable opportunities and great mentors and have met many wonderful and talented people. But every business is cyclical, and all of us eventually find ourselves up against the wall and forced to make hard decisions. Maybe the difference between success and failure isn't just perseverance. It's perseverance with a plan.

So here's my recipe for a successful turnaround: Write a business plan and stick to it; relentlessly attack every expense item on your P&L; clean out the dead weight (people and inventory); and move your desk to the center of the store. **MI**

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

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