

INDEPENDENT RETAIL | BY TED ESCHLIMAN

# Got Milk?

There are just some things a local grocery store should never run out of. What would you think if you heard, “Sorry, we are out of milk?” If you’re like me and there are competitive stores nearby, you may never be back. It’s an obtrusive waste of my time making extra trips, and convenience often trumps price. Duh, I haven’t saved any money if the item I want to buy is out of stock.

The dilemma is, when our business gets into slower times, there are tough purchasing decisions we need to make to keep the cash flow smooth, including King Solomon cut-the-baby-in-half sacrifices. We get seasonal “holes.” But just like you never want your grocery store to run out of basics like milk, we need to watch for empty store hooks for inventory breaches that taint our shelves and tarnish our reputation.

Basic math tells us if we’re going to run a tight ship in slow times, we must prioritize and make some at least temporary reductions in the gaps between selling cycles. These spells aren’t horribly unpredictable and with a few philosophical guidelines you can keep your store minimally stocked.



**Finding the right balance of both staple and sensation gear is key to a successful operation**

## STAPLES & SENSATION

They won’t always be transparent, but you supply items that define you as a music store. These are the staple items, such as #2 clarinet reeds and valve oil, your best selling brand guitar strings, 14-inch batter heads and marching lyres — when in season. Not always intuitive, you should generate inventory sales reports to come up with your list. Remember, this is not just about having them to sell; it’s about stocking to meet merciless customer expectation.

On the other end of this are items you’d categorize as “sensation.” They are the new, hip and trendy items that maybe don’t have a track record yet, but lend a visceral customer reaction when he/she sees them in the store. These can be a new amp you’ve not stocked before, new issue print music, even an entirely new instrument category you’re testing out. Done effectively, they create store traffic.

The problem? You really need both staples and sensation. You can’t only sell the stagnant same ol’ same ol’ all the time, but if you’re perceptive of the predictable intricacies of seasonal cash flow, you can change your mix, and it’s numbingly simple. Slow times mean don’t sacrifice the staples, killing store credibility.

## LEAVE ROOM WITH 75

We run our purchasing off an analysis of the previous year’s cost of goods sold by product types and brands. We calculate the year’s budget, any stock ordering is matched carefully to history of not what we bought from our vendors, but what we sold. Your reps will pummel you with their own reports of what you bought at re-auth times, but they rarely factor what is stuck hanging on your wall. My best tip, commit to 75 percent of that figure.

Some product categories of our industry are indeed fickle. You still need some leeway on brand preference, accessory obsolescence, and, of course, the larger influence of economy and consumer confidence — a.k.a. the slow times. When you limit to committing to an arbitrary 75 percent, you have the bulk of your staples on hand, but all things being equal, still have that



25 percent remaining to play with later. You can adjust purchasing for shifting brand loyalties more effectively. If you enjoy a healthy special order business, you also need to subtract that out of the 25 percent you haven't committed.

Keep on top of all this by running weekly replenish reports and respond quickly. Make sure you complete physical empty hook

inspections to allow for computer error. The more frequently you run this, the lower you can maintain stock levels. Just don't run out of milk. **MI**

Ted Eschiman is a 30-year veteran of music retail and co-owner of Dietze Music in Southeast Nebraska. Mel Bay published his book, *Getting Into Jazz Mandolin*.

## PRIORITIZE PURCHASING BY STAPLE/SENSATION

### STAPLES

- Dealer exclusive minimum stock requirements
- Best seller accessories — strings, drumheads, stands, etc.
- Instrument care products, cases/gig bags
- Standard method books local teachers expect
- Core strap, capo, tuner selection
- Entry level guitars, school instruments

### SENSATION

- Brand new accessory items, tuners, strings, etc.
- New amp and guitar lines
- Custom or boutique instruments
- Experimental niche category items, such as lighting
- New pedals/guitar effects
- New drum hardware

COMMIT TO NO MORE THAN 75% OF THE PREVIOUS YEAR'S COST OF GOODS SOLD. FILL IN THE REST AS CASH FLOW ALLOWS. BUY MORE ONLY IF YOU SELL MORE. ADAPT AND NUANCE WITH 25% BALANCE OF THE ABOVE.

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