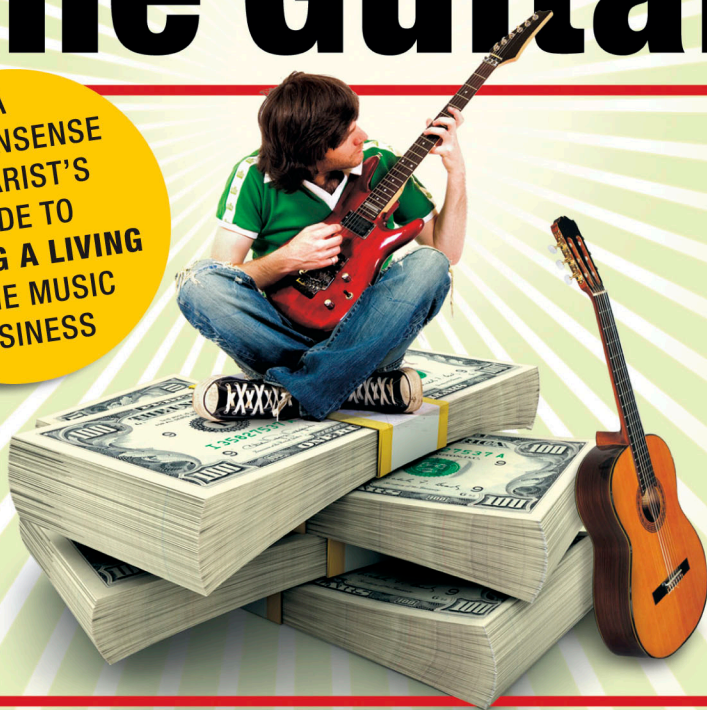


How to Make a **Million** **Dollars** Playing the Guitar

A
NO-NONSENSE
GUITARIST'S
GUIDE TO
MAKING A LIVING
IN THE MUSIC
BUSINESS



By Douglas Niedt

CUSTOMER SERVICE

These days you constantly hear about customer service (mostly the lack of it). No one is ever around to wait on you in stores. Live people don't exist to speak to you on the telephone. Clerks (if you can find one) are lazy or uninformed.

You are a budding entrepreneurial guitarist. My advice to you is actually to not offer extraordinary customer service. Offer normal service and nothing more. Here's why.

Extraordinary customer service costs money. That is one reason Amazon.com lost so much money their first seven years. They cut their profit too much by providing extraordinary customer service. The better your service, the higher your service costs. Before you know it, extra services lead to diminishing returns to the point of wiping out your profits. Order tracking, allowing people to call to check on the status of their order, taking phone orders, mail orders, shipping to foreign countries, doing rush orders, volume discounts—all these will cost you in time and money. If you want to maximize your profit, don't offer these services. Or, charge more for them.

Don't misunderstand. You don't want to provide bad service. A good

rule of thumb: decent customer service = common sense. If anything, err on the side of under-promising and over-delivering.

By law, you have to provide a certain amount of customer service. The Federal Trade Commission specifies how quickly direct mail companies must ship orders and under what circumstances they must give refunds. On your website order page (or for that matter in an email or on the phone), never say anything about when the order will ship or when the customer will receive it. Refuse to answer those questions. It will seem unreasonable and rude to your customer, but here is why. The Federal Trade Commission has rules that make anything you say about shipment time an iron-clad guarantee! You are violating the law if you fail to deliver your merchandise in the time frame you specify.

Does it ever make sense to offer extraordinary service? Yes. I get extraordinary service from my Lexus dealer. They offer it, so why shouldn't I? It makes sense for them because a Lexus costs roughly 5,000 times the price of my CD! Anyone selling an expensive product will bend over backwards to get your order and give you superior service. They have toll-free numbers with live people answering the phones 24 hours a day. They take MasterCard, Visa, American Express, Discover, PayPal, checks, money orders, C.O.D. traveler's checks, live-stock—anything to close the deal!

On my website, I admit that I provide above-average customer service. Yes, I go against my own advice. I do it because I can't stand the lousy service I receive nearly every day from other vendors (mostly brick-and-mortar stores—not on the Internet). I take foreign orders, which are always losers. The postage is a killer. I have to fill out customs forms, and have to wait in line at the post office to have them figure

the postage. But I like the idea that my CDs are being heard all over the world. I take phone orders. But, as I said, I dropped the 800-number because it was not cost effective.

Not many people order by phone so it doesn't take much time. The same is true with mail orders. Rush orders (FedEx overnight) at Christmas time are definitely a huge pain. But Christmas is important to me. I want people to get my CD before the holiday. I also accept checks and mail orders—haven't been burned yet.

The level of customer service you decide to offer is certainly your choice. I'm not saying you should offer abysmal or rude service on your website. Just offer the minimum level of customer service necessary to comply with the law and fulfill reasonable customer expectations. After all, the customer is shopping at your website, not Neiman Marcus.

One ruse I have fallen for is the line from a fellow guitarist, "I have a CD too. I will send you mine free if you'll send me yours free." What happens? You lose \$10 of profit and receive a CD you can't stand to listen to for more than 8 seconds.

Here is the list of "do not"s to help you maximize your profit, spend less time coddling customers, and have more time to play your guitar:

- No checks or money orders
- No orders by fax
- No orders by email
- No phone orders
- No mail orders
- No in-person orders or pickup
- No C.O.D orders

- No foreign orders, including Canada and Great Britain
- No rush orders
- No volume discounts
- No “I’ll give you a free copy of my CD if you will give me one of yours”