

# Sweet Success

*An e-commerce giant continues to grow, bringing old-fashioned service to a brave new world*

When you ask Chuck Surack about the secret to his success, he'll tell you there's no secret.

"It's 'Do the right thing,'" said Surack, the founder and president of Sweetwater Sound, Fort Wayne, Ind. "I was in Boy Scouts, and I believe in what they teach. Scouts are trustworthy, loyal, helpful, friendly, courteous, kind, obedient, cheerful, thrifty, clean and reverent. Those are great philosophies for a teenager to live by. They're great philosophies to live in our personal life. And, frankly, they're great business philosophies."

While that approach provides a sturdy foundation, Surack and his staff nearly 500 employees have learned a thing or two since his Boy Scout days. The owner says that, in its 34 years in business, Sweetwater has never had a down year. Surack said Sweetwater is on track for 20–24 percent growth in 2012, which could mean sales of nearly \$250 million by year's end.

"I wish I could tell all the other retailers that there's a magic pill," he said. "I'm sure as we've gotten big, they say we have all these advantages. But it's really just focusing on the basics. It's blocking and tackling — focusing on every individual customer."

The Sweetwater model is unusual for U.S. musical products retailers. First, everything is done under one very large roof in Fort Wayne, operating from a 180,000-square-foot facility that was built six years ago. There, Sweetwater has a stunning brick-and-mortar

showroom that will deliver about \$6 million in sales for 2012, and one of the deepest e-commerce sites in the industry. But the bulk of the company's sales come as a direct result of 200 highly trained, well-paid sales engineers and managers. And a rich database of more than 2 million customers.

"I hear all the time, the advantages we have in not collecting sales tax, but I can also tell you I wrote a tax check that was \$2 million for a quarter," Surack said. "I have other expenses that local businesses don't have. Clearly I have some advantages, such as having a lot of people in one location and creating economies of scale. But frankly, with purchasing today, the vendors are very transparent and ethical, and I don't get quantity discounts they used to give. Maybe I save a little bit on shipping because I'm getting a pallet load, but the whole FTC investigation and all kinds of other things have made vendors pretty darned careful about making sure the prices they give are on a published price list."

While most of the industry retrenched during the recession, Sweetwater contin-

ues to expand. This year, the company broke ground on a \$24 million, 110,000-square-foot addition to its campus that will increase warehouse space and create room for more sales professionals. Each of the facility's three floors has room for about 350 sales people.

"You can do the math," he said. "We have room for a sales department of 1,050. I'm not saying we're going to equip those floors exactly the same way, but we wanted to build some expansion room in because every time I've built in the past, I haven't built enough."

Simply hiring more people doesn't drive sales, of course. Sweetwater puts each new sales engineer through a rigorous interview process, then a 13-week training period before they take or make their first call. The entire sales team receives training from 8–9 a.m. every Tuesday and Thursday. Employees who are not meeting minimum sales standards (the average Sweetwater sales engineer does well over \$1 million in sales annually) are given more training. As a result,

## SWEETWATER SOUND

Fort Wayne, Ind.

PRINCIPALS  
**Chuck Surack**

FOUNDED  
**1979**

EMPLOYEES  
**500+**

STORES  
**1**

ANNUAL REVENUE  
**About \$250 million**



turnover at the company is low and motivation is high.

Not waiting around for business is at the heart of that motivation.

“In our case, 82 percent of calls at Sweetwater are outgoing calls,” Surack said. “We drive the business because we have a relationship with the customer. It’s amazing, whether they’re surgeons, attorneys, accountants, or whatever, they’re in this because they love this. Doctors will take a break from surgery because they want to talk to their friend Steve, the Sweetwater sales engineer.

“Just like your local store knows every customer who comes in the store and knows what kind of instruments they have or don’t have or what their dreams or aspirations are, those are the kinds of things we do, too. We just do it on the telephone all the time and we have 150 sales folks developing personal relationships with anywhere from 2,000 to 5,000 or 6,000 customers. That’s where our advantage is.”

And that’s the true secret of success for the 2012 *Music Inc.* Retailer of the Year. —FA

Chuck Surack

Photo by Steve Vorderman