

Sweet Sounds of Success

Music World Takes Note of Fort Wayne Company

By Matt L. Ottinger

Sweetwater Sound president and founder Chuck Surack is proud to do business in Fort Wayne. Not only is the "Summit City" his hometown, but he claims it provides a very favorable business climate for a company with customers and employees from all over the country.



Although Fort Wayne may not be thought of by many as a music mecca, the city is becoming a major focal point for aficionados, rock bands and weekend jammers across the nation thanks to the rising success of Sweetwater Sound. The company has been striking a chord with its customers since 1979 when president Chuck Surack started a studio in his Volkswagen bus.

"I used to run wires out to my bus to mix for local bands," notes Surack, a Fort Wayne native. "I was a technical guy; I didn't go to college, but I was self-taught and liked to read books on electronics."

After purchasing a Kurzweil K250 keyboard in 1985, Surack's ingenuity allowed him to "reverse engineer" the device to maximize its capabilities. He then became known throughout the music industry as a guru of sorts, which allowed him to become friends with the likes of Stevie Wonder and many others. After getting credits on numerous albums and working on commercials, Surack catapulted into retail and began selling equipment out of his home.

"In 1990, we had six people working out of my house and made \$6 million," Surack recalls.

Despite its diminutive size at the time, Surack's business made *Inc.* magazine's list of fastest growing companies three years in a row in the early 1990s. Now, the music retailer is a national player in the industry.

Walls of sound

Upon entering Sweetwater Sound's new facility (four separate additions were made to Surack's home over the years to house the growing company), a visitor is wowed by its sheer size. After putting \$35 million into developing its campus, the main building is 180,000 square feet and spans 14 acres of Sweetwater's 44-acre property. The company now employs 320 people, and Surack estimates the building will support 550-600 workers.

While an abundance of musical equipment can be found in Sweetwater's warehouse, which features a 45-foot ceiling and diligent temperature controls for employees and products, what's most captivating is its aria of amenities.

On site for employees is a game room featuring a video golf simulator, an exercise facility that includes a weight room and a racquetball court, a DVD lending library, a hair salon, a restaurant and a coffee shop.

The facility also includes a 250-seat, state-of-the-art auditorium used for employee



Sweetwater's new recording studios are state-of-the-art, and its auditorium hosts sales trainings and community performances.



trainings as well as non-profit community productions, a mall with musical equipment and separate temperature controlled rooms for acoustic and electric guitars, a retail floor with capacity for 180 sales engineers, rooms for private lessons and recording studios boasting the latest technology.

Many business functions were moved into the new facility in late 2006, with various amenities added in 2007, and the auditorium and recording studios opening in January of this year.

"There's no difference between our studios and what you'll find in Nashville," says director of program development Christopher Guerin, also pointing out a highway runs next to the studio although nary a sound can be heard from its passing trucks.

Harmony in the workplace

About one-third of Sweetwater's employees are sales

engineers. Although they spend most of their time on the phone, these are hardly telemarketers who were pulled off the street. To even be considered for employment, applicants must excel on a thorough music technology test. Because of these strict criteria, employees are sought from all over the country. For the lucky few who are chosen, their Sweetwater prelude begins with a 13-week training course called Sweetwater University.

"Sweetwater U. is like getting your doctorate," Surack says. "There are over 200 classes, and we teach about not just our products, but our philosophy."

That philosophy is one of hard work, but also stresses a family atmosphere and seeking enjoyment – although one might assume the access to virtual golf helps in this area.

"I tell people they'll work harder than they ever have when they're here," Surack notes. "But you'll go home with more satisfaction than you've ever had too."

The benefits of a well-trained, passionate workforce are not just evident in the company's growing sales figures, but also in the daily correspondence Surack receives from customers via cards and e-mails singing Sweetwater's praises.

Reverberating in the community

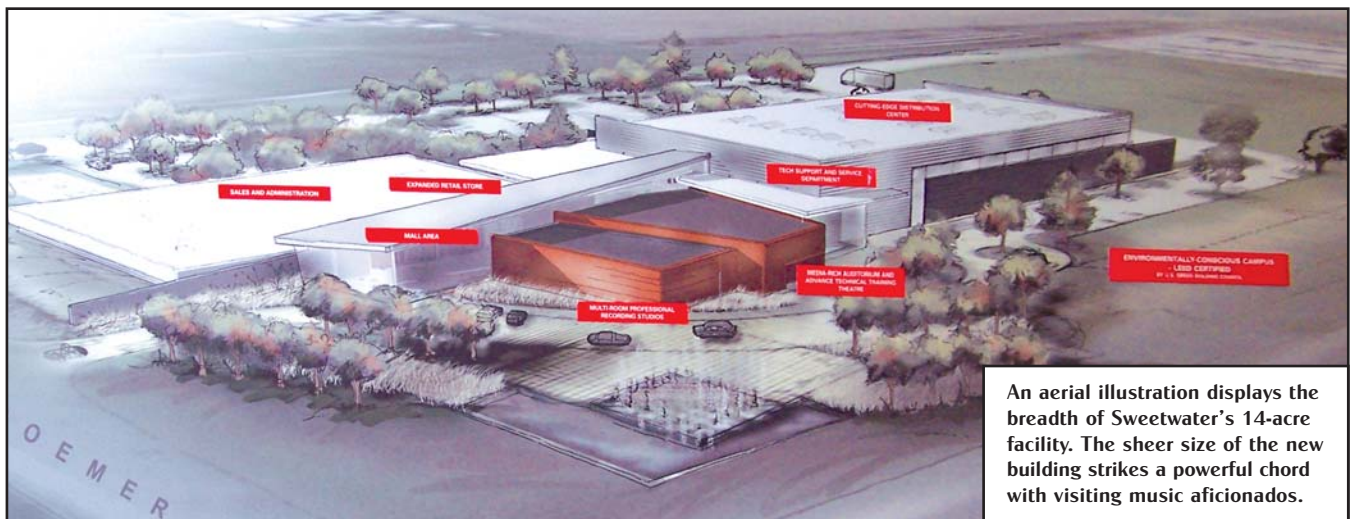
Surack explains that before he began expanding his business, he briefly contemplated moving the company out of Fort Wayne. After investigation, however, he determined he would be hard-pressed to find a city more suited to building a successful business.

"There's a great quality of life here," Surack states. "We've relocated more than half of our employees, and there aren't many places in the country with all of these benefits – low taxes, low housing prices, sports teams, a great philharmonic and driving access to many cities in the Midwest. I bring employees out from different parts of the country, and they're surprised what they can afford and do here."

Surack also explains Indiana's business climate is beneficial, and its central location helps to keep shipping costs low.

"This is a good state to do business in and I think (Gov. Mitch Daniels) has even improved it," he notes.

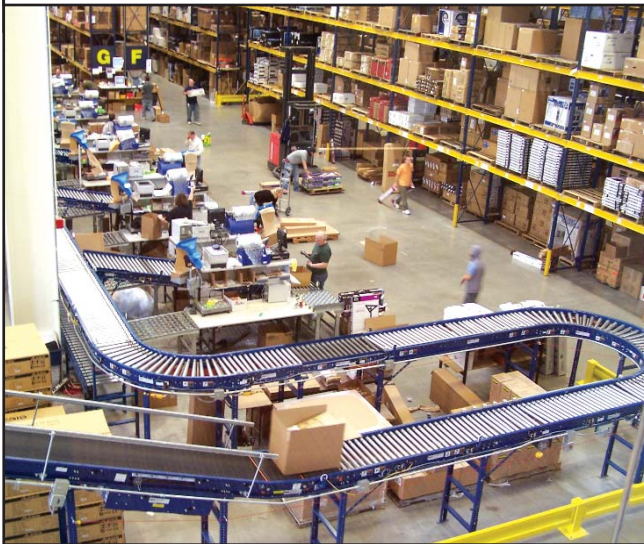
Surack explains that there are 13 universities in the Fort



An aerial illustration displays the breadth of Sweetwater's 14-acre facility. The sheer size of the new building strikes a powerful chord with visiting music aficionados.



Top of the line equipment makes Sweetwater's recording capabilities tantamount to anything found in Nashville, Tennessee, according to Christopher Guerin. The towering size of the warehouse's 45-foot ceiling provides ample storage space for the company's vast inventory.



Wayne area, and his company works with many in the state and the country to build music technology programs. Fort Wayne's University of Saint Francis recently added a Bachelor of Science in Music Technology to its curriculum, and has partnered with Sweetwater to enhance its equipment and degree program.

"This partnership allows our students to work with Sweetwater staff and to learn about these products through seminars and trainings," says University of Saint Francis dean Rick Cartwright. "Sweetwater is also accepting our students as interns. We're proud of this partnership and the strength of our program. It's an excellent opportunity to work with a world class organization, giving our students a once-in-a-lifetime opportunity that other schools don't get."

Additionally, the new Sweetwater facility is compliant with Leadership in Energy and Environmental Design (LEED) standards, making it less harmful to the local environment. The building maximizes natural light, and uses light sensors, rapidly renewable materials (like plants, such as bamboo, that are harvested within a 10-year or shorter cycle) and low-emitting materials, among other eco-friendly strategies.

Symphony of sales

Although famous musicians like John Fogerty (an equipment purchaser) are faithful Sweetwater customers, much of the company's customer base is made up of recreational musicians.

"You never know, your dentist could have a secret life with a system in his basement worth anywhere from \$5,000 to \$50,000, maybe more," Guerin explains.

In 2007, Sweetwater's sales grew more than 20% for the fourth year in a row, breaking all previous records, including best sales month and sales quarter, and the retailer hired 60 new staffers. The total five-year sales growth for the company from 2002 to 2007 was 236%.

Despite this success, Surack has no plans to inhibit the growth of his company in the near future.

"This is a \$20 billion industry, and we did \$131 million in sales last year," he says. "We're not even close to getting a majority of the market share."

Additionally, Surack contends he's not just competing against other music technology distributors.

"Our competition is really anyone who wants your discretionary income," he claims. "That could be vacations, cars, whatever."

That's why Surack stresses customer satisfaction, and many of his sales engineers have mirrors at their desks reminding them to smile while on the phone. Sweetwater even offers free technical support for its customers, which is separate from any guarantees the vendors may offer.

"We're not interested in each customer for that transaction; we're interested in the customer for life," he says.

INFORMATION LINK

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