

# A MAN AND HIS MUSIC

Surack Hits  
on All the  
Right Notes

By Tom Schuman



## Ogletree Deakins **BUSINESS LEADER OF THE YEAR**

Chuck Surack has told the story of his improbable Sweetwater Sound journey so many times that the words easily roll off his tongue. But that calm, cool demeanor and confident smile do give way to passion at times.

After quickly listing the 12 principles a Boy Scout lives by and noting that they are also guidelines for a business owner, Surack adds, "I also believe failure is not an option. Anything is possible; there is always a way.

"I really believe in the Japanese term kaizan – continual improvement, always getting better. I don't believe you can stand still. You're either getting better or getting worse – and I don't want to get worse," his voice rising in intensity as he accentuates that last phrase.

In the upbeat, high-volume world of Surack and Sweetwater, where business performance improves dramatically on an annual basis, only one "sour note" comes to the forefront. But even it has a happy ending.

"When a company goes from one person to five, especially when you are a strong Type A personality like me, you think the next person can't handle it as well," Surack reflects. "At some point, if you want to grow, you need to learn how to delegate.

"The size of my company from about seven, eight nine or 10 (employees) to about 90 was also not fun. All of a sudden you're starting to become a real company. You've got to have benefits; you have people calling in sick. All the HR stuff. I didn't sign up to do HR. I signed up to do music and help my friends," he continues.

"That was really hard for me personally. At about 90 people, I got my first HR person. Now it was their problem to deal with. I could go back to running the business. I've had 40 years ... and I feel like I have never had to work. I really mean that."

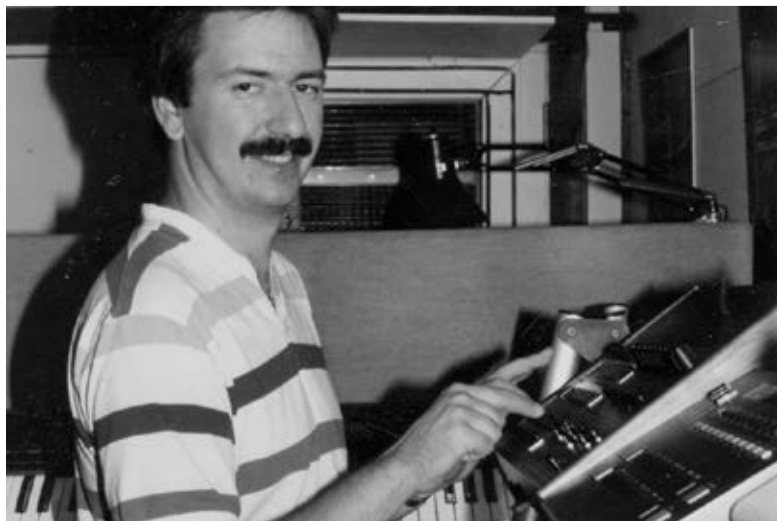


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Chuck Surack began his musical journey in the late 1970s. The beard is gone, the moustache remains and the Volkswagen bus lives on via a replica in the entryway to Sweetwater Sound.



## Getting the beat

The word entrepreneur certainly had not reached its current popularity when 5-year-old Chuck Surack made and sold potholders in Waverly, Ohio, in the early 1960s. It was a foreshadowing of things to come. He relocated to Fort Wayne, where his family had roots, in junior high and later graduated from Wayne High School.

A junior high band director had played back a recording of a trombone at twice the normal speed. The new high school had its share of equipment, including a synthesizer. That combination ignited a love affair for Surack, who says, "I've always been fascinated by the equipment and technology part of it."

The first stop was five years on the road as a touring saxophone player.

"I played most of the states in the country, six nights a week, Top 40 music," he recalls. "Saturday night we would get

done, and Sunday they would tell you where you were going for Monday."

Armed with some equipment he had acquired and/or built and a Volkswagen bus, Surack began the next chapter in 1979. He tells of the humble beginnings of Sweetwater Sound.

"I would pull up alongside a church or club around Fort Wayne, run 200 feet of microphone cables in, mic up the band or choir or preacher, and sit in the bus with headphones and record them." This was several years before his first house, so he took those recordings back to his mobile home to process the recording.

A few years later, a trip to the NAMM (National Association of Music Merchants) show in Chicago proved to be a game-changer.

"I saw a prototype of a brand-new synthesizer, the Kurzweil K250, the first instrument that could play back digital recordings of other instruments," Surack explains. "How cool is

that? At the end of my recording sessions, I could ask my customers if they would like to hear what their music sounds like with a 50-voice choir or 45-piece string session.

"So I bought one of the very first ones and started reverse engineering it, figuring out how it worked. I became friends with other Kurzweil owners. They were Stevie Wonder, Kenny Rogers, Dolly Parton (and other music stars of the day).

"I got a reputation for being the guy who knew this machine really well," he continues. "By the late 1980s, my business had changed from being a recording studio to helping my friends with their equipment. It turned into Sweetwater the retail business instead of Sweetwater the recording studio."

The company operated out of a location on Bass Road in the southern part of Fort Wayne for 17 years, expanding four times in the

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## Chuck Surack

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effort to keep up with the growing business. There were 200 employees when the move was made in 2006 to a state-of-the-art campus on U.S. 30, just west of Interstate 69. In 2019, more than 1,800 team members will contribute to more than \$800 million in business, continuing an annual trend of 20%-plus growth.

### Key players

Sweetwater may be the largest online retailer of music instruments and technology in the country, but all that matters to Surack are two sets of people – employees and customers.

“We’re in it for the long haul. I don’t care if I make money on one sale or one transaction, or a second transaction. I honestly don’t care if I ever make money,” Surack reveals. “What I want to do is the right thing for our employees and our customers and if we do that – I’ve figured out the money does seem to follow. It’s a way for us to add value. I love adding value.”

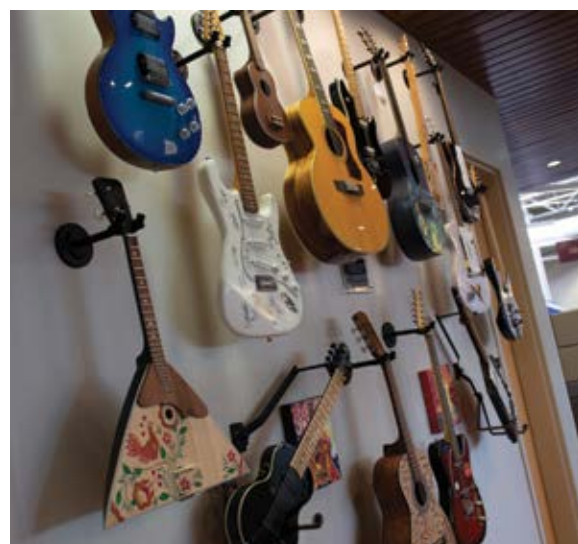
The approximately 5,000 music stores (many small, family operations) in the nation can’t do what Sweetwater does. Neither can Amazon, the behemoth of so many industries.

“We fit really neatly between those two. There are 5,000 stores that sell what I sell, yet they don’t have free technical support. They don’t have sales engineers who really know how the products work. They don’t have a two-year warranty,” he declares.

“Fortunately, we’re big enough, with economies of scale, that I can afford to have 70 people in tech support – all day long they answer questions about how does this or that work. ... You can’t get that at Amazon at all.”

John Hopkins, executive vice president and chief operating officer at Sweetwater, has worked with Surack for 27 years and was a previous customer. He confirms the altruistic approach.

“At the root, Chuck is a salesperson. Our organization takes on a lot of the qualities of a really great salesperson,” he attests, “and really great



Music takes center stage – whether it’s guest acts at the Sweetwater Pavilion, guitars on display in the retail store or Surack “forgetting about everything else” with his saxophone.







The experience for customers and employees is the most critical ingredient to company success, according to Surack.



salespeople care more about their customers than they do themselves.”

Hopkins, who oversees the near constant building expansion and construction projects, says Surack will be most intimately involved “in things that are more going to touch a customer and what the experience is going to be like for the employee.” Examples: The on-site Downbeat Diner (by the way, the macaroni and cheese was excellent) and the experience of employees in the new distribution center outweigh how the conveyor or mechanical systems might work.

### Staying in tune

In a world of workforce challenges, Sweetwater Sound is an employer of choice. Surack estimates up to 75% of the employees have a music background. Of the 1,800 team members, more than half have relocated to Fort Wayne.

“They want to work at Sweetwater because they happen to be a musician too. They want to be in that environment,” he believes. “I’ve got that advantage. We don’t really have a problem (finding talent), knock on wood.”

But what does Surack look for in new associates.

“We are less concerned here what their degree is in or whether they have a degree. I want to see integrity, someone with a servant’s

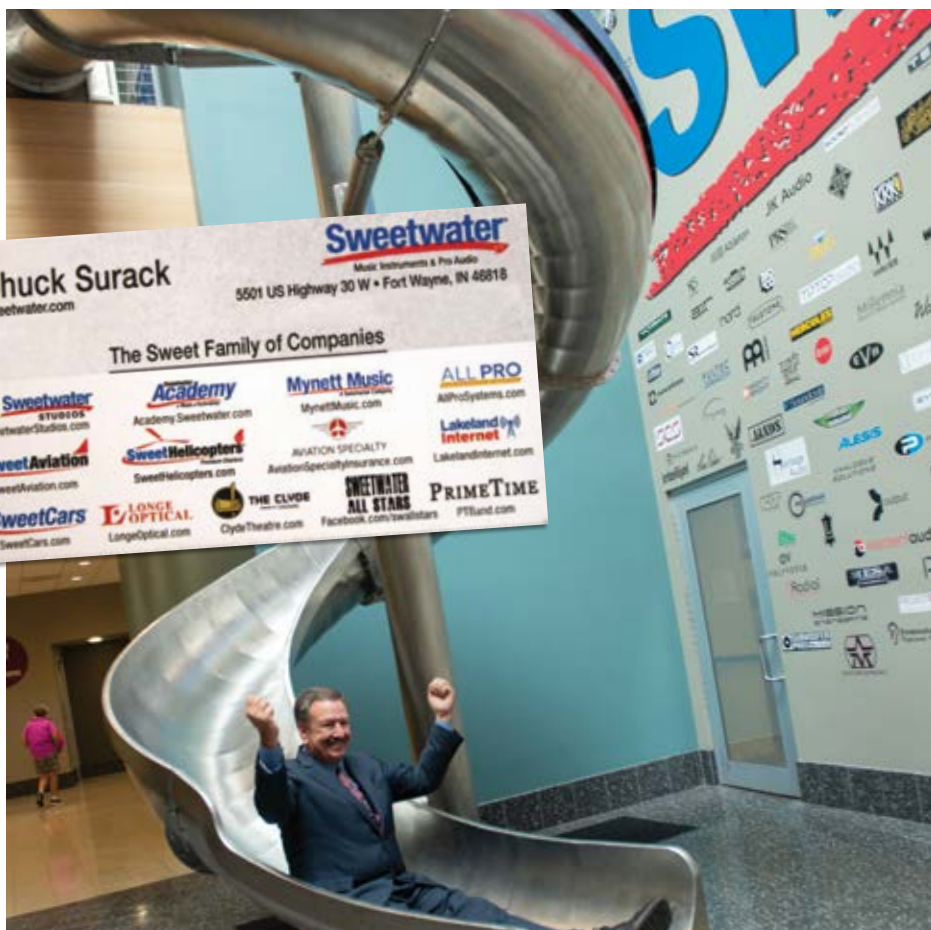
## ‘Sweet’ Treats

- **Company name:** When he moved into the city of Fort Wayne in the early 1980s, his house (with two acres of land and a creek in the backyard) was zoned residential.

“I didn’t want to be Chuck’s Audio. (I wanted a name and sign) friendly enough that my customers could find me but small enough it wouldn’t raise the ire of the zoning officials. I had water in the backyard; it’s kind of sweet. I put a small sign out by the road” and the rest is history.

Surack also registered sweetwater.com in the dark ages of the internet in 1984 despite cities, towns and bands already going by the Sweetwater name.

- **New buildings:** A 380,000-square-foot distribution center on the Sweetwater campus will come online in spring 2020, followed by work beginning on nearly 100,000 square feet for exhibition space, a convention center and ballroom.
- **Products on the move:** Sweetwater ships approximately 3,300 guitars, 37,000 guitar picks, 830 keyboards, 460 drum kits and 5,300 microphones each week.
- **Each and every customer:** “If a customer is upset, Chuck Surack is calling them, saying I’m sorry, falling on a sword and saying this is how we’re going to fix it.”
- **Sweetwater University:** “The second hour they’re here (the first hour they fill out paperwork), I meet with (all new employees) for two hours. What’s it going to take for them to be successful here. I get to meet them and learn what their backgrounds are.” Sales engineers participate in 13 full weeks of classes as part of their training.
- **All business:** When informed that his business acquisitions or additions over the past decade-plus basically equaled once a year, Surack confirmed the math, saying, “You’re scaring me, but yes.”



It was Surack's idea to incorporate the slide for employee and guest use. His business card and partial list of Sweetwater partners on the wall exemplify the team approach.

heart willing to do anything for anybody. We hire people for their soul. I can train them on all the technical stuff, but I've got to make sure they're going to get along with fellow employees, they're going to represent us well.

"I believe everyone who works at our company has the ability to add credibility or take credibility away from our brand. We've worked really hard to have a strong international brand, and I want to make sure people are adding credibility to it."

Hopkins relays that he "has never seen that piece of ethics – of doing the right thing – waver" in Surack. "That's really comforting for the staff. They know if they do the right thing, they will be completely backed up."

### Music and a whole lot more

Surack carries a business card with the logos of 13 additional organizations under The Sweet Family of Companies banner. While two are bands that he currently plays with, they would only be replaced by additional businesses he owns or has recently acquired.

Some are music related, others are not. Several are reclamation projects. In other words, the operations and the jobs that go

along with them likely would have disappeared without his intervention.

"What's in common with all of them is we really try to provide that 'sweet' level of customer support," Surack suggests. "I happen to be selling music equipment, but I'm really in the people business."

He says he has great people at all the companies, but there are personal challenges.

"I'm hands-on. I'm detail-oriented. I like to be involved. You never rest on your laurels in any business because there's always great competitors. If you're not bringing you're 'A' game every day, you're not going to make it in business today."

Surack has been a longtime investor and mentor. He says he sounds old when he offers this guidance, but it reflects his personal experiences.

"My recommendation always is don't think about the exit strategy, think about doing a great job at what you are doing. Put one foot in front of the another," he shares. "A lot of young folks are thinking the way to do it is get rich quick, and I don't think you can do it. Maybe you can, but it doesn't work for me. I'm in for the long play."

### Community rhythm

In a 2018 interview, Surack was quoted as saying, *"How sad would it be to go through life and die with a bunch of money and you didn't help others that you know are in need?"*

Asked about that sentiment, he adds, "My wife and I have been incredibly blessed. I just think everyone of us who has a reasonable life has a responsibility to give back and help others. We know we can't take it with us; you don't see U-Hauls at cemeteries very often."

But Surack gives far more than dollars. He brings the same all-in business commitment to his community service. In no particular order, he cites Easterseals Arc of Northeast Indiana, the Boys and Girls Clubs of Fort Wayne and the Fort Wayne Philharmonic as among many special causes.

It's all about the greater good.

Jim Palermo, managing director of the Philharmonic, is extremely pleased that Surack recently agreed to a second term as board chair.

"I find him to be really open minded. He always drills down right into the most common-sense solutions to problems," Palermo contends. "He thinks about the community, first and foremost. He likes it when we figure out how to connect the orchestra to the greater community. He wants us to try and innovate and be as forward thinking as possible."

Larry Weigand, CEO of Weigand Construction, has known Surack for 20 years. He says he has viewed his friend being contemplative in meetings. "When Chuck has his ideas, everybody stops and listens and he's usually spot-on with a direction, a vision."

It's the tireless energy that impresses Weigand.

"I don't know when the guy sleeps with how involved he is at such a high level in all his philanthropy, all his businesses. He's not just mailing it in. Any big project, any growth in northeast Indiana, things that are happening locally, will have his fingerprints on them."

Mike Packnett, CEO of Parkview Health and the 2015 winner of this Business Leader of the Year honor, believes all benefit from Surack's engagement.

"Any non-profit CEO who has Chuck on his/her side is very fortunate. Chuck only knows one way to do things and that is with great excellence," Packnett surmises. "He inspires all of us to think bigger, think more positively and give more than we thought we could."

### Magical sounds

At the end, it all comes back to music. Surack notes that the preset stations on his car radio run the gamut. The determining factor of whether he will listen – and enjoy – is quality. "What I don't like is things done poorly."

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## Chuck Surack

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He is active in two bands, playing saxophone, keyboards and the flute in the PrimeTime trio. The second group is the Sweetwater All Stars, specializing in '60s and '70s, rhythm and blues, soul music. "We have some phenomenal musicians."

A \$9 million renovation of the former Clyde Theater has resulted in a state-of-the-art performance venue in The Clyde and an adjacent restaurant. The Suracks not only made the work possible, but they are now the owners of both.

But it's the playing of the music that is most special.

"What I tell people is it's a good release from my day gig. There's something about playing music – you can have a headache, be tired – but put an instrument in your hands," he professes, "and all of a sudden you just forget about everything else for the next couple of hours."

On the business side of the equation, Sweetwater has evolved from a little bit of "let's see where the road leads us" to a clear direction for the future.

"We know we're going to grow, maybe not continually at 20%, maybe it slows down



The Clyde Theatre is a welcome addition to the already strong music scene in Fort Wayne.

to 15%. We're about a year and a half, two years away from being a billion-dollar company. We'll do a little over 800 million dollars this year," he shares.

"Nobody sells more online today than we do. That being said, the music industry is about \$8 billion in the U.S. And that's before we add in overhead speakers, that's another

\$12 billion. Our biggest problem right now is not getting more business but getting more sales engineers.

"If we got to point where we were saturated in the U.S., we would talk about going to Canada or going to Mexico. South America, Europe. For my foreseeable future, and maybe my kids, there is so much business here."