

**Small Business Development Center
Penn State**

Helping businesses start, grow, and prosper.

SBDC Instrumental in Rainbow Music's Expansion

Project Background:

With the assistance of the Penn State SBDC, Bill Beard opened **Rainbow Music** in 1998 as a retail music store which carried guitars, drums, amplifiers, keyboards, and accessories. Within several years, Rainbow Music became widely known for its expertise in guitars. During this period Bill consciously reduced the drums, keyboards, and other accessories and expanded his guitar lines and guitar accessories.

Bill's guitar business continued to grow to the point where **Rainbow Music** was widely recognized in the Centre region and beyond, as the largest supplier of "upper end", high-quality guitars. The guitar sales process is very focused on demonstration and customer interaction. With the growth in customer demand that the store had, the relatively small size of the Rainbow Music store made it difficult to carry sufficient inventory and significantly limited the demonstration capability of the store. As **Rainbow Music** grew it became increasingly apparent to Bill that his business had outgrown the small 2,000 square foot facility and was limited in its ability to grow.

In 2007, Bill began to explore ways to sensibly expand his business. Of all the options considered, Bill decided on two strategies. The first step was for Bill to explore the options for a larger retail store. By September 2007, Bill had negotiated with a local realtor to relocate his business into a 10,000 square foot building on one of the main highway "arteries" in the Centre region. Secondly, Bill negotiated with a competing local music store which carried mostly guitars – **The Alley Cat** - to purchase the inventory, as the owner was planning to close the store.

SBDC Assistance:

In May of 2007, Bill contacted the Penn State SBDC to discuss his operation and the various options he was considering with respect to expanding his business. The Penn State SBDC began to evaluate **Rainbow Music's** financial statements to assist Bill in reviewing the various expansion options he was considering. Bill found a location, increased his lines of musical instruments and added more rooms for lessons of various instruments.

By the end of 2007, Bill had been approved for \$225,000 in loans to help him expand **Rainbow Music**. \$150,000 of the loan package was secured through M&T Bank. The remaining \$75,000 of funding was obtained through the CBICC's revolving loan fund.

Remodeling was completed and **Rainbow Music** moved into the new building on February 8, 2008. Bill has created seven new jobs in his company with this move. Ultimately, it is expected that with the expanded inventory and larger facility, Bill will be able to double his sales volume at **Rainbow Music** in the next five years.

Bill will continue to use the services of the SBDC when needed. Bill enjoys being an entrepreneur, and believes that his recent expansion will continue to help him promote his love for music. Bill explains that "the SBDC helped me to handle the business aspect of this move, so I could focus on customer service and the products that I wanted to sell."



"The SBDC helped me to handle the business aspect of this move, so I could focus on customer service and the products that I wanted to sell."—Bill Beard

William Beard
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Industry: Retail – Music Store

Year Founded: 1998

SBDC Assistance: Business Plan and Financial Projections Completed

Additional Partners: CBICC revolving loan fund, M&T Bank

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