

THE BALANCING ACT

By Alex Harrell | Photos by Martin Vire

How dynamic duo Susan and Jonathan Lipp have kept Full Compass growing for 40 years

Walk into Susan and Jonathan Lipp's joint office and it's not so obvious what business they're in.

Instead of walls of gear and guitar heroes, the Lipps have a vase of one dozen long-stemmed clown noses on Jonathan's desk, a papier-mache cow and a framed photo of the duo.

Taschen's "The Circus," a massive book on the history of the big top, sits on an antique Art Deco table. And Susan's desk offers a nameplate stamped "The Boss" complemented by their own bobbleheads, a few piggy banks and the reflection of a neon lips sign that hangs on the adjacent wall.

As eclectic as their decor might be, Full Compass' inventory is even more wide ranging.

Housed in a 140,000-square-foot building with an 80,000-square-foot warehouse, Full Compass covers many of the MI bases and 700 lines from nearly every facet of the industry. But the Madison, Wisconsin-based retailer also dips into areas that most don't touch — like furniture consoles and broadcast equipment. Eclectic is a recipe that helped Full Compass deliver \$140 million in revenue last year employing a team of more than 200.

Not bad for 40 years of work.







THEN AND NOW — Susan and Jonathan Lipp in the early days on the left and the photo recreated today on the right. In the middle appears the edifice of the Full Compass headquarters in Madison, Wisconsin.

THE EARLY DAYS

“It really started in 1971,” Jonathan began. “We were a recording studio, and we built our recording console from scratch. That’s kind of where the name Full Compass came from — it meant we do everything.”

Retail evolved out of that recording business. What began as Full Compass Sound Studios, founded by Jonathan and three others, grew into Full Compass, the retail operation, seven years later. At first, it was simply a mail-order business for the broadcast market.

Jonathan embarked on the venture with very little money in a 500-square-foot office next to the studio. A few months after opening, Jonathan met Susan. And six months after that, the two were married. Susan quit her job as a professional headhunter to join the family business. The rest, as they say, is history.

“Since we met, Susan was getting involved and giving me advice,” Jonathan said, explaining that it was just a matter of her becoming, officially, full-time. With a background in the theater world, Susan was used to working with technical people, raising money and dealing with audiences — in short, she was a natural salesperson.

“I knew how to build things; I didn’t really know how to sell stuff,” Jonathan said. “That’s what made us a good team back then.”

PLEASING PERKS

“If you talk to a lot of the people in this industry, you’ll find that almost all of them are self-taught,” Susan said, referring to her husband’s background as a self-taught engineer. “They knew what they wanted to do when they were really young, and they just *did* it.”

That bootstrapping, turn-on-a-dime mentality forged an identity for Full Compass — to remain relevant and agile.

“Radio broadcast represents, probably, two percent of our sales today, yet it was almost everything that we did,” Jonathan said. “If we had stuck with that business, it’s unlikely we’d still be in business.”

Similarly, the company’s retail space represents less than three percent of its sales with internet sales bringing in another 15 percent, according to Jonathan.

“The majority of our customers are professionals who prefer the consulting relationship with somebody who understands what they’re buying,” he added. “Because they can get stuff anywhere, one of the things that differentiates Full Compass is that customer relationship.”

To establish customer rapport, the Lippes said they must first create a strong relationship with their management and employees. One of the keys to Full Compass’ success is in creating a work environment that’s pleasant for its employees as a sign of respect,

they said. That respect can then be passed through to their customers.

“People are pretty transparent,” Jonathan shrugged. “If they hate where they are and what they’re doing, [the client is] going to know.”

Years ago, Susan decided that a headhunting fee could be an incentive to keep morale high. If an employee brings in another team member, that employee automatically got \$50.

“If the person that they help recruit is still here a year later — if they’re both here — that person gets \$200,” Jonathan added.

“It tells you something about people that bring in other people,” Susan said. “They only bring them into a place that they like. If they didn’t like it, they wouldn’t be here. Why would you bring someone to a place you hated? You wouldn’t.”

The Lippes also know a good meal can help win over employee satisfaction. When Full Compass moved to its current location eight years ago, Susan and Jonathan added food services for the staff with an upscale restaurant complete with three on-staff chefs and a baker. They subsidize 50 percent of the cost of meals served there.

It all leads back to treating people the way they would like to be treated. From the outset, Full Compass has offered a comprehensive benefits package for employees, including health, life, dental and vision insurance as well as long- and short-term disability,

Jonathan said.

"Those were important things to me when I was starting out in the business world as I realized that these are very expensive things," Susan recalled. "If we were to give them to our employees, I think that they'll stay."

GROW YOUR OWN WAY

It seems to have worked. The company has high retention rates with employees who have been with Full Compass for more than 30 years.

"If there's a way of measuring our success in treating people well, it's that they stay," Jonathan said.

Stay and grow professionally. The Lipps strive to promote from within. Keith Post, for example, is the company's vice president of operations.

"We hired him as our first full-time custodian," Jonathan said.

"They are *not* stuck in the role," Susan added. "If they want to better themselves and get bigger and bigger and bigger, then

absolutely. We want them to."

There are a few entry points for those who want to move up, such as warehouse, reception and sales.

"We try to hire smart people, that way we know that they're capable of anything," he said. "It's just a matter of where their ambition takes them."

And not just hiring smart people, but people who have the right personality to serve Full Compass' sophisticated clientele.

"Our preference is to hire the kind of people who want to help other people," Jonathan said. "And the rest of it flows naturally. It's hard to *teach* somebody how to treat a customer well. It can be taught, but if it isn't innate, it's never genuine.

"The irony is that our most loyal customers are not the ones where everything's gone right all the time," he continued. "The test of anybody is how they deal with unpleasant situations. It's that concern and dedication to be in partnership with our customers and helping them accomplish what they need to

accomplish. The foundation of taking care of people has to come from the top, and that has to be part of the company culture."

TRAINING TOOLS

Even talented employees need training. At Full Compass, some training comes through listening in. Trainees are given headsets to hear the flow of real phone interactions with customers.

So, what makes a successful sales professional?

Salespeople have to have a certain amount of ambition, Jonathan said. A person may be smart, but that doesn't mean that they can sell, and he included himself in that. He said by working with Susan, he went from a "ridiculously horrible" sales person to a "mediocre" one.

"Susan taught me how to shut up when the customer says, 'yes,' but that was not a natural thing for me," he noted.

"All he wanted to do was talk about the [gear]," Susan said. "And a bad salesperson

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The chef staff, from left, Matthew Derungs, chef; Silvia Miller, bistro manager; Nathan Woodruff, sous chef; and Zach Boyer, line cook. Right, the company's 80,000-square-foot warehouse, a hub of efficiency.

in this industry will be the guy that wants to talk about this stuff, but doesn't even listen to what the questions are."

In addition to being a strong sales professional, Susan may be an even better mentor. The *Milwaukee Business Journal* in September 2017 ranked Full Compass as the No. 1 Wisconsin-based, woman-owned business. In 2013, The Wisconsin Women in Government honored Susan with its Business Women of Achievement Award.

"Susan sold for 30 years," Jonathan said. "She was the first one to break \$1 million [in annual sales], and then break \$2 million."

"And then break \$4 million," Susan interrupted with a smile.

"Her customers were so loyal, they wouldn't *think* of doing business with anyone else," Jonathan continued. "She knew about their birthdays, their marriages, their divorces, their vasectomies..."

"Literally!" Susan interjected. "About everything!"

She set an early example on the selling keys Full Compass teaches — to listen, understand and *then* answer. It's a simple, but powerful concept.

"The loyalty doesn't come from selling stuff," Jonathan said. "Loyalty comes from creating a relationship with the customer."

EMBRACING CHANGE

Phone training is at the core of the sales

process at Full Compass because some 75 percent of the company's business is done by phone. It's the most efficient way to build relationships with a large customer base, according to Jonathan.

A typical senior salesperson at Full Compass may have 3,000 accounts. Carrying that load successfully requires a strong organizational system to stay on task. Full Compass was using a customer relationship management system developed in-house until two-and-a-half years ago when it switched to a commercially available network.

"It was a setback for us, as it is for many companies when they spend millions of dollars on a new system," Jonathan said.

But it was necessary to move forward. The old system was comprised of three million lines of code written in C — a programming language quickly becoming obsolete as younger engineers are turning to the likes of C++ and other programming options.

"It worked great, but we couldn't get anybody that could program in C anymore," Susan said.

"We were concerned with our ability to maintain it, so we decided to go with something more contemporary," Jonathan said.

The CRM problem isn't the only bump that Full Compass is navigating.

"I'd say that one of the biggest structural challenges we face is that Susan and I are aging out," Jonathan said.

"We're old," Susan shrugged. "It's not, do I want to work forever? I've always said I was going to die at my desk, and I think I probably will."

As a result, the two have been developing a generation of management to succeed them without losing the character of the company.

"People who can create, who are smart and will be good as they grow," Susan said. "Their brains are young and agile, and they can change things on a dime."

But bringing in new management is a challenge for any entrepreneur. How do you properly hand the reins over to other people, Jonathan asked.

"It's not an easy task," he said. "But we're realists. We know that certain things are inevitable."

ONLINE INITIATIVES

The inevitable includes upping Full Compass' online game.

"Our website is good, it's functional, it represents the stuff," Jonathan said while acknowledging that it's not up-to-date as far as a contemporary consumer is concerned. And though Full Compass began selling online in the early '90s, internet sales were never the linchpin of overall sales.

"We never did much with it because we always felt that it was more important for customers to get service, and we're very

service-oriented,” Susan explained.

Full Compass’ earliest site was non-transactional; people could browse online, but call to buy. It functioned like an on-line catalog. Some products are still only available via phone.

“We have limits on the site where we’ll show certain things that we won’t let customers order online,” Jonathan said. “Because they need customization, integration, something that needs a human to make sure is being purchased [correctly].”

He made clear that this isn’t a jab at Full Compass’ general client knowledge, but rather a safeguard for both the customer and the company.

“We don’t want people to have a bad experience,” he explained. “We understand the limitations of the web, and do our best to compensate for that.”

Giving customers a good experience extends to Full Compass’ social media. Incentives such as #FreeGearFriday, where Facebook and Instagram followers can enter to win products like Warm Audio’s WA-87 condenser microphone, Countryman’s DT85 direct box, and Mackie’s CR3 multimedia monitors. Its YouTube channel and website feature GearCast: videos of everything from high-end pro audio to cases and accessories posted daily.

All in all, Full Compass’ online presence includes 28,000-plus YouTube subscribers and 31,000 likes on Facebook. Instagram and Twitter are newer endeavors.

“As far as quality of content, it’s not integrated to the degree that it should be,” Jonathan said, explaining that if the goal is to offer a singular, comprehensive and unified experience, whether it’s YouTube or Facebook or Twitter or whatever the next big social media platform may be.

“Nobody can predict the future,” he joked. “Have you ever seen ‘Back to the Future III?’ The entire world is Yahoo.”

TENETS OF TRANSFORMATION

With all the changes that being in business for 40 years can bring, one thing that’s certainly seemed to stay the same is the Lipp’s commitment to evolving Full Compass.

“Obviously, you need people who are

stable, who treat customers well, who treat vendors well, and who treat each other well,” Jonathan shrugged. “That’s how work gets done.”

But he said one of the most important elements to success is not being dogmatic about what business you’re in. Musical products make up about 10 percent of Full Compass’ business; but the company also sells SKUs like desks and chairs. It sells to

the worship market, the education market. It sells to older clients, younger consumers and everyone in between.

“No matter what business you want to be in, the name defines you,” Jonathan said. “Full Compass doesn’t define much more than that. We do a lot of stuff; it certainly doesn’t hamper our versatility.”

That name, Full Compass, may be hard-to-define, but it’s 40 years strong. **MI**

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