

July 27, 1976

Dear Distributors,

Are you ready for some change and excitement in your distribution lives? Do you have the distribution blahs? Well, we have some pretty heavy changes to propose in the distribution system, so you should sit down and get ready for this. Its important that you read this whole letter right away because there are things you have to do that are talked about at the end of this letter, and we're anxious to move on this as soon as possible.

A couple of things have made us seriously re-examine our whole network. First of all, a lot of dissatisfaction was expressed at the mid-west distributors conference in Champaign, and some alternatives were proposed, primarily by Thelma Norris of Chicago. Secondly, in the fall we will have 8 or 9 albums plus 2 songbooks to distribute. That means a couple of things. First, try imagining what the new monthly report sheets will look like. Second, imagine how much extra time its going to take you to get all these products to stores, radio stations, etc. Its clear that the current method of record and bookkeeping is inadequate to the number of products we will have. Its also clear that you're going to need more time to do your job. Distribution is becoming a full time job, and we think its time it took on the characteristics of a full time job. That means it must pay you much more than you're getting now, and it also must demand a kind of commitment from you to the job that it hasn't before.

What we're proposing is a system similar in many respects to those used by other record distributors. In effect, what we do now is consign records to you, you pay us when you are paid for them, and we pay you a small commission. What we'd like the new system to be, would be that you would buy albums ^{FROM} ~~for us~~ at less than the wholesale price, pay us for all the albums you buy from us within 60 days, and you set the wholesale and retail prices (with suggested prices from us) and you keep the difference between what you pay us and what you sell the records for. If at the end of 60 days, you haven't sold all the records you bought from us, you have 3 choices--1. return all the unsold records to us and you don't have to pay for them; 2. hang on to the extra records (assuming there aren't many) and pay for them, knowing that you'll sell them the following month, and knowing that the amount of money you've made as profit in the previous 60 day period will cover you're paying us for all the records; 3. hang on to the extra records and let us know that you have a certain number of x records which you want to get an extension of credit on. Depending on your track record--we'll extend extra credit to you. If you're a distributor who always reports on time and accurately, and the quantity of records left over is not huge, we'll probably have no problem. If you're a distributor who writes in only occassionally, we're going to be much more careful. (in the past 4 months we've lost about 300 records from distributors who had big inventories and just disappeared).

We will sell all products to you at one price. Each product may have a different price (i.e. 902 may be 3.00, KG may be 3.20) but each

record will be sold to you at one price. LF902 and LF904 will be sold to you at \$3.00. We would suggest a wholesale price of between \$3.50 and \$3.60. And the retail price that you sell at concerts could be \$5.50 or \$6.00. Assuming you wholesale at 3.50 and retail at 5.50, you would make as your profit, 50¢ a record on wholesale and 2.00 a record on retail.

Maybe it would help to run through a sample. At the beginning of the first 60 days, you send in an order for 100 902 and 100 904. We send you your records, with an invoice for \$600.00 plus postage, which is payable in 60 days. You take the records to stores and sell them. If you sell all those records at 3.50 wholesale, you will make a gross amount of \$700.00. You owe us 600.00 plus the postage, so you're net will be approximately \$95.00. (Under the old (current) system, you would have made 60.00. Now I realize that most of you don't sell 200 records in 2 months, you sell a lot less. But, when we have 10 records out, you will be selling a lot more records. If you sell 20 of each in 60 days (as opposed to the old reporting every 30 days) you will have sold 200 records.

When you make a sale, you are responsible for collecting from the store. When you make a sale, you are responsible for doing all the paperwork. All we want from you at the end of the 60 days is a check for the records we've sent to you, an order for the next 60 days, and a list of the stores you've put records in so we can tell people when they call and write which they do quite often. One of the things that means is that 2 women in the Olivia office, Robin and I, will be free from doing the paper work of the 70 distributors. One of the things we intend to do with our free time is work on promotion--advertising and radio. Those are things which are going to help your sales. We're also going to work on increasing our mail order business (not in ways that will compete with you) so that we make up some of the money we're losing by giving you most of the profit on retail sales.

I think the best way to proceed here would be to just list some specific questions that have come up around the new system and the answers.

1. Exclusivity--you will still be the exclusive Olivia distributor for your area. We will not set up any competitive distribution deals.
2. Bad debts--you will be responsible for stores that don't pay, since you will have all the paper work. If a store goes out of business, we'll work something out with you. But basically, you'll have to keep a closer watch on what stores are doing. We currently have some stores with 6 month old debts. All we can do is write to you and say "No more records for x store until they pay their bill." Some of you follow that, some of you don't. You'll have to be more careful about stores. Suggestions--with new stores, either have them take their first order COD to establish their credit, or give them small first orders until they've proved they will pay in 30 days. ~~We will send you a report~~

3. Small distributors--if you're freaking out because you only sell 3 records a month and can't see how you're going to be able to afford to put out the cash for 10 albums, freak not. First of all, you have 60 days to pay for your records. Second, if you don't sell them you can send them back. Thirdly, you can order in small quantities--there is no minimum order for you. Fourthly, you can re-order at any time. If you want to start with 2 of each product, and you sell them all within 2 weeks, you can order more of each. You still don't have to pay for your first order until the 60 day period.

4. Postage--we're re-investigating UPS, since the Special 4th class rates just went up again. In any case, we will expect you to pay the postage on your orders.

5. the political connection with Olivia--there was much discussion about this at the Champaign meeting. We tried to figure out where the political connection was now, and basically decided it was very informal. That is, all of you are distributing for different reasons. Some because you want the extra money you earn. Some because you want to support women's music, or want to connect in some way with women's music. Some because you agree with the goals and strategies of Olivia Records. We don't ask you your reasons when you sign up. We share our politics through the distributors packet, through the distributors newsletter, through distributors meetings, and through the individual letters we write each other along with the monthly reports. It is extremely important to us that we maintain a political connection with you. We have always said and believed that you were doing more than selling records--that you are important representatives in your communities, and we don't want that to change. If anything, we want it to grow. All the things that connect us politically now will continue. There is a possibility that the newsletter could come out more often. We will make regional distributor meetings a regular twice or 3 times a year occurrence. We won't leave them so much to chance. We hope to be able to have a national meeting at some point not too far away when we can afford to fly everyone out here. I'll keep writing to you if you'll keep writing to me. So none of those things has to change, just because you're buying records from us. We're very excited also about a training program that we're drawing up.

6. Training--this is still in its very formative stages, and is very open to debate and struggle. If what we come up with looks like a weekend training program, then we will probably arrange to train all the distributors over different weekends regionally. If it looks like we're talking about a week-long program, then we'll bring 2 women from each area to LA for the week, train them, and pay them to arrange training programs for their regions which they will lead. We can't envision how we could get all the distributors from one region to get the same week off from work, so that's why we would work with regional representatives. The training would consist of (and this is minimal and very subject to your needs) dealing with overground stores, how to do radio promotion, how to keep good records of your work, how to increase sales. There would also be time allotted for political

discussion. We will always be drawing on your skills and experiences, and we would expect that we would all be training each other, although we would also expect to have some more concrete ideas in mind for lots of these things than we have now. We may call in outside experts. This is a very new idea for us and we urge you to help us set it up.

7. Invoices, receipts, etc.--we will provide you with your first batch of invoices and receipts. After that, you'll provide your own with your name and address, etc. We will provide you with order blanks (or purchase order books) so that you can order records from us.

8. Ads--we will continue to pay for all ads, including those which are limited to your city and which advertise your stores. And we will continue to advertise in the places you suggest.

9. Promo copies--we will continue to provide you with promo copies of all records. The way that will work is that on your order, you will say you want 100 902s for re-sale, and 10 for promo. You will be expected to pay for the 100 only. You'll just have to order them separately (on the same order, but indicating which are for promo and which for re-sale).

10. Tower Records--this is for California distributors. Currently Tower pays us in one lump check for all stores every 90 days. We're going to try to get them to pay you individually for your sales rather than us. Since they only pay every 90 days, and you have to pay us every 60 days, you will have to send us a copy of your invoice for your Tower sales, and you will not be responsible for paying your Tower sales within the 60 days. As long as we have a copy of the invoice and know that x amount of records were sold to Tower, we can extend your credit until they pay. If they insist on paying us in one lump sum, we will know who to send how much money to if we have your invoices. We will send you the total amount they send us, and you will pay us the \$3.00 per record.

11. Consignment sales-- you can continue to do consignment sales. Our suggestion is that, if, after 60 days, the store hasn't sold any records, you pull them out. That way you won't get caught with a lot of extra records and no way to pay for them. It makes no difference to us whether you sell to stores at wholesale or consignment. You pay us the same amount per record. If you charge the store more for the consignment sales than for wholesale, then you make the extra money.

12. One-stops--we continue to be opposed to using one-stops. The reasons are that men make unnecessary chunks of money off our records, that we lose control of distribution, and that there is no point in having independent distributors if they are going to sell to one-stops--we could just as easily deal with one-stops from here.

13. Posters-- we will continue to provide you with as many posters as you need for whatever records have them (all Olivia produced records will have them).

14. 45s--we will continue to provide you with as many free copies of our promotional singles as you want, for use in juke boxes, radio stations, or whatever.

15. Legal stuff--we will be drawing up a letter of agreement which we will want you to sign, and we will sign, which outlines specific areas of responsibility. We don't expect to take anyone to court over lost records, but we would like everyone to think seriously about the risks and responsibilities involved. And we would like to know that everyone has the same understandings about how the system will work.

16. What happens if you don't sell all your records-- Again, we want to be flexible, especially at the beginning. By now, most of you have a pretty good idea of how many records you can sell a month when you have the time. Some of you will have to probably cut down on your inventory. Some of you may want to return piles of stuff that aren't selling (like High Risks, songbooks, etc.). We suggest you keep your stores on 30 days credit. Then, if they're a little late paying you, it can still be within the 60 day time period. If you find you're way overstocked, return records to us. If you're only slightly overstocked, and if your credit with us is good, we'll carry you. If a store is supposed to pay you and suddenly doesn't (or, in the case of lots of women's stores, can't) let us know and we'll adjust. We're willing to be very flexible in theis system if you'll be responsible about letting us know what you can pay for and why you can't pay for other stuff.

17. List of stores-- along with your check and order, we want a list of stores where you've placed records. All we want to know is which record at which store. We don't need to know how many, or on what terms.

18. Rampant Retailism--an interesting concept raised at the Champaign meeting. What's to prevent distributors from selling all records at retail, since you'll be making so much money there? Nothing. There is no reason why you shouldn't make extra money selling records retail. Better you should have it than some male-owned record store. Of course, its easier to sell 10 records to a record store than to go door to door trying to sell them retail. But, especially if there are no women's stores in your area, by all means have your friends buy them from you rather than a male-owned store. As much as possible, we should keep women's money in women's hands. And since we're all committed to getting records in the hands of women who aren't our friends or don't go to women's stores, there will continue to be a need to sell records to overground stores.

19. What about the financial loss to Olivia of this system?--It is true that we will lose some money by not making the big retail profit. Our wholesale profit will stay the same. But, under this new system, we will be freeing up 2 women to work on promotion, advertising, mail order, and other aspects of Olivia which will boost over-all sales. In addition, we hope that if you can see your way clear to making more money with this deal, that you'll eventually be able to spend more

time doing it which will mean more record sales in your area which will also mean more money for us. And in any case, about 90% of all sales made by distributors are wholesale sales. So we're not even talking about losing that much money.

20. Minimum Order-- there will be no minimum order. You can order one record at a time if you want. There will also be no maximum order, assuming your credit is good. We would expect, for example, that the Bay area women would start with orders of 500 for the Be Be K"Roche album.

21. Re-ordering-- there is no need to wait 60 days to re-order. And you don't have to pay for your previous order before you re-order. As long as you keep paying your bills on time, we will keep filling your orders. If you order 10 902 on Sept. 1, you must pay us 30.00 by Nov. 1. But you can order more 902 on say, Oct. 1 and still not have to pay for the first batch until Nov. 1 and the second batch on Dec. 1. Unless you fall behind in your payments, in which case we will not fill new orders until old ones are paid for. Unless there are extenuating circumstances which you will tell us about.

22. The Transition--You will go through your stock and send back to us whatever you don't think you can sell in the first 60 days of this system. We're going to send you account cards on all the stores in your area, and you should make a point of collecting from them. If they refuse to pay, we will assume those bad debts, but you should remember that and not trust them with more records. We would like it if you would collect on those debts.

23. Is it definite that we're going over to this new plan, or, what happens next?-- No, it is not definite. The collective here is very strongly in favor of it, as are many of the distributors we've talked to. But we will not make the change without you, for obvious reasons. So what should happen next is this: everyone, every single one of you, must write to us within the next month (by August 31) with your questions, thoughts, feelings, misgivings, etc. (I should say that where 2 or more of you are working together, e.g. Betsi and Linda in NYC, both of you don't have to write but one of you has to write for both of you). The sooner you can write the better. We may have to make adjustments to the system based on your suggestions, and we'd like to know exactly how we're going to be operating before the new records come out in the fall. If there's any way to get your response in by August 15, I will personally kiss all your toe hairs (are you thrilled?). We will have to put out at least one more mailing to everyone, plus answer all the individual questions you will have, so the sooner the better. IF WE DON'T HEAR ANYTHING FROM YOU BY AUGUST 31, WE WILL ASSUME YOU ARE NO LONGER INTERESTED IN BEING A DISTRIBUTOR, AND WE WILL BE EXPECTING YOU TO RETURN YOUR INVENTORY RIGHT AWAY. Please don't just write and say you hate it, if you do. We need to know why. You can call if you want. Our new office hours are Monday-Friday, 9:30-1:00, 2:00-5:30, and Saturday 9:30-1. You can call me at home--my new number is 213 389-7501.

24. No title for this one-- if we go into this new system, we will try to arrange distributors meetings for all the areas that haven't had them yet, or recently, as soon as possible to help you make the transition. Areas which need them are the northeast, northwest, California, southwest, and Puerto Rico (this is really a joke, even though we have distributors in Puerto Rico. Its just that I wouldn't mind going.)

Finally--we believe this new system is wonderful and will take care of our problems of inefficiency which involves too much time spent on maintenance; and your problems of not enough money, not enough logistical support from us, and not enough time. I should add that we do not expect anyone to immediately quit their straight job in order to distribute full time. That may happen for some of you, and others of you may end up putting in the same amount of time as now but making more money anyway.

If there are some of you who sincerely don't care about the money and already have plenty to live on, you might want to consider working with another woman in your community who needs money, and dividing the work in some way, which would mean more Olivia work could get done without you having to put in more time. You don't have to do this--its only a suggestion.

We're really excited to hear your responses, so let us hear from you as soon as you can.

I will be writing lots of more stuff about other changes Olivia is going through and plans and records and studios in the next distributors newsletter. I just want to say quickly that Be Be is finished and oh my oh my.

Much love and support,

Gunny

A rather important PS--the only prices we know for sure are for 902 and 904 and they will be 3.00 each to you. We're figuring out the others. And we'll let you know.