

# BUSINESS

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THE TENNESSEAN

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## Don't let summer's laze reach your wallet

By **Dave Carpenter**  
ASSOCIATED PRESS

**CHICAGO** — Summertime and the livin' is easy, which often means letting decisions about your finances slide. Who wants to think about tedious money matters during vacations and downtime?

But this year in particular, it may be a good idea to sit down and reset some things as midyear statements roll in.

The dust from the market crash has largely settled, and government decision-makers are in the midst of taking actions that will reverberate throughout the economy, the markets and beyond. You want to be prepared for the consequences.

Summer also is generally a golden opportunity for those willing to use some of their extra time to tighten their finances.

"It's like the fable of the ant and the grasshopper," said Eleanor Blayney, consumer advocate for the nonprofit Certified Financial Planner Board of Standards. "The grasshopper fiddles away the summer while the ant puts away food for the winter. Which one do you want to be?"

Be an ant, at least for a little while, when it comes to your financial affairs this summer.

Here are seven midyear financial resolutions, as recommended by certified financial planners, that should pay off in the long run:

■ **Review financial statements and strategy.** If you're among the many who have developed a habit of not opening account statements or delaying looking at them since the market crash, break it.

It's not just that stocks have bounced strongly higher since early March, making midyear statements tolerable to look at. Disengagement can lead to bad things while your investments are on autopilot — portfolios can get out of whack, becoming too risky or conservative for your situation.

Besides looking at recent results, make sure your holdings and investment allocations still make sense in this economy. And rethink your strategy periodically from now on, either on your own or with a planner's help.

"Don't just assume you can throw money into an indexing strategy, or a couple of actively managed funds, and let them go," said Ron Myers of Associated Financial Consultants in Fort Lauderdale, Fla. "That may not be the case any more."

■ **Become more aware.** As part of a financial reawakening, it's a good idea to watch political and legislative actions more closely because federal and state officials are reshaping your future on many fronts.

Your investments, taxes, insurance and health care all face changes from a variety of pending or expected proposals: a health-care overhaul, Social Security and Medicare reform, and some states' income tax increases, among them.

■ **Build up your emergency fund.** The Great Recession and still-rising unemployment have increased the urgency of having at least six months' minimal living expenses set aside. The average length of

» **SUMMER, 3E**

## MUSIC INDUSTRY



**Michael Martinez, visiting Nashville from Monroe, La., tries out a new line of cymbals by Supernatural Percussion Inc. while attending the Summer NAMM Convention at the Nashville Convention Center.** BILLY KINGSLEY / THE TENNESSEAN

# Music gear mecca's siren song wanes

## NAMM attendance sags; hotels scramble to fill vacant rooms

By **Wendy Lee**  
THE TENNESSEAN

The Summer NAMM Convention, a national music products trade show known to bring 20,000 visitors here for its three-day run in past years, has hit a sour note this weekend with attendance down at least 25 percent from 2008, leaving hotels scrambling to fill rooms held for conventioners.

"I don't think there's any mystery (the economy has) impacted all of us," said

NAMM President and CEO Joe Lamond. "Our members have to watch every dollar."

"I don't think it's a reflection of NAMM or Nashville. It's really just the economy, the industry and those types of issues," said Michael Hughes, vice president of research and consulting for *Tradeshows* magazine.

The lack of attendance caused some hotels to scramble to fill vacant space with other guests, and at least three properties sharply discounted room rates to try to book more rooms at the last minute.

At the Nashville Hilton, NAMM failed to fill 40 percent of the room nights the hotel had projected for this weekend, General Manager Ray Waters said. The

convention ends today.

Attendance at the trade show is projected as low as 12,000 or 13,000 this year, down from a peak of 23,000 attendees in 2004. Last year, NAMM returned to Nashville for the first time since 2004 and drew nearly 17,500 registered attendees.

The weakened attendance mirrors a broader downward spiral in national business travel. The volume of hotel bookings by conventions and groups was off 15 percent in Nashville in May from a year earlier, according to Hendersonville-based Smith Travel Research. Revenue from group business here declined 16 percent for the same period, the research firm said.

» **NAMM, 2E**



SAMUEL M. SIMPKINS / THE TENNESSEAN

"Country has the Bluebird (Cafe). Urban music doesn't have that in Nashville. We don't have a Bluebird. There's no place to go where famous people will just stop in."

— **R&B PRODUCER  
SHANNON SANDERS**

## Is country crushing Nashville's creativity?

By **Naomi Snyder**  
THE TENNESSEAN

Could Nashville's country and Christian music industry be crushing innovation? It sounds like a ridiculous question, were it not for the musicians who think it might be true.

"It's very much a songwriters town, but it seemed like if you weren't country, they weren't interested," said Rick Vito, a former Fleetwood Mac lead guitarist who left Nashville a year ago to move to Hawaii. He said he even had trouble getting session work in Nashville.

Sociologists have begun arguing about whether Nashville's music scene is really all that creative. Although the city has grown tremendously over the past few decades, in part because of the music industry, some say country music's dominance drowns out different sounds here and puts the future of the industry at risk.

Richard Florida, the sociologist who



Search **MUSIC** to take our online poll and see the report on the music industry in Nashville and how we rank in musical diversity.

wrote about "the creative class" as such an important ingredient for economic growth and vitality, has written that Nashville "sucked up all the growth in the music industry" between 1970 and 2004, meaning it grew more than other cities in numbers of musicians.

That's a good thing. Daniel Silver, however, a colleague of Florida's and professor at the University of Toronto, has ranked Nashville below Los Angeles, Atlanta, New York and even Portland, Ore., in terms of musical diversity. Even though Nashville dominates in terms

» **CREATIVE, 2E**

## EXECUTIVE Q&A

# Shoney's strategy caters to recession-weary diners



**Shoney's owner David Davoudpour at the remodeled Thompson Lane store.** SANFORD MYERS / THE TENNESSEAN

In January 2007, the Shoney's restaurant chain's latest owner, David Davoudpour of Atlanta, took over a legendary Nashville-based brand that was in tatters. Restaurants were in disrepair in some communities, and the quality of food was hit or mostly miss.

Two and a half years later, despite harsh financial blows from the U.S. recession, the 62-year-old Shoney's chain has managed to keep a total of 261 restaurants open across the country, including 61 that are corporately owned and 200



Search **FOOD** to see photos of the renovated Shoney's on Thompson Lane.

others run by 50 franchisees.

Davoudpour's varied interests also include ownership of the largest Church's fried chicken franchise in the country with restaurants in Texas, Arizona and California, as well as numerous real estate holdings here and nationally.

At Shoney's, he finally seems poised to add a handful of new stores over the next two years

and make over others, including a rebuilt location on Thompson Lane that reopened last week.

He met with *Tennessean* Business Editor Randy McClain to discuss the Thompson Lane restaurant's fresh design and how he plans to enliven the Shoney's concept with new menu items and clever cost controls that won't skewer food quality.

**What progress have you made in the past year and a half as you have worked with franchisees to**

**streamline operations?**

I don't think anyone in America would have imagined the past year would have been so rough economically. Definitely, the impact of that has had some sort of influence on us.

Our franchisees have been very receptive to the new Shoney's. This is what Shoney's was meant to be. Every restaurant operator across the country wants to be like Shoney's now. They're lowering prices.

» **SHONEY'S, 3E**

## Revive resolve to mind money

» SUMMER FROM 1E

official unemployment is now 24½ weeks and rising — the longest since the government began compiling that data in 1948.

Besides serving as a cushion in case of job loss or disability, it also could help provide the freedom to try a new line of work. "This job market is giving people an opportunity now to pursue what they love doing," said Susan Spraker of Spraker Wealth Management in Maitland, Fla. "People lose sight of the silver lining of second chances."

■ **Commit to saving more.** Put in writing how much you intend to save between now and the end of the year. Then begin working toward that goal by paying more attention to your spending.

If you made a New Year's resolution to save more but things haven't quite worked out the way you thought, you still have time before year's end.

"It starts by knowing how much you're spending and where you're spending it," said Glenda Kemple of Kemple Capital in Dallas. "It is a rare family that I find that doesn't have money falling through the cracks."

It doesn't have to be a lot. The National Foundation for Credit Counseling advises socking away just an extra \$20 a week. That will give you \$500 by year's end — enough to help with short-term expenses or put toward retirement or some other long-term goal.

■ **Do an insurance checkup.** Review all insurance policies to make sure they aren't about to lapse and are at appropriate levels. You may be underinsured or overinsured if a number of years have passed since you purchased a policy or last checked it.

"It's just like going to the doctor and getting a physical, where they check your blood pressure and

weight," said Peter Lepones, a certified financial planner with Life Plans of New England.

Switching to higher deductibles on auto, home or homeowners insurance is a quick way to save. Life insurance you bought 15 years ago may be either insufficient given changes in your living situation or unnecessary if your children are grown and you're nearing retirement.

For answers on questions about how much coverage you need, go to [www.iii.org](http://www.iii.org) — the Web site of the Insurance Information Institute, a New York-based industry group.

■ **Be realistic about education spending.** Don't start shifting contributions from retirement to college to make up for losses in your 529 plan or other tuition monies from the market meltdown. Make sure you can achieve your retirement objectives first.

Establish a budget and let your children know that anything above that is for them to pay. Make sure the money will be well spent.

"If they have had mediocre high school grades, why not let them prove themselves at a less-expensive venue like a junior college?" said Kevin Meehan of Summit Wealth Advisors in Itasca, Ill.

■ **Prepare for a Roth conversion.** Start setting aside money now for taxes you will need to pay to convert your Individual Retirement Account to a Roth in 2010. That's when income limits expire that now bar millions of people (anyone with an adjusted gross income of over \$100,000) from converting.

Planners love Roths because they allow tax-free withdrawals.

Said Joe Birkofer of Legacy Asset Management Inc. in Houston: "We've been waiting for this for years!"

## INVESTING

# Bear market could be going before big bull

It's official. The stock market has been a terrible place to be. And not just for a few years, but for decades.

New research from the Leuthold Group, a Minneapolis-based institutional research and mutual fund firm, indicates that stocks have done about as poorly relative to 10-year Treasury obligations as they have ever done.

I am not telling you this to rub it in. You don't need to be told that stocks have done poorly for more than a decade.

But knowing exactly how terrible the return on stocks has been relative to bonds may tell us something about the future. Stocks are more likely to provide higher returns than bonds in the future simply because no extreme lasts forever.

Here's what Leuthold Group researcher Eric Bjorgen did. Taking quarterly data from every period since 1926, Bjorgen compared the performance of stocks, as represented by the S&P 500 index, with the performance of 10-year Treasury obligations over the same time period. He did this for every trailing 12-month period, for every trailing three-year period and for trailing periods out to 50 years. Then he examined the distribution of the performance differences.

What he found confirmed some old knowledge. It also revealed how extreme the misery of the current market is.

The old knowledge confirmed:  
■ Stocks provide higher returns than bonds most of the time. Over 333 one-year periods since 1926,



» SCOTT BURNS

stocks have provided higher returns than 10-year Treasury obligations 212 times, or 63.7 percent of the time.

■ The longer you hold stocks, the greater the odds your return will be better than the return on 10-year Treasury obligations.

While stocks beat bonds 63.7 percent of the time over 12-month periods, they beat them 77.2 percent of the time over five-year periods, 85.3 percent of the time over 10-year periods, 99.1 percent of the time over 25-year periods, and 100 percent of the time over periods of 35 years or more.

The new knowledge of just how bad the current period is:

■ While stocks did better than bonds by 6.6 percentage points a year, on average, in 12-month periods, they trailed by a near record 47.8 percent in the most recent 12-month period ending March 2009. Only two of 333 time periods were worse.

■ The record is nearly as dismal over all three-year periods. Only eight of 333 time periods were worse.

■ The same result is shown for all

five-, 10-, 15-, 20-, 25-, 30-, 35-, 40- and 50-year time periods. In each case, the return on stocks relative to bonds is at near record lows. Note that this doesn't mean stocks lost money and bonds made money. It simply means that in recent periods, stocks have returned less than bonds by the greatest historical margin.

There are two ways we can respond to this.

One is to believe that everything we know is wrong and history is being written. Bonds are better investments than stocks today, and for the future.

The other is what the Leuthold Group researchers believe. This is a time to buy stocks (or at least hold them) because extremes like this simply don't go on forever. There is always reversion to the mean.

That reversion also can mean a powerful future return. Examining the subsequent returns on stocks in comparable extreme periods, for instance, the researchers found stocks always beat bonds in future periods. Over all subsequent five-year periods, for instance, stocks returned 19.5 percent — nearly double the historical average.

The future may not be nearly as bleak as it seems.

Scott Burns has been a financial columnist for 30 years. He recently retired from the *Dallas Morning News* as its personal finance columnist but continues to write frequently on money topics. He has published three books on how to manage money, invest and budget. Visit his Web site at [www.scottburns.com](http://www.scottburns.com).

## Experts point out where good buys might be

THE WASHINGTON POST

WASHINGTON — For the third quarter, market strategists said there are still many good buys. "The bargains are fewer than they were months ago, but the bargains exist," said John Coumarians, a mutual-fund analyst for Morningstar.

Jeffrey Kleintop, market strategist

for LPL Financial Services, said the industrials sector is one to consider because those companies will benefit from the resurgence of economic activity. Small-cap stocks, or shares of small companies, are safer investments than large-cap stocks, or shares of large companies, because smaller companies have more exposure to the American economy.

Large-cap companies are more dependent on exports, which won't recover as quickly, he said. Corporate and high-yield bonds probably will post higher returns than government bonds, a trend Kleintop said was seen in the second quarter.

Now is a good time for investors to review their asset allocation but not to abandon any long-term plans.

# Shoney's owner says they'll stay strong in recession

» SHONEY'S FROM 1E

They want to be economical. Our menu has 93 percent of its prices under \$10.

Now we have put an emphasis on making our stores look fresh and use fresh, not frozen, supplies. Some of our franchise partners may be in the past ... they forgot to follow the procedure.

But now we're bringing it back to standard. But we only lost one or two who didn't want to do what we're asking them to do. We haven't had a big exodus. Our franchise partners for the most part are excited about what we've done.

**You've just completed an elaborate makeover of your Thompson Lane Shoney's; after a fire there you rebuilt from scratch and turned it into a prototype with a unique menu that tests items for your other stores. Will you do a remodel on any other Shoney's locations?**

We will re-image five to 10 restaurants in 2010 and the balance of our company restaurants over the following two or three years.

With regard to the Thompson Lane restaurant, we approached its reconstruction just like we were building a brand-new restaurant.

Franchisees will be able to follow suit and share in the cost of (renovations) in their areas.

We are in the process of creating three levels of re-imaging packages for their use. The costs will range from \$75,000 to \$100,000 and on up to \$125,000 depending on store size and other factors.

**Describe the biggest challenges you found after buying Shoney's two and a half years ago.**

Very quickly we came to the conclusion that what was missing from the old Shoney's was innovation and simplicity, and giving back to the communities

where we operate. At this new location on Thompson Lane, for instance, we've hired 80 new employees, most of them from this neighborhood.

We've added several breakfast skillet and other dishes you wouldn't necessarily expect at a Shoney's — lemon chicken, salmon, an artichoke and crabmeat entrée.

We'll use our Thompson Lane restaurant as a pilot location, testing new menu items before we bring them to our other stores.

**What are some of the key design elements in your prototype store on Thompson Lane?**

The exterior wall was sandblasted to showcase the original red brick.

We put up new exterior signage and electronic reader boards and installed red "S-shaped" door handles on the entrance to highlight the Shoney's logo and brand.

Inside, there's a completely new and contemporary environment with richer finishes for our booths, tables and flooring. We can seat up to 130 guests.

We redesigned the workflow in the kitchen and installed new kitchen equipment. We put in a waterless restroom to save up to 45,000 gallons of water per year. We took our time and completely rebuilt this place.

**Have any other stores been made over in this fashion yet?**

Economics will be a factor in how quickly we redo other stores, although a couple of our franchisee partners in other states have already done this sort of makeover and are seeing great sales results.

People wanted to see Shoney's update its image.

For the others, we'll have at least two sorts of prototypes — for stores with 4,000 square feet and for 6,000 square feet.



David Davoudpour says Shoney's will renovate as many as 10 restaurants next year, with the goal of updating all the company-owned stores. SANFORD MYERS / THE TENNESSEAN

Both models will have drive-thru for the first time in Shoney's history. Drive-thru operations could boost a location's sales 30 percent.

**What are annual sales at the average Shoney's location, and what percentage of that comes from breakfast?**

Breakfast represents 35 percent of our system sales, and the average location does \$1.6 million in sales a year.

**Will Shoney's expand further in the Nashville area in the next year or so?**

The intent is — God willing — to open another store here in Nashville, a 6,000-square-foot model this year; and next year perhaps two more new spots.

Then, our 50 franchisees will have the option of adding stores, as well, starting next year.

We hope to see real growth over the next three years. The economy is being held back today more by fear than facts. Nobody came with a truck, taking our money out of this country or shipping it to another planet.

If your business model is solid, don't pull back. If it works, have faith and carry on, expand, grow the business, create jobs.

ness, create jobs.

**With the economy continuing to suffer locally and nationally, how will Shoney's fare?**

My economic sense tells me that based on our business model this brand is conducive to this economic environment because of how we're priced and how we operate.

Shoney's has been a value restaurant since it opened in 1947. Other chains are coming down because they realize this sort of business model works.

**How have you cut costs since taking over or better controlled your costs?**

Our menu used to require 1,500 items to prepare. Now we've made it closer to 500 items, and that saves an enormous amount of money. That's simplicity, and that's why we're a profitable organization today.

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