



IBJ Photos/Robin Jerstad

Sofia Violins CEO John Welch, above, plays one of the company's handmade concert-quality instruments. The company ships assembled violins, right, from its Bulgarian factory to Indianapolis to be finished in its Lockerbie Square workshop.

Fine-tuning a business strategy

Local violinmaker finds success by raising prices

By **Matthew Kish**
mkish@ibj.com

John Welch made a counterintuitive business decision two years ago.

The violin business was in decline. Asian manufacturers were turning out high-quality stringed instruments for a fraction of the price of their American competitors. Welch decided to swim against the current.

He raised prices.

"We realized the only way to compete with the Chinese was to improve our quality," said Welch, CEO of Indianapolis-based Sofia Violins. "We realized we had to give our violinmakers more time."

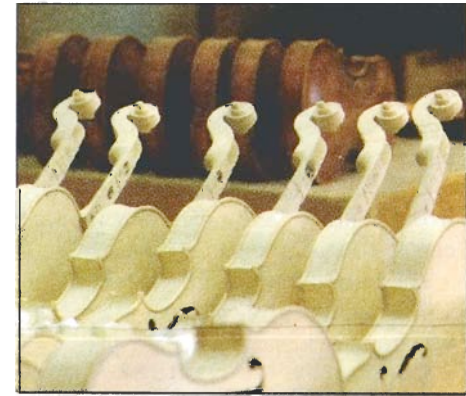
Today the company's average instrument costs almost \$4,000. Two years ago it was just over \$2,000. Surprising everybody except Welch, his strategy worked.

Sofia is expected to sell 350 hand-made violins, violas and cellos this year, enough to bring in revenue of just under \$1 million—a 10-percent increase from last year. And it's not a bad chunk of the \$55 million international market.

"They have wonderful-sounding instruments," said Glen Kwok, a violinist and executive director of the International Violin Competition of Indianapolis.

Think globally, act globally

Welch thinks more American companies should imitate his business model.



In today's global economy, he said, **Germany** is the country the United States should model, not Japan or China. **Germany** ranks first worldwide in exports because it focuses on high-cost items. In other words, if General Motors wants to stay out of bankruptcy, it should follow the example of Mercedes, not Honda.

International trade experts agree that it's not a bad idea.

"There's a lot of cheap labor in the world," said John Nevell, regional manager of international trade programs for the Small Business Administration's U.S. Export Assistance Center in Chicago. "How do you compete? A lot of people throw up their hands and say, 'I can't.' But one way to do it is to concentrate on higher-end product."

At least one instrument maker, however, See **VIOLINS** page 30A



VOLIN

Continued from page 27A

worries the strategy could be disastrous.

"Not everybody can afford to pay that much for a violin," said Walt Krasicki Jr., owner of Chicago-based Venus Harps, a family-operated business. "Not everybody is going to get that scholarship to the Julliard [School]. It's important that we don't limit who can afford our instruments. If we do, we've created a problem."

Krasicki said he's facing the same overseas competition as Welch, but he's trying to maintain his current pricing. A Venus harp costs between \$10,000 and \$30,000.

Welch agrees that instrument manufacturers need to get violins and harps into the hands of those who can't afford them. That's why he sends his rejects to music programs in impoverished areas.

Attracting people to the concert hall, however, is not a problem. Thanks to celebrities such as Yo-Yo Ma, more people are picking up stringed instruments than ever, he said.

"The market has been expanding every year since the end of World War II," Welch said.

A history of violins

Welch founded Sofia parent company Consort International in 1988 after a business contact in Bulgaria suggested they bring violins to the U.S. market. He already knew quite a bit about interna-

tional trade, since he'd been in export management since the early 1980s, years before Mr. Reagan told Mr. Gorbachev to "tear down this wall."

Since he knew the ins and outs of the trade game with intimidating locales such as the Soviet Union and Brazil, the notion of working in Bulgaria sounded less daunting. With a background in music that included a stint as assistant general manager of the Chicago Symphony, Welch thought manufacturing violins seemed like a perfect fit.

The company now has two offices: one in Bulgaria and one in Lockerbie Square in Indianapolis. The 12 employees in Bulgaria hand-select trees used to make the violins from the Southern Balkan and Rodopi Mountains of Eastern Europe. It's the best "tonal wood" in the world, according to Welch.

They dry all of the spruce and maple used in the instruments over a period of years. After the wood settles, it's assembled by the craftsmen in Bulgaria and shipped to the company's five Indianapolis employees for finishing. The local staff includes three luthiers, or violin-makers, and two administrative employees.

The Indianapolis office is housed in the former St. Mary's Catholic School at the southeast corner of New Jersey and Vermont. A humidifier hums in a corner, giving the room perfect 50-percent humidity. Violins hang from every inch of the ceiling like carcasses in a meat locker. Some are skeletons. Some are ready for the bow of a concert musician.

"We realized the only way to compete with the Chinese was to improve our quality. We realized we had to give our violin makers more time."

*John Welch,
Sofia Violins CEO*

See next page

Concert 'jewelry'

On a recent Thursday, Welch put on an impromptu concert with one of the instruments.

He played just fine, as a result of his university music education. (Welch refers to himself as the "only CEO in the world who's a student of Aaron Copland.") The three luthiers sanding, varnishing and stringing violins, however, didn't listen to Welch's performance. Nor did they listen to the NPR broadcast on a nearby radio. They listened to how the violin performed.

As Welch hit the first note, work stopped. Sandpaper fell to the floor. Heads nodded. Eyebrows furrowed. Quizzical looks were exchanged.

The month and year of manufacture for each violin is stamped inside the instrument. As soon as Welch put the violin down, Executive Vice President Todd Matus picked it up like a newborn baby and gently laid it on a table. He inserted a dental mirror into the s-shaped opening on the face of the instrument with the precision of a scientist. He jotted notes.

Small details matter when you're on a

Promethean quest to build the perfect violin, he explained. A good violin must rise "to the level of jewelry."

Those on the hunt for one of the company's masterpieces have two local options. Although 40 percent of the instruments end up overseas, both Frank's Violins in Broad Ripple and the Violin Shop of Old Carmel carry them. Most buyers are advanced amateurs, such as high school and collegiate players.

Sofia may turn out first-class instruments, but all its clients would undoubtedly love to play one of the crown jewels of the violin universe: an instrument by Antonio Stradivari. The Italian luthier died in 1737 and left behind about 650 instruments. Each would easily fetch \$1 million on the open market.

Welch knows that while his instruments are top-notch, Stradivari will forever remain the king.

"All of our patents expired 250 years ago," he joked.

He also knows that, just like Stradivari, he'll eventually have to turn over his business to an apprentice. That's why within the next two years, "just as soon as [his] business cards run out" he'll hand the bow and varnish to Matus. •



Making music

Want to build a concert-quality violin? It'll take some time. Here's a step-by-step guide:

1. Find some nice spruce and maple. Let it dry. (100 years is ideal. If that's not tenable, give it at least 10.)
2. Use a machine to give a rough shape to the wood pieces that will become the violin's top, bottom and sides. Finish the carving by hand, and glue the pieces together. (eight hours)
3. Attach the neck. No glue allowed here. Or hammers. Or nails. It must be tension-fit so it stays together without fasteners. Pros call this a mortise fit. Repeat with the bridge and post. (three hours)
4. Varnish. Apply a golden layer to the raw wood. Allow it to dry. Repeat six times over two weeks. Hand-rub the final layer with alcohol and mineral oil. (five hours)
5. Attach the strings. Buy an insurance policy. Start collecting admission.

Opposite page: Sofia Violins' Todd Matus inspects a completed instrument, top left, as Zlatko Karabegovic works on an unfinished violin, bottom. This page: Karabegovic, top, is one of the Indianapolis luthiers who sand and apply other finishing touches to instruments assembled in Bulgaria. The violinmakers, including Steve May, above