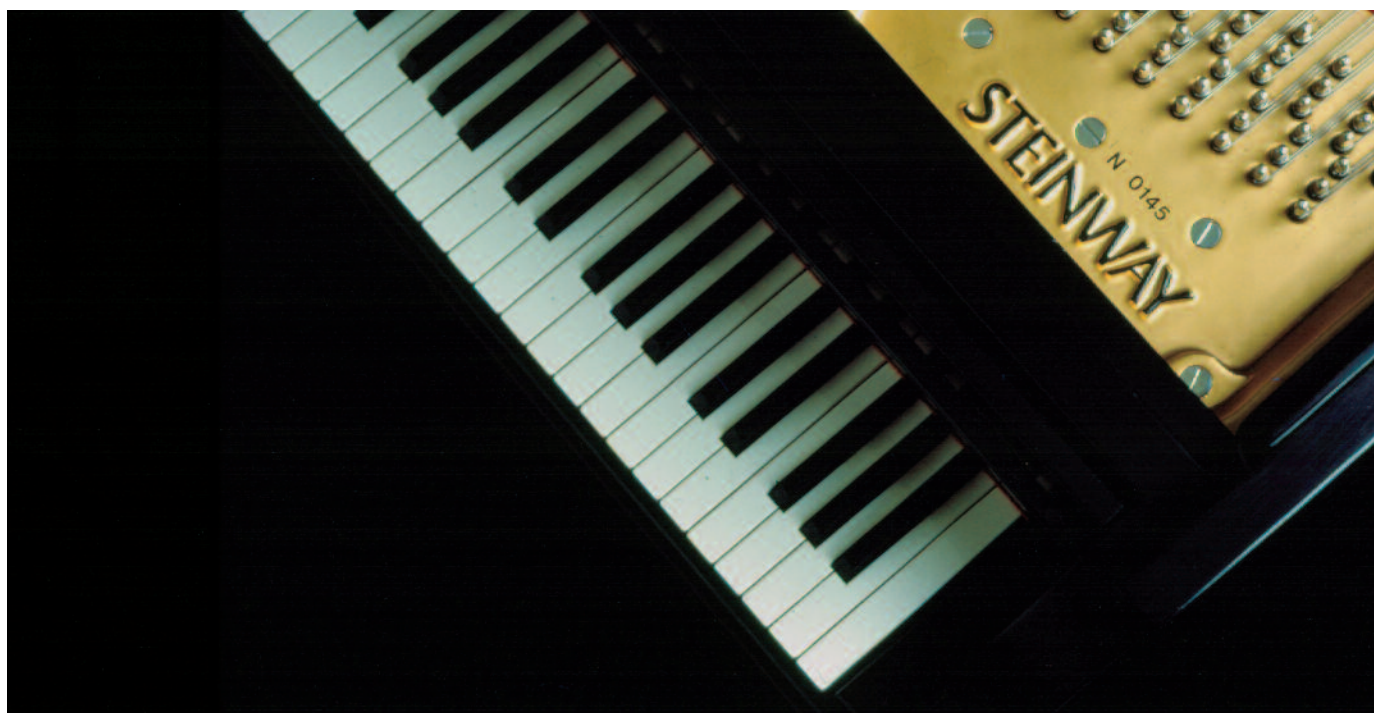


STEINWAY & SONS AT 150

The Most Famous Name In Music



How the Steinway family perfected the piano, invented modern marketing, enriched America's cultural heritage and transformed the music industry, and why the company they launched continues to thrive 150 years later.

The story of Steinway & Sons, the world's most renowned maker of pianos, begins on Saturday, March 5, 1853. Bacon & Raven, New York's largest piano maker was on strike, and four of its best workmen, a father and his three sons, chose that day to start their own piano business in a small rear building in lower Manhattan. In less than ten years, they had built the world's largest piano factory and established the Steinway piano as a symbol of uncompromising excellence. This remarkable evolution is the interplay of two major themes: a family and a nation. In the German province of Brunswick, the energies of the talented Steinway family had been frustrated for over a decade. Like millions of other Germans at the time, they emigrated to America, and there, the liberating force of American institutions freed their formidable talents.

On Sunday, June 9th, 1850, the steamship *Helene Sloman*, sailing from Hamburg Germany with a large number of German immigrants on board, docked at the world's fastest growing port, New York City. Among the hopeful newcomers were Heinrich Engelhard Steinweg, his wife Julianne, and five of his seven children (Doretta, Heinrich Jr., Wilhelmina, Wilhelm, and Albrecht.) Shortly after arriving, Heinrich partially anglicised his name to Steinway.

When the Steinway family arrived in New York, piano manufacturing was one of the largest industries in America. For many years, it was the only form of manufacture in which the name of the manufacturer attained nationwide recognition. During the year the Steinway family arrived, the U.S. Patent office estimated that American piano manufacturers employed some 1,900 workers to produce 9,000 pianos with an aggregate value of \$2.1 million.

Like the millions of other German immigrants, the Steinways were lured to America by economic opportunity. In their hometown of Seesen, Germany, the family had operated a modest piano and instrument shop, making gui-

tars, organs, zithers, and in good times, as many as 10 pianos a year. All of the instruments bore the inscription, "H.E. Steinweg, Instrumentenmacher, Seesen." A violent revolution in Germany in 1848 paralyzed all levels of commerce and caused great hardship. Production at Henry Steinway Sr.'s modest enterprise was curtailed so he sent his second son Charles to America to explore the possible advantage of emigration.

In April, 1849, Charles Steinway, then a young man of 20, reached New York where he had the good fortune to find employment as a fine tuner and tone regulator with Bacon & Raven. Despite low pay and harsh working conditions, Charles' letters persuaded his father to relocate to New York. When the rest of the family sailed for New York in 1850, Henry Sr.'s son C.F. Theodore stayed behind to continue the family business.

Upon arriving in New York, Henry Sr. and his family moved into cramped quarters on Hester Street. Henry Sr., Henry Jr., and Albert joined Charles at the Bacon & Raven factory, while William Steinway went to work at William Nunns & Co. In his meticulous diaries, William explained years later that the Steinways went to work in different factories to "familiarize themselves with the requirements and tastes of the American musical community. Though possessing a reasonable amount of capital, we did not start in business for ourselves until three years later."

On July 14, 1853, the first World's Fair in America opened in the Crystal Palace on 42nd St. and 6th Ave. It had been erected by an association of public spirited men in imitation of the renowned London structure. In an age without the mass methods of communication that exist today, international fairs were major influences in the development of commerce. They enabled the consumer, the shop keeper, and the manufacturer to see new products and learn their usages.

Millions of New Yorkers, including the Steinways, saw the new wonders of art, mechanics, and science that had earned for this era, the title, "The Age of Improvement." Among



THE FIRST STEINWAYS—

Henry E. Steinway, company founder and his sons William Steinway and C.F. Theodore Steinway

STEINWAY & SONS AT 150

the many items on display were an interesting collection of European and American pianos, including instruments by Pleyel of France, Broadwood of England, and Chickering and Hallet & Davis of the United States.

The Steinways quickly joined the minority of American piano makers who saw the value of exhibiting at fairs. In 1854, just a year after they had commenced operations, Steinway & Sons exhibited at the Metropolitan Fair in Washington, D.C. In the 1850's fully 90% of all pianos made in the U.S. were of the square grand type, prompting William Steinway to write that "The sale of grand pianos were about as scarce as angels' visits." Thus it was not surprising that Steinway's first piano was a conventional square grand. Although the instrument contained no noteworthy innovations, it received one of the first prizes for "superior workmanship."

A year later, the Steinways had the inspired idea of overlapping the bass and treble strings to create the first overstrung square grand. The overstrung design made it possible to utilize longer strings, which increased the volume of the instrument without necessitating a larger case. Their ground breaking instrument was further distinguished by the use of a cast iron plate.

Harpichord makers had actually utilized overstrung scale



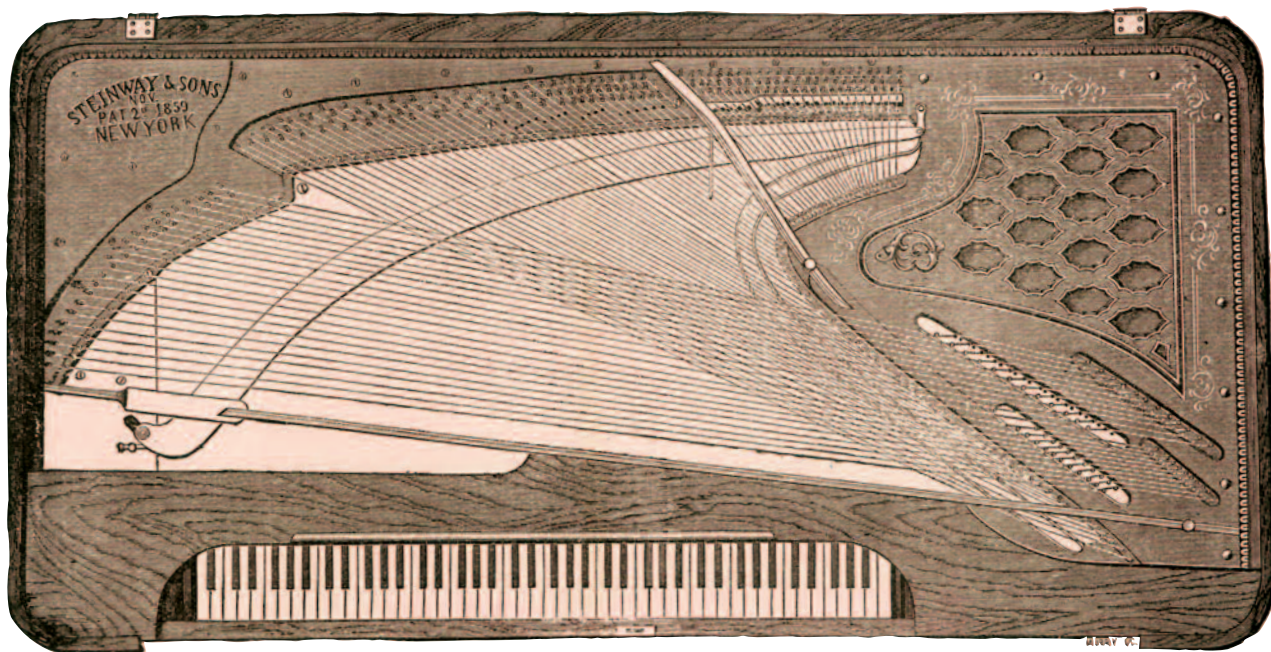
HUMBLE BEGINNINGS—
The first Steinway factory in lower Manhattan

designs as far back as the early 18th century, and U.S. piano makers had been utilizing cast iron plates since 1830. The Steinway's achievement lay in deftly blending these two design concepts to create an instrument of unsurpassed power, balance, and musicality.

From the day Batholomew Cristofori invented the pianoforte in 1711, designers and manufacturers began working to make the instrument more powerful and resonant. One of the first major design breakthroughs came in 1823 when Sebastian Erard, the French piano maker, reinforced his piano case with four iron bars. The iron supports greatly increased the strength of the piano case, which made it possible to increase the overall string

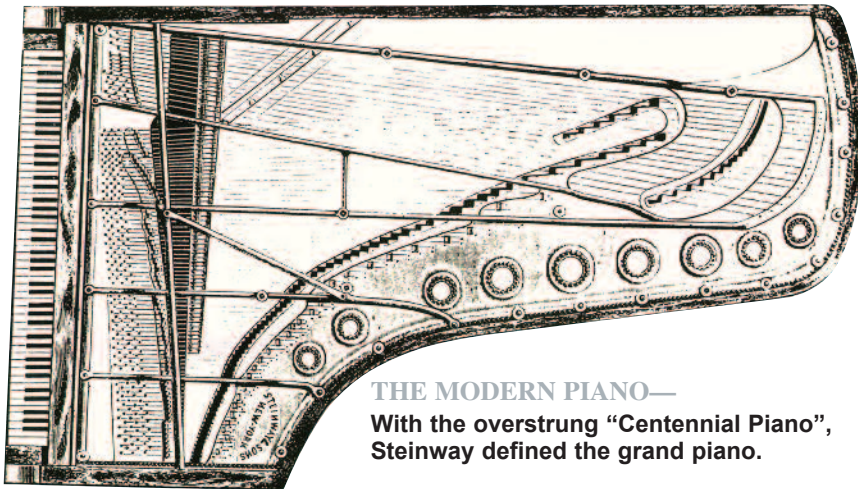
tension to an unprecedented 9,000 pounds. The result was a far more powerful instrument. Erard's invention was quickly copied by competing manufacturers throughout Europe and the U.S.

Exactly 15 years later, Jonas Chickering, the Boston pianomaker, developed the one-piece cast iron plate to reinforce his piano. Casting something as large as a piano plate was a major undertaking that tested the limits of U.S. iron working skills. Europe's iron industry lagged behind the U.S., and consequently, European piano manufacturers were unable to adopt the cast iron plate until the 1870's.



THE FIRST STEINWAY INNOVATION—

An overstrung grand, first displayed at New York's Crystal Palace in 1855 gained Steinway & Sons a gold medal and immediate acclaim.



THE MODERN PIANO—
With the overstrung "Centennial Piano",
Steinway defined the grand piano.

Measuring a little under 8' in length with a range of 7 octaves, Chickering's revolutionary grand with the iron plate boosted string tension to 40,000 pounds. This greatly increased string tension made the Chickering the most powerful instrument in its day. Despite its power, the instrument was not without its detractors. More than one musician dismissed the Chickering piano, complaining of its "thin and metallic tone." Through a series of subtle refinements, the Steinways matched the power of the Chickering, but offered a more pleasing tone quality.

Exhibited for the first time in 1855 at the Crystal Palace,

the over-strung Steinway square grand, with a full cast iron plate, inlaid with mother of pearl, created a sensation among the general public and musicians. Even the non-musical could readily distinguish its superior resonance, which was obtained without sacrifice in musical quality. Hundreds of thousands saw it in the Crystal Palace.

In the fall of 1855, the American Institute, under the auspices of the Crystal Palace awarded Steinway & Sons the first prize of all "mechanical devices" exhibited.

Steinway's prowess in constructing pianos of distinction was matched by a shrewd sense of marketing. In the pre-

Civil War era, there was no display advertising, all ads in *The New York Times* were largely type-set and appeared in the last pages, much like today's classified section. The number of individual piano companies represented in the Times ranged from 6 to 15. While most manufacturers were quick to proclaim sales and bargains, with the exception of Steinway, none of them thought it worthwhile to speak in favorable terms of their own instruments or enumerate the honors they had won.

Steinway's Meteoric Ascent

The combination of superior instruments and creative mar-

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The Finest pianos in the world

For 150 years

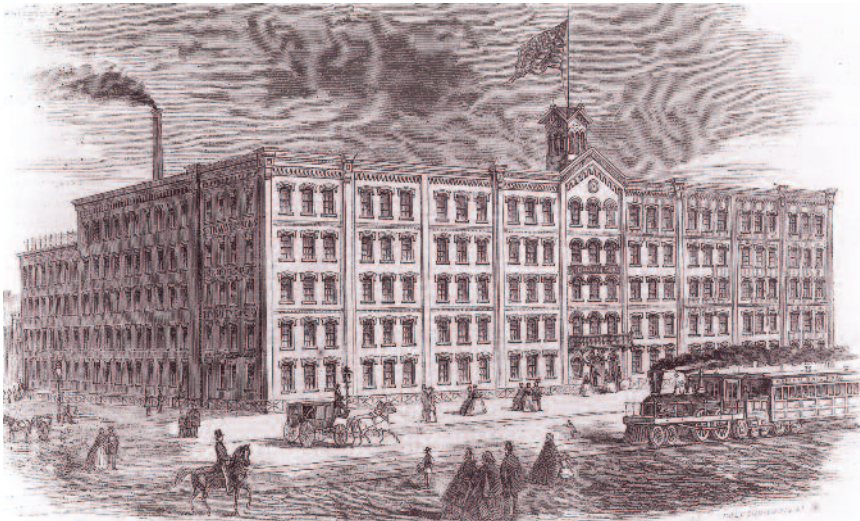


Trombino Piano Gallerie
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STEINWAY & SONS AT 150

keting resulted in meteoric growth. From the small shop on Varick St., Steinway & Sons expanded continuously, and in 1860, broke ground on 52nd St. and Park Avenue (the present site of the Waldorf-Astoria Hotel) for what was at the time, the world's largest piano factory.

Touring the imposing factory, a reporter from Frank Leslie's illustrated newspaper wrote that "about 350 men were constantly employed for a production of thirty square and five grand pianos every week. A splendid engine of 50 horsepower, situated outside the building in the yard, is used to drive all the machinery in the building." He also noted, "the Harlem & New Haven railway cars pass directly in front, making hun-



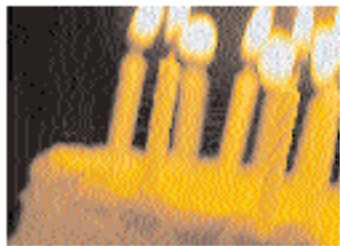
METEORIC RISE—

Ten years after starting out, Steinway & Sons built the world's largest piano plant on Park Avenue, the site of the current Waldorf Astoria Hotel.

dreds of thousands of people acquainted with the name of Steinway...the factory forming a standing advertisement of incalculable value and not to be overlooked."

In 1860, the Steinways took the bold step of applying their overstringing principles to grand pianos. The result of this initiative was the creation of the grand piano as we know it today. In 1860, Henry

Steinway, Jr. patented the scale of the overstrung grand. When S.B. Mills performed on the piano with the New York Philharmonic, *The New York Times* music critic enthused, "This was one of the most majestic instruments we have ever heard in the concert room. Concertos like the F-minor



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Sons on the anniversary of
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*Bill & Margaret Dollarhide
and staff*



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STEINWAY & SONS AT 150

by Chopin have new significance when interpreted by such ample means." In 1862, Steinway's overstrung grand astounded Europe by taking first prize at the London World's Fair.

In 1865, a double tragedy befell the Steinway family. On March 11th, as the Civil War drew to a close, Henry Steinway, Jr. died at the age of 34. Two weeks later, Charles Steinway died while visiting his brother Theodore in Germany. The sudden loss of two sons, while a third, Colonel Albert Steinway was serving with the 6th Regiment of the Union Army, crippled the management of Steinway & Sons. Responding to the needs of his family, C.F. Theodore immediately sold his piano business in Germany and sailed to New York to come to the aid of his father and younger brother William.

C.F. Theodore Steinway was 39 when he arrived in New York. An



MUSICAL MECCA

Opened in 1866, the first Steinway Hall on 14th Street was the musical center of New York. On his only trip to the U.S. Charles Dickens delivered a reading there.

accomplished pianist, he had studied acoustics in Germany. Once at the Steinway factory, he took charge of the construction department and began applying his acoustical knowledge to further the advancement of the piano.

Through most of the 19th century, piano design and construction were more of an intuitive than scientific undertaking. Piano makers generally followed their instincts in trying to create pleasing instruments. C.F. Theodore Steinway broke new ground in his use of a disciplined scientific approach. At a laboratory in his house, he constantly experimented with various materials and designs. In addition, he collaborated closely with the renowned German physicist and acoustician, Hermann von Helmholtz. (Helmholtz' most notable accomplishment was the first scientific analysis of overtones and how they affect tonal quality).

Between 1865 and 1875, C.F.

To our good friends at
Steinway & Sons



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Sorry we missed the first 143 years,
Greg, Grant and Colleen Billings



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SINCE 1904

Serving South Central Pennsylvania Since 1904

Wishes to extend
Congratulations to
Henry Z. Steinway
and the entire staff of
Steinway & Sons.
We are proud to represent
Steinway, our industry's
premiere example
of integrity and value.



STEINWAY & SONS AT 150

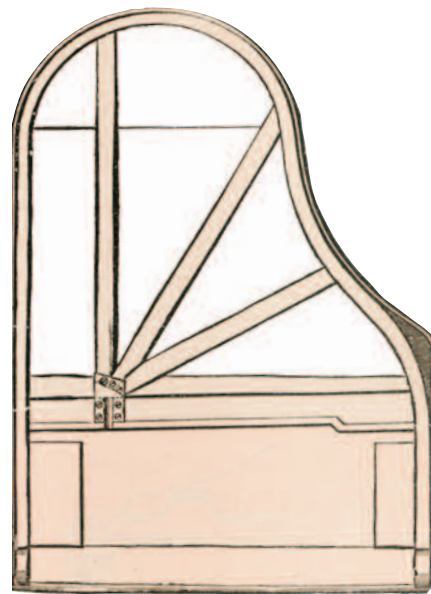
Theodore personally developed the most important series of piano inventions ever patented by a single man. Alfred Dolge, the leading supplier of raw materials to the piano industry said of him that “he commenced those revolutionary improvements which have made the Steinway a synonym of perfection in piano building.”

On February 8, 1871, as New Yorkers shivered through the coldest day on

record, *The New York Times* reported, “Henry Steinway Sr., head of the firm of Steinway & Sons, died at his residence in East 53rd St.” Eulogizing one of the city’s most prominent citizens, the *Times* noted, “The consciousness of his own talents and a thorough knowledge of the piano business led him to seek a wider field of labor than could be found in a small German state. Naturally enough, this attention

was directed across the ocean to this country, whose free institutions offered larger opportunities to an active, intelligent, industrious manufacturer.”

Steinway’s first overstrung grand had established a new level of piano performance. However, as concert halls



DEFINING THE GRAND PIANO

C.F. Theodore Steinway’s patented one-piece rim allowed for unprecedented power and response.

grew larger and composers created more technically challenging music, the demand arose for an even more powerful instrument. In 1875, C.F. Theodore responded to this demand by creating the modern concert grand piano.

A piano’s volume and resonance is proportionally to its string tension, and increased string tension required a stronger case and plate assembly. Grand piano rims of the day were fabricated out of two or three separate pieces which limited the amount of tension they could withstand. In creating his revolutionary Centennial grand in 1876, C.F. Theodore Steinway developed a one-piece piano rim, produced out of 18 laminations of veneer. He also designed the presses to form the rim.

Measuring 8’9” long with 88-keys, the Centennial grand boasted an aston-

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From a grateful, longtime friend, for the great Steinway tradition you have served, and always with appreciation.

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STEINWAY & SONS AT 150

ishing 70,000 pounds of string tension and firmly established Steinway & Sons as the most technically advanced piano maker of the day. While there have been hundreds of continuing refinements in design and construction techniques, today's Steinway is remarkably similar to the Centennial grand.

William Steinway's accomplishments were not technical like his brother's, nevertheless, they were equally important in establishing the house of Steinway & Sons. In an age that had not yet defined the words publicity and promotion, it was William who engineered the sale of the 25,000th Steinway to Czar Alexander of Russia. It was also William who inaugurated the policy of obtaining the endorsements of leading composers and pianists and it was he who established the concert booking department of Steinway & Sons that brought scores of noted virtuosos to American audiences.

William Steinway's great monument, Steinway Hall, was erected in 1866, and



SUPERSTAR ENDORSEES

To burnish its brandname, Steinway & Sons brought Ignace Jan Paderewski to the the U.S. in 1923. The Polish virtuoso earned an unprecedented \$180,000.

its fabled acoustic perfections were achieved by the family without any aid from architects. The main auditorium had 2,000 numbered seats, and a small adjacent hall could seat several hundred. The refined architecture of Steinway Hall was eclipsed by the historic performances that took place there. Pianist Anton Rubinstein, violinist Henri Wieniawski, and vocalist MMe. Parepa Rosa all made their U.S. debuts at Steinway Hall. When Charles Dickens traveled to the U.S. to give a series of 13 readings, he selected Steinway Hall as his venue. The Hall was also the official home of the New York Philharmonic until the opening of Carnegie Hall in 1891.

In 1873, William persuaded pianist Anton Rubinstein to tour the United States, and proceeded to book his appearances at musical venues throughout the country. When he left New York the following year, Rubinstein wrote to William, "I have used your pianos exclusively in my 215 concerts...with

THE STEINWAY MERCEDES CONNECTION

ONE OF THE MORE intriguing chapters in Steinway history involves the company's brief foray into the auto industry. In 1888, when William Steinway was traveling in Europe, he chanced to hear that Gottlieb Daimler of Cannstatt, Germany was experimenting with self-propelled vehicles. Steinway was sufficiently intrigued with the reports that he paid a visit of Daimler and later wrote in his diary that he had ridden "across the country" in one of Daimler's motorized quadricycles. The ride was enough to convince him to secure American patent rights to Daimler engines and vehicles, and upon his return to the U.S. he incorporated the Daimler Motor Company.

Steinway's first projects involving Daimler-designed engines were boats and streetcars. Ranging from 1 to 4



RETIRED MUSIC TRADES EDITOR John F. Majesk (left) and Henry Z. Steinway with one of the few remaining "American Mercedes" manufactured by Steinway. Longtime friends Majeski and Steinway shared a common bond with Mercedes. Majeski's late uncle Otto Salzer was the leader driver for Team Mercedes prior to World War I and won LeMans twice.

horsepower, the engines were manufactured in a plant in Hartford, Connecticut. After William Steinway's death in 1896, the company was reorganized as Daimler Manufacturing and began producing small delivery trucks at a factory on Long Island. In 1905,

the company offered to build an exact copy of the 50-horsepower Mercedes offered by its European counterpart. The luxury car featured "all necessary improvements," including a tire repair kit, a horn, two sidelights, two gas headlights, and "one tail-light of any American make selected by the purchaser." Also included were "an assortment of spare parts more frequently needed, like valve and igniter springs." The price was an exorbitant \$7,500. Consider that at the time, the retail price of a Steinway "D" concert grand was a mere \$1,200.

Only a few "American Mercedes" were ever built. Mercedes of North America is not sure of the exact number. In 1907, fire gutted the factory and, lacking William Steinway's intensity and vision, the company ceased operations.

STEINWAY & SONS AT 150

the most eminent satisfaction.”

William Steinway also brought Ignace Jan Paderewski to the United States for the first time, arranging 67 recitals in 26 cities. On his first visit, the future Polish Premier grossed an unprecedented \$180,000 and in subsequent years, continued to tour the U.S. under the auspices of Steinway & Sons. Paderewski's box office magic reached epic proportions, as did his compensation. In 1923, he earned over \$180,000 for 17 recitals. Of equal significance, Paderewski's association with Steinway firmly established it as the world's finest piano.

Steinway & Sons' ads made use of testimonials from artists, like Paderewski, to establish in the minds of the public, the superiority of its pianos. By the turn of the century, the apt slogan, "Instrument of the Immortals," had been coined. William also was quick to realize that serving the premier pianists required an international presence. Thus, long before the notion of a global economy, he established a Steinway factory in Hamburg in 1880. Several years later a showroom and concert hall were opened in London. Both the Hamburg and London facilities remain an integral part of Steinway & Sons current operations. The Steinway plant in Hamburg builds pianos for the European market and Asia, while the Long Island City factory serves North America and South America.

C.F. Theodore Steinway, whose personal genius was the last shaping force in evolving the modern concert grand, died in Brunswick, Germany in 1889 at the age of 63. His great creative work was expressed by 41 critically important patents. In its obituary, *The New York Times* wrote, "At the time of his arrival in 1865, all the pianos sold in this



A GIFT TO THE AMERICAN PEOPLE

In 1938 Steinway family commissioned architect Eric Gugler to create a unique instrument to present to the White House. With a mahogany case, massive gilded eagles for legs, and paintings depicting American musical themes, the piano resides in the East Room of the White House,

country were of the square or grand styles, no one having made an upright that would stand the climate. Mr. Theodore set out to produce such a piano, and his success revolutionized the business, two thirds of all pianos sold in America now being uprights.”

In 1875, Steinway & sons acquired 400 acres in Astoria, Long Island to establish a plate foundry and lumber mill. When city ordinances forbade the operation of a factory on Park Avenue in 1910, the company consolidated all its manufacturing operations in Astoria. With the completion of the new factory, an elegant catalogue informed prospects that Steinway & Sons produced its own actions, hammers, and cabinet parts, while “all other manufacturers purchase their actions, hammers, keyboards, legs, and lyres ready made, the chief consideration being to obtain them as cheaply as possible.” Steinway & Sons continues to manufacture these critical parts today in Long Island City.

When William Steinway died of typhoid fever on November 30, 1896 in his 60th year, *The New York Times* accorded him one of the largest obituaries ever. The mayor of New York ordered all flags at half mast, and the great German-American politician, Carl Schurz delivered the funeral oration, concluding “He was thus a model citizen who left few his like behind him.”

Drawing on centuries of German tradition, the Steinway family had practiced a rigorous apprentice program. At the age of 18, both of William Steinway's Sons, Theodore E., and William R. Steinway began work in the factory, learning the piano makers' craft first hand. Thus, when it came time for them to take over management of the firm at the turn of the century, they were well prepared.

The years prior to the Great Depression were a period of widespread prosperity and



PART OF THE WAR EFFORT

The army also commissioned Steinway & Sons to produce a limited number of pianos for use in military bases throughout the world. Dubbed the Steinway "G.I." piano, the vertical piano boasted an olive drab finish and a reinforced case

STEINWAY & SONS AT 150

growth, and Steinway & Sons flourished. The company's global success and acclaim was symbolized by the construction of a new Steinway Hall on West 57th St., in 1925. Architecturally acclaimed, the elegant 14-story building contained retail showrooms and concert piano storage, that are still in use today.

The opulence of the pre-Depression era was also reflected in the emer-

gence of the "art case" piano. As the ultimate status symbol, wealthy individuals would have artisans customize their pianos with lavish gold leaf, elaborately carved case parts, and oil paintings. To serve this market, Steinway & Sons established its own "Art-Case" department, staffed by expert craftsmen skilled in veneer work and carving.

The ultimate expression of Steinway

& Sons' art-case tradition was the, Alma-Tadema piano, an lavishly decorated instrument painted by the famed landscape artist Sir Lawrence Alma-Tadema. To celebrate the re-establishment of the art case department two years ago, Steinway released an exact replica of the Alma-Tadema piano. "People said it couldn't be done," declared Frank Mazurco, executive vice-president at the unveiling of the Alma-Tadema reproduction. "But with this piano we have demonstrated that Steinway still has the craftsmen and skill to match the finest cabinet work ever done." The Alma-Tadema reproduction was sold last year to a Florida investor for \$685,000, the highest price ever paid for a new piano.

The Steinway family's aspirations for future growth, not to mention the era of the art case piano, were abruptly cut short by the Great Depression. U.S. piano production plummeted from a high of over 280,000 units in 1927, to under 50,000 units in 1931. Like all other piano makers, Steinway & Sons struggled for survival. Despite this great hardship, the company staunchly resisted any compromises to the integrity of its product or trademark. When a home appliance maker offered the company \$500,000 for the use of the Steinway & Sons name to help sell refrigerators and stoves, Theodore E. Steinway, president, immediately refused, declaring, "We are piano makers and the Steinway name will never grace anything but the finest pianos."

The economic hardship of the Depression was not without a few positive side effects. With money tight across the nation, Steinway set out to produce a smaller grand that could be offered at a more affordable price. Thus, in 1935, the company unveiled the "S", a 5'1" piano which carried a retail price of \$885.

To commemorate the construction of the 300,000 Steinway piano in 1938, the Steinway family commissioned architect Eric Gugler to create a unique instrument to present to the White House. With a mahogany case, massive gilded eagles for legs, and paintings depicting American musical



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A TRADITION OF CRAFTSMANSHIP

Although the Steinway factories in New York and Hamburg Germany have benefitted from major capital investments in recent years, the piano building process still relies heavily on skilled handwork..

themes, the piano resides in the East Room of the White House, where it has been seen by millions of tourists from around the world. Theodore Steinway presented the instrument to President and Mrs. Franklin Delano Roosevelt “in gratitude for what the United States has meant to my family.” Most recently, the piano adorned the 2002 Christmas card of President and Mrs. Bush.

By 1940, the piano industry had come back to life, and the Steinway factory was once again running at capacity. However, the good times were short lived. Within six months of the attack on Pearl Harbor, the U.S. government curtailed the manufacture of all consumer products, including pianos, to focus all industrial efforts on supplying the needs of the armed forces. Because of its unique skills in laminating large pieces of wood, Steinway & Sons was tapped by the Army Air Corps, (the predecessor of the Air Force) to produce wings, and other component parts for gliders.

The army also commissioned Steinway & Sons to produce a limited number of pianos for use in military bases throughout the world. Dubbed the Steinway “G.I.” piano, the vertical piano boasted an olive drab finish and a reinforced case to withstand the rigors of rough transportation. By the end of the war, nearly 1,000 G.I. pianos had been

built.

Theodore E. Steinway was succeeded as president in 1954 by his second son, Henry Z. Steinway. During a 25 year tenure at the head of the firm, Henry Steinway authored a host of improvements in the Steinway manufacturing process, renovating the Long Island City manufacturing operations. He remains as a consultant with the firm and keeps an office at Steinway Hall in Manhattan.

With no heirs interested in entering the firm, the Steinway family sold their piano business to CBS Broadcasting in 1972. CBS’s stewardship of Steinway received mixed reviews. The company invested heavily in improving Steinway’s factories in both Hamburg and New York, and on numerous occasions was willing to sacrifice profits. However, high turnover among the ranks of upper management took a toll on longstanding relationships with both Steinway artists and retailers.

In 1984, CBS was taken over by billionaire investor Laurence Tisch, who declared “we will focus on our core businesses.” Tisch quickly concluded that “we’re not the guys to be running a piano business.” In a massive divestiture process that involved selling off the CBS toy, publishing, and retail division, he also put Steinway and Sons on the block.



THE HOME OF PIANO CRAFTSMANSHIP

Over 600 craftsman build the Steinway piano at the company's main facility in Long Island City, minutes away from Manhattan.

The opportunity to control and iconic brand like Steinway attracted a large number of bids. Boston investors John and Robert Birmingham ultimately prevailed in the bidding, offering \$55.0 million for Steinway & Sons, along with three other CBS musical instrument operations: Gemeinhardt Flute, Rodges Organ, and Lyon & Healy Harps. The brothers quickly sold off the other music properties to focus all their resources on cementing Steinway's position as the world's premier piano builder.

The Birmingham's sold Steinway to The Selmer Company in 1998, for \$100 million, creating Steinway Music Corp., now traded on the New

York Stock Exchange under the symbol LVB. During their tenure, they did much to restore the reverence for the Steinway trademark that had been diluted under CBS ownership. However, perhaps their most significant contribution was to assemble the company's current management team. (see sidebar.)

Today, in Long Island City, skilled craftsmen continue to build Steinway pianos in the same tradition. While the company's production methods have continually evolved to take advantage of new technologies, Steinway pianos are still carefully crafted by hand.

When asked the secret of the Steinway pianos unique musical per-

formance, C.F. Theodore Steinway once explained, "We take great pains in selecting the finest raw materials, we work with designs that have proven superiority, and our factory accepts nothing less than perfection in workmanship." Steinway & Sons continues to adhere to these straightforward principles today, which is why the Steinway piano remains the standard by which all others are judged and the overwhelming preference of the world's renowned concert artists. More than 95% of all piano concerts, at major orchestral venues throughout the world today, are performed on a new Steinway.

While Steinway & Sons enjoys a rich heritage that is unique in American industry, current management is not content to rest on its laurels. "We are proud of our past," explains Bruce Stevens, president and CEO, "but we don't live in it." As a measure of Steinway & Sons current vitality, the company continues to refine and enhance its pianos. With 115 patents to its credit, the most recent of which was granted in 1993, Steinway & Sons has done more than any other manufacturer to advance the art of piano building. Over the past five years, a host of subtle improvements on the factory floor have resulted in even more consistent quality and performance. Echoing the sentiments of the 800 Steinway artists worldwide, pianist Gary Graffman, concurs. He states unequivocally, "Today's Steinways are unquestionably the best ever."

**Jim Sims And The Staff Of
Steinway Piano Gallery
Of Tallahassee
Salute Steinway & Sons
On 150 Years
Of Excellence**




The Alma-Tadema by Steinway (pictured above) was the world's most expensive piano ever built. The \$675,000 instrument was sold by Jim Sims in October 2002.

TODAY'S STEINWAY

With a single-minded focus on product quality, limited production, and retail profitability, Steinway & Sons' current management has done the near impossible: making the Steinway tradition shine brighter than ever.

Immediately after CBS put Steinway & Sons up for sale in 1984, retailers, uncertain about the company's future, slowed their piano purchases to a trickle. A year later, after the company had been sold and Bruce Stevens took over as

president, there were 900 unsold pianos in inventory, a huge quantity for a company with annual production of around 2,500 units. Bankers pressured him to slash prices, blow the inventory out as quickly as possible, and pay down debt, but he steadfastly refused. Instead, he

had the pianos uncrated and retuned and regulated, and then patiently sold them off, one-by-one. Reflecting on this decision today, he explains, "If we had liquidated the pianos, it would have given our cash position a short term boost, but it would have done serious damage to



STAYING THE COURSE

"Developing a good business strategy is relatively simple," says Bruce Stevens, Steinway & Sons president (left). "Having the discipline to stick to it is the hard part." At right is Frank Mazurco, executive vice-president.

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the Steinway name and it would have completely compromised the credibility of management. Holding firm was one of the best decisions I've ever made."

Over the past eighteen years, Stevens has consistently focused on the long term goal of preserving the unique Steinway legacy, often at the expense of short term results. It is a practice that has required considerable discipline, but it explains why the company's position has arguably never been stronger. Steinway devotees often argue over which period in the company's illustrious 150 year history represents the "golden age." A look at a few simple facts would suggest that we are in the midst of Steinway's golden age.



A TRADITION RESTORED

With the unveiling of a perfect reproduction of the famed Alma-Tadema piano in 2001, Steinway revived the artcase piano tradition. The pianos showcase the factory's exceptional cabinet making skills and further burnish the Steinway reputation for quality.

Consider that average unit production over the past four years has been at an all time high, or that Steinway pianos are now used by an astounding 99% of the pianists appearing in the 100 top concert halls in North America, or that the Steinway dealer organization, historically a loyal group, has never been more fanatical in its devotion to the company.

Three months after taking over at Steinway, Stevens tapped Frank Mazurco to head the company's sales and marketing efforts. The pair spent months on the road calling on retailers, visiting with artists, and talking to music schools as they crafted a strategy for the piano maker. In early 1986, they introduced their plan, dubbed the

HENRY Z. STEINWAY'S ROLE

AFFABLE, ENGAGING, and steeped in piano lore like no one else, Henry Z. Steinway is the best goodwill ambassador the piano industry has ever had. Whether greeting customers at a retail opening or discussing the illustrious Steinway tradition on the stage of Carnegie Hall at the company's 150th Anniversary concert series, he has a unique ability to capture the imagination of any audience. However his gracious demeanor obscures his critical place in Steinway's history.

After graduating from Harvard in 1936, Henry spent a summer at the family summer house on Cape Cod "until it got cold," and then signed as an apprentice at Steinway. The Great Depression had decimated the piano business and Steinway & Sons, like the rest of the industry was struggling for survival. On upside was that the dramatically reduced production schedule gave factory veterans the time to teach Henry the subtle nuances of piano construction. Looking back, he says that this experience provided him with insights that proved vital later on in his career.

During World War II, he served in Army counter intelligence and was stationed on Governor's Island, a mere five minute ferry ride from lower

Manhattan. When the war ended, he returned to Steinway as factory manager. In 1955, he was named president.

When Henry took the reins, Steinway was in desperate straits. Years of losses



Henry Z. Steinway

(photograph by the late Bernard Schwartz, former chairman of Sherman Clay.)

during the Depression had saddled the company with debt. Making matters worse, outdated manufacturing capacity, left over from the player piano boom of the '20s were crippling the company's profits. With decisive action, he addressed these problems. He sold the Steinway Hall across the

street from Carnegie Hall, and an enormous factory on Ditmars Avenue, blocks away from the current manufacturing operation, to raise \$3.0 million in cash. The funds were used to modernize and expand the current factory on Steinway Place. By 1960, the company's debt had been reduced to a nominal \$60,000 and profitability had been restored.

John F. Majeski, retired editor of Music Trades is one of the few who remember first hand Steinway's struggles in the fifties. "Their cost structure had gotten out of line and everyone else in the piano industry kept asking 'how long can they continue to lose money,'" he recalls. "Henry was the one made the tough decisions that saved the company. If he hadn't been there I'm not sure Steinway would have survived."

In a final chapter, three years ago Steinway re-purchased Steinway Hall on 57th Street. Company chairman Dana Messina concluded that the landmark building, with its elegant showroom and proximity to Carnegie Hall was a vital component in the Steinway marketing program. Henry Steinway celebrated the move as well. "Selling it isn't something I ever wanted to do and I'm glad we have it back."

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“Steinway Working Partnership,” and they haven’t revised it since.

Stevens, who came to Steinway from the marketing department of Polaroid, declares, “the best marketing programs are usually simple to understand.” It’s hard to get much simpler than the Working Partnership. At its core, the ten point plan offers retailers an expanded territory and profit opportunity in exchange for their commitment to com-

prehensively display, promote, and service Steinway pianos.

The initial response to the program was skeptical. Before making the investment in upgraded display rooms, added inventory, and personnel, dealers clamored for some guarantee that Steinway would make good on its promise to provide the bigger market area. But as Steinway gradually trimmed its U.S. dealer network from

153 to the current level of approximately 85, confidence grew and retailers began placing more emphasis on the Steinway line. Mazurco recalls, “It took us about five or six years to gain the trust we needed to fully implement the program. Looking back I understand why the dealers were hesitant to get onboard at first.”

The most apparent benefit of the working partnership program has been the creation of over one hundred beautifully appointed and stocked Steinway rooms at retailers across the country. A less apparent benefit has been Steinway’s dramatically expanded presence in the institutional market. Mazurco explains, “Years ago, our institutional effort involved waiting for bids to come in from the schools. Around 1988, we formalized a program that involved institutional salespeople calling on music schools, doing an analysis of their pianos, and making a formal presentation to the school board. It’s a labor intensive process and you need strong retail profits to support it, but it has generated tremendous sales volume for us.”

Steinway grand pianos epitomize high-end discretionary purchases that should have been hard hit the stock market slump and recession. However, Mazurco says that institutional sales have largely offset recent softness in the consumer market. To bolster his claim, he ticks off a long list of conservatories, like the University of Oklahoma, the University of Maryland, and Carnegie-Mellon have become an “All-Steinway” schools, with each purchasing over 100 instruments.

As one of the longer serving CEOs of Steinway, Stevens is as enthralled by the company’s rich tradition as anyone. However, his love the heritage is tempered by a hardheaded view of reality. “Keeping this tradition alive for future generations requires that Steinway be profitable.” When he refers to “Steinway” he means not just the company, but its dealer network as well. He elaborates, “It takes trained people, good displays, a lot of inventory, and strong programs to present Steinway pianos to consumers in a way that is consistent with our image and heritage, and that requires profitable retailers. Take away the profit and we don’t get



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This concern for a profitable retail network led to the launch of the Boston piano line in 1991. Stevens and Mazurco realized that their dealers needed a mid-priced line that offered similar profit potential as the Steinway. Building such a product in New York City or Hamburg, Germany was out of the question, and with the piano industry awash in excess capacity, they ruled out opening a new factory. Ultimately, they tapped Kawai to build the product. “Our first priority with Boston was to support our dealers by giving them strong margins across a larger spectrum of price points,” states Mazurco.

Critics initially argued that Boston ran the risk of diluting the precious Steinway mystique. “Who will pay for a New York Steinway when you can buy an Asian copy for half the price?” they proclaimed. No one was more concerned about the potential image dilution than Steinway management. “We agonized over it,” says Stevens. “We limited the Steinway branding on the

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product and went so far has having a different address on the warranty card." Twelve years later, this studious product differentiation has made the Boston line an unqualified success.

Consistent profitability has also enabled Steinway to make serious investments in its manufacturing capacity. Over the past decade the factories in New York and Hamburg have benefited from a behind the scenes capital investment program. The most tangible evidence of this enhanced manufacturing capability has been the re-introduction of the art case piano. These exquisite, one-of-a-kind instruments showcase the extraordinary skills of the Steinway craftsmen. When Steinway recently displayed its reproduction of the famed Alma-Tadema piano at the Highpoint, North Carolina furniture mart, Marzurco reports, "the world's best furniture makers were awestruck. They said to us, 'there is no one else in the world who can build a cabinet like that.'"

First generation Steinway management recognized the importance of a global presence when they opened a factory in Hamburg, Germany in 1880. Carrying on this tradition, the current management is working to establish a presence in Asia. In Japan, the world's third largest piano market, Steinway has established a sales organization under the direction of Peter Suzuki, a former Yamaha executive. Earlier this year, Robert Dove, who formerly directed the Boston division, relocated to Asia to create a similar organization in China. "China is the world's largest piano market and we need a presence there," states Stevens.

Among Steinway's assets are an instrument that enjoys worldwide acclaim, the endorsement of the finest artists, and a tradename that is universally synonymous with quality. Stevens sees his primary challenge as preserving these assets in a changing world. What's the best approach? His answer is characteristically simple. "We have the strategy, it's just a question of maintaining the discipline to stick with it."

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