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Change Is the Constant

“Forward, Never Straight”



DVD: Studio-Side Chat

Chapter 2: Music as Digital Media

Effect on major labels-leveling the playing field: 7:27–9:30

DVD-ROM Support Doc:
“32 Different Ways Artists Can Make Money”

There was a time when the music industry was made up of specialists—the songwriters wrote songs, the performers performed, engineers and producers recorded and produced and labels were run by businessmen. Needless to say, times have changed dramatically. The evolution of technology has lowered the barriers of entry (price, technical knowledge etc.) and allowed many more would-be artists to try their hand at producing and selling music. This change in technology and production process has opened the gates for a whole new era of recording artist/entrepreneur (The “*entre-producer*”), but in turn has created a whole new breed of professional faced with the challenge of integrating many of the jobs that were once the role of seasoned veterans and specialists.

At the turn of the century, the Internet as a means of promoting and distributing music hit the industry hard. Many have referred to this as a “leveling of the playing field” between independent and major label artists and it’s forever changed the way in which recording artists and labels operate.

“Artists are at a point where they realize going back to the old model doesn’t make any sense. There is a hunger for a new way of doing things.”—Brian Message, Manager, Radiohead. New York Times, July, 2009.

Producer Advance (Old School)

The record company advances producer a “fee” on behalf of the Artist and then pays all recording costs. The advance will be determined largely on the success of producer’s earlier recordings.

According to attorney and author Donald Passman:

“C” List/New Producers: \$0 to \$2,500/\$3,500 per track (\$25,000 to \$35,000 per LP)

“B” List/Mid-Level: \$3,500 to \$7,500 per track (\$35,000 to \$75,000 per LP)

“A” List/Superstar: \$10,000 plus (more like \$50,000 plus per track)

“All-in” Producer Fund (Most Cases)

Digidesign’s Pro Tools has revolutionized the way in which music is created. With the emergence of Pro Tools, most producers have their own recording studios. Producer gets an *All-In Fund*: Producer’s fee *plus* recording costs. We are in a *producer-heavy* period.

“C” List: On “spec” or flat fee for a bunch of tracks (i.e., \$5,000 for 6 songs)

“B” List: On “spec” or flat fee from \$5,000 to \$25,000 per track

“A” List: On “spec” or from \$50,000 to \$150,000 per track

Most “A” list producers do not produce tracks on “spec” or based on speculation of a song’s future success.

Remixer: Creates all new music (or a “remix” of a song). Fee is usually very high because the remixer knows there are no points available (unless the original Producer agrees to a royalty *reduction* in the event artist brings in a remixer).

“In the beginner’s mind there are many possibilities; in the expert’s mind, there are few.”—Suzuki Roshi, Zen Buddhist teacher

Planning is learning to read the pulse of the business. However, small business owners are impatient. They want to get on with running the business and do not have or make time to write the business plan. Often they are intimidated or they simply procrastinate. It is true that some successful small businesses can start without any thought to planning and manage by reaction. However, once the business starts to get complicated, finding solutions can become confusing and a business plan can really help sort out the options, opportunities and problems—ahead of time.

What Is a Business Plan?



DVD: Studio-Side Chat
Business Plan versus
Marketing Plan: 14:44–16:32

Simply, a business plan is a written, objective analysis of the business *before* you actually build it. It is a roadmap, a blueprint for how to start it. It is your best attempt at predicting your future reality—a good plan will prepare the owner to take advantage of opportunities as they occur and to deal with problems by anticipating them in advance.

The primary purpose of a business plan is in the process itself. Writing a business plan forces you to be objective and critical about your vision. It helps you identify weaknesses and opportunities, suggests benchmarks to mark any progress and gives you confidence that you should (or should not!) continue to build this business.

There are other important reasons. The plan becomes an operational management tool that can be used to manage your ongoing business. It is also a means of communication to others about your business—partners, supporters, customers and friends. Finally, if appropriate, it can be used to raise capital for the business.

The business owner, owners or key management should write this plan. Only you have the unique perspective needed to understand the business you’re trying to create and whether, in the end, it’s going to be worth it. Of course you may need help or assistance from a professional, but the responsibility of creating the plan must remain with the business owner. If