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THE RIGHT DEAL FOR YOU

Everything you need to know about finding the right deal, also available at:

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THE RIGHT DEAL FOR YOU

INTRODUCTION
No matter how big an act you are or where you aim to get to, if you start to look on music as a bit more than a hobby you’ll face a couple of decisions about how to proceed. You’ve got more options than ever before; it’s all about sorting out an arrangement that best suits you. If you want to get signed you may have to choose between a major record label or an independent one. If you want to go it alone you’ll need to know how to fund yourself and get your music out there on a larger scale. Whatever your aim this section is about getting the right deal for you.

A&R

HOW IT WORKS
You’ll no doubt have heard of A&R, but you may not be sure exactly what Artists & Repertoire people do. If you’re going to sign to record label, big or small, you’ll need to understand what they do. Simply put: they’re the people at a record label that are in charge of finding and developing new talent. They’ll sniff out the latest up-and-coming musicians and do their best to get them a hit record.

An A&R person will be the person from a record label who comes to your gigs and who is ultimately responsible for recommending that the label signs you up. But they are more than just talent spotters and play a major part in creating a record that will (hopefully) be a big seller. Ordinarily, they will choose which producer, engineer and studio an artist will use, and will decide which of your songs are most likely to bring in the big money. If you’re a great performer but don’t write your own songs, they could be in charge of finding the right material for you to perform. For all of the reasons above, A&R people can be viewed by different sides of the industry as either a positive influence on an artist’s career or a limitation. If you’re an artist with pop sensibilities and aim to play huge stadiums, then an A&R person could help you to step up to the big league by giving your tracks a commercial edge. If it’s critical acclaim, cult status and artistic integrity that you’re more concerned with, you’ll likely feel like you’re banging your head against a brick wall if your A&R person doesn’t see things the same way as you.

Once a record is complete, it is normally also the responsibility of the A&R department to get retail sales outlets and radio excited about an artist. It’s a fiercely competitive industry and artists have an increasingly short shelf-life, so it’s become more and more common for A&R people to want artists to have an existing, sizeable following before they sign them up. Gone are the days when an artist was given unlimited time and money to develop their talents. For that very reason, the best way for you to make contact with an A&R person is for them to come to you. Constant touring, self-promotion and a large social network following should be enough to get you on their radar. It’s probably not worth sending your demo or mixtape to an A&R department because they’ll be too busy to hear it. Instead
they’ll hear new material from trusted people in their network, including publishers and high profile artist managers. If you want to send them something direct, then you’re best off emailing them a link to your website or MySpace page, so they can listen to your tunes straight away.

**DIFFERENT TYPES OF DEAL**

There are a host of deals an A&R team could offer you, and it’s vital you understand what's on the table - because they all have their own pros and cons. The type of deal you’re offered will depend on how well established you are, how good your existing team is and how many other labels you’re in discussions with. We’ll take a look at the most common ones offered: the distribution deal, the joint venture deal and the artist deal.

The distribution deal is definitely the hardest deal to get, and is usually only reserved for artists that are a total ‘no-brainer’ when it comes to risk to the label. By that we mean that the label must be thinking: “They are going to make us loads of money; other labels are queuing up round the block to snap them up. We’d better offer them something good.” These deals normally involve a great deal for the artist, with only around 20% of the record’s sales going to the label. That’s because the bulk of the promotion, marketing, radio and video work will be funded, organised and delivered by the band and their existing team. The only thing the label is responsible for is getting the latest CD in stores and collecting the money. It’s unlikely you’ll get an advance to record your next album, so you’d need plenty of cash in the bank and an experienced team around you. The good news is that you will own the rights to the master copies of your songs - so you won’t hear one of your songs on a car ad unless you give the all clear.

A joint venture deal is the next best deal available, but again it’s not easy to come by without a proven track record of success. Earnings are normally split 50-50 over three to seven years, and who owns the masters is down to negotiation. The hard work is split between the artist and the label, though the label will fund the deal - meaning they put forward the initial cost of making a new record. This cost, and any advance the artist may receive, will probably need to be paid back to the label once money starts coming in from album sales.

An artist deal is by far the most common record deal and will most likely be the first one that you’re offered. The label will do everything – including paying for you to record new material – and have complete creative control and ownership over everything you do. The artist can expect around 20% of the total sales revenue, but promotion of the record will be taken care of by the label. The band will also have to pay back everything recoupable. Essentially this means that, unless the album is an enormous success and sales are through the roof, the band won’t make any money out of the deal. It’s easy for an artist to be taken advantage of when signing a contract, so make sure you seek legal advice before signing anything. Contracts are normally prepared by the record company’s solicitors, so they serve to protect the record company’s rights, not yours. The main purpose of the deal is to give the record/production company rights to use or sell your material, though they’ll also make sure you pay the full production costs out of any possible royalties that you could receive from the sale of your songs. You could be left responsible for any outstanding cost if the record isn’t successful. Check out the Your Money and Your Rights section to make sure you don’t get into bother.

Many artists see clinching a record deal as the pinnacle of their success – proof that they’ve made it and are now on the gravy train. But even acts that are snatched up by labels can fail to ignite the
airwaves. Unfortunately, of the artists signed up each year, the majority will be dropped by their label because they simply haven’t been as successful as they hoped. So it’s important for any musician to realise that getting signed is just the start - there’s a whole lot of work ahead if you’re going to make a career out of the music business.

**MAJOR LABELS VERSUS INDIES**

If you’re in the enviable position of being chased by both an independent and a major label, you could well be confused about which one to go with.

Independent record labels - or indies - are more likely to sign undeveloped or unusual artists than major labels are. Their releases are usually distributed by smaller regional distributors, but sometimes an indie will arrange a ‘pressing and distribution’ deal with a major label that will help to get your record into more stores. As an artist, you can expect your royalties to range from 9% to 50%, depending on the other clauses contained in your contract. As they are smaller organisations, indies will often be satisfied with smaller profits from any given act. While they lack the big marketing and distribution power of a major label, they may allow you to build on your niche appeal, rather than looking to convert you into a mainstream act.

The ‘majors’ are the four biggest record labels in the world: Warner Music Group, EMI, Sony Music and Universal Music Group. Major labels generally concern work with acts who’ve developed a fanbase but will back new acts they have faith in. The extra publicity and promotional push you could receive at a major could be hugely beneficial, depending on the type of artist you are.

It’s all about finding the people and environment you feel most comfortable in, regardless of the size of the company. It’s also not always a case of one vs. the other. Many successful bands have started on an indie before moving onto a major. For example, Coldplay started out on Fierce Panda before signing to Parlophone while Florence and the Machine, Kate Nash and Bloc Party all released tracks via Moshi Moshi before signing to bigger labels.

Each major covers services including A&R, promotion, advertising, sales, legal, finance, shipping and merchandising. As such, you can expect to receive a smaller percentage of the total royalties from sales and use of your tunes. Anywhere from 10% to 25% of the retail price is the norm, but will vary from contract to contract. You may also get a sum in advance, which could allow you to give up the day job, though this will have to be repaid further down the line. Signing to a major can give an artist a huge boost in exposure and put them firmly into the national consciousness. The trade-off could be less creative control, with selling records and tour tickets becoming the main priority.

Each major also has a number of subsidiary labels and imprints. These release records under a different name - often specialising in a certain genre - but are owned by one of the major labels. 679 Recordings, for example, are owned by Warner Music. Some indie labels will also act as ‘feeder’ labels for the majors, with their most successful acts moving on to the major’s roster for further releases.

If you want an idea of the range of labels out there the CMU Directory has a definitive list of the majors and indies out there and contact details.

**ALTERNATIVES TO LABELS**
BRANDS

Brand partnerships have the potential to give artists more freedom and control over their releases in return for the benefits to a brand of being linked to a cool artist that will help to sell their products. It's still very early days for these types of deals, but they’re an interesting prospect for an artist looking for an alternative to the standard indie-major label deal, providing them with promotional support and exposure. It used to be viewed as selling out, but now that the traditional record deal is being viewed as an outdated model – CD sales are perilously low – these deals can give artists a chance to flout conventions and take advantage of promotional budgets that even major labels couldn’t possibly dream of, without signing away the rights to their music.

An interesting example of this would the recent partnership between US urban label Def Jam and the Proctor & Gamble-owned TAG Body Spray (formerly known as Right Guard) to form TAG Records. TAG’s brand people wanted to cultivate a relationship with the urban music community and, buddying-up with Def Jam, have been on the look out for aspiring hip-hop talent. Any artist signed up will get the full support of marketing campaigns built around the TAG brand, including TV, print, radio, digital and events – all funded by money that would otherwise have been spent on marketing the deodorant anyway.

Groove Armada, meanwhile, have also formed a commercial partnership with Bacardi after the group decided not to renew its nine-year contract with their major label, Sony BMG. The drinks company will help finance their future releases on their Bacardi B-Live music platform and give the band full creative freedom and ownership of their music. Fans will get to see Groove Armada in new locations and venues, and Bacardi get exclusive backstage content for their Bacardi Live programme. It’s becoming increasingly common - Red Bull and Levi’s have also set up labels and studios to help create and break new music - with more and more artists taking this route, instead of signing traditional record deals that no longer suit the market. Don’t overlook them without seeing what’s available to you.

ALTERNATIVE FUNDING

It’s not just selling records and gigging that will bring in money for you. As we’ve already covered, it’s unlikely that you’re going to make a great living out of just putting an album out – unless it happens to be phenomenally successful – but there are plenty of other ways for you to generate funds.

Selling merchandise is a great way to raise cash for studio time or equipment and helps to advertise your band. Anyone wearing your t-shirt is effectively wearing a small billboard with your name all over it. Whatever merchandise you’re thinking of putting together, just make sure that it fits your style of music and is going to engage your fans. Merch that can work across most genres and fanbases include t-shirts, hoodies and caps, but so long as you can sell it you could give anything a go. Merch stalls around the country sell everything from wrist and sweatbands to mouse mats, posters, mugs, keyrings and sticker sets – so if you reckon you can flog it at a profit, make a test run and see how you get on. Whatever you decide to sell, you’ll have to make sure that it’s recognisably endorsing your band. In addition to your band logo and name, you could also include a slogan that your fans will recognise. Urban acts like Tinchy Stryder and N-Dubz have had great success with t-shirts emblazoned with their respective catchphrases “Star In The Hood” and “Na Na Niii” – proving that you don’t need to just produce merchandise based around your logo or name. You could include your web, MySpace, Bebo or Facebook address too, just to make sure people get the message!
More and more artists are going with the ‘fan funding’ method. There are sites which have the sole purpose of letting fans invest in an artist, like Slice The Pie, Bandstocks and Sellaband.

Patrick Wolf funded his album 'The Bachelor' via this method. Fans were asked to donate a certain amount on Bandstocks to fund the recording and marketing. In return they were offered member benefits such as offers of special merchandise and invitations to special events.

"It’s like side-stepping piracy in a way, because people help to finish the album financially, and they get a real copy of it rather than downloading half of it off Limewire. It just seems like an ingenious way of making sure the album format stays alive." — Patrick Wolf

Patrick isn’t alone in funding his music this way. After their record label closed Idlewild funded their album Post Electric Blues by asking fans to pre-order it for £15 before it was even recorded. They then used the money to make the album and, in return, fans were given access to exclusive online content, received the CD in advance of everyone else and had their names printed in the booklet. This is also something Marillion have been doing since 2000 to fund their records.

YOUR OWN LABEL

If signing to another label sounds like too much of a compromise, or if you’re just not getting a lot of interest from labels despite there being demand for your records, you might want to have a go at putting your own records out and starting your own label. It’s a lot of work, but if you’ve got a good recording and you know you can shift a few copies it might be worth thinking about.

It’s a route that works well for many acts and at different stages of their career too. Rod Thomas started his own label, Self Raising Records, to release his debut works. Enter Shikari started Ambush Reality with the help of their friends and family to do the same and found it gave them plenty of freedom to do their own thing.

The Futureheads started their own label, Nul, after they parted ways with 679. The band took matters into their own hands, operating with a small team based in the manager’s offices. They’ve all used the distributor, PIAS, and its marketing arm Integral to get their music out there.

If you do decide to start your own label it can help to plug into a larger network like PIAS for a lot of the practical aspects. Don’t be afraid to turn to experts in different fields, be it marketing, legal or design to help you along the way. Make use of organisations like AIM and directories like Showcase to find the right people.

If you decide to start your own label you’re going to need to distribute and market your music. For more info go to Selling Your Music.

DIY releases require you to have good business management skills and a good head for promotion, marketing, selling and negotiating, so it’s not an easy ride. Just think – there are entire departments at other companies that specialise in any one of those disciplines.

Running a label may sound glamorous, but in practice it’s just like running any business. You’ll need to record all of your income and expenditure accounts by law and have frequent dealings with the dreaded Inland Revenue. Tax returns and National Insurance contributions will likely become the bane
of your life unless you have strong organisational and planning skills. Despite that though, with a bit of common sense, running a record label isn’t as hard as you might think, so much so that most DIY labels start by accident, just by people selling their CDs. Ok, so if it goes horribly wrong then you could end up in terrible debt – but that’s why you take solid legal and financial advice from people that understand the industry. There are some great detailed guides online at Sound On Sound, and Venture Navigator.

SELLING YOUR MUSIC

DIGITAL SALES
Selling your tunes online is becoming increasingly easy to do. The big advantage is you don’t need to invest a bunch of money on CD pressing, printing artwork or postage - so it’s great for artists who are just starting out and don’t have a load of cash behind them.

On sites like Overplay, you can decide how much your tracks are sold for and how often you want to be paid – without being hit with extortionate fees. You can also sell your merchandise here too.

There are also plenty of sites that will take your music and get it onto online stores like iTunes, Amazon and eMusic. The great thing is you keep all the royalties from sales and still own the rights to your music. Often all they ask in return is a subscription or one-off charge. Popular ones include SongCast and Tunecore which not only covers tracks but videos too. Some major retailers also have specialist sections just for new acts such as 7Digital’s Indie Store.

Do your research and see what works for you. Going with a recognised retailer like Amazon may mean that you get a smaller return on your sales, but you could end up selling more because they are well respected and trusted by consumers.

Selling your music isn’t just about selling it straight to fans. There’s also plenty of money to be made if you can get your music used on ads or in TV shows and films. Usually agencies and companies will come to you once you’re established but if you want to explore this avenue early on sites like YouLicense showcase your music just for this purpose.

PHYSICAL SALES
If you want to sell CD versions of your music you’re going to have to invest in producing at least a small run of copies first. It can take a little while before you start making enough money to cover your initial outlay, so make sure not to press too many copies - you may not sell them all. Although physical sales of music are on the decrease, you can still make money out of them if you’re smart about it.

To start with, you’ve got a couple of options available. You can take your records to local record stores and try to persuade them to stock them on a sale-or-return basis, meaning that they’ll only pay you for the ones they’ve sold and give you back the rest. You can also sell your CDs online through your website or social networking profile, but you’ll get more exposure if you can sell them through a musician’s community or an online retailer like Play or Amazon.

You might decide to use a physical distributor once sales look to be healthy at a local level. They can help you get your CDs in shops around the country – the key to selling large numbers. You can find a list of UK based ones here. Distributors won’t buy albums off you in bulk; you have to send your stock
to their office or warehouse and they’ll try to persuade shops to stock them for you. When a shop sells a copy, they’ll pay the distributor after taking their cut. The distributor will then pay you, having taken their margin. It can be a while before you see any money from sales, though.

If you want to cut out the middle man you can also sell your CDs online via independent stores online like CD Baby or specialists like UK Record Shop.

If you’re shifting a fair few copies you may want to get your CDs duplicated and printed professionally. Not only can it save you a lot of time and hard work but can give you a better looking product. You can do it simply online at places like Disc Wizards, Little Bazaar or Amstore.

**MAKING IT PAY**

However you decide to sell your material, make sure you promote the release on your social networking profiles, website and any promotional material like gig fliers and posters. Take every opportunity to plug what you’re selling at gigs or in press releases. Record sales aren’t the be-all and end-all of a career in music, and you may find that you can earn a decent wage from alternative funding and gig revenue.

Whatever you do, don’t be disheartened. If it stops being practical to have a job in the music industry, keep it as a hobby - do whatever you need to do to stay happy and creative. People can get their big breaks at any age and from any background, so keep plugging away and you never know where you could end up.