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You may have heard of artists signing new contracts with labels called "360 deals", called such because the label encircles 360 degrees of the artists' career in these contracts, from the usual album production, promotion, manufacturing and marketing, to booking and show promo to merchandise sales, to publishing, to downloads, sale of tracks for film/tv, to the artist's website and fan club; in a 360-deal, the label gets a part of every penny the artist makes. And at least for a period of time, the label likely gets all of it.

For a long time, labels had little to do with touring, other than providing cash for tour promotion and support, because there was a direct line from the show to the record store. When a band was in town, there'd be predictable retail record sales, it was easy for labels and for record stores. The tour was direct advertising for the album, so labels didn't mind funding it, and they could file the expenses under advertising. It worked for decades, but now it seems the album is just advertising for the tour, the industry did a complete 180 as far as that goes. Unless you have a name that people have known for a long time, it's virtually impossible to get media attention and sell albums without touring.

Industry people often complain about illegal downloading, (myself included), but just as cutting to label revenues, in that it eliminates the trip to the record store, is the fact that the albums are now available at the shows. In fact, that's the only place the albums sell in real numbers. Smart artists have everything with their name on it available for the fans to buy at the show, including several t-shirt designs, posters, DVD's, etc, all of which generate good revenue for artists, often independently of the label.

So this left the labels wondering how to get in on the money they were missing out on, which is clearly at the venue door and the merchandise table.

While it may seem like a very attractive proposal to an artist who knows how much work there is to do to stay on tour to have a single organization doing everything for you, there are some very scary aspects to this kind of situation.

First of all, labels have a reputation for screwing bands for a reason, they earned it. Even as a label owner who takes pride in doing things differently, I still see most labels as evil entities, although I understand how and why they do what they do. Labels put out all the money, and they have a right to recover that money, but it's all-too-often at the expense, if not the death, of

the artist's career, as the artist has to find other ways to survive financially until the label recovers its money.

Bands usually agree that in exchange for the label writing checks for everything, the label gets 100% of the sales proceeds until the label recovers what was spent, then the label starts paying royalties to the artist. It sounds fair enough, if the artist knew what was going to be spent. The problem is, most labels play accounting shellgames; when it comes close to time for the artist to be in the black on a certain release and would start receiving royalties, the label simply incurs more in-house promo costs, maybe does some advertising, whatever it takes to show that they've spent more money on that title, and it now has to be recovered. A label could assign a team of unpaid interns to do a press/promo campaign for that title, and while incurring virtually no expense, show that they'd spent thousands on the effort, charging it to the artist against the royalties.

Thankfully, for most touring bands, regardless of what the label was doing to them, they were able to survive on touring and merchandise, because the label had little to do with it. Financially, that was between the artist, the manager, and the booking people. Once artists routinely started selling their albums at the shows, it created a whole new dynamic that's handled in a variety of ways by labels today. Percentages vary greatly; while some labels might take 80% of each cd sold, many split this 50/50 with the artist, though 100% of the money still goes to the label in most cases while the label recovers funds as described above. It's still a major improvement over old-world retail distribution, where an artist can at best hope for a couple dollars per cd sold in retail months or even years later, if the proceeds aren't eaten up by distribution fees, and provides light at the end of the tunnel for artists who tour successfully. Some indie labels today just let the artist keep some or all of their portion of show cd sales as a contribution to tour support, since it's a steady means of cash for getting from town-to-town, and doesn't require the label to pay it out-of-pocket, or reimburse the artist later. As I've written many times, this is the only business I know of that the label's plan usually involves just breaking even, so anything that allows the label to keep more cash on hand is attractive.

Production costs aside, most people reading this know what it costs to manufacture a cd, a couple dollars at most, depending on quantity. Paying \$2 for a cd that you can sell for \$10-\$15 within weeks of manufacture with no middleman, no fees, no BS, it's a beautiful thing that has created new groundwork for interesting contracts between artist and label, and is largely what's keeping small labels afloat, and keeping bands on tour. Good labels that split these proceeds with the artists have created a world where both parties are profiting \$4-\$6 cash per cd every night, and while this may not seem like a lot to a major label, if it covers a touring artist's gas money for a night it's substantial to the big picture.

So unless artists can substantially change the label/artist payment structure and the normal concept of 100% recoupment for labels, putting all your revenues under one entity, one that's notorious for never allowing artists to get out of debt with crafty accounting and activities as described above, may be a suicidal move. If you already have doubts about record labels, know that your fans probably share those doubts, and if you allow the label to be the conduit between you and your fans, that may be suicidal as well. If you enter into a situation with a label that allows them 100% recoupment on album production, promotion, and manufacturing,

tour booking, promo, merchandise, and expenses, you're inviting trouble unless you can separate those revenues and keep the label from cross-collateralizing all revenues against all expenses they incur on your behalf. If t-shirts are profitable but the posters aren't, make sure you're getting paid for the t-shirts, don't sign a contract that allows the label to apply profits from one source of revenue to negative balances another source may still carry.

Fans love the direct link they can have with artists today. There's got to be a separation between artist and label for as long as the stigma of "evil record label" exists. Even some "good cop/bad cop" between the two can contribute to the ever-popular "rebel rocker" image that's stood the test of time. Think about the elaborate album covers Led Zeppelin and the Rolling Stones forced their labels to manufacture as acts of pure contempt, the public respected that, and I don't think the labels really minded too much when viewing the bottom line.

No matter how much of your career your contract covers, if you don't maintain direct, genuine, sincere contact with the fans, the fans will see right through it. And if an artist can't count on the show and merchandise revenues to get by while the label recovers its money for the album production and promotion, there's nothing left for the artist to live on night after night on tour. And if you put everything in the hands of one entity, you'd better have a lot of faith in that entity to do what's promised. Thanks for reading!