

## Who Makes The Money?

Before we start, imagine you have just bought a new album, either in a shop or downloaded it. Who do you think gets your cash? Write down a list in order from highest (person who gets the most) to lowest. Try and have a guess at the percentage of your money each would get.

- 1) \_\_\_\_\_
- 2) \_\_\_\_\_
- 3) \_\_\_\_\_
- 4) \_\_\_\_\_
- 5) \_\_\_\_\_
- 6) \_\_\_\_\_

Now write down the order that you think deserve to get the money. (These should be very different lists if you have put your business brain on today).

- 1) \_\_\_\_\_
- 2) \_\_\_\_\_
- 3) \_\_\_\_\_
- 4) \_\_\_\_\_
- 5) \_\_\_\_\_
- 6) \_\_\_\_\_

Anybody can make a C.D. or an MP3. Anyone can write songs and record them and make a C.D. at home. Anybody can pay to have one made properly (no matter how bad). In order for a band to produce a C.D. with a record label there are many people involved other than the artists. Who gets the money? The simple answer is usually everybody other than the band or musician. – Life is hard.

### People involved:

Songwriter	Band or musician
Manager	Producer
Recording studio	Manufacturers
Record companies	Marketers
Promoters	Retail shops/online

Most bands don't make any money from their first few C.D's – in fact most bands have to pay!!!  
Ahhhhhhh!



So, now that you have recovered, why does this happen and how are you going to make a fortune playing music?

For a start, almost half will go to the shop you buy it at. This varies hugely but it is about right for a full price new release. The songwriter on your C.D. gets paid a small amount (about 8cents) per song/per sale. It helps if you are listed as the songwriter of some of the songs on your album.

If you are lucky enough to get a record deal it will be a very complex deal and will say that the musicians get whatever is left after all the expenses are removed – fine you think it will only cost \$3-4 to make a C.D. – I am set! Wrong! By the time your manager has taken a percentage, the publisher has a percentage and the producer has taken off all expenses (including numerous business lunches, flights to New York for marketing meetings etc), almost all C.D's come out at a loss. The only time you can make serious money is if you are in the 6-7% of recording artists who are a 'sure thing' and are definitely going to sell heaps. They are then in position to get an advance and demand a percentage themselves and make some serious dosh.

Online and digital downloads have changed the formula as physical C.D's do not need to exist, however the increase in theft and free downloads has kept the prices up for the rest of us!

Give two very good reasons why you need to study business as well as music!

- 1) \_\_\_\_\_
- 2) \_\_\_\_\_

### The Good News!

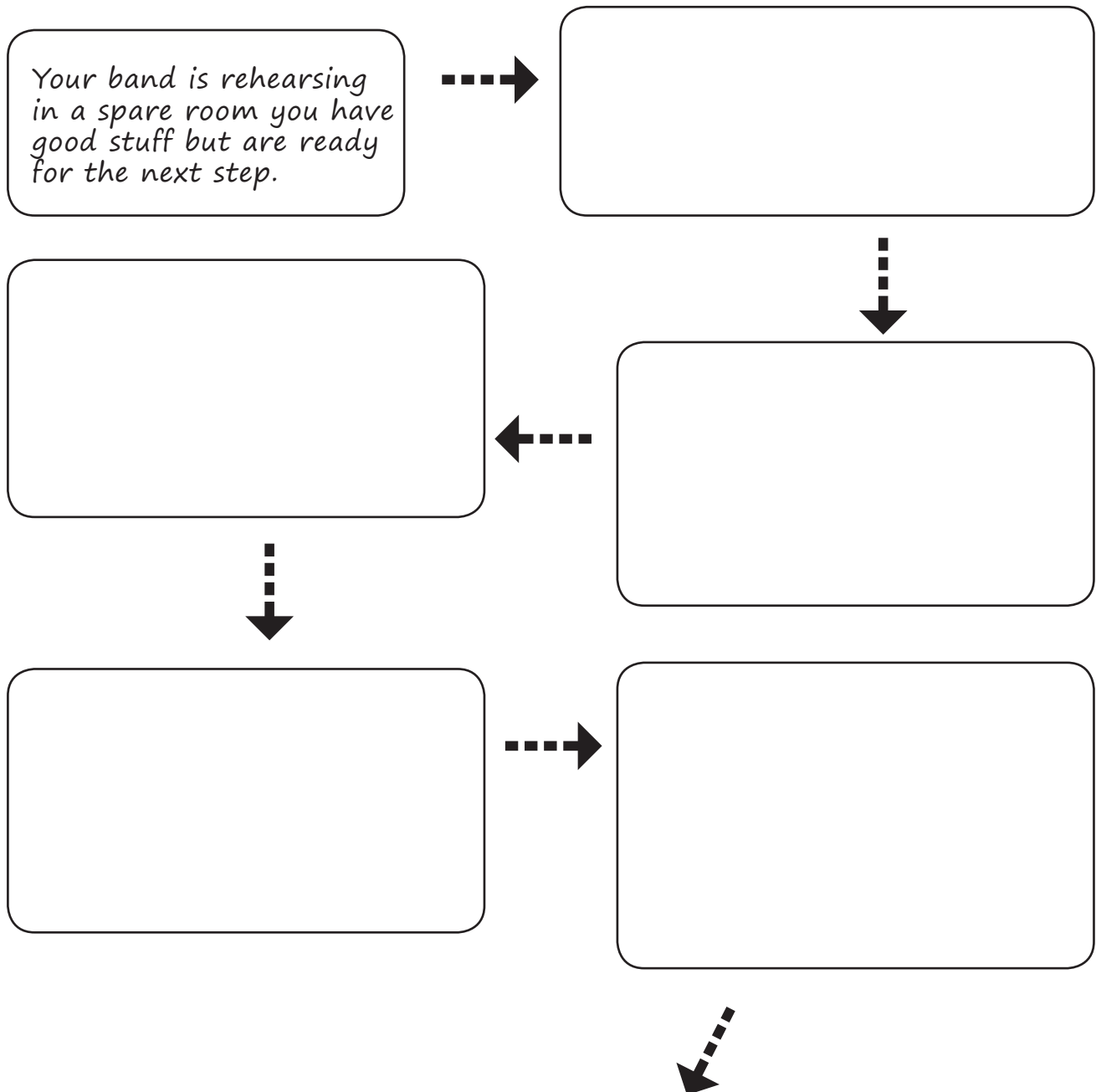
While you are busy not making any money, you are free to do gigs and perform! Money you make from this is yours after the venue, promoters and roadies are paid. Don't give up – you may have noticed that there is plenty of money to be made in the music business, without actually being the musician! Heaps!

Websites to help make it on your own:  
[www.determan.net/Michele/musicmarket.htm](http://www.determan.net/Michele/musicmarket.htm)  
[www.lacostamusic.com/](http://www.lacostamusic.com/)

## Living the Dream

You have started a great band. You have awesome original songs and all the band are committed to 'make it'. You decide it is time to take it to the next level and get serious.

Outline below the steps you would take to make a start. Start with creating a demo disc to send to the recording studio but make sure you include marketing, pricing, distribution and promotion. Give as much detail to your plan as possible, (you may need a separate page).



Your band \_\_\_\_\_, Megastars!!!  
(Insert name here)