

Young Buck, 40 Glocc, Mistah FABFriday,

This month's IN THE KNOW SEMINAR is Saturday, May 16 from 2 to 4 PM (EST). That's TOMORROW!

This webinar is ON LINE, so all you need is a computer and an internet connection!

Joining us will be Young Buck, Mistah FAB, and 40 Glocc to discuss their careers— the ups and downs.

The topic is Building A Career in Music – We will ask these artists, at different levels in their career, how they got to their current level of success and what they attribute it to. We'll talk about starting out in the music industry, building relationships, what qualities to look for in a team, mistakes to avoid, patience and when/if it may be time to consider a different line of work.

Because my newsletter service hit a glitch and didn't send this blast out last night as planned, their error is YOUR GAIN! The first 30 people to send me an email (RapCoalition@aol.com) with their name and their email address will get to attend tomorrow's webinar for FREE! All others should go here to register:

<http://www.InTheKnowSeminars.com/schedule.html>

Additionally, I received this eBlast today and I thought I'd share it. It's very insightful about the current state of the music industry:

How The Mighty Fall

By, Bob Lefsetz

MTV and CDs. The combination of these two delivered a plethora

of profits.

Name the great acts of the MTV era. Sure, we've got Michael Jackson and U2, but both Mr. Jackson and the band from Ireland predated MTV. Michael Jackson was famous for eons. Ultimately his "Off The Wall" album made him a solo star, but not a superstar. That was dependent on MTV. And all those videos.

During the era of "Off The Wall", MTV didn't even play black music. But once the public saw Michael moonwalk on that Motown TV special, and he danced in both "Billie Jean" and "Thriller" on MTV, suddenly, he owned the best-selling album of all time.

Was "Thriller" that much better than "Off The Wall"? Actually, many consider the latter to be better. But "Off The Wall" sold a fraction of what "Thriller" did, because it lacked TV exposure.

I just upgraded my Mac to 10.5.7. Took an hour, what with repairing permissions, using the combo update and repairing permissions again. While I was waiting, I read magazines. First "Entertainment Weekly", then "BusinessWeek".

One of the business book gurus is Jim Collins. He wrote "Good To Great", which I never read, but have observed in the best-seller listings. Normally, I'd skip over an article of this depth, but not knowing how long it would be until I had my computer back, I decided to read.

Mr. Collins was brought to West Point, where he chaired a discussion amongst military men and civilians. Had America lost its greatness, was it in decline? The attendees were split as to America's future, half optimistic and half pessimistic. But what fascinated Mr. Collins was the observation of the CEO of one of America's most successful companies during a break. This gentleman stated: "I've been thinking about your question in the context of my company all morning. We've had tremendous success in recent years and I

worry about that. So what I want to know is: HOW WOULD YOU KNOW?"

This question engendered Mr. Collins' analysis, it formed the basis of his new book, "How The Mighty Fall".

The record companies were quite mighty. But they broke the first rule of Mr. Collins' book. Which he labels Stage 1: "Hubris Born Of Success".

"Stage 1 kicks in when people become arrogant, regarding success virtually as an entitlement, and they lose sight of the true underlying factors that created success in the first place."

Bingo! MTV and CDs.

The record execs actually believed they were geniuses, who'd found the golden formula. From now on, hit acts would all sell ten million copies, there would be untold profits!

Rather than questioning their success ("We might have been just really lucky/were in the right place at the right time..."), they believed they were entitled to it. And ultimately blamed the decline of their fortunes on P2P theft.

Make no mistake, P2P has impacted the major labels. But not as much as the decline of music on MTV, the lessening importance of radio and few good tracks on overpriced CDs.

Stage 2 of Mr. Collins' theory of corporate decline is "Undisciplined Pursuit Of More". Here we have the Tommy Mottola/Clive Davis paradigm. If TV sells CDs, let us find the most telegenic performers and craft their acts for TV consumption! Mr. Mottola ultimately lost his job and Clive was pushed aside. Neither of these consequences would have taken place if the numbers were good. But they were not. Despite massive spending, there were many fewer CD sales.

Stage 3 is "Denial Of Risk and Peril"

That's the beginning of this century. "Those in power start to blame external factors for setbacks rather than accept responsibility". It was the damn Internet, IT RUINED OUR BUSINESS!

But what WAS the label's business? Manufacturing overpriced two-dimensional product for sale on television and Top Forty radio?

Stage 4 is "Grasping For Salvation". "The critical question is: How does leadership respond? By lurching for quick salvation or by getting back to the disciplines that brought about greatness in the first place?"

We've got Universal investing in the Farm Club and MP3.com and now Vevo. Is that their core mission?

We've got Warner investing in concert promotion and online distribution with LaLa.com.

And we've got the whole industry suing its customers.

All to protect a model of overexposure of limited product to reap giant rewards. But MTV moved on from music because it was no longer generating ratings. The industry was pissed that Viacom got rich and the labels did not... But once again, what was each entity's core mission? MTV was made to expose. The labels were made to..?

MAKE!

That's what labels do. Find and nurture talent. That is their core competency. That is their defining MISSION! But that got lost in the shuffle of incredible profits during the eighties and nineties. Labels weren't selling music, they were selling overpriced DISCS!

Stage 5 is "Capitulation To Irrelevance Or Death". That's where the major labels are today. "In some cases the company's leader just sells out; in other cases the institution

atrophies into utter insignificance; and in the most extreme cases the enterprise simply dies outright.”

How long until a major label is sold for its catalog value? Before one of the Big Four gives up new music production? EMI already has stated it's not going to spend big bucks to sign and promote new talent.

Irving Azoff's Front Line is more powerful than any label today. By far.

What is the future?

Not the past.

“Never give in. Be willing to kill failed business ideas, even shutter big operations you've been in for a long time, but never give up on the idea of building a great company.”

It's clear. PERFECTLY CLEAR! A record company needs to be about MUSIC! Everything flows from the tunes. It's all right to take a percentage of 360 degrees of revenue, so long as it's not a land grab, but a reasonable compensation for services rendered.

You can't sign an act based on whether you can get them on television or radio, neither of those deliver enough profits. You've got to sign an act based on whether it's GOOD! The iPod was a product seen as overpriced and unneeded, and then Apple rode it to one success after another. The iPod not only dominated its sphere, which blew up and became dominant, computer music rules, it also delivered sales of Macs and iPhones. In other words, your business won't deliver its future based on the Pussycat Dolls, but something seen as unneeded at first, which is so great its audience bonds to it and delivers revenue over a period of years.

Instant success on MTV ultimately rendered instant irrelevance. The wheel had to be reinvented time and again.

Sure, you could break the first album, but you couldn't count on making money on the fourth and fifth, frequently not even on the SECOND (can you say Chumbawamba?) The execs lost sight of what business they were in. Ahmet was concerned with greatness. Mo too. Today's execs are just interested in tonnage. They could be selling ANYTHING! They are not NECESSARY!

That's what you need to survive..."to build an enterprise that makes such a distinctive impact on the world it touches (and does so with such superior performance) that it would leave a gaping hole – a hole that could not be easily filled by any other institution – if it ceased to exist." This describes XL Recordings, but not Interscope or Atlantic or Columbia. Everyone knows the real bands are on indies. That's commercial crap on the majors.

And maybe the majors won't survive. Maybe Doug Morris rides the train to complete irrelevancy, if not bankruptcy. But whoever takes Doug and Universal's place will be focused on finding unique talent and nurturing it. Artist development isn't finding more people to buy the first album, it's a creative arc, over a period of albums, wherein the act grows and more and more people come along for the ride. "Sgt. Pepper" sounded nothing like "Meet The Beatles". The Beatles couldn't have made "Sgt. Pepper" the first time out. There's experimentation, there's a learning curve. It's not just finding the same hack songwriters to write fodder for good-looking people.

Most lasting successes do not happen overnight. Because the public is not ready to consume the product/artist. Hipsters need to glom on, mavens need to spread the word, to ultimately reach Malcolm Gladwell's "Tipping Point". And once you've caught fire, you have to protect the essence. If the act is tied up with corporate endorsements/commercials, how honest can its music be? If the act works with the same producer as everybody else, how unique will the sound be? If you're not

allowed to fail, how can you stretch yourself and succeed?

Labels demand singles. Won't release the album until they deem it ready. Which is about commercialism more than artistry. Instead of multiple albums in a short period of time we've got an extended selling period of the same damn collection to the point where the core audience abandons the act. And if you've lost your core, you've lost everything!

We're in the music business. The greatness of the major labels was that they sifted through the available talent and found the gems, and then helped the quality acts grow, both artistically and commercially. That's not the business of the majors today. Today it's about finding cookie-cutter stuff and yelling at the public to buy it, all the while bitching that they're stealing it. This is a recipe for disaster. This is why the recorded music industry is failing.

Maybe recordings do not generate as much revenue in the future as they did in the past. Rather than whine, be the company that MAXIMIZES revenue, that accepts reality, that notes change and adapts to it. That does not mean charging huge upfront fees for anybody who wants to sell or stream music online. Those are your partners, they're the ones who are going to make you money. You control the essence, the music. That's what lasts. No one wants the remnants of Friendster, but they do want the music of yesteryear. Especially those classic rock hits. Bands that tested limits and developed, all at the same time, the ones selling tickets to arena shows today. "Purple Haze" is so good, you want to hear everything Hendrix ever did, it never grows old. You might want to listen to "Ice Ice Baby" as a novelty, but you don't want to hear anything else Vanilla Ice does, and only a small coterie want to see the guy perform live. But the Stones? It's not only "Satisfaction", but "Midnight Rambler", and "Under My Thumb" and "Can't You Hear Me Knocking". "Brown Sugar" was deep into their career, there's a cornucopia of greatness. Which is lacking in quantity and quality today.

http://www.businessweek.com/magazine/content/09_21/b4132026786379.htm?campaign_id=rss_topStories

—