



## Business Affairs

Madelyn Scarpulla

Man, it ain't easy coming up with a creative or clever anecdote about Business Affairs. The truth is, there is nothing funny about it -- it's as cut and dried as it gets. Essentially, the Business Affairs department is a collection of lawyers who work at the record label on its behalf. Remember, however, that record company lawyers, like all other record company employees, have chosen this path for their careers because they are music fans. Therefore, your encounters with them won't be as sterile as you may imagine. Your [lawyer](#) (yes, you definitely need one at this point) will work on your behalf, and with your manager, to negotiate an agreeable contract with the label's lawyers via its Business Affairs department.

I know, I know. You're the artist, the creative entity, and they are the lawyers and the businessmen. Leave it to them. True, the subject can be boring and you can easily get lost in the legal terminology and flowery rhetoric of "business affairs." However, understanding the basics is actually both important and interesting.

After you and your A&R person agree that you were meant for each other, the lawyers take over. Your lawyer and the business affairs department at your future record label then begin the negotiating process. The Business Affairs department begins with the template of a standard recording agreement. As they begin to hammer out individual points, the contract is tailored to become your specific deal. They'll discuss overall finances, advances, commitments, deadlines, contingencies, and options for the future and after weeks of deliberating, you will sign on the dotted line.

Some of the major points of your contract may include:

1. The cost of your album
2. Your monetary advance (so you can quit your day job)
3. The promise of tour support
4. A video or two
5. Marketing and advertising commitments
6. Royalty rates (both domestic and foreign)
7. What is and what is not recoupable (you'll know all about recoupable advances when you study our sections on record contracts)
8. Digital rights and website ownership (a current hot topic)
9. Merchandise (note: don't ever sign away your merchandise rights!)
10. The option for your next record(s)

It should be sufficient for you to understand the basics and leave the details of negotiation to the pros.

However, if you insist on educating yourself in great detail, I would recommend a book: *All You Need To Know About The Music Business*, by Donald S. Passman. Passman is a Harvard grad who practices music business law in Los Angeles. His book summarizes the workings of the industry, and reviews major deal points in detail with a layman-friendly approach. The book is called "the industry bible" by the *Los Angeles Times*, but, in my opinion, there is still nothing more valuable than experience. You can learn to read and write a foreign language from a textbook, but you have no idea what it's really like to speak, think and dream in French unless you have lived in Paris.

Here's an excerpt from Passman's book that summarizes why, just by reading these words right now, you are doing the right thing:

*While it's true that some artists refuse to even listen to business talk (I've watched them go into sensory shutdown if you so much as mention the topic), others get interested and really study their business lives. The vast majority, however, are somewhere in the middle of these extremes. They don't really enjoy business, but want to participate intelligently in their career decisions. **These artists are smart enough to know that no one ever takes as good care of your business as you do.***