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The Path to Loyalty Among Theater Patrons: The Importance of Interaction and a Sense of Brand Community

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Abstract

The purpose of this study is to understand to what extent a theater serves as a focal point for community development, and whether that sense of community leads to more loyal patrons who are more likely to attend shows and donate to the theater. Additionally, the authors wanted to know to what extent interaction between patrons and personnel contribute to this sense of community. Our results support the view that the theater is a focal point for community development, and emphasizes the importance of interaction for a sense of community with the theater. Consequently, this sense of community contributes to a sense of loyalty towards the theater, and the associated consumer behavior (attendance, donations). Managerial implications are that theater managers are encouraged to allow for extensive interaction between patrons, and between staff and patrons, before and after the show, so patrons can develop a sense of community towards the theater.

Keywords: brand community, interaction, theater, brand loyalty, patron loyalty, marketing

Introduction

Theater management in more conservative, smaller cities, where the larger audience perhaps has less affinity with the cultural product, is a challenging endeavor.[1] The financial modus for theaters in these locations is dependent on the ability of a theater to create a lineup of (commercially oriented) performances that have a wider audience appeal, and thus are able to attract larger audiences to fill their seats. The theaters also have to be cognizant of satisfying a smaller group of important donors who are often interested in shows that press the artistic and intellectual envelope, and are not as easily accessible to a larger crowd.[2] As such, the success of theaters might rise and fall with the quality and selections of the shows they choose to perform or have performed, and their ability to read the needs and wants of their audiences.[3] When we review other options that people have at their disposal to spend a leisurely night, theaters seem to be in a tough spot. For instance, where a movie theater has the flexibility to replace a poor show (i.e., film) immediately with a new product, theaters that depend on live performances have no such flexibility, thus they may suffer much more from a poor product than a movie theater. Moreover, a movie theater is seldom blamed for the quality of the movie, as patrons see the movie theater solely as a medium that allows them to watch an entertainment product. This is different for theaters, where theater directors are held responsible for the selection and quality of the shows.

As François Colbert mentioned, a marketing director of a theater has no control over the artistic programming of shows.[4] Therefore, theater directors are similar to sport arena managers who are dependent on the performance of their professional sports teams to sell tickets. Similar to theaters, they have very little flexibility to change the quality of their team, and they too, rise and fall with the success of their product. Therefore, the scholarly field of sport management does offer some interesting insights that theaters might profit from, one that could be illustrated by emphasizing the difference between the Chicago Cubs and the Houston Astros. Both have been fielding unsuccessful teams for quite some time now, but the Chicago Cubs are maintaining their attendance and are still among the top revenue generators in Major League Baseball, whereas the Houston Astros are struggling and their attendance is among the worst in the league (www.espn.go.com/mlb/attendance). The difference between these two sport teams is interesting, as it shows that entertainment organizations can find ways to commit their patrons to their organization, even if they offer an inferior product. Marketing scholars have discussed this phenomenon through the concept of brand loyalty, which allows us to examine why patrons are loyal to a brand (e.g., the Chicago Cubs).[5] This line of research could benefit theaters as it gives them the similar opportunity to examine why certain patrons are loyal to their theater, while others defect.[6] Pusa and Uusitalo discussed the importance of brands for art museums and provided a discussion of strategies a museum can develop that stretch beyond the mere quality of the product.[7] While they provide a valuable insight for organizations who would like to use branding as a strategy to connect to their consumer, it focuses solely on the relationship between the individual and the brand, and does not include a discussion of the relationship between consumers and how these relationships can benefit the organization (brand).

This oversight might be considerable, as one of the most important precursors to loyalty that has been identified is a sense of (brand) community, which provides patrons with a sense of moral responsibility towards the organization *and* fellow consumers, even in hard times.[8] Particularly for entertainment organizations that have little control over the quality of their product (e.g., sport teams and performance theaters), a sense of community can be extremely important, as it prevents patrons from defecting from the organization and discontinuing their support. Brand communities arise when patrons have a relationship beyond the brand or organization itself, but also develop relationships with other patrons and develop behavioral patterns together that are centered on the brand. When they do, they become ambassadors of the brand, they help the organization recruit new patrons and they put peer pressure on other patrons to maintain their membership in the organization.[9] In these instances, the consumers become co-creators of the brand, and add value to the brand.[10]

Brand community scholars have examined many different organizations as forms of community, among them cars, computers,[11] motorcycles,[12] theme parks,[13] and sport teams.[14] Within the arts world, Chen noted the involvement of participants at the Burning Man Festival,[15] which hinted at the existence of a brand community. Nevertheless, it is unclear whether live-performance theaters could serve as a focal point for community development. Do patrons see these theaters purely as a medium to experience a show (as with movies), which would imply that the shows, not the facility, serves as the focal point for a sense of community, or do they identify with their fellow patrons and the theater itself?

A fairly recent development among theaters and other nonprofit performing arts venues has been the creation of social patrons groups, many of which specifically target young professionals. Organizations such as *Generation O* at the National Opera at the John F. Kennedy Center for the Performing Arts in Washington, the *Green Room Society* at the Adrienne Arsht Center for the Performing Arts of Miami-Dade County in Miami, and the *Young Patrons of Lincoln Center* at the Lincoln Center in New York City, are all examples of performing arts venues and theaters engaging young professionals through members-access-only events, audience outreach activities, and networking opportunities. By curating special events reserved for donors who contribute at specific membership levels, organizations are creating individualized social communities within their general pool of patrons, creating brand awareness with an eventual goal of patron loyalty. Yet, while we have anecdotal evidence of the value of these brand communities, and intuitively might understand the need for creating interaction between patrons, we have very little empirical evidence of this phenomenon. A study by Wiggins-Johnson, Peck, and Schweidel indicated that the relationship between organization and consumer was a poor predictor of donation intentions, indicating that in order to gain a better understanding of what drives people's engagement with the organization we should perhaps explore the relationships among our patrons.[16]

Therefore, the purpose of this study is to conduct an empirical examination of the sense of community that patrons have towards their theater, and with other patrons, and how this sense of community contributes to levels of loyalty among patrons. For several months, surveys were distributed among theatergoers of a local theater in a medium-sized city on the east coast of the United States with the aim of recruiting responses from loyal patrons who were attending most shows, as well as patrons who only frequented one show per year. They were asked about their interaction with other theatergoers, about their sense of community with the theater, and their loyalty towards the theater.

Literature Review

Challenges in the Nonprofit Art Industry

According to a newsletter survey done in 2005 by GuideStar, an organization dedicated to the reporting of U.S. nonprofit organizations, the most challenging obstacle for nonprofits is "finding the money to accomplish our mission."[17] As nonprofits lose funding in economic downturns, they have to become more innovative with their marketing efforts in order to continue their mission and gain followers or patrons who in turn may become donors. "Getting the word out about us and what we do" was the third most difficult challenge, one that correlates directly to the marketing efforts and the difficulty that organizations may face reaching their audiences effectively with limited budgets. Theaters, like other forms of live entertainment, face aggressive competition from the rise of online services providing on-demand entertainment ranging from streaming concerts to personalized playlists of films. This has created a larger pool of competitors for the time, and more importantly, money, of the average patron. Theaters are not only competing with other theaters or performing arts organizations, but they are also competing with a broader aspect of live entertainment providers, such as spectator sports, music concerts, and various forms of fairs and festivals. In certain parts of the country, where the allure of college sports dominates many weekends during the fall season, organizations have to be mindful of their programming calendar in order to be able to sell tickets. This was illustrated by Corning and Levy, who examined the choices of performances that theaters produce and how they match the tastes of the markets they serve.[18] They noted that there was a general preference towards musicals, along with comedies, over dramas, indicating that the general patron is looking at the live performance theater as an instrument for entertainment fulfillment, perhaps at the expense of more intellectually challenging theater endeavors.

Stafford and Tripp claimed that despite diminished public funding, performing arts organizations have only recently started to apply basic marketing principles to their overall strategies, indicating a need for a greater understanding of some of the current trends in marketing.[19] Nevertheless, over the last few decades, marketing research in arts has emerged,[20] and with the advent of relationship marketing, more and more arts organizations are engaging in research.[21] A study on the subject of community theater patronage,[22] suggests that local theaters should spend more time analyzing the demographics of their patrons in identifying the most suited marketing strategies, a call that was repeated by Colbert.[23] Within this emerging field, the research on the relationships that organizations build with consumers[24] might be of particular interest for live performance theaters, as they discuss how to engage the consumer with the organization, and create loyal consumers.[25] Yet, within the entertainment and art industry, one needs to take into account that for many people, the choice to engage in these kind of activities are not individual decisions, they are often group-based decisions and many people attend these events as part of a group, rather than as an individual. A study by Yoshida, Heere, and Gordon showed that the continued attendance of soccer fans (as a proxy for loyalty) was best predicted by how strongly they identified with other fans, rather than their own individual attitude towards the team.[26] This study supports the view that in order to better understand how to create loyal patrons, we need to better understand to what extent patrons see the theater as a community of people they identify with.

Brand Communities

Muñiz and O'Guinn have discussed brand community as a specialized, non-geographically bound community, based on a structured set of social relations among admirers of a brand.[27] The authors argue that one of the key components of a brand community is the "group experience," e.g., those moments when consumers interact with each other with the brand as the focal point in those conversations. In the context of a live performance theater, this group experience would not only be the viewing of the show, but also the interaction the patrons have before the show, during the intermission, and after the show. Through an examination of three brand communities (Ford Bronco, Macintosh, and the automaker Saab), Muñiz and O'Guinn define three markers that are prevalent in their specific research.[28] First, they identified "consciousness of kind." Using several in-person interviews on a monthly basis over a twelve-month period, the authors conclude and reflect on the fact that the commercial and mass-mediated characters in which these communities exist affect their character and structure and give rise to their particularities. These brand communities provide people with an identity, and they often refer to the brand community in terms of "we" rather than "they." Second, the authors mark the existence of "rituals and traditions," which ensure that "the meaning of the community is reproduced and transmitted within and beyond the community."[29] Third, and as a final marker of the community, the authors note that successful brand communities provide members with a "moral responsibility" to the brand, a felt sense of duty or obligation to the community as a whole, and to its individual members. This sense of moral responsibility is what produces, in times of threat to the community, collective action, and indicates a level of loyalty among patrons.

These studies call for a better understanding of the interaction between consumers, and the importance thereof for the sense of brand community they have, particularly outside of the context of a brand that is tied to a product. Consumer loyalty is an important part of corporations and their way of marketing themselves in order to keep selling their products. While larger companies spend a considerable amount of their budgets on marketing, theaters and their nonprofit counterparts have limited means of marketing their brands aside from the general marketing they do of their seasonal lineup of performances. However, not much research has been conducted in the realm of patron loyalty in the performing arts within the brand-marketing arena. As stated earlier, theaters have to be cognizant of consistently providing superior productions, ranging from the choices of the plays they produce, to the actors and staging that they present, in order to keep patrons loyal, returning to their shows and purchasing tickets. Ultimate loyalty emerges as a combination of perceived product superiority, personal fortitude, social bonding, and their synergistic effects.[30] Currently, the majority of research concerning brand communities and consumer loyalty has been conducted based on corporate brands, such as the car model the Ford Bronco, the Macintosh brand, or the Chicago Cubs.[31]

Most of the current brand community work is focused on successful brand communities, which prohibits a better understanding of how these different components of brand communities come into existence. For instance, how could a theater create a group experience that leads to more interaction, and as a consequence, a heightened sense of community? The original study of Muñiz and O'Guinn[32] used a triad to explain the relationship between consumer and organization (vertical relationship) and the relationship between different consumers (horizontal relationships), yet Katz & Heere argued that not all consumers are equal[33] and that consumers are part of a scale free network that can be subdivided between "leaders" and "followers."[34] They call for a better understanding of how consumers interact and what the effect of this interaction is on the formation of a sense of brand community.

Brand Loyalty

Oliver defined loyalty as, "a deeply held commitment to rebuy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior."[35] Loyalty does not occur overnight, and individuals move through different "loyalty phases" with corresponding actions, following a cognition-affect-conation-action pattern. In the cognitive state, a brand is more preferable to its alternatives, creating a "liking" for the consumer to be affective towards the brand. It is followed by a "conative" commitment to buying a specific brand concluding in an ultimate "action loyalty" where the consumer overcomes obstacles in order to purchase the brand he or she feels most loyal towards.

Key within the construct of loyalty is the patron's resistance to changing preference, despite negative situational influences, and this resistance is seen as the key precursor to being loyal or identifying with a brand.[36] Pritchard et al. conducted a study among service patrons in the travel industry, linking commitment and loyalty to specific brands related to travel services, using an individual psychological approach. They identify three psychological processes in patrons, namely *informational complexity, cognitive consistency, and confidence*.[37] *Informational complexity* refers to the factor, which contributes to the "attitudinal stability of commitment," of processing certain information in order to form "complex cognitive structures." This is a resistance to change or shift attitudes, especially for those who are highly committed to a brand or service. *Cognitive consistency* refers to the fact that consistency supports commitment—it becomes more difficult to change loyalty or allegiance to one particular brand over another due to the fact that consistency helps develop a strong loyalty. The third informational process is attitudinal *confidence* as a result of being consistently loyal towards a brand. Many of the current loyalty programs are built upon the seminal work conducted by the authors mentioned above. They are targeted towards individuals and their attitudes towards the brand.[38]

While the importance of this work cannot be overstated, it misses a more communal approach and is ignoring the importance of other consumers in our loyalty formation process. Heere et al. suggest that our loyalty is less dependent on our attitudes, than the attitudes of others.[39] They found that our connection with other consumers was more important in continued engagement with the organization, than our personal attitudes towards the brand. What they are suggesting is that if we would want to gain a better understanding of how we develop our loyalty towards a brand, we should examine the relationship among consumers. Schau, Muñiz, and Arnould demonstrated the importance of other consumers to the development of brand community, and consequently consumer loyalty, by reviewing twelve common practices consumers engage in, and allowing other members to begin or maintain their engagement with the brand.[40] They argue that community leaders act as ambassadors for the brand, and support other members in their consumption of the brand. Hence, based on the literature, we offer the following hypotheses for this study:

H1: Patron interaction has a positive effect on the sense of community patrons maintain with the theater.

H2: Patron interaction has a positive effect on consumer loyalty towards the theater.

H3: Sense of community with the theater has a positive effect on consumer loyalty towards the theater.

H4a: Consumer Loyalty will have a positive effect on people's purchasing of a Flexpass (partial season ticket).

H4b: Consumer Loyalty will have a positive effect on people's attendance of X Theater shows.

H4c: Consumer Loyalty will have a positive effect on people's donations to X Theater.

Method

Research Design

To address the research questions, we conducted a survey design study and worked with a theater located in a midsize city on the east coast of the United States. Over a period of three months they allowed us to distribute surveys among their patrons, providing us with 497 surveys overall. Surveys were inserted into the programs, which were then distributed to the audience prior to the show. The theater director then made an announcement to the audience prior to the show in regards to the survey to encourage the audience to complete the survey. The surveys were then collected during the intermission, or patrons could drop them off in assigned "survey boxes." During the data collection, three different shows were performed, containing a wide variety of themes and styles, including a musical, a comedy, and a drama. After an examination of missing data, 96 surveys were eliminated, leaving the researchers with 401 responses. The sample represented all age groups, with an even distribution among all the age groups (starting at the age of 18 to over 74, with categorical increments of 10 years), more women than men (47% to 30%, 22% missing responses), and a dominantly white audience (86% white, 8% African-American).

Instrumentation

To measure interaction, new items were proposed that measured whether people interacted with others at the show. These items measured whether people interacted with other patrons or with staff, whether they considered the theater to be a place where they met their friends, or whether the theater was a place where they made new friends. Since the concept of interaction is relatively straightforward, we did not conduct a content validity test of the items, and instead relied upon reliability measures, such as Cronbach Alpha, and item-to-total statistic to test for internal consistency.[41] For the measurement of sense of brand community, the scale of Algesheimer, Dholakia, and Herrmann was used,[42] which has been tested elaborately on both validity and reliability and is largely overlapping with the widely used organizational identity scale of Mael and Ashforth.[43] The brand loyalty scale was adapted from Heere and Dickson who used it to measure loyalty of fans towards a sport team.[44] These adaptations were minor and reflected the change of setting. For instance, their item: "I would still be committed to the team, regardless of the lack of physical skill among the players," was replaced by, "I would still support the theater regardless of the lack of any famous shows in their lineup. A full overview of all items, and their reliability assessment, is provided in Table 1. Finally, respondents were asked how many shows they attended (attendance), if they ever donated more than one hundred dollars to the theater, and whether they purchased a Flexpass, which allowed them to pick six shows of their own choosing during a theater season.

Data Analysis

To examine the reliability of the constructs, Cronbach Alpha's and item-to-total statistics were calculated.[45] To test the hypotheses, the authors used structural equation modeling (SEM). To examine the appropriateness of the model the authors calculated the Chi-Square to degree of freedom ratio, RMSEA, and the CFI. Factor loadings were calculated to examine the convergent validity of the constructs.[46] The SEM then provided us with the regression paths between constructs to test our hypotheses.

Results

All measures were found to be internally consistent with Cronbach Alpha scores above .8[47] and item-to-total statistics above .5.[48] A complete overview of the items can be found in Table 1. The Chi-square to degree of freedom ratio was 3.496, the CFI .929 and the RMSEA was .079, indicating a reasonable fit of the model. All factor loadings were above the cut-off of .7. The mean scores for Sense of Community were 4.42, with a standard deviation of 1.65, indicating that on average people did agree with statements that discussed the theater as a community. Interaction received a mean score of 2.93 (SD – 1.24), indicating that interaction was not very common to the theater experience and that many people did not

Constructs	Cronbach Alpha	Item-to-Total Statistic
Interaction	**.897**	
I interact with other attendees before and/or after the show or during intermission.		.782
I interact with theater staff before and/or after the show or during intermission.		.752
The X theater is a place where I meet my friends.		.801
The X theater is a place where I have met new people and built new relationships.		.746
Sense of Community	**.928**	
I am very attached to the X Theater.		.780
Other X theater members and I share the same objectives.		.828
The friendships I have with other X theater members mean a lot to me.		.641
If X members planned something, I would think of it as something "we" would do, rather than something "they" would do.		.710
I see myself as a part of the X theater.		.720
Brand Loyalty	**.880**	
I would still support X theater regardless of the lack of any famous shows in their lineup.		.682
I could never switch my loyalty from X theater to another theater even if my close friends were members of another theater.		.715
I would still be committed to X theater, even if their best actors would leave.		.734
It would be difficult to change my beliefs about X theater.		.713
The reason I am supporting X theater is beyond their annual line up of shows.		.718

Table 1. Instrumentation and reliability measures.

interact with other patrons and staff. Finally, loyalty received a mean score of 4.8, indicating that on average, people experienced a sense of loyalty to this theater.

The structural equation model is provided in Figure 1 and shows evidence of the three hypotheses. We found support for the first hypothesis with Interaction having a strong effect on Sense of Community, confirming the importance of Interaction and group experiences within a brand community. We did not find support for the second hypothesis, as Interaction did not have a direct effect on Consumer Loyalty. This might indicate that Interaction among patrons in itself is not sufficient for Consumer Loyalty, and only if this Interaction occurs in a brand community context, does it lead to Consumer Loyalty. We confirmed the importance of Sense of Community to Consumer Loyalty as we found support for our third hypothesis. Finally, we found partial support for our fourth set of hypotheses, with Consumer Loyalty having a positive effect on attendance and donations, yet failed to provide support for the effect of Consumer Loyalty on the purchase of a Flexpass.

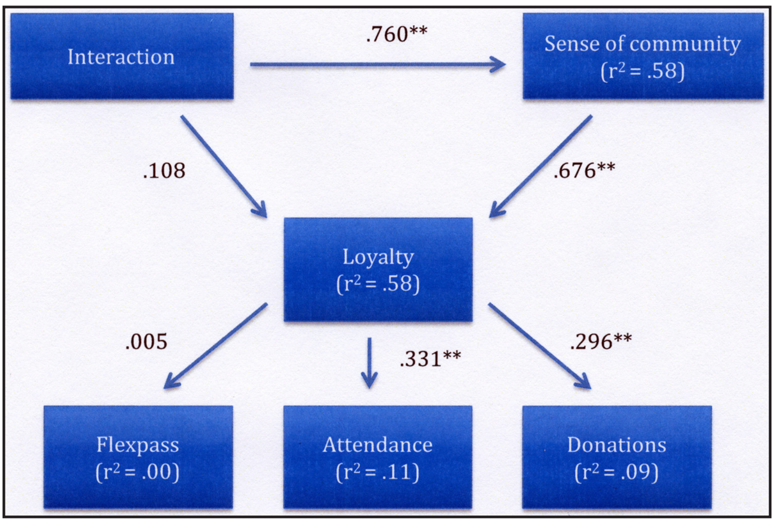

Figure 1. The interaction – community – loyalty framework.

Discussion and Findings

The findings of this study lend support to the notion that theaters are more than a mere medium to watch live performances, and that patrons perceive them as a focal point for community development. One of the main challenges of local theaters is to build a loyal following that will continue their support of the theater, regardless of any shows that might not have appealed to them. As Wiggin-Johnson et al. argue, understanding why people donate to theaters is a complicated issue, and people's individual disposition towards the theater is not a strong predictor of why people choose to support a theater through donations.[49] While Wiggins-Johnson et al. limit their discussion to donations, it does not seem far-fetched to extrapolate this finding to other kinds of consumer behavior such as attendance. Instead of looking at an individual's disposition, we should aim to better understand the community and how individuals interact with each other in this community. Pusa and Uusitalo provide a strong discussion of how to connect the brand to an individual,[50] yet they do not incorporate the communal value that an arts organization could offer.

Our proposition that managers can build such a following through the formation of a community seems to be supported by the findings, and sense of community and interaction appear to be medium predictors of loyalty and consequently, consumer behavior. Thus, we argue that the key to building such a community is to allow for interaction among patrons and/or staff before and after the show. Muñiz and O'Guinn argued that group experiences were crucial to the formation of a community, and that individuals need a platform that allows them to discuss this experience.[51] Interaction among patrons is at the essence of such group experiences, and it also allows group leaders to advocate and evangelize the value of the brand community.[52] The proposed model discussed in this study supports these connections and confirms the importance of interaction on a sense of brand community, and consequently, the importance of sense of community on consumer loyalty and consumer behavior, such as attendance and donations to the theater. The sole exception was the "flexpass" that the theater was offering to their patrons. This initiative was started to give loyal patrons the flexibility to buy tickets to multiple shows, without committing them to particular shows. However, while the initiative might have been worthwhile, our study suggested that there is no relationship between sense of community, loyalty, and the purchase of this pass, which opens the door for a more thorough evaluation of the effectiveness of this program.

While this study provides interesting insights into the relationship between interaction, sense of community, and consumer behavior, it indicates that we might only have scratched the surface of understanding the importance of creating (reinforcing) a sense of community among theater patrons. Following the conceptual work of Schouten and McAlexander,[53] Muñiz and O'Guinn,[54] Underwood, Bond, and Baer,[55] and Schau et al.,[56] future research should focus on other elements of brand community to activate. For instance, Underwood et al.[57] discuss the facility (i.e., the social space) as an important characteristic of brand community, yet we know little of how the facility could be used to increase this sense of community. Similarly, many of these authors discuss history and traditions as important characteristics of brand communities, yet within the arts world we have little knowledge of how to activate such components. Schau et al. discuss twelve brand "practices" that community members undertake on behalf of the brand, indicating that these loyal followers become brand ambassadors who are extremely valuable to the organization.[58] Among other things, these ambassadors "badge" their allegiance to the brand (e.g., wear clothing displaying the name of the organization), evangelize on behalf of the organization (word of mouth), and support new members to consume the service or product of the organization. Future research should continue to explore how people can be incentivized to engage in such behavior.

Implications for Management

Our study offers theater managers a different approach to building a loyal theater following. While we cannot overstate the importance of the relationship between organization and patrons, the focus on the horizontal relationships between patrons can offer a very effective and alternative method to increase the loyalty of the patrons towards the theater. As such, this study offers a plethora of opportunities for theater managers to capitalize on. Sport arenas have been very active over the last decade to display the history of the organization, thereby activating a sense of community. They display banners of previous championships or titles, hang jerseys of former all-star athletes from the roof, and display accomplishments of the organizations prominently within the facility. Theaters could implement similar strategies to share the history of the organization with their audience and activate the sense of community among their patrons.

The theater that we worked with in the context of this study had their managers come up on stage before the performance to interact with the audience and ask them questions. It was a very powerful ritual that allowed the manager not only to connect directly to the audience (i.e., consumer – organization relationship), but also offered the audience the chance to get to know more about the other patrons (i.e., consumer – consumer relationship). Additionally, the theater had plans to renovate its bar area, so it could host more after-show parties and festivities, which would allow for further interaction among patrons after the performance. A study by Katz and Heere illustrated the importance of pre- or post-game consumer interaction to the overall event experience, strategies such as these are extremely important in the formation of a brand community.[59] Allowing patrons to share their experiences with other patrons and build relationships among themselves is crucial to the development of a sense of community, and managers are well advised to develop strategies to allow for such interaction.

Endnotes

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Magical Mystery Tour: Failures From The Beatles' Self-Managed Era and Lessons for Today's DIY Musicians

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Abstract

Managing a band can be a full-time job. If it's the biggest band in the world, the job is even harder. So what happens when the members of the biggest band in the world decide to manage themselves? This paper looks into the 21-month period in which the Beatles oversaw their own business affairs and explains their mistakes and broken philosophies. From the creation of Apple Corps as a means of shielding the group from individual tax burdens to the ultimate selection, by three members, of Allen Klein as their new manager, today's DIY (do-it-yourself) artists are exposed to valuable lessons.

Keywords: Beatles, John Lennon, Paul McCartney, George Harrison, Ringo Starr, Richard Starkey, Magical Mystery Tour, Allen Klein, managing the Beatles, Beatles managers, music business management, business lessons from the Beatles

Introduction

The Beatles, comprising John Lennon, Paul McCartney, George Harrison, and Ringo Starr, are arguably the most popular musical group of all time. Based upon music sales, cultural and musical influence, and posthumous interest (Lennon and Harrison are dead), one can argue that the Beatles have meant more to popular music than Benny Goodman, John Coltrane, or Elvis Presley. This doesn't mean the Beatles themselves were infallible. As artists, they were close to infallible. But as businessmen, their poor decisions and lack of experience clearly showed their weaknesses as individuals and as a group.

The purpose of this paper is to describe the mistakes the Beatles made in the era between the death of their manager, Brian Epstein, in August 1967 and May 1969 when John Lennon, George Harrison, and Richard Starkey (but not Paul McCartney) contracted the services of a new manager, Allen Klein.

While this 21-month period was a musically creative whirlwind for the band, it was also the beginning of its demise. From egos to depression, personal growth to poor communication, drugs, ignorance, passing whims, and general lethargy, this stretch of time taxed these four men in more ways than they could understand. When it was over, Klein presided over a disbanded collection of individuals who proceeded to sue and countersue each other (and Klein) for years.

Today's DIY (do-it-yourself) musician culture can learn more from the Beatles than how to write, arrange, and record a memorable song. This study will delineate those lessons so musicians and artists can learn from the blunders and misjudgments made by the most popular musical group of all time.

The Brian Epstein Years

Trivial Pursuit fans and hardcore Beatles purists probably know that the first manager of the Beatles was not Brian Epstein, the son of a furniture shop owner and operator of NEMS, Liverpool's biggest record store.[1] The band's first manager was Allan Williams, "a hard-drinking figure who flourished on the fringes of Liverpool's rough-and-tumble night life."[2] Williams booked early gigs for the Beatles, the most important being their first lengthy stay in Hamburg, Germany, at the Indra club and then the Kaiserkeller.[3] After the Beatles were deported for working underage, Williams helped obtain work permits for the group in early 1961.[4] The group returned to a residency in Germany at The Top Ten Club, playing six to seven hours of music each night.[5] Williams stayed loosely in touch but ceased running the group's affairs.

Upon the band's return to Liverpool, they began playing lunchtime concerts at The Cavern Club. Sporting new haircuts fashioned by former bassist Stuart Sutcliffe's girlfriend, Astrid Kirchherr,[6] and a live performance style honed from hundreds of hours playing in front of what Paul McCartney described as "fat Germans,"[7] the group soon earned the attention of Brian Epstein in October 1961. Epstein didn't fall in love with the music he heard, but he did sense something special among the foursome. He considered managing the group and asked the opinion of Williams, who suggested they'd ultimately let him down,[8] especially since the Beatles still owed Williams commission for the Hamburg shows.[9]

Regardless of what Williams thought, Epstein decided to forge his own path. "They are awful, but I think they're fabulous," he said.[10] The awfulness to which he was referring was the band's attire, including black leather jackets and high black boots.

When Epstein explained his intentions to the band, there was initially no contract. He was a twenty-seven year old, well-dressed Jewish man with what the group thought was a wealthy background. Based upon the band's lower to lower-middle class backgrounds, Epstein's station in life meant something. He met with them a few times, including once with their families. When he finally told the band he wanted to manage them, the answer came from John: "Right then, Brian," he said. "Manage us."[11]

The job of a personal manager means "being responsible for every part of the artist's career… twenty-four hours a day, seven days a week. It involves making decisions you and your artist can live with and developing a trusting relationship. It's a relationship that matures over time and grows out of mutual respect."[12]

Epstein's association with the Beatles spanned the next six years, up until his death. There would be millions of dollars made and lost. There would be lawsuits and settlements, blackmail and backlash. Nonetheless, the association between Epstein and the Beatles was tremendously important. Epstein shielded John, Paul, George, and Ringo from outsiders, from their own gaffes, and let them do what they did best: write, sing, perform, and record. While the Beatles became, as John Lennon once said, "more popular than Jesus,"[13] it was Epstein who got the group members their first record deal, their first merchandising deal, their movie deal, and their incredibly important and historic appearances on *The Ed Sullivan Show*. Without Epstein, the music of the Beatles may have never been heard outside of Liverpool.

Their Magical Mystery Tour

When Epstein died in 1967, the Beatles were basking in the glow and adulation from the release of their album *Sgt. Pepper's Lonely Hearts Club Band*. The group had given up touring in 1966, so there had not been as much for Epstein to do over the past year. He was depressed from losing touch with the group. There was also the potential that the Beatles might not renew their management contract with Epstein and NEMS, scheduled to end in October.[14] An addiction to pills and the recent death of his father ultimately led to Epstein's overdose on August 27th.[15]

Four days after Epstein's death on September 1st the group got together at Paul McCartney's house "to assess their situation."[16] They decided to manage themselves "under the umbrella of NEMS for the time being, but with the clear intention of forging ahead with the formation of Apple Corps."[17] The group agreed to let Epstein's brother Clive run their affairs until the end of their agreement before taking the reins themselves.[18] However, the Beatles specifically did not want anything to do with Brian Epstein's business partner, Robert Stigwood, who would famously leave NEMS (which had evolved from record store to successful artist management company) and bring the Bee Gees, Jimi Hendrix, and Cream with him as part of his departure deal.[19]

The first project the Beatles undertook in the post-Brian Epstein era would be the first time the Beatles would fail. In a documentary called *The Compleat Beatles*, author Nicholas Schaffner said, "They now had nobody to say no. Had Brian lived, they might not have listened to him anyway."[20]

While the Beatles had misstepped in the past, such as with Lennon's controversial "more popular than Jesus" comment in 1966 that led to album burnings and empty concert seats, Epstein had always been there to pick up the pieces and save face. With their manager and protector now gone the Beatles no longer had that safety net. Considering that they'd scored fourteen number-one singles in the United States up to that time,[21] sold tens of millions of albums, generated revenues in the hundreds of millions of dollars, and, in general, had been able to do whatever they wanted, whenever they wanted, with virtually whomever they wanted, for the past three-and-a-half years (at least since their famed *Ed Sullivan Show* triumph in February 1964), the existence or need of a safety net probably never crossed their collective mind. They were The Beatles. They were flawless. And, if they truly believed they were more popular than Jesus, they may have even thought they were as close to God-like on Earth as anyone could be. Considering all this, it made perfect sense from their perspective to take direction from no one but themselves.

In an email exchange between the present writer and Peter Doggett, the author of *You Never Give Me Your Money*, a definitive journey through the Beatles' business dealings after the group's breakup, he offered his opinion on why the Beatles elected self-management:

> They had succeeded at (almost) everything else they had done up to that point, with increasingly minimal input from Brian Epstein as his personal life declined. It was an era of boundless hope and optimism, and the Beatles—as the world's most successful entertainers and compos-

ers—assumed that their collective glow would dazzle any section of society at which it was aimed. I'm sure that by the summer of 1967 they felt that they were already effectively managing themselves, so why should Brian's death make any difference?[22]

During the aforementioned September 1st band meeting, McCartney described his idea for an hour-long television film and accompanying soundtrack called *Magical Mystery Tour*.[23] This film, to be scripted, produced, and edited by the band, would follow them as they took a bus ride through the English countryside, accompanied by "a fat lady, a midget"[24] and more odd characters. Other than an aimless bus ride, nothing happened. There was "neither magic nor mystery, only poignant reminders of how things used to be when Brian Epstein looked after the travel arrangements."[25]

Besides the lack of a complete script, nobody had bothered to book time at a film studio to capture interior scenes. Originally budgeted as a four-week process—two weeks of filming and two weeks of editing[26]—the process dragged on much longer than expected. Editing itself took eleven weeks,[27] the work performed separately by each Beatle, before the final film was handed over to NEMS for distribution.

Why did the Beatles effectively work alone on the project, considering they weren't filmmakers? "They were afraid that their unfamiliarity with the medium would let some 'expert' take their film away from them," author Geoffrey Stokes wrote in 1980. "Not only didn't they know whom to trust, they didn't know enough to trust anyone."[28]

The day after Christmas 1967, *Magical Mystery Tour* aired on the BBC to fifteen million viewers.[29] But there was one more problem nobody had thought about: while the film was shot in vivid, psychedelic colors, the BBC channel aired it in black & white.

Considering a song from the soundtrack, McCartney's *Hello, Goodbye*, was already a number-one single in the United States, the Beatles may have thought their mess of a film would receive good reviews. It didn't. "Appalling, naive, puffle, nonsense, contemptuous"[30] were all words used by critics to describe the film. As a result, NBC television canceled a million-dollar deal to show the film in America.[31] The magic of the Beatles as songwriters and as a band withstood the negative aspects of *Magical Mystery Tour*. "Within 10 days the album had earned $8 million in the

U.S."[32] Beatle employee Neil Aspinall said, "If Brian had been alive, the film never would have gone out. Brian would have said, 'Okay, we blew 40,000 pounds—so what?' Brian never would have let it all happen."[33]

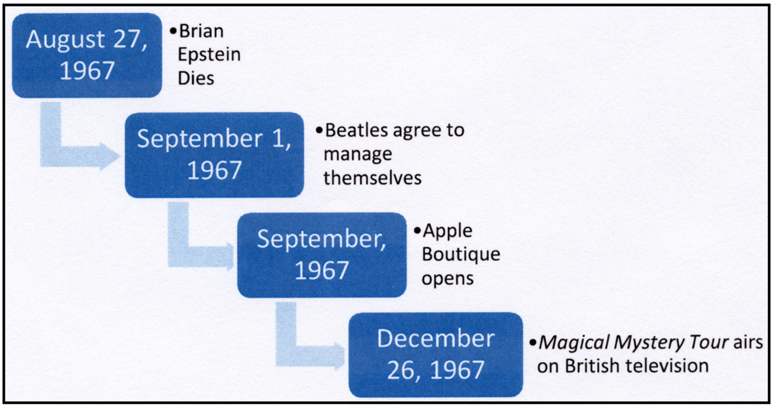

Figure 1. 1967 timeline of the Beatles' self-managed era.

"Materially and emotionally they were a hundred years old," Hunter Davies wrote in the official biography of the band, simply called *The Beatles*. "Intellectually they were still in many ways adolescents. Not that they wanted anyone to teach them anything…"[34] This ignorance and the requisite egos attached to being the most famous people in the world formed a lethal combination that ultimately would tear the Fab Four apart. That and taxes.

In September 1967, after the death of Brian Epstein, the Beatles commissioned (with £100,000 of their money) a pair of Dutch artists to design a Beatle boutique. "A beautiful place where you can buy beautiful things," said McCartney.[35] The boutique idea was part of the band's new corporate structure. What was originally Beatles, Ltd. had become Beatles & Co. until the latter's name was officially changed to match with the boutique's name: Apple.

In 1967, the Beatles sought a way to shield their income from British income tax laws. When Epstein was alive, he hadn't wanted to direct money out of Great Britain because it was "unpatriotic."[36] That strategy didn't work. Each Beatle was in the midst of getting devoured by his tax burden. In theory, Apple Corps brought financial benefits to the Beatles. "Their earnings were now subject to corporation tax rather than income tax, and they could claim back their personal living expenses from the company," wrote author Peter Doggett.[37]

The design of Apple Corps, Ltd. was to comprise various divisions in which the Beatles could claim some experience, like Apple Music and Apple Publishing, and some in which their experience was minimal to none, like Apple Tailoring, Apple Electronics, and Apple Retail (the division in charge of the Apple Boutique). The hiring of people for different divisions included those who could conceivably get the job done, like their publicist Derek Taylor running Apple Publicity, and friends or others who'd hitched themselves to the band based upon promises or "persuasive charm,"[38] like Alexis Mardas, whom Lennon called "Magic Alex." Mardas would go on to spend tremendous amounts of money in Apple Electronics and ultimately create nothing.

The Beatles used the company not only as a tax dodge but also to further their 1960s philosophy of sticking it to the man. McCartney dubbed it "Western Communism,"[39] but rather than profit from these traditional business practices, the naive Beatles were taken advantage of by nearly everyone with whom they came in contact. "If you come to me and say, 'I've had such and such a dream,' I will say, 'Here's so much money. Go away and do it,'" McCartney said at a May 1968 press conference in New York City announcing Apple's launch.[40] "We've decided to play businessman for a bit," Lennon said on *The Tonight Show*.[41] At both the press conference and *Tonight Show* appearance, Lennon laid out the band's vision for Apple, which also described McCartney's "Western Communism" comment a bit more. "We're gonna set up a system whereby people, who just want to make a film about…anything don't have to go on their knees in somebody's office. Probably yours."[42]

As Jonathan Gould wrote in *Can't Buy Me Love*, "Brian Epstein had spent the better part of five years insulating the Beatles from a legion of hustlers and schemers who were eager to exploit their fame; now the two main spokesmen for the group had gone on national television in the United States to announce that they had scads of money to give away to people who had dreams."[43] "If someone came in off the street with an idea and they looked right and felt right and had a nice manner, they would get money given to them," said Derek Taylor, head of publicity for Apple. "It was naive, it was idealistic, but that's how it was."[44]

Apple wasted money from the start. While each Beatle could spend on his personal habits and write off the costs to Apple, employees of the new company spent wildly on lavish lunches, drugs, international (personal) phone calls, and opulent office furniture. "They took on some expensive luxury offices, stocked them full of fine furnishings and equipment, and naturally half the Western hippy world flocked to try to take advantage of them," wrote Beatle biographer Hunter Davies,[45] "…plus a few smart advisers who were supposed to be helping them sort everything out," Davies continued. "Millions of pounds were thrown away on daft schemes, shops, businesses, pandering to eccentric notions, and strange people."[46]

George Harrison described the Apple period as "chaos."[47] He said the organization wasted huge sums of money. "It was a lesson to anybody not to have a partnership, because when you're in a partnership with other people you can't do anything about it (or it's very difficult to), and at that point we were naive."[48] The Apple Boutique opened on December 7, 1967. Almost immediately, the establishment became known as a shoplifter's paradise. It hemorrhaged cash. By July 1968, it had closed.[49]

Besides losing money at Apple, the Beatles were having problems with nearly every contract they had ever signed. Problem number one was they didn't know what they had signed. Number two? They didn't have any copies of anything they had ever signed. "We didn't have a single piece of paper," Beatles road manager-turned-head of Apple Neil Aspinall said.[50] "No contracts. I didn't know what the contract was with EMI or with the film people or the publishers or anything at all."[51]

At first, the four members of the group seemed to enjoy playing businessman-with-a-twist. Apple was part of a "utopian ideal"[52] in which "they operated in some magical dimension where their actions had no consequences."[53] The group had wanted Apple to represent the counterculture of the 60s. As author Peter Doggett wrote, the hope was "that the Beatles could overturn the commercial model of the music industry and the dream of enabling artists to reach the public without tangling with businessmen."[54] But Apple was still part of the real world. "What people don't realize," Ringo Starr said, "is that Apple was never really much more than an extension of [EMI label] Parlophone."[55] The four shareholders of Apple (John, Paul, George, and Ringo) were real people with real problems, even if they were arguably the most successful musicians of all time.

Employees of Apple realized soon enough that saving the world wasn't something Apple could ever accomplish. "The identity crisis has to be faced up to," one of them said in *The Longest Cocktail Party*.[56] "Who are we? What are we supposed to do? Where do we go from here? If we don't find the answer to it soon we're going to end up like the man who had all his clothes taken away, got locked in a rock garden, and had the key thrown away on him."[57]

Bad business continued at Apple. In September 1968, Apple's chief financial adviser resigned because of "the slipshod manner in which the company was being managed."[58] Not long after, the company's number two financial accountant, Stephen Maltz, resigned. In a letter to the group he wrote, "Your personal finances are in a mess. Apple is in a mess."[59]

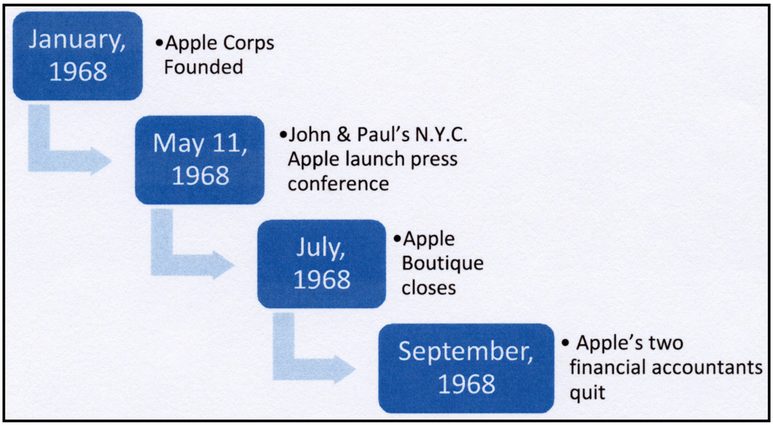

Figure 2. 1968 timeline of the Beatles' self-managed era.

Meanwhile, members of the Beatles were having personal problems. John Lennon was arrested in October 1968 (with partner Yoko Ono) in his home for illegal drug possession. The following year George Harrison would be arrested on the same charge. Lennon was a "compulsive enthusiast"[60] who seemed to easily fall under the spell of other people and influences, including:

- The Maharishi Yogi, an Indian religious figure: Lennon and the other three Beatles were with the Maharishi when they received word Brian Epstein had died.
- Yoko Ono, whom John would later marry: they recorded *Two Virgins* in 1968, an avant-garde album that was a commercial failure.
- Arthur Janov and his Primal Scream psychotherapy.
- Heroin and cocaine.
- Allen Klein: who would ultimately manage the affairs

of the Beatles and Apple (against the wishes of Paul McCartney) and later be sued by the Beatles and Apple.

McCartney was the workhorse Beatle, the ambitious one. He was the member of the band who worked hardest and was most focused on the group's direction. While Lennon battled drug addiction, depression, or turned to others, specifically Ono and soon Klein, for guidance, McCartney continued learning about music, listening to music (he claimed he was the first Beatle to embrace the avant-garde, not John via Yoko Ono), and writing songs. The group had begun as John Lennon's band, but after Brian Epstein's death, Paul McCartney emerged as the driving force, sometimes to the consternation of Lennon and Harrison.

Harrison, the youngest Beatle, harbored animosity toward Lennon and McCartney as the years passed. George had become a songwriter, but John and Paul limited the number of Harrison-penned songs per album. Harrison also grew apart from the other three Beatles as his interests turned more spiritual, first toward the Maharishi and then toward Indian culture, music, and religion in general.

Ringo was the ambivalent Beatle, usually agreeing to what the others wanted, never one to be a bother or make a fuss. Interestingly, it was this personality trait that led each solo Beatle to work with Starr multiple times after the breakup of the band.

Philip Norman's book *Shout!* includes a montage of pictures of the four Beatles covering their early success through 1969. The accompanying description states: "From Liverpool scufflers to conventional Pop idols; from sleek millionaires to psychedelic bandsmen; from lank-haired hippies to trinket-bedecked Caesars, their Empire dissolving around them."[61] "Nobody at Apple had any business sense at all," singer/songwriter James Taylor said.[62] Taylor had been signed to Apple but was released from his contract upon the arrival of Klein to the company. "No one was in charge," wrote Doggett.[63] "Everyone had their own autonomy, and all of it cost money."

Richard DiLello was the designated "House Hippie" at Apple Corps from 1968 through the closing of the press office in August 1970. His book *The Longest Cocktail Party* chronicles "the wild rise & fall" of the Beatles and their "million-dollar Apple empire."[64] He described the spending and lack of accountability: "Do you realize the liquor bill alone is now up to six hundred pounds a month! Just on booze! And how much food do you think that kitchen turns out a month? I'd say their bill is pretty close to what we spend on liquor and that's just in-the-office entertaining…And the traveling expenses! Who's taking all those flights to Paris and London and America? The phone bill! Sometimes it's four thousand pounds a quarter! No one around here has *that* much to say. Every time you turn around there are at least half a dozen people on the phone who don't even work in the building."[65]

In the meantime, the Beatles had lost control of a lucrative source of revenue, their publishing. Northern Songs, the publishing company which held ownership of their copyrights, was run by a former musician and song-plugger named Dick James. At first, the 100 shares of Northern Songs was broken up like this: John and Paul (20 shares each), Epstein (10 shares), and James and his partner, Charles Silver, (50 shares).[66] This arrangement was not clear to Lennon and McCartney, who thought they owned the whole company. Unfortunately, neither man had read the contract that Epstein had given them to sign. "We had complete faith in him [Epstein] when he was running us. To us, he was the expert," Lennon said.[67] Meanwhile, the pair had never even met Charles Silver,[68] a man with whom they were now partnered.

As a way to avoid capital gains tax in 1965, Northern Songs went public. After the offering, Lennon and McCartney each owned 15% of the company. Epstein/NEMS owned 7.5%. James and Silver owned 37.5%. Harrison and Starr shared 1.6%.[69] This added up to 76.6% of the company, meaning just under 25% of Northern Songs was owned by other interests, mainly financial institutions.

After Epstein died, Lennon and McCartney tried to renegotiate their ownership stakes with Dick James. The meeting went poorly. In 1969, James and Silver suddenly sold their concern in Northern Songs to ATV Music.[70] Lennon and McCartney were not offered a chance to purchase the 37.5% that had been sold. (In fact, it has been speculated that James and Silver sold out because they were nervous about the band's new relationship with Allen Klein.)[71] After an inability to woo other financial institutions to their side for the purposes of an ATV hostile takeover,[72] Lennon and McCartney eventually sold out to ATV for $5.738 million.

The wild expenditures and losses continued at Apple leading Lennon to disclose in January of 1969: "We haven't got half the money people think we have. We have enough to live on but we can't let Apple go on like it is…It doesn't need to make vast profits but if it carries on like this all of us will be broke in the next six months."[73] "Apple was a disastrous business decision coming as it did from young men who in some respects, didn't know what the hell they were talking about in a business sense," says Dr. Mike Broken, Senior Lecturer of Music at Liverpool Hope University.[74]

Apple Corps was indeed a tangled mess. Besides the internal, out-of-control spending and the ongoing dispute with Northern Songs, the Beatles also tried to purchase their share of NEMS from Brian Epstein's surviving brother, Clive. The NEMS/Beatles contract called for the company to forever take a commission off the top of Beatles royalties before the group saw anything. While Paul McCartney argued that his future father-in-law, Lee Eastman, should help the group get through the disputes, Rolling Stones manager Allen Klein had successfully won over John Lennon and Yoko Ono. With two teams of advisors, the problems got worse.

Without Lennon's knowledge, McCartney had been purchasing additional shares in Northern Songs. During the hostile takeover attempt, Eastman advised McCartney "not to add his block of shares to Lennon's as collateral for the loan the Beatles needed for the takeover bid."[75] When Lennon found out about McCartney's behind-the-back maneuvers, he went into a rage. At that point, Lennon was able to get Starr and Harrison to officially turn away from Lee Eastman. On May 9, 1969 Allen Klein officially became the new manager of the Beatles.

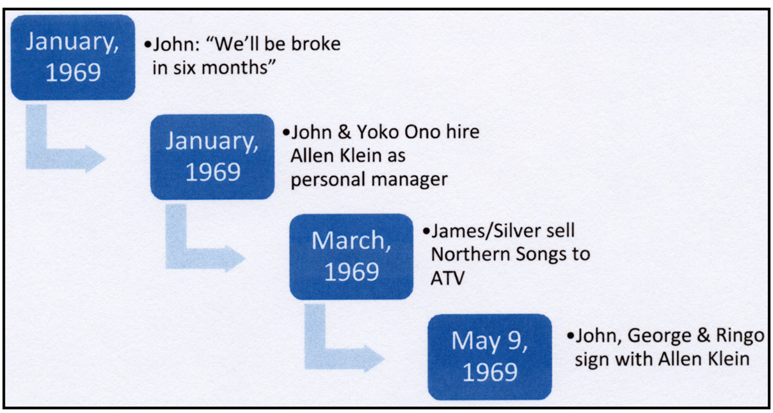

Figure 3. 1969 timeline of the Beatles' self-managed era.

Unfortunately, Klein had only won three of the Beatles. Paul McCartney would not sign the management agreement Klein submitted to the group. Klein wanted 20% of an increased royalty rate should he be able to negotiate a new deal with the Beatles' record company EMI (not 20% of the full rate, just 20% of the increase over the previous rate).[76] He would also claim 10% of Apple Records' gross income.[77]

There was an ambiguity which Starr questioned. If Klein took both his 20% of the increased royalty and the 10% of Apple Records' income he would, in effect, earn commission in two ways. The attorney handling the contract on behalf of the Beatles, Peter Howard, reassured "that both sides had agreed verbally that the Beatles' royalties would not qualify as part of Apple Records' income."[78] After the band broke up and the lawsuits began, Klein was accused of taking commissions in both manners. Meanwhile, McCartney felt Klein should only receive 15% of the increased royalty rate. "I said, 'He'll take 15 per cent. We're massive, we're the biggest act in the world, he'll take 15 per cent.'"[79]

The slick Klein, however, was able to convince the other three Beatles to stick to the terms they'd agreed to (before McCartney's objections). Because the Beatles were really a company at this point, Apple Corps, and not a band, only three directors of the company were needed to approve the deal. Even without McCartney's signature, Allen Klein was still able to state he was now the manager of the biggest band in the world. The Beatles' self-managed era was over.

Lessons For Today's DIY Musicians

The members of the Beatles were not astute business people. They had neither the patience nor the acumen to make smart decisions. Their combination of naiveté and massive ego led them down a path that ultimately cost them millions of dollars and years of lawsuits, stress, and bad press. If today's do-it-yourself musicians follow the lessons below, they'll understand more about the music business than the Beatles did, which will hopefully save money, heartache, and time.

1. Become Educated

The Beatles made some classic music business mistakes. They signed contracts without lawyers and didn't know what they were signing. They didn't keep copies of the contracts they signed. They trusted their manager to a fault, not fully comprehending how inexperienced he was. This, in itself, cost the band millions of dollars when Brian Epstein signed a merchandising agreement with a company called Seltaeb (Beatles spelled backwards).

In 1963, Epstein signed a deal with Nicky Byrne to "exclusively look after merchandising interests on behalf of"[80] Epstein and the Beatles. Epstein's giant mistake was signing an incredibly lopsided deal giving NEMS and the Beatles 10% of the merchandising sales, leaving 90% for Byrne and Seltaeb. Once it became clear to Epstein that he had made such an egregious error, he kept it from the band.[81] Ultimately, between lawsuits, cancelled orders (once the lawsuits between Epstein and Byrne began, Woolworth's and J.C. Penney, among others, cancelled orders worth $78 million),[82] and lost commissions, "the court case and its effect was estimated to have lost NEMS and the Beatles $100,000,000."[83]

The Beatles also made the mistake of creating a company, Apple Corps, before having any experience in anything other than writing and performing music. "There were only a few of us at Apple who knew anything about the record business,"[84] former Apple publicist Derek Taylor said. "The Beatles certainly didn't. When they were struggling, they just knew it as something that said no to them, and then when they were big, they knew it as a thing that didn't know how to say no to them."[85] "Even though the group itself wasn't signed to Apple, they did end up bearing the financial costs of Apple's failure in a very personal way," says author Peter Doggett.[86]

As the band sunk into the Apple abyss, they did little to help themselves. Lennon was described as "ignorant about business, and not interested in adding to his knowledge."[87] Thus, when it came time to sign a management contract with Allen Klein, Lennon's "compulsive enthusiast"[88] characteristic reared its ugly head once again. "One of the Beatles' legal advisers said it would be crazy for any artist to sign such a deal."[89] Yet, Lennon was all-in for Klein and was able to convince Starr and Harrison to sign as well. The abyss was now even deeper (and more costly).

2. Have Patience

There were two pivotal times when patience could have claimed the Beatles many millions of dollars and potentially saved them from themselves. The first was when the group was organizing the hostile takeover of ATV in order to retain control of their publishing. The Beatles had successfully organized a consortium of bankers who owned outstanding shares of Northern Songs to come to their side. As part of the agreement, Allen Klein put in writing that he would not "try to meddle with the company's management."[90] The Beatles agreed to extend their songwriting contract beyond the existing 1973 date. And the board of the company would have a new chairman who was appealing to the bankers.

Negotiations had dragged on for more than seven weeks.[91] ATV was on the ropes, "ready to concede defeat."[92] Lennon, however, ran out of patience for the process and publicly insulted the very bankers he was trying to appease, claiming they were going to try to influence his music. Unfortunately, the timing was bad and Lennon's choice of expletives even worse. The consortium flipped their allegiance to the ATV side. The Beatles had effectively lost.

The second time patience could have saved the Beatles was when John, George, and Ringo signed the management agreement with Allen Klein. Paul had wanted more time to have his lawyer look it over. At first, the other three were in agreement with this. But Klein insisted that he needed the contract signed immediately. John, always the first to change his mind, pushed George and Ringo to sign. "The others, John especially, had lost patience with Paul's 'stalling.'"[93]

What followed was a three-year agreement in which Klein managed three members of a band on the verge of separating. One could argue that the three signing with Klein would prove to be the last straw. Within a year, Paul was suing the other three Beatles and Klein to dissolve his end of the partnership. Apple Corps would eventually sue Klein on behalf of John, George, and Ringo. Ultimately, the three who lacked patience lost the most in their settlement with Klein, a settlement that occurred years after the Beatles had broken up.

3. Create a Thorough Intra-Band Agreement to Resolve Future Conflicts

Everybody is best friends when a band first gets together. That's the best time to create an agreement that protects each member of the band from each other. The agreement explains who owns what when it comes to publishing and who gets how much when it comes to revenue from recording, touring, merchandise sales, and other potential revenue streams.

Aaron Van Duyne, currently the business manager for the Dave Matthews Band, KISS, and 3 Doors Down, suggests that every new band follow five steps to overcoming future conflict and litigation:[94]

1. Select the kind of business structure for the band
2. Agree upon the ownership level of each member
3. Put together shareholder/operating agreements
4. Decide how to get *out* of a band (if somebody wants to quit or band members want to kick someone out)
5. Agree on songwriter splits (who wrote what, and who owns how much of each song)

In the early Epstein years, the Beatles apparently did have an agreement that included portions of these five steps. "The Artists jointly and severally agree that should two or more of them desire to remove one or more of the other Artists, then with the consent in writing of the Manager they shall give notice in writing by registered post."[95] But as the group grew in stature and went from simple pop quartet to complex multimillion dollar company, the agreement never changed. This connects strongly with Lesson Number Four below.

4. Understand Each Other

When the Beatles first got together, they wanted to be pop stars. Brian Epstein pledged that they'd be bigger than Elvis. All their dreams came true. Then what happened? As the four Beatles grew older, each group member matured differently:

- Harrison became a formidable songwriter and wanted more of his songs on Beatles albums (he'd been allotted one per album for years). He also turned toward Indian influences, such as sitar-based music and the Hindu religion.
- Lennon met Yoko Ono, divorced his wife, and morphed into an avant-garde artist (just like Ono), focusing his efforts away from music toward performance art, like "bagism,"[96] and different causes.
- Ringo Starr began acting a little and drinking a lot. The nightlife slowly took hold of him to the point where he would eventually, over a decade later, need to admit himself into an alcohol and drug rehabilitation facility.

Only Paul stayed consistent, focusing on the group. As John lost interest in the Beatles, Paul listened to different kinds of music, honed his craft, and tried to keep the group moving in the same direction. "John was always a bit fidgety and restless, 'yeah, that's good enough, a couple of takes, yeah, that's fine' but Paul could hear certain refinements in his head which John couldn't," said Beatles studio engineer Geoff Emerick.[97] This became a problem. John had always been the unspoken leader of the band. Depression, drugs, Yoko, and outside influences took away Lennon's attention. McCartney, while no saint when it came to drinking or drugs, remained focused on the group. As he became the de facto leader of the Beatles, the other members gradually came to resist Paul's leadership. Harrison became especially upset with McCartney. During a famous scene in the film *Let It Be*, George is heard bickering with Paul about a particular guitar part. An annoyed Harrison says, "I'll play whatever you want me to play, or I won't play at all if you don't want me to play. Whatever it is that will please you, I'll do it."[98]

Each member of the group was changing. Rather than discuss their individual issues, they tried to pretend everything was as it always was, even if Yoko Ono was now in the studio laying down on a bed, pregnant and recuperating from a car crash she, Lennon, and their respective children had been in while on holiday in Scotland[99]—even if McCartney, in a silent, passive-aggressive response, brought his new girlfriend to the studio sessions—even if Ringo and George took turns quitting the band for short periods of time.

Such massive success at such a young age eventually led to the group's downfall. They never learned to communicate properly with each other. With so much resentment building up over the group's final two-and-a-half years together, culminating in the twenty-one months when they managed themselves, many critics and historians are surprised that the Beatles continued to release amazing music (Table 1).

Album	Release Date	Status
Magical Mystery Tour	November 27, 1967	Reached #1
The Beatles	November 25, 1968	Reached #1
Yellow Submarine	January 13, 1969	Reached #2
Abbey Road	October 1, 1969	Reached #1
Let It Be	May 28, 1970	Reached #1

Table 1. Albums recorded by the Beatles during their self-managed era.[100]

Amazing music wasn't enough. Even though Allen Klein was destined to manage the Beatles, what he managed was the band's breakup, not its heyday.

5. Shop Around for Guidance, Then Listen to the Advice

By the summer of 1968, it had started to dawn upon the members of the Beatles that maybe Apple and its "Western Communism" ideology wasn't going to work. "I was getting fed up with the Beatles by that time," George Harrison said later.[101] Ringo "had never wanted to be a businessman in the first place,"[102] and Lennon had become transfixed with outside influences like drugs and Yoko Ono.

McCartney took it upon himself to meet with Sir Joseph Lockwood, the head of their British record company, EMI. Lockwood introduced Paul to Lord Oliver Poole of Lazard's, one of Britain's strongest banks. McCartney, Lockwood, and Poole met for lunch where Paul explained the situation at Apple. "At the end, Lord Poole said, 'I'll do it. And what's more, I won't charge you anything,'" said Lockwood.[103] "The head of Lazard's was offering to sort out Apple, for nothing! But the Beatles didn't bother to follow it up."[104]

One other highly respected businessman at the time, Lord Richard Beeching, was approached (accounts differ as to whether it was John or Paul who met with Beeching) to help sort out the chaos. While unavailable to get directly involved, Lord Beeching offered this advice, "Get back to making records."[105]

The Beatles were given specific advice about Allen Klein. "I did give the Beatles certain solemn warnings,"[106] their publicist Derek Taylor said. "I told them to ask around, and said that he had voracious reputations, that he might get them a good financial deal, but might not be someone you want to take home to your mother."[107] What the Beatles didn't realize was that Klein treated business like war. He would not stop until either he won or the battlefield was no longer capable of supporting human habitation. If they'd spoken to former Rolling Stones manager Andrew Oldham, they would have gotten some keen advice about Klein. "He started out representing us and ended up owning us," said Oldham.[108]

"Even the most naive business manager would surely have encouraged them to erect some kind of corporate structure for Apple which would ensure that most of its finance came from outside the group," says Doggett[109]. "That in turn would have given Apple a security which might have enabled it to succeed as a utopian capitalist concern, rather than simply draining away their musical earnings."[110]

Modern-day artists need to know not only when to ask for advice, but also to listen so they understand what's being said, who said it, and how they should follow up. Mistakes like the Beatles made in this category will prove to be a waste of time for both the artist and those from whom advice comes if the lesson isn't followed.

6. Work With The Surrounding Talent

The Beatles had amazing opportunities through Apple to be involved in the careers of Cream; Jimi Hendrix; the Bee Gees; James Taylor; Fleetwood Mac; Crosby, Stills & Nash; and more. In the case of Cream, the Bee Gees, and Hendrix, NEMS had been partially owned at the time of Brian Epstein's death by Robert Stigwood, who had merged his management company with Epstein's in January 1967.[111] But after Epstein died, the Beatles wanted nothing to do with Stigwood. "We said, 'In fact, if you somehow manage to pull this off, we can promise you one thing. We will record 'God Save the Queen' for every single record we make from now on and we'll sing it out of tune. That's a promise. So if this guy buys us, that's what he's buying.'"[112] Stigwood was forced out of NEMS, but not before he had negotiated taking "£500,000 plus half of the NEMS artist roster—among them the Bee Gees, Cream, and Jimi Hendrix—to set up, with spectacular success, on his own."[113]

Had the Beatles thought like business people and taken their emotions out of the situation (Stigwood was a very divisive figure), they might have been able to cut a deal with NEMS/Stigwood. It might have been monetary: for example, the Beatles might have arranged to receive a percentage of the royalty for each album sold by Stigwood groups. Or the deal might have been built around the Beatles as artists: they might have produced the Bee Gees, or had the groups record Beatles songs (of course, this was before the Beatles lost rights to their publishing). Or each group might have been signed to Apple, giving the members of the Beatles additional revenue streams.

Once Stigwood was gone, Apple and its head of A&R, Peter Asher, signed James Taylor, who would go on to eventually sell millions of albums for Warner Bros. and Columbia Records. Members of Fleetwood Mac and Crosby, Stills & Nash tried to get signed to Apple. Upon the emergence of Allen Klein, Asher was fired, Taylor cut, and Apple refrained from signing new artists. Considering the tremendous success of these artists in the 1970s, imagine how much revenue Apple might have earned had it signed and curated these careers. The group's dislike for Robert Stigwood got in the way of opportunities. If the Beatles had understood how much talent surrounded them, they would have grown both artistically and financially.

Conclusions

In today's do-it-yourself world of music, there is a fine line between being an artist and being a business person. While musicianship and creativity are paramount to success, the mistakes the Beatles made prove musicianship and creativity aren't enough. One must have a firm grasp of basic music business principles in order to earn a living.

"The best artists I deal with are the ones that are the best business people," says business manager Aaron Van Duyne.[114] He doesn't like to deal with artists who, "stick their head in the sand and say, 'You do it.' They should understand what a record royalty means, a publishing royalty, the performance rights societies. These people should be somewhat educated. It's better if they are."[115]

The Beatles began their careers as novices in the business side of the music industry. Granted, the industry was archaic and their musical output spawned templates for much of today's industry, but the group members never took the time to educate themselves. For a period, they played the roles of businessmen with Apple Corps. It was folly for John, Paul, George, and Ringo—something that meant a lot for a short while until it became a burden that would eventually contribute heavily to the band's breakup.

"There is an issue concerning hubris that runs through this entire period of the Beatles' latter stages that cannot be ignored in any decision they made—whether that be to do with thinking that because they had made recordings they 'knew' about production [e.g., *Let It Be*], or because they had made films they could then 'direct' [e.g., *Magical Mystery Tour*]," says Liverpool Hope University's Dr. Mike Brocken. "So, it seems credible to me that such aforementioned hubris would also suggest that they also thought that because they had effectively been involved in the music business, they could also be businessmen and make business decisions."[116]

If the group had learned from their own mistakes, years of expensive post-breakup lawsuits and creativity-stunting arguments, plus the inherent broken relationships, might have been avoided. Authors Richard Courtney and George Cassidy write in their book, *Come Together – The Business Wisdom of The Beatles*, “Be cautious about entering new markets and don’t get too clever with your tax strategy! You cannot completely avoid trouble, but you can minimize self-inflicted injuries. Get professional, objective, third-party help in all of these cases to make sure you don’t lose the farm.”[117] Today’s DIY artists should not just study the music of the Beatles to influence their careers. They should learn from the band’s mistakes as well.

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Blue Note Records: A Singular Business Model

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Abstract

Founded in the late 1930s by two German immigrants who loved "hot jazz" and swing music, Blue Note grew into an iconic record label that produced some of the most celebrated recordings in jazz history. This paper looks at the history of the label with attention paid to its business model, business practices, and continuing legacy. The author concludes with speculation as to whether the Blue Note business model is relevant in the modern era.

Keywords: Blue Note Records, jazz recording, jazz record label, hard bop, Don Was, Bruce Lundvall, Alfred Lion, Francis Wolff, Art Blakey, Thelonius Monk, Rudy Van Gelder, Norah Jones, Reid Miles

Introduction

Some American brands are so iconic that their corporate marks are known around the world: think golden arches, mouse ears, or the bow tie-bedecked bunnies, for example. Americans are known far and wide for our brands representing business and commerce, popular culture, and popular entertainment.

We don't think of ourselves as exporters of art and culture, yet there is an American art export: jazz. It represents our collective and community spirit, and our rugged individualism, our history of racism, and our history of believing in equal chances for all. There's harmony, a way of thinking about music that we owe to our Western European ancestors, as well as the panoply of instruments developed there. And there's rhythm, man is there ever rhythm, thanks to the descendants of slaves who brought a rhythmic vitality directly from the drums and syncopation of Africa. Borne of trials and tribulations, hate and love, fear and courage: jazz is taking chances and figuring it out as you go along…jazz is America.

But what is the logo of jazz? Well, aficionados from Warsaw to Perth will tell you: it's that black oval and long rectangle, a strangely deconstructed musical note nestled against the iconic words: *BLUE NOTE.* Blue Note is more than just a record label; it is jazz music's Library of Congress, a compendium of music, album art, photography, and liner notes that document much of the history of jazz. It is also one of the most enduring businesses in the recording industry.

Appropriate to this American story, two of the founding figures of Blue Note were immigrants. Alfred Lion and Francis Wolff had become fast friends in the go-go days of the 1920s Weimar Germany, listening to "hot jazz" in the clubs and cabarets of Berlin, the center of jazz in Europe at the time. According to Lion, quite by accident he had wandered into Berlin's Admiralspalast and heard Sam Wooding and His Chocolate Kiddies revue. He was hooked. "It was the beat…It got in my bones!" (*Blue Note*, film 2007). From that moment on, he became obsessed with jazz and swing; along with his friend Wolff, Lion sought out recordings and tried to catch as many touring acts as he could.

Both Lion and Wolff were Jewish, and the rise of the Nazis forced them to flee Germany. They both landed permanently in New York City, Lion in 1937 and Wolff in 1939. In 1939, along with the support of American writer and musician Max Margulis, Lion started Blue Note Records. He was joined later that year by Wolff.

Pre-War Years

Jazz and swing music was the popular music of the day in the 1930s in the U.S., and New York was the center. It was also home of the music industry with numerous recording studios, radio stations, and broadcast facilities, not to mention such celebrated venues as the Cotton Club and Carnegie Hall. It was at Carnegie Hall, in a 1938 concert called "From Spirituals to Swing," that Lion was said to have gotten the idea for a record label. Count Basie was performing, as were Big Joe Turner, Sister Rosetta Tharpe, Albert Ammons, and Meade Lux Lewis, among others (Havens 2014, 42). It was only a couple of weeks later that pianists Ammons and Lewis agreed to make the first recording on the label that Lion had only recently imagined. A 1939 flyer for the label includes the following, which serves as its mission statement to this day:

> Blue Note Records are designed simply to serve the uncompromising expression of hot jazz and swing, in general. Any particular style of playing which represents an authentic way of musical feeling is genuine expression. By virtue of its significance in place, time and circumstance, it possesses its own tradition, artistic standards and audi-

> ence that keeps it alive. Hot jazz, therefore, is expression and communication, a musical and social manifestation, and Blue Note Records are concerned with identifying its impulse, not its sensational and commercial adornments. (Havens 2014, 50)

Clearly, from the beginning, this was a different kind of record label. Artists were paid to record, sure, but they were also paid for rehearsals. Food and drink was provided. Recording sessions were scheduled to meet musicians' schedules, sometimes at odd hours, so they could record after the jazz clubs closed. They were left to do what they do and play their music their own way.

This underlying philosophy, which still informs the label today, was a different kind of business model, more a labor of love and a love of the music than a business. Gil Mellé, artist and film composer who recorded on Blue Note beginning in 1953 and had five releases on the label, put it this way

> [Lion] was a catalyst. A walking, living, human catalyst… he instinctively knew [who] had it down deep and he could draw that ability out of them and get it on a record, and he did it by not talking about record sales, and commercialism, and who the big names [were] on the date, he never got into that. He was interested in you and your thoughts and getting you to have an unrestricted flow of your ideas in his recordings. (*Blue Note* 2007)

Current Blue Note president Don Was—who has that original mission statement on his smart phone (Was 2015, interview)—echoed Mellé: "Running a company that trades in eclectic music and offers its artists 'uncompromising expression' contradicts most conventional business tenets" (Was 2015, *Billboard*).

Within a couple of years of its founding, Blue Note had its first "hit," a version of George Gershwin's *Summertime* by woodwind player Sidney Bechet. This provided needed cash to keep the company in business. More importantly, Lion and Wolff had begun documenting an era, the hot jazz and swing era that was quickly fading away. Within a few years, the catalog had grown, and by 1941 Blue Note had a roster of twenty-seven recordings, including such artists as Bechet, Ammons, and Lewis, and also including drummer Sidney “Big Sid” Catlett, pianist Earl Hines, and guitarist Charlie Christian.

Unfortunately, World War II caused a major slow-down in the recording industry. Shellac for records was hard to come by, as were musicians to record. On top of that, Lion was drafted into the U.S. Army. Though Blue Note didn’t disappear, the label did go on hiatus.

Post-War Years

The post-war years were also marked by major changes in technology. Shellac was out and vinyl was in. Master recordings were being made on magnetic tape, invented by the Germans to propagate the speeches of Hitler, but reimagined by recording engineers to record music (Schoenherr 2002). The 78 rpm format was giving way to 45s, and 33⅓ long-playing high fidelity records. Some were experimenting with devices that allowed for recording more than one track at the same time, and others with stereophonic sound.

Blue Note needed to adapt. Consider: in 1945, its entire catalog consisted of ten-inch 78 rpm records and the industry was quickly moving to twelve-inch 33 rpm long-playing records. “Lion almost threw in the towel,” said Michael Cuscuna, recording executive, journalist, and now discographer of Blue Note records (*Blue Note* 2007). Though they were almost broke, Blue Note did change, making the technological upgrades necessary to stay in business, though just barely.

It was the artistic upgrades that really made the most lasting impression. Beginning in the early 1940s, Harlem-based jazz musicians began to push past the traditional dance grooves of swing and hot jazz, writing complicated angular melodies and adding complex harmonies to existing songs. A new kind of jazz was born: bebop. Bebop was less commercial than hot jazz and swing, with a much smaller audience.

Blue Note began recording bebop, and according to long-time Blue Note artist Lou Donaldson, Lion often relied on what he heard in clubs or what the musicians were recommending to decide whom to record. Indeed, Donaldson himself first met Lion at a gig at the epicenter of bebop, Minton’s Playhouse in Harlem (“Cause for Celebration” 2014). Lion continued to haunt jazz clubs and jam sessions for new talent his entire career (*Blue Note* 2007).

One early Lion “discovery” was pianist Thelonius Monk. A true iconoclast in this already-challenging new style of jazz, Monk began recording with Blue Note in 1947. He was joined on his early sessions by drummer Art Blakey, who also led a group that recorded on Blue Note that same year. Lion was "in love" with Monk's music ("Cause for Celebration" 2014). He made a number of recordings with the talented pianist/composer, who at the time was barely known outside of the club scene in New York City. Likewise, many of the other musicians that Lion recorded from 1947 to 1949 were known mainly in that same insular scene, artists such as Blakey, Tadd Dameron, Fats Navarro, James Moody, and Bud Powell. Though these early recordings did not sell very well at the time, many of them are now considered classics.

Early on, Max Margulis had withdrawn from the day-to-day business, whereas Lion's introverted partner and friend Francis Wolff had been concentrating on the business side of things (*Blue Note* 2007). Additionally he began to photograph the recording sessions and the musicians in action. The team of Lion as producer, Wolff as photographer and label executive, and later on Reid Miles designing album covers, became a gold standard in the recording industry.

The Golden Age of Blue Note

Things took off for Blue Note in the 1950s. Miles Davis, Kenny Dorham, Kenny Burrell, Clifford Brown, and John Coltrane made records, some of which are now regarded as masterpieces. Coltrane's *Blue Train* from 1957 was among those celebrated recordings, as was the 1958 *Art Blakey and the Jazz Messengers*.

A common feature of these two classic recordings was the guiding hand of recording engineer Rudy Van Gelder, considered among the most important recording engineers of his generation. He was known for his professional manner in his studio in Hackensack, New Jersey (Monk wrote a tune in his honor, *Hackensack*), and was up-to-date with gear, but never got in the way of the music or the artists. Van Gelder himself said that what he was trying to accomplish was to, "let the musicians be heard the way they want to be heard" (Hovan 2004). Van Gelder was the chief engineer on many of the sessions in the Blue Note catalog from about 1953 until 1967.[1]

That 1958 Blakey recording became popularly known as *Moanin'*, the title of the first track on the record and one that became a hit. Its mixture of bluesy licks, gospel chord progression, and propulsive backbeat from Blakey defined a new style of jazz: “hard bop.” This kind of driving, swinging, soulful music became the staple of the Blue Note label for at least a dozen years and is an important part of the label’s legacy. Hard bop artists such as Donaldson, Horace Silver, Jimmy Smith, Donald Byrd, Stanley Turrentine, and Lee Morgan cut records for Blue Note, and some of their albums enjoyed commercial success. In some big cities, it even wouldn’t be unusual to find a Blue Note artist single or two on a jukebox (Cook 2001, 60). The team of Lion, Van Gelder, and Wolff was guiding this parade of great music. Finally, the label was enjoying a modicum of financial success.

A roster of the Blue Note recordings in the 1960s includes many artists who are now considered jazz greats: Herbie Hancock’s first albums as a leader were on Blue Note, including the influential *Maiden Voyage.* Saxophonists Wayne Shorter and Dexter Gordon, and trumpeter Freddie Hubbard also led landmark sessions during that period, producing a string of creative and important albums. Some of the most important innovators in jazz, performers and composers who stretched the very definition of the music, were captured by the Lion-Wolf-Reid-Van Gelder team. Avant-garde multi-instrumentalist Eric Dolphy cut several significant albums for Blue Note, as did saxophonist and composer Ornette Coleman. Cecil Taylor, whose edgy and difficult music was dubbed “tough jazz,” recorded two albums. Indeed, *The New York Times* noted in Alfred Lion’s 1987 obituary, “Almost every major jazz player through the late 1960’s recorded for Blue Note at one time or another, either as a group leader or a sideman.”

Decline and Rebirth

Though Lion had received many offers to buy Blue Note before, by 1965 he was feeling tired and in declining health. Years of late night sessions and nonstop work, always working with shoestring budgets, likely influenced Lion to sell to Liberty Records that year (Cook 2001, 186). Nothing seemed to change at first, so the team carried on as before. (The aforementioned Taylor albums were from this Liberty period, recorded in 1966.)

But things did change and Lion didn’t like it. He was used to making decisions himself, not going through a cadre of “suits.” Lion and Wolff had always been as invested in the music as the musicians themselves; this new corporate thing just wasn’t working out for him (Cook 2001, 186).

Lion retired from the label in 1967, followed quickly by Van Gelder.

Francis Wolff stayed on, and was joined by trumpeter and composer Duke Pearson, who had been an A&R man for Blue Note since 1963. They struggled along in an environment that became more and more difficult. Sadly, what had been a musician's label was quickly changing, while at the same time, listeners were turning away from jazz and hard bop. To make matters worse, Wolff died suddenly of a heart attack on March 8, 1971.

After the retirement of Lion and Van Gelder, and the death of Wolff, the label twisted in the wind for nearly all of the 1970s. Duke Pearson had moved on to Atlantic Records. Many of the artists' careers were either stagnating, or they too had moved on. Freddie Hubbard had moved to Creed Taylor's label CTI, Wayne Shorter had joined up with keyboardist Joe Zawinul to form jazz-fusion group *Weather Report*, where they joined Herbie Hancock on Columbia Records. Chick Corea and his group *Return to Forever* were recording for a new German label, ECM.

The depth and scope of Blue Note's unissued catalog remained. Lion and Wolff had obsessively recorded, session after session, year after year. Many sessions were "in the vault," including unreleased material by dozens of artists, from Monk and Coltrane to Turrentine and Byrd. Since Liberty had been bought by EMI, the Blue Note catalog went with it. And there it sat, languishing.

In 1984, the EMI brass asked Bruce Lundvall, who had led Elektra records and Elektra Jazz, to rebuild Blue Note and that he did. "It's not out of line to say that there would be no Blue Note Records today without [Lundvall's] herculean efforts to keep the label up and running during his 30 years at the helm," wrote Don Was (Was 2015, *Billboard*). What guided Lundvall was what guided Lion and Wolff: love of the music. Lundvall had been buying Blue Notes records since the early 1950s, and was a fan himself (Havens 2014, 338). Likewise, he understood the legacy of Blue Note and the importance of the "vault."

He wasn't alone in that. Michael Cuscuna had been trying to get access to the catalog for years. When he finally did get a look at what they had, he was astonished (Havens 2014, 339). Cuscuna, "who had become obsessed with the 'undiscovered' Blue Note" (Cook 2001, 205), had begun the process of releasing some of this vault material in the late 1970s. Lundvall, who also understood the depth of the unreleased materials, encouraged Cuscuna and accelerated the process of issuing recordings on the Blue Note label that had either never been released, or were out of print and could be successfully rereleased.

In addition to celebrating the legacy of Blue Note, Lundvall sought out new artists for the label, particularly vocalists, who had been mostly ignored by Lion and Wolff. Lundvall signed Dianne Reeves and Bobby McFerrin, for example, who enjoyed artistic and commercial success at Blue Note, especially McFerrin with his 1988 *Don't Worry, Be Happy*. Vocalists Cassandra Wilson and Kurt Elling were also signed, along with contemporary groups such as the Brian Blade Fellowship and Medeski Martin & Wood. He also signed guitarist Stanley Jordan, who had a breakout "hit" with his debut record. The nostalgia for the hard bop sound—there were hard bop dance clubs cropping up in England with people dancing to early Art Blakey and the Jazz Messengers records (for example, DJ Smash) (*Blue Note* 2007)—along with demand for the new compact disc format helped with demand for reissues, and Blue Note answered the call.

Blue Note's most important new artist during the Lundvall years was vocalist and pianist Norah Jones, whose 2002 *Come Away with Me* marked the label's most successful album of all time, garnering eight Grammy Awards in 2003, and breaking sales records for a Blue Note release with over 26 million copies sold to date. Still, it was not sales that was driving Lundvall in his decision-making. "One of the things that most impressed me about Bruce was that he loved the art," said Cuscuna. "Jazz was to him [an] art and he wanted to promote artists" ("Cause for Celebration" 2014).

The Present and Future of Blue Note

Bruce Lundvall stepped down as a full-time executive in 2010. His replacement in 2012 was Don Was, best known for producing Bonnie Raitt and the Rolling Stones. Was won a Grammy for producing Raitt's *Nick of Time* in 1989, and the Rolling Stones won a Grammy for Best Record in 1995, which Was produced. Since taking the helm, he has energized the roster, and celebrated the legacy artists. He brought back trumpeter and composer Terence Blanchard, who had recorded three albums for Blue Note in the early 2000s (but had moved to the Concord jazz label in 2009), as well as re-signing the venerable Wayne Shorter. Additionally, the label released several new records by Robert Glasper, as well as a project by Elvis Costello and The Roots. Was signed singer Gregory Porter, who in 2014 won a Grammy for Best Jazz Vocal Album.

He has added a number of emerging jazz artists to the Blue Note roster, too, many of whom aren't easily categorized, such as Derrick Hodge, Kendrick Scott, Lionel Loueke, Marcus Strickland, and Ambrose Akinmusire. “Blue Note releases have traditionally challenged the status quo and pushed the envelope,” said Was, when asked about the label’s future. “True fans of the label know this and would expect nothing less!” (Was 2015, interview)

Blue Note, now owned by Universal Music Group, is moving ahead under Was’ leadership. A musician himself, he recalls the moment in 1966 when he first heard a Blue Note track, a tune called *Mode for Joe* by tenor sax man Joe Henderson. According to Was, it was a defining moment: “I immediately wanted more,” he said (Havens 2014, 359). Indeed, he is well aware of the philosophy that has been the driving force at Blue Note since the beginning. “Mr. Lion’s [original mission] statement is sublime and perfect,” said Was. “If we follow that, we can’t go wrong.” (Was 2015, interview)

Was also understood that Lundvall had attempted to continue the legacy of Lion and Wolff:

> When I started looking at the deals he’d made [for Blue Note], it was clear that he’d always been the artist’s advocate: He was extremely generous to them and always on their side. The hallmark of his tenure is that he proved that you can do the right thing for the music and the musicians and still run a profitable company. (Chinen 2014)

“It was clear from the beginning that our job was to keep on pushin’,” said Was, who added, “My hope is that Blue Note continues to be a place where artists love to make music, where they know they will be treated with respect and encouraged to aim high, and the fans will continue to feel that the Blue Note name is synonymous with authenticity, excellence, and absolute coolness” (Was 2015, interview).

The Legacy of Blue Note’s Business Model

The legacy of Lion and Wolff, and their business model, seems intact. “This is some of the greatest music this country has produced,” said Larry Appelbaum, jazz historian at the United States Library of Congress. And consider the chances that Lion and Wolff took: paying for rehearsals, signing unknown or underground artists, and even consistently paying royalties to the artists. “[W]hile other labels stiffed artists on royalties, Blue Note paid them what they were owed,” said Appelbaum (“Cause for

Celebration" 2014). Not only that, but Blue Note, unlike many other labels issuing jazz, encouraged original compositions, compositions that became popular in their own right, including in the hip-hop community where the vibrant grooves of hard bop and the Blue Note 1970s sound have been recycled through digital sampling and remixes.

A few of the old guard, including Van Gelder, grumble about the eclectic nature of its artist roster, particularly as Lion brought in the avant-garde artists such as Cecil Taylor (Cook 2001, 188), not to mention the fusion artists in the 1970s and beyond. Lately, the roster has diversified even more, including releases by Willie Nelson, Elvis Costello, and Van Morrision.

Was spoke to that issue of change in a recent interview on National Public Radio:

> In this kind of music, change is in the DNA. You're supposed to play the music differently every night. You're not supposed to repeat yourself. You're always supposed to be pushing the threshold, and the history of Blue Note records is one of a kind of revolutionary change in music. ("Cause for Celebration" 2014)

Perhaps as important as anything to the success of Blue Note was the leaders who loved the music. Lion and Wolff knew what made jazz work. "You know what they recognized? They could recognize when something was 'groovin'' and when it wasn't," noted Herbie Hancock in an interview for German filmmaker Julian Benedikt. "He would say: 'Eets not schwinging!'" joked Lou Donaldson imitating Lion's accent. "They knew when it was happening and when it didn't feel good," added bassist Bob Cranshaw (*Blue Note* 2007). The same can be said of Lundvall: "Bruce fought the law, defied the rules and proved that serving the music and the musicians was beneficial to both art and commerce," wrote Was in a remembrance of Lundvall, who just passed away May 19, 2015 (Was 2015, *Billboard*).

Whether this model can be sustained is definitely open to question, and the grumblers (Van Gelder again among them) still think that everything went wrong after Lion sold out to Liberty Records in 1965. With the exception of the 1970s, the evidence suggests that this business can survive, and quite possibly thrive. In spite of the corporate takeover, Blue Note has managed to retain its original indie label feel, with the music and musicians still seeming to have a say in the music that they record. Originality is still celebrated, rather than feared. Just as importantly, it is the legacy of the leaders of Blue Note, from Lion and Wolff, to Lundvall and Was, who have kept the original mission—and its unusual business model—in mind: for the love of the art.

Is the Blue Note business model a viable one for a new record label, or for any kind of music concern in the twenty-first century? That is a much more complicated question. The legacy of Blue Note and the history that the label's name evokes is part of its current success. Even though it is a solid brand now, and seems to be on a steady course, it is not an independent company and Blue Note executives must answer to higher-ups in the Universal Music Group.

Still, running a business for the "love of the art" is not an unusual business plan for musicians today: think of the many musicians who think nothing of "paying to play" in Hollywood or Brooklyn clubs, or bands who give away their music online to build their fan base for live gigs. Perhaps Marsha Sinetar was really on to something when she wrote in her 1989 book, *Do What You Love, The Money Will Follow*: "Burning desire to be or do something gives us staying power—a reason to get up every morning or to pick ourselves up and start in again after a disappointment." Don't musicians need this "staying power" to survive as musicians? Though no one will deny that making a profit is what keeps a business afloat—for the individual gigging musician as much as the large corporation—Blue Note's notion of business done "for the love of the art" or because of "burning desire" is not a radical one in the current climate in which making money in the music business is harder than ever.

Endnotes

1. Not all jazz musicians were fans of Van Gelder. Some complained that he used too much reverb. Bassist and composer Charles Mingus was a critic: “[Van Gelder] changes people’s sounds,” said Mingus (Priestley).

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Entrepreneurship: Theory and Application in a University Arts Management Setting

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Abstract

This article explores the applicability of entrepreneurship as an academic course of study with respect to the broader area of arts management pedagogy. A historical overview of primary texts ranging from the seventeenth to nineteenth centuries serves as a preface for a discipline-based perspective of its twentieth-century articulations. Primary theoretical exponents reveal the economic, sociological, and psychological underpinnings of entrepreneurship as it is developed as an academic topic. Mahoney and Michael's subjectivist theory informs the relationship between entrepreneurship and the study of creative and cultural industries. Recommendations for specific pedagogical application include structuring and content for in-class activities and outreach projects. In all cases the use of analogy, non-linear thinking, and the critique of textbook decision-making protocol supplement the implementation of outreach programs including practicum, externship, as well as study abroad, student leadership, and alumni-involvement initiatives.

Keywords: entrepreneurship, theories of entrepreneurship, arts management pedagogy, creativity

Introduction

Initially developed at the dawn of the eighteenth century, the concept of entrepreneurship has been the focus of increasing interest in the area of economics since the nineteenth century and that of higher education since the middle of the twentieth century. Research shows that over the last fifty years in particular, entrepreneurship as an academic discipline has transcended the confines of business textbooks to become a synonym for progressive thought in various disciplines and contexts.[1] Additional studies point to the overlap between the arts, creativity, and what is referred to as the entrepreneurial spirit.[2] Nonetheless, an irony pervades the current renewal of interest in entrepreneurship within the academy because, despite the proliferation of articles, definitions, personality profiles, and case studies, we are far from any complete understanding of entrepreneurship as such.[3] While many approaches to the topic are more codified as a result of either their disciplinary association or their place in the wider history of ideas, current scholarship is also witness to the effort to define entrepreneurship from the perspective of the creative and cultural industries. Given these dynamics, an overview of the subject's theoretical situation is useful to guide and focus the groundswell of interest from within higher learning while offering an informed perspective to a working curricular and pedagogical approach to the specific case of arts entrepreneurship instruction.

Theoretical Overview: Primary Historical Sources

As indicated above, the recent growth of interest in entrepreneurship has resulted in an interdisciplinary approach to the topic. This invites an initial partitioning of theoretical approaches along the lines of the relevant disciplines. However, it is also useful to recognize a common historical development that underpins and informs the more recent, multi-disciplinary perspective. Two groupings would allow for us to connect the "early history" of entrepreneurship thought (18th and 19th centuries) to the more recent history (20th century to present) as it pertains to academic research theories from disciplines including business, sociology, and psychology.[4]

Richard Cantillon (1680-1734) was the first to develop the idea of entrepreneurship beyond its scattered use since the high Middle Ages (12th century, from the French "*entreprendre*" designating "to embark on a project"). While contemporary use of the term "entrepreneur"refers to someone undertaking projects (our "enterprise" also comes from the French root), Cantillon was the first to associate this title with specific behaviors. He did this by separating entrepreneurs from landowners and hired hands before describing these two parties as parts of the larger enterprise of connecting products with consumers. Coordinating the moving parts of the project as such is the domain of the entrepreneur according Cantillon's initial formulation.

French political economist Jean Baptiste Say (1767-1832) refined Cantillon's model by expanding its applicability beyond its initial, agricultural setting. Say represented the entrepreneur as an agent bringing together multiple specialists to collaboratively build a productive item. Say also recommended shifting resources from areas of lower productivity to those of higher productivity. This signifies his implicit recognition that external conditions were part of the larger equation for managing entrepreneurial risk, (a consideration later developed by Frank Knight, see below). Say's concept of entrepreneurship is indebted to the English political economist Adam Smith (1723-1790) who conceived of the entrepreneur as an agent for transforming demand into supply.

In 1848, John Stuart Mill (1806-1873) published *Principles of Political Economy*—a text that followed in line with the liberal economic ideology shared by David Ricardo (1772-1823) and Adam Smith. However, in his treatise, Mill took a more pragmatic approach in contrast to Ricardo's theoretical stance identifying entrepreneurship as the fourth factor of production. Mill's analysis saw little modification until Frank Knight (1885-1972) developed his theory of entrepreneurial risk taking. This is the first explicit recognition of risk management as central to startups. Building on the thought of Cantillon and Say, Knight identifies the main function of the entrepreneur as acting in anticipation of future events. He ultimately identifies uncertainty as a factor of production, and considers profit and loss as the consequent results of the risk-reward proposition.

British born economist and author of *Principles of Economics* Alfred Marshall (1842-1924) developed a theoretical position that would become an anchor for one of the primary ways of conceiving entrepreneurship in the twentieth century. The idea that analysis of personal characteristics of individual entrepreneurs allows for insight into entrepreneurship has become a central tenet in the "strategic adaptation" theories of entrepreneurship (see below). However, according to Marshall, the key attributes of an entrepreneur (understanding of the industry, leadership, and forecasting shifts in supply and demand) are insufficient for success in and of themselves. Marshall also identifies success or failure as bound up with the external, economic context of the endeavor.

Discrete Theories of Entrepreneurship, Arranged by Discipline

By the first quarter of the twentieth century, interest in entrepreneurship had grown to the point where the topic was outgrowing the confines of economics. Since that time, scholars like Max Weber and David McClelland were addressing entrepreneurship from sociological and psychological perspectives while others like Mark Casson, Joseph Schumpeter, and Israel Kirzner have continued to make contributions from the perspective of economics, marketing, and business management. In this section, we will recognize the import of these disciplines as they work to increase the breadth and depth of our understanding of entrepreneurship. Representative theorists, along with their basic contributions, will be arranged along with their corresponding discipline.

The central perspective for understanding entrepreneurship remains that of business. Over the twentieth century, the study and practice of business has achieved greater complexity than its previous articulation under the rubric of political economics. Marketing, management, and finance are subdivisions within the discipline of business, however the limited scope of this paper precludes elaboration of the theoretical and practical implications of these distinctions. Instead, we will group these subdivisions under a single umbrella, which will be referred to interchangeably as "economics" or "business."

An "economic theory of entrepreneurship" is one that considers the relationship between economic conditions and incentives to arrive at a risk-reward equation that informs a determination on whether or not to pursue a potential venture. Such a theory favors an aggressive as opposed to conservative relationship to opportunity by seeking to identify the economic conditions that promote growth. Likewise, economic theories consider incentives as the primary motivators supporting the pursuit of opportunity. Typically, incentives include: taxation policies, infrastructure availability, marketing opportunities, and technological advancements. Economic theories of entrepreneurship tend to understand business ventures in terms of an innovator purchasing several factors of a product at a bulk rate, combining them for resale at a higher rate but in the face of unknown market conditions.

Joseph Schumpeter's innovation theory and Mark Casson's economic theory provide two contrasting examples of the economic approach to understanding entrepreneurship. Casson argues that entrepreneurship is primarily fomented by economic conditions conducive to growth. Schumpeter on the other hand, holds that it is more so the result of characteristics of the entrepreneurs themselves. We will attend to this distinction of approaches in greater detail below. For now however, it is sufficient to recognize that the economic approach benefits from an assessment of an entrepreneur's internal characteristics (creativity, foresight, resourcefulness, innovation, vision) *as well as* an analysis of the external conditions of the environment into which the enterprise is to be launched. These include taxation, availability of raw materials, access to financing, access to marketplace analytics, availability of technology, marketing opportunities, etc.

Another disciplinary approach to entrepreneurship that marks modern scholarship is the sociological approach. A sociological theory of entrepreneurship considers how social values and customs create environmental conditions that are either favorable or dissuasive to a given enterprise. Such theoretical approaches tend to benefit studies that incorporate cultural norms and group behavior.[5] From this perspective, it is important to recognize points of overlap between the economic and sociological approaches to entrepreneurship. The latter category supports both the assessment of external conditions (as in Casson's economic theory) as well as the assessment of behavioral characteristics of leaders and/or team members within the entrepreneur's sphere (as in Schumpeter's Innovation theory).

A prominent name associated with sociological theories of entrepreneurship is Max Weber. A German sociologist and historian whose seminal text *The Protestant Ethic and the Spirit of Capitalism* tied the rise of capitalism to the protestant belief in justification by good works, Weber understood entrepreneurship as a driving force of social cultures. In the case of Western capitalism in particular, its emphasis on economic freedom and private enterprise resonated well—Weber contends—with the protestant work ethic. According to Weber's sociological theory then, a successful entrepreneur is defined by the correct balance of discipline and an adventurous free spirit.

Psychology provides a final discipline-based approach to entrepreneurship. A psychological theory of entrepreneurship maintains that there is a psychological profile common to entrepreneurs. Furthermore, studies adopting this perspective tend to discuss attributes of this profile that include: the need for achievement, the ability to predict economic developments, an integrated self-image, self-complexity, and self-reliance.[6] David McClelland's achievement motivation theory is a good example of a psychological theory of entrepreneurship. This "intrinsic" or characteristics-based theory holds that entrepreneurs are driven by basic needs like power, affiliation, and achievement. While important as a measure of these basic needs, money in itself is not considered a primary driver according to McClelland's theory. As the name indicates, "achievement" is the primary driver to which the other drivers render various levels of service. From this point of view, affiliation is seen as a validation of achievement, and power as verification of achievement as opposed to affiliation and power being ends in and of themselves.

From an objective perspective, the issue of entrepreneurship theories and their distribution is incomplete without recognition of some macro-level trends. These can provide useful reference points when considering a new theory, for seeking a theory to apply to a new study or project, or for the purposes of teaching entrepreneurship to students. A central opposition that allows analysts to divide many entrepreneurship theories into two, largely exclusive domains is that between theories that work from the position of personal characteristics of individual entrepreneurs to make claims about entrepreneurship (intrinsic or "strategic adoption" theories), and those that work from the position of the external or environmental factors to the same end (extrinsic or "population ecology" theories). A third category of hybrid theories has arisen that reconciles intrinsic and extrinsic approaches.[7] Furthermore, the work of Edward Lazear has shown macro-level characteristics endemic to entrepreneurs expressed as a broad range of skills (intrinsic) that allows for adaptability within an uncertain and changing environment (extrinsic).[8]

Entrepreneurship Within the Study of Creative and Cultural Industries

Over the last two decades, the academic interest in entrepreneurship has begun to gather around its implications for the creative and cultural industries. Despite the fact that, as Ruth Rentschler indicates, "a generally accepted definition of cultural entrepreneurship has yet to emerge," factors including decreased funding for the arts and increased corporate consolidation continue to stress its value.[9] From a general point of view, recent scholarship on this particular issue identifies creativity and innovation as essential to establishing and sustaining the momentum of arts organizations.[10] Scholars including Rentschler, Ian Fillis, and Yi-Long Jaw identify the works of Burns and Stalker as well as that of Peter Drucker as the point of departure for this new perspective on entrepreneurship.[11] In particular, it is the focus on innovation as both the specific tool of entrepreneurs as well as the product of social processes within a given organization that create new possibilities for the more recent scholarship. A key theme developed in the scholarship from this period is that arts entrepreneurs use innovation and creativity to successfully exploit change.

The overlap between this approach, the intrinsic/behaviorist one, and that of Schumpeter's innovation theory is manifest in the move from an economic context to one driven by the arts. Scholars including Van der Broeck et al. and Oke et al. specify that there is a break from the more rationally determined approach of economics to a new understanding of entrepreneurship as it is framed by creativity and imagination.[12] The subjectivist theory of entrepreneurship proposed by Burt has accrued its own currency in this new context.[13] This theory holds that "useful ideas tend to be the result of having non-redundant and heterogeneous contacts which permit idea generation through the combination of diverse information." Mahoney and Michael forward this line of thought by calling for "non-routine" creative solutions to organizational issues with no precedents.[14]

Ian Fillis and Ruth Rentschler's coauthored article "Using creativity to achieve an entrepreneurial future for arts marketing" is a lucid articulation of these new directions for understanding entrepreneurship. The authors draw heavily from Gummesson's work on artistic intuition.[15] Against the modern, top-down approach to arts marketing as a general application of theory, the idea of artistic intuition implies another, inductive and "post-modern" one. Fillis and Rentschler's approach brings nonlinear thinking into value as both critical and reflective in nature. Rather than following a textbook set of steps, these scholars hold that the rules governing how a situation should be approached come from situational and contextual details specific to that particular instance, even (or especially) if these signify a break from convention.

Fillis' 2012 article, "An aesthetic understanding of the craft sector," draws logical conclusions from the preceding scholarship. Namely, that this nonlinear style of thinking disrupts and collapses the supposed opposition between arts and management that comes from economic models of production showing them at opposite ends of the same continuum. Instead, Fillis invites us to understand aesthetics as a critical and interpretive tool for the analysis of arts management styles. Rather than declaring any style right or wrong, this work allows for a more nuanced understanding of styles of decision-making as arts entrepreneurs react to market opportunities. A more traditional approach makes reasoned deductions based on the rules of the game as they relate to given data. Sometimes however, such an approach is confounded by a situation without precedent, and it is here for example that a more intuitive approach emphasizes the artistic import of effective management. For example, creative thinking may reach outside of the limits of management practice to a completely different discipline to borrow a model or behavior pattern to introduce as a possible response. Gentner likewise provides the example of analogy as a useful tool to spur creative thought as cognitive structures may be transferred from a known domain to a new one.[16]

Applicability to Arts Management Pedagogy: An Example

So what do these observations mean for best practices in the cultivation of an arts and entrepreneurship component program in an institution of higher learning? First of all, it is important to recognize the special relationship between art, creativity, and entrepreneurship. Scholarship on creativity in fine and applied arts shows that creative minds produce originality, novelty, resourcefulness, flexibility/adaptability, innovation, and invention.[17] By showing how art provides novel solutions to problems and new ways of presenting and arranging forms, these authors support the idea that students of art are predisposed to entrepreneurial thought in ways that other students may not be. It is not difficult to see the correspondence between these characteristics and those identified with successful entrepreneurs by Schumpeter as well as by the behavior-based socio-cultural approaches discussed above. The idea of entrepreneurial cognition—that successful entrepreneurs think differently and use different strategies for making decisions—is another way to the same observation: namely, that creative thought links the arts to entrepreneurship.

While entrepreneurship has become a catch phrase for universities looking to both capitalize on the multidisciplinary potential for growth while also working to better prepare their students for competing in the marketplace, additional precautions should be made. In light of the abundance of entrepreneurship courses offered by business programs (versus non-business programs), simply accepting the business-based version of entrepreneurship is an error of convenience. This is to overlook both the specific nature of the arts-based skills as well as the essential locus of creativity working to articulate the arts to entrepreneurship. While art classes seek to imbue students with the practical skills needed to produce saleable services or items, business-based entrepreneurship courses prepare students to confront the economics of decision-making. But neither of these courses provides the third crucial skill set, which is the skill of managing the practical skills with an eye toward commercial—as well as creative—ends. Regarding common challenges facing arts management programs, a final caution is that time, space, and equipment must be provided and maintained to foster creativity. It is important to note that conventional instruction and assessment models favoring white-collar, as opposed to skill-oriented, employment hinders arts entrepreneurship students from both realms of employment.

As a guideline for the proper instruction of arts entrepreneurship, the University of Texas' College of Fine Arts identified three sets of objectives. The first group is oriented towards intellectual and professional skills like the establishment of an entrepreneurial perspective and the demonstration of how individual creativity, intellect, and experience can be channeled to an arts (or arts-related) career. The second group is oriented towards business, professional, and career development skills like understanding for-profit and not-for-profit business structures, a basic knowledge of marketing and communications, as well as a basic understanding of what is expected of a professional artist in the marketplace. The final set of objectives is oriented towards understanding the policies, standards, and cultural milieu of the arts. These skills include audience development, financial support, and the impact of economic, political, and world events on the arts. While not exhaustive regarding potential scenarios, this model does provide effective rubrics for pragmatically orienting competencies that will serve students well beyond the cap and gown ceremony.

With respect to best practices in the teaching of arts entrepreneurship, research supports a hybridized classroom experience that mixes traditional aspects of education with experimental ones.[18] Instructor presentations, student discussion on select readings or other class-related experiences, as well as individual and group-based student presentations are traditional instructional approaches. Non-traditional components include creative breakout sessions, guest speakers, externships, contests (for best elevator pitch, best business model), and community outreach initiatives. Certain co-curricular activities like student run ventures, study abroad, internships, mentoring programs, and hatcheries are also evaluated highly—especially when these arts entrepreneurship courses engage the community or the alumni base. In these instances, the course is a concentrated prism of the university mission to leverage its student success stories toward the benefit of its extended community. Particularly effective are situations in which students team up with arts-oriented alumni to carry the lessons of entrepreneurship and empowerment to underprivileged, marginalized, or otherwise depressed socioeconomic groups.

Recent scholarship on creativity and arts entrepreneurship provides additional examples that may be used to enhance pedagogical approaches. The techniques discussed above include analogy, critique of textbook approaches, and focus on case studies that present a wide spectrum of troubleshooting scenarios. In the first instance, the use of analogy provides an interesting basis for the creation of classroom assignments. Goals include student recognition of other cognitive domains like systems theory or animal behavior within which models of reaction may be imported for possible viability. In the second and third examples, a collection of recommended protocols for addressing decision-making may be derived from texts like George Monahan's *Management Decision Making* or Roger Schroeder's *Operations Management*. While comparison and critique of the protocols are well-suited for in-class discussion and debate, the value of this initial gesture may be amplified by applying the textbook approaches to case studies such as those found in *The Business of Events Management* by Beech et al. or Jerri Goldstein's *How to be Your Own Booking Agent*. This is an effective way to mine real-life arts management scenarios for situational impasses as well as other decision-making scenarios such as deciding between different opportunities. This type of exercise is well suited as an extension activity following a presentation on creativity and innovation. Students should be primed for using nonlinear thinking to make decisions in an arts management context. Particular interest should be accorded to those situations in which the recommended models fail and the students are forced to create their own course of action. Assessment of these sample activities should be focused on creative thinking as a process since the application, and therefore any likely results, are merely academic.

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Complexity, Adaptive Expertise, and Conceptual Models in the Music Business Curriculum

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Abstract

Music business curricula are necessarily complex because the subject itself is multifaceted and continually evolves in response to technological, social, and economic change. But in addition, if a goal of music business education is to prepare students to participate effectively in the business of music, then its curricula must not only reflect the evolving complexity of the music marketplace, but also foster the development of skills sufficiently adaptable to its changing conditions. This article uses complexity theory and the concepts of routine and adaptive expertise to explore how the curricular framework of music business studies might be adjusted to deepen understanding of the principles, processes, and patterns, as well as the critical analysis and creative problem-solving skills essential to successful entrepreneurship in the field.

Keywords: curriculum, complexity theory, complex adaptive systems, adaptive expertise, routine expertise, transfer, transactional model, concept model, meta-model, process map, music business, music business education

Introduction

Over the past one hundred years, the musical experience and the means to monetize it have been thoroughly transformed—and more than once. The systems that have supported the mass production, distribution, and consumption of music involve many individuals, organizations, relationships, and processes. As new technologies, social behaviors, and economic conditions emerged, these systemic frameworks—whether based on records, radio, print publishing, and live shows; or downloads, streams, licensing, and live shows—were inevitably affected, either adapting to changing circumstances or collapsing into irrelevance, insolvency, or both.

Both the music production-distribution framework and its ongoing evolution exemplify a *complex system*. It is "complex" not only in the casual usage of "complicated," but also in the more technical meaning of the term. As broadly defined across multiple disciplines, a "complex system" is a network comprising many discrete components or agents that interact with one another at a local level and, though lacking any centralized control, produces coordinated results that go beyond the sum of the individual actions. While the workings of such a system tend to follow consistent, observable patterns, they are also organically adaptive to emergent changes in the environment.[1]

Such complex adaptive systems—as they are sometimes called—have been observed in nature, computer networks, as well as in social and economic contexts. It is therefore only a small step, following Tussey (2005), to state that the business of creating and distributing music as a whole, "can be described as a complex adaptive system in which legal, political, economic, socio-cultural, and technological subsystems converge, interact, and coevolve."[2]

A detailed discussion of complex systems and complexity theory in general is beyond the scope and purpose of this article. But whether considering "the complexity model to be directly applicable or merely a helpful analogy or metaphor,"[3] it does present two practical considerations for music business educators. First, there is the capacity of the model to improve understanding of the music business, its agents, and processes. Second, applying a complex systems framework to music enterprise illuminates particular challenges in designing the curricula used to teach it.

Curricula for a Complex System: Practical, Historical, and Adaptive

One consequence of such complex subject matter as the music industry is that there is so much information to cover. Inevitably, content is streamlined in order to fit the constraints of class time, degree plans, and comprehensibility. Often the streamlining process leads to a curricular focus on preparing students of music commerce to understand "how it works." Or perhaps some combination of how music commerce used to work before the digital era and what has happened to it since. This is what may be called a "best practices" or *practical curriculum* approach.

Practical Curriculum

The traditional—and in many ways still standard—music business curriculum is based on practice: the tools and procedures that are commonly used and found to be effective today—however "today" is defined.

There is unquestionable value in understanding current best practices in the field. It is essential if one of the objectives of music business education is to produce competent professionals.

One problem, though—or perhaps limitation is a better word—with the practical approach to curriculum is defining the relevant time frame. Because the music business is volatile, subject to changing technologies, legal frameworks, social behaviors, and economic conditions—not to mention the transient tastes of the listening public—it is challenging to keep studies of current practice "current."

It is more difficult still to anticipate what is just over the horizon: the not yet, but soon to be current demands of an emerging marketplace. Prediction further out is speculative at best. Thus, the tendency of the practical curriculum is to focus on teaching "what we know" and "how it works" now. This approach comes with a real and ongoing risk that the information covered will be outdated, in some cases by the end of the semester, let alone by graduation.

This dilemma of the practical curriculum parallels challenges presented by the music marketplace. A great value of any adaptive system is its capacity to be emergent—that is, to respond to changing conditions. Consequently, music business curricula need to be adaptive to keep up with the marketplace. But should they not also encourage the development of some kind of adaptive capacity in students if it is a program goal for them to be able to effectively participate and produce value after graduation? If that is the case—and it is the position of this paper that it should be—then students are going to need more than even a detailed understanding of current practice.

Historical Curriculum

One way to broaden student understanding of music enterprise is via the historical survey. This method traces the evolution of commerce in music, copyright law, relevant technologies, and perhaps even public policy. Goals of this curricular approach include providing context for current conditions, understanding how they developed, and perhaps even a consideration of recurring patterns of production and consumption.

One challenge with the historical approach is, again, the amount of potential content. Where is the optimal place to start? Perhaps looking back to the golden era of print music publishing, the early days of sound recording, or the rise of radio networks? Regardless of the starting point, there is a more critical issue. Because of changes in the technologies of creation, production, promotion, distribution, and consumption, historical examples can seem impractical and irrelevant today. Further, even when comparing one historical event and another (where both "feel" equally outdated) it is easy to be more distracted by contextual differences than to recognize fundamental consistencies.

If, for example, one were to compare the crises of print music piracy in 1899 and audio piracy in 1999, that pairing could seem to be, at most, a mildly curious parallel lacking practical utility. Certainly there are fundamental differences between the products being pirated and the means by which pirated copies were distributed. In addition, the intellectual property laws in place in each era, as well as the means by which copyright owners could and did respond to infringement, are dissimilar in many respects.

Because of those differences, it is relatively easy to miss the fact that one of the greatest problems for the publishing industry in the years around 1899 was that public sympathies were with the pirates, not the rights holders. And those sentiments were not only the result of lower prices for bootleg copies, but were also inspired by a public perception that legal publishers took advantage of creative artists, preying upon them by paying so little, while at the same time overcharging the public. Further, many were outraged by what they saw as the strong-arm tactics of publishers against pirates.[4]

Those factors were just as critical for the recording industry in the years following 1999 and that fact is far more significant than the differences between a copy of sheet music and an MP3 file. Awareness of the social reaction and public relations consequences for publishers in 1900 could have provided a predictive and cautionary reference for record labels and the RIAA in the litigation strategies they pursued a century later. In terms of strategic outcomes—in this century as in the previous one—the public has not been won over by "big business" rights owners, and piracy has been only marginally reduced.

There is a lesson in that lesson. It suggests that a historical curriculum is more valuable when it emphasizes patterns and comparisons. Historical details change, but comparative analysis between one event and another can reveal underlying principles that remain consistent, whether based on human nature, economic tendencies, or the fundamental characteristics of the music experience.

But historical comparisons, however thought provoking, still have only a limited value in the contemporary marketplace unless they can be effectively adapted from one context to another. It is one thing to see, based on historical precedent, that a strategy has not worked in the past. But determining what would work now, whether or not a previous strategy is adaptable or an entirely new one must be developed, is another thing entirely. Teaching students how to do that would require another kind of curriculum: one that encompasses complexity, practice, historical context, and adaptivity.

Adaptive Curriculum

An adaptive music business curriculum would include both "how it works" and "how it has worked" content as well as comparative analysis and pattern recognition skill development. It would explore not only how, but why a system or tactic works when it does and why it fails to work when it doesn't. The goal would not be to catalog past successes and failures or simply understand current practice, but rather to extract principles of operation that are consistent and adaptable across a variety of contexts.

In studying such principles historically and deliberately drawing comparisons over time and across different contexts, students could begin to develop the ability to analyze what is happening as it happens, recognize whether or not it has occurred before, and what response—familiar, adapted from another context, or entirely new—might work best in the emergent situation.

It seems clear that such a curriculum would not only have to include elements of both practical and historical curricula, but also conceptual, analytical, and problem-solving tools and exercises specific to the adaptive domain. Further, if the goal of the practical curriculum (as defined in this paper) is to produce entry-level experts in the field as it stands, then the goal of the adaptive curriculum—to have real utility—would also have to cultivate expertise. It would have to be capable of producing graduates with the tools to efficiently meet the existing demands of recording, publishing, and promoting music, but not be restricted by them when facing the unexpected.

Theories of Expertise

Preparing students to become efficient professionals in the music business as it works today requires providing opportunities to acquire knowledge and develop skills in that setting. The literature of expertise education defines this as *routine expertise.* If to that efficiency in standard settings one wishes to add a capacity to adapt to changing conditions, then it becomes necessary to consider what is called in the research literature, *adaptive expertise*.

The groundbreaking work of Hatano and Inagaki (1986) first articulated the distinction between *routine expertise* and *adaptive expertise*.[5] Their research focus was to determine how students could be taught to adapt a previously learned solution to a new context.

They define "routine expertise" as the mastery of known procedures and having the goal of developing increased speed and efficiency in their application. In contrast, while "adaptive experts" acquire the same practical knowledge, they do so in order to develop a conceptual understanding of how and why a given process works. Routine experts operate at peak efficiency in the world of known problems. Adaptive experts excel in their ability to analyze problems and repurpose existing solutions or create new ones as needed.

The analytical capacity of the adaptive expert is of particular interest in the context of the music industry. If pattern recognition is a highly relevant skill and one that is based on an understanding of historical trends, patterns, and behaviors, then it follows that being able to recognize deviation from those patterns is of equal or even greater value. Consider for example how effectively the recording industry has historically been able to optimize and extend existing musical trends and processes and how often it has been caught off guard by the unexpected emergence of a new style, social behavior, technology, or some synergy of all three.

From a problem solving perspective, the routine expert tends to view all problems categorically, in line with what he or she knows to be standard operating procedure. In contrast, "rather than *assuming* that their current knowledge and their problem definition are correct, adaptive experts draw on their knowledge in light of situational factors or unique aspects of a case to formulate a *possible* explanation or a *theory* of the situation which they test in the given context of the problem at hand."[6] As a result, the adaptive expert is more able to distinguish between what is a "normal" situation and when conditions deviate from the norm.

Returning to the 1999 audio file-sharing/piracy example, routine expertise is what drove major label decisions to attempt to minimize the threat (Napster and other file-sharing services) via the legal system using existing copyright law as a mechanism. Copyright infringement *is* against the law. There *are* legal remedies provided for copyright owners. That *is* how the system is intended to work, that is what the (routine) experts recommended, and that's what the RIAA and many labels did.

But there was another dimension of that unfolding situation to consider. In the wake of those legal actions, Napster's representatives began to negotiate with record labels to make a case for the legitimate value of file sharing to the recording industry. Apparently the founders of Napster had recognized early not only the possibility of being "sued out of business" for their creation, but also the potential that "artists and record labels would appreciate the distribution mechanism and the amount of data you could pull from it—understanding who's listening to what, who's engaged with what content."[7]

The Napster team—coming from an innovative and adaptive perspective—assumed that this forward-looking strategy would be recognized by, or at least explainable to, major labels. Considering the importance of digital delivery and data analytics today, it was a remarkably prescient, if naive position. On the basis of the routine expertise at the labels of the time, it was concluded that Napster offered little of value. According to Jay Samit, for example, then an executive at EMI:

> Shawn and Sean came in, and they didn't have a model. Their model was: Somebody other than them makes money. Somebody has to pay. I said, "Come back, and tell me how someone is going to get paid." And they never came back.[8]

In a commercial business, somebody does have to get paid. That's a foundational truth. It's routine. A more adaptive perspective at the labels, however, could have led to the recognition that the problem as presented—file "sharing" where nobody pays—did not fully describe the larger social situation. Or that on the scale represented by Napster, a massive shift in the mechanisms of distribution and consumption of recorded music represented an unprecedented opportunity. Shawn Fanning and Sean Parker may not have understood the traditional record business (lacked routine expertise) but neither did record executives recognize the socio-technical shift already in motion or that traditional responses would not be effective to mitigate its effects—that an unprecedented solution was going to be necessary.

Ultimately, an adaptive solution for the digital music era did emerge. It came from Apple in the form of the iTunes store: a "new" solution for an emergent problem. But that innovative response was actually based on adaptation of old ideas—music "stores" and single "record" sales—to the new online context. Apple provided the large on-demand catalog of songs that listeners were coming to expect and they did so at a price point close enough to "free" to convert many sharers to customers.

In addition, Steve Jobs recognized something that the Napster team did not: he had to sell the concept to record label executives before he could sell MP3s to the public. That required providing real protection for copyright holders in the form of Digital Rights Management (DRM) copy protection software[9] and, in the beginning, limiting playback to only Apple devices.

Once Jobs had major label buy-in for the iTunes concept, he was able to establish an online digital "record store," but his real innovation was more profound. By creating and integrating the software and hardware for both listening to, and purchasing, music, he transformed the relationship between distribution and consumption, placing Apple in a position of dominance in the music download market that remained unchallenged for years.[10]

The products and processes necessary to create and implement iTunes on a scale that transformed business practices and social behaviors alike exemplify the potential of adaptive expertise to impact the marketplace and society. If the goal of music business education is to nurture entrepreneurs, leaders, and creative problem-solvers—people who are capable of creating value in complex and evolving markets—then the cultivation of adaptive expertise must become a core objective of music business programs. If music business educators stipulate the truth of that assertion—that adaptive expertise should be taught—then the questions that inevitably follow are can it be taught and how?

Teaching Adaptive Expertise: Facts, Concepts, Transfer

There are disciplines of study that already make the cultivation of adaptive expertise in their graduates an explicit goal. There is a body of research in engineering, for example, that explores how students can become adaptive experts during their education. One study on undergraduate pedagogy operationalizes the component elements of adaptive exercise as follows:[11]

Adaptive Expertise	=	Factual Knowledge	+	Conceptual Knowledge	+	Transference

Obviously there will be significant, discipline-specific differences in content, but it is the position of this paper that this formulation can provide a valuable template for the design of a music industry curriculum and pedagogy that support adaptive expertise. The following sections consider the individual elements and then their combined application to music business teaching and learning.

Factual Knowledge

Following the curricular analysis above, it will be helpful to subdivide factual knowledge into two categories: a) standard practices and current conditions in the music industry, and b) historical structures and events as a basis for recognizing and understanding trends and recurring patterns.

In terms of covering current (or relatively recent) business conditions and practices, music business education today is in good shape. There are a number of strong texts available that provide detailed information that is often (if not always) up-to-date and reflective of current developments. There is also ample information available online that—with careful vetting for accuracy—can provide insight into emerging musical, legal, business, and technological developments.

With respect to historical knowledge as a foundation for understanding and recognizing trends and patterns in music production and consumption, music business students are perhaps less consistently well informed. Still, most if not all will be aware of more recent history and, for example, the impact of file sharing on the recording industry business model and the subsequent developments in digital downloading, streaming, and brand-based licensing.

Where they may not be as well grounded is in understanding how the rise and/or fall of historical business models, technological innovations, and legal developments can reveal recurring patterns of consumer behavior and cycles in the business, economic, and regulatory climate. Without that, a critical basis for analyzing current and emerging conditions is missing.

Conceptual Knowledge

Historical context is also essential to the development of conceptual knowledge—an understanding of the principles underlying established practice in the music business. Developing a conceptual knowledge framework depends upon the study and comparison of historical and contemporary cases with a particular purpose: to identify conceptual principles that can be applied to more than one context, era, or music business sector.

Doing this requires the identification of consistent principles and also the development of process models that separate structural elements from situational detail. A discussion of formal process models is beyond the scope and purpose of this paper, but in a broad sense it is important to recognize that they can serve more than one purpose for music business students.

First, context-specific process models and case studies can deepen student understanding of how specific businesses currently work or have worked in the past. Such conceptual frameworks—particularly when introduced early in the learning process—can deepen understanding of each new layer of information and each new understanding makes student mastery of the framework more nuanced and adaptable as well.

Next, the concept of *business process model abstraction*[12] has a particular value in the education of the adaptive expert. Abstracted process models are the result of "an operation on a business process model preserving essential process properties and leaving out insignificant details in order to retain information relevant for a particular purpose."[13] In terms of cultivating adaptive expertise, that purpose will most often be to facilitate the application of the insight provided by one model to another situation. It is a particularly useful tool when the model can be transferred from an instance where the outcomes are known to another—perhaps emerging—situation where they are not.

Beyond that, the development of a *meta-model* that eliminates all contextual detail to highlight only the most fundamental structural processes affords additional opportunities for understanding and applying conceptual knowledge. A highly generalized process map can be transferred and scaled to a wide variety of circumstances. Students can apply this tool to each new level of learning and fill in the details specific to each situation as they go, improving understanding of the material, increasing mastery in the use of the model or map, and expertise in transferring relevant information from one situation to another.

An example of a context-specific process model would be an examination of the strategies of concert promoters such as Adolphe Jullien and Robert Newman in nineteenth-century London. A process model abstraction might be to compare multiple presenters of various musical entertainments from the era using key data points such as ticket sales, revenue, venue size, and promotional methods. Finally, a meta-model could be used to describe, understand, and compare all forms of musical experience based on performance regardless of era, genre, or locality (see the *Musical Experience as Transaction* model, below).

Transfer

Both the process model abstraction and meta-model depend upon the transfer of learning from one context to a new one. Such transfer is constrained by a number of factors. One of these is the distance or difference between the context of original learning and the context to which knowledge is being transferred. For example, "applying what one has learned to a slightly different situation" is called *near transfer*. *Far transfer* "refers to applying learning to situations that are quite dissimilar to the original learning." When the act of transfer requires learning something new in order to make the connections necessary for transfer, then it is *creative transfer*.[14] In the context of expertise education, near transfer would be more associated with routine experts and both far and creative transfer with adaptive expertise.

Another aspect of transfer learning with curricular implications is the distinction between *low road* and *high road* transfer. These concepts come from a model of transfer education developed by Perkins and Salomon. In it they define low road transfer as the "automatic triggering of well-practiced routines in circumstances where there is considerable perceptual similarity to the original learning context." In contrast, they state, "high road transfer depends on deliberate mindful abstraction of skill or knowledge from one context for application in another."[15] High road transfer would obviously be associated with the development and application of abstracted process models.

The "deliberate mindful abstraction" of process models in the study of music business raises two fundamental questions. First, what are the necessary characteristics for such a conceptual model to support transfer, adaptability, and a progressive understanding of the production and reception of music? Second, since conceptual frameworks most support learning when introduced early, which concept or concepts are the most fundamental to the subject of music enterprise? Ultimately, is there a foundational model that could be introduced at the beginning of study, would support learning new information, deepening conceptual understanding and reflection, and thus have the capacity to develop adaptive expertise throughout the music business curriculum?

It is the position of this paper that the answers to these questions are, yes.

Conceptual Models: Core Principles and Operative Dynamics

The concepts and processes essential to the adaptive curriculum in music business may be categorized as *core principles* and *operative dynamics.* Core principles are fundamental concepts that describe something that remains consistently valid across a wide variety of contexts. Consider for example, the importance of convenience to creating value through music.

In 2007, Fredric Dannen, author of *Hit Men: Power Brokers and Fast Money Inside the Music Business,* was asked, what is the future of the music industry? Part of his answer follows:

> I believed I had discerned something about the consumption of recorded music—something startlingly obvious that has somehow eluded the record industry throughout its history, and led to the industry's irreversible decline.
>
> My epiphany, if you want to call it that, was simply this: consumers of recorded music will always embrace the format that provides the greatest convenience. No other factor—certainly not high fidelity—will move consumers substantially to change their listening and buying habits.[16]

Dannen's response makes a point that is critical to understanding music consumption patterns, regardless of the era. While the legalities of music ownership and rates of compensation have received and (continue to receive) massive attention, they are not the most important determinants of what works and what doesn't in the music business. According to Dannen, convenience of access always trumps everything else. If true, it is a core principle, transferrable not only from era to era, but also from Dannen's specific context—recorded music—to potentially every situation involving music, people, and money.

To provide maximum utility, however, core principles must not only be descriptive, they must also be dynamic, functional, and operative. An *operative dynamic* describes in the most fundamental terms a scalable, transferable, and adaptive relationship or process—not only a structure, but also what it does. An operative dynamic must be able to explain the workings of music piracy in 1899 and 1999, or the initiatives of Thomas Edison and Daniel Ek with equal validity.

An operative dynamic must be able to illuminate music enterprise broadly, across multiple eras and sectors, and provide a framework for understanding how value is produced regardless of context. One such dynamic is based on the premise that, in order to produce value, music must exist in a social context. From that principle, it is possible to look at the musical experience—the platform for the creation and reception of music in all its forms—as an operative dynamic.

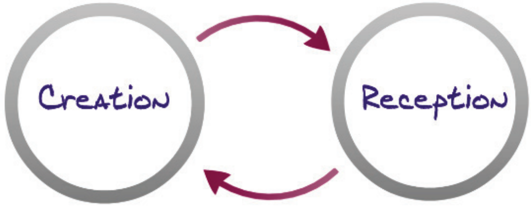
Musical Experience as Transaction

While musical endeavors can be entirely personal and never intended for public listening, more often than not, music exists in a social context. Simply, music happens when someone makes it while someone else is listening. That shared experience of making and listening to music can be understood as an exchange, or transaction, between performer and listener. It is only when music is placed in such a social context—where the musical experience is an exchange between people—that its full potential to create value in all forms—social, artistic, and economic—can be fully realized.

Framing musical experience transactionally is a powerful conceptual device. It helps us to describe how musical value was created historically, see how it is produced today, and predict in what contexts it is likely to develop in the future. It is arguably the foundational operative dynamic for the development of adaptive expertise in music enterprise.

This concept may be mapped as follows:

Musical Experience As Transaction



The circles in this diagram describe the two basic components of the musical experience: creation and reception. Each of the circles can also represent different actions and processes—performing/listening, producing/consuming, and so on. The circles may also describe agents—the people—engaged in these activities. Whether one define the person(s) acting on the left side of the diagram as Creators, Performers, Producers, or Content/Service Providers and the person(s) on the right as Listeners, Audience Members, or Consumers, the relationship between them is defined by an exchange of something: a "this" for "that" transaction (*quid pro quo*) represented by the arrows that connect them.

One of the most compelling aspects of this operative dynamic is that, while what the arrows specifically represent—technologies, distribution channels, revenue streams, means of communication, degrees of connectivity, and so on—have changed extensively and continue to evolve at an accelerating rate, the underlying relationship between creation and reception and, ultimately, between performer and listener have not. It is a diagram that explains roles and relationships in the eighteenth-century patronage system as well as the persistent value-generating potential of the live touring show today. It explains the enduring value of live music.

Sometimes the top arrow simply represents the sound traveling from the stage to the audience, or it can stand for a complex process administered by a record label, the iTunes store, or Spotify. Regardless, the upper arrow is always about making the artist's music accessible to the audience. Sometimes the bottom arrow is as simple as the feedback of applause. Often it represents some form of compensation—money in a hat on a street corner or a 360-degree deal with a hundred agents, agencies, and moving parts. Increasingly today, the lower arrow can also stand for all of the data collected about listeners, which can then be used to amplify value creation throughout the model.

Across the history of commercial music, the business application of the model has depended upon attracting enough people into the reception circle to support mass production and distribution, making the arrows robust distribution channels and revenue streams. As the scale of enterprise expanded, each individual artist became a smaller part of the creation circle, increasingly populated by many artists aggregated by the recording and publishing industries. As the size and complexity of the overall transactional structure grew, the literal and symbolic distance between artist and audience increased both due to the complexity of the structures and the competition for "bandwidth" within each arrow.

In addition, the diagram can illustrate that the transactional dynamic works best when all the pieces are in place, connected, and in motion. Take away either of the circles or the arrows and the exchange stops. When, for example, Napster introduced a new means to achieve the top arrow function being performed by twentieth-century record labels and radio stations, the bottom arrow was immediately and profoundly affected. Similarly Spotify has an incredibly robust top arrow—massive international distribution of an enormous catalog—but the bottom arrow, as it connects to the creative artist, is a trickle. Thus the transactional model, while still valid for the streaming era, can be understood as unbalanced.

Consequently, Jay-Z's initiative with the TIDAL streaming service can be seen as an effort to make the lower arrow—the one connecting the money from the fans and/or advertisers to the artist—more robust, rebalancing the streaming model. But if in doing so there is a deflation of the reception circle, then the diagram becomes unbalanced in another way.

Using the diagram to evaluate the TIDAL versus Spotify issue would reveal that in the creation circle, Jay-Z could and did pull in many big-name, big-ticket artists on the basis of making the bottom arrow more robust. But, the reception circle was constrained by the necessity of a higher price point for consumers. Compensatory inducements added to the top arrow—lossless audio, supporting better artist revenue, access to proprietary editorial content, and the potential for HD video—were not sufficient (at least early on) to drive consumer adoption on a sufficiently large scale. The result: another imbalanced transactional model.

The musical experience as transaction model can be introduced early in the study of music business and referred to repeatedly throughout the curriculum. By providing a foundational reference point, it enhances understanding of new information, promotes comparisons and transfer of information between and among contexts, and offers a reliable point of departure for the critical analysis of emerging phenomena.[17]

Conclusions

If the goal of music business education programs is to produce expert professionals who can add value to the enterprise of music now and in the years to come, then curricula and teaching methods must be designed accordingly. The capacity of music business graduates to act effectively not only in the present but also as circumstances inevitably evolve must be based on a critical understanding of what has happened before, as well as how and why. The difference between success and failure in the present often depends upon clear understanding of the past.

Further, practical knowledge of past patterns and their potential relevance today requires the ability to distinguish the elements and relationships that remain stable over time from those that change more often. By identifying consistent core principles and persistent operative dynamics, students can learn to evaluate situations, transfer information from one context to another, adapt an existing solution to a new problem, or creating a new one entirely.

Core principles and operative dynamics could also provide a theoretical framework for research, which would in turn afford opportunities to refute, validate, and/or improve the conceptual models. But it is the position of this paper that the greater urgency is the application of such frameworks to an adaptive music business curriculum.

Knowledge, conceptual understanding, and transfer ability are the hallmarks of adaptive expertise and constitute the critical skill set for high level functioning in the complex adaptive environment that is the music marketplace. From both philosophical and pragmatic perspectives, it is vital that curricular goals be aligned with the marketplace as defined by the transactional music experience in all its diversity, variety, and boundless creativity.

Endnotes

1. Definition adapted from the following sources: "About Complex Systems," *New England Complex System Institute,*" http://necsi.edu/guide/; "Definitions of Complexity," http://serc.carleton.edu/NAGTWorkshops/complexsystems/definitions.html; and "Complex Systems Modeling: Using Metaphors From Nature in Simulation and Scientific Models," http://www.informatics.indiana.edu/rocha/complex/csm.html.
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8. Ibid.
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15. David N. Perkins and Gavriel Salomon, "Teaching for Transfer," *Educational Leadership* 46, no. 1 (September 1988): 25.
16. Stephen J. Dubner, "What's the Future of the Music Industry? A Freakonomics Quorum," *Freakonomics*, last modified September 20, 2007, accessed July 12, 2014, http://freakonomics.com/2007/09/20/whats-the-future-of-the-music-industry-a-freakonomics-quorum/.
17. Students in the Music, Media, and Enterprise Program at Ohio State University did use the transactional model as well as other operative dynamics and tools to evaluate the strategic potential of TIDAL early in the spring of 2015. During the class discussion, many immediately predicted that a) Jay-Z would have to take a larger role in attracting prominent artists, b) listeners would find the ancillary inducements insufficient to support a customer base large enough to be competitive with better established streaming services, and c) by highlighting already successful artists, the initiative would fail to motivate listeners to support better pay for artists generally.

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The Record Company as a Learning Structure: Identifying Performance and Learning Inhibitors

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Abstract

This study examines the variables related to organizational learning within record companies. Indie, major-indie, and major labels report both negative and positive elements linked to leadership, dialogue, empowerment, team learning, and inquiry—all of which affect reported organizational performance. The data suggests that performance and learning may be reflective of the constraints of size, structure, and leadership. With respect to organizational size, indie labels foster the highest learning environment, and this propensity for learning decreases as the labels grow in size. Larger labels also indicate growing deficiencies in embedded systems to transfer organizational knowledge, employee empowerment, and system connectedness to the environment or market. The implication is that managers should intervene in order to foster a robust learning environment that might be better able to adapt to change in the marketplace—especially as the market environment becomes unstable or the organization grows in size.

Keywords: record label, record company, indie label, record industry, music industry, learning organization, strategy, organizational structure, performance inhibitors, Senge, disruption, innovation

Introduction

A transformational change in business is occurring. Many of the traditional strategies that fueled localized and regional success are being disrupted by new technologies and strategies. The distinctive competencies of resource advantage, once considered sustainable competencies, are moving toward shorter lifecycles that disrupt core strengths and competencies. Older digital download systems have inarguably been discarded for newer streaming models that seem to be eroding the growth of digital downloads—once thought to be the savior of the industry. Technological innovations such as music streaming are further decimating revenues by shifting to a subscription service model—reducing payments from pennies on the dollar to fractions of pennies on the dollar (Christman 2014). This has sent the music industry scrambling to find new ways to compete and adapt to the environment.

Traditional business writers typically focus on established long-range competency-based strategies—ones that are based on the advantage of efficient production (cost leadership), defining unique qualities that achieve value for the consumer (differentiation), or identifying or targeting market or product segments (focus strategy) (Porter 1980). The sustainability of Porter's competitive advantage was determined by the firm's ability to create defensible niches and sustainable competitive advantage. Larger frameworks, such as Porter's "Five Forces model," identify external forces in the market environment that also affect strategic decisions (buyers, suppliers, substitute products, potential entrants, and rivalry of competitors). These externalities constitute the pressures outside of the organization that are incorporated into strategic choice—contingent on anticipated and actual actions of existing players in the industry. This model is significant. Instead of reacting, it anticipates the effects of broad external competitive forces on the strategic design process. These "resource-based" theorists generally emphasize firm "resources" and distinctive competencies that are produced from internal systems (process, product, structure) for external competitive advantage (Barney 2004, Chandler 1990, Hamel and Prahalad 2005).

Conversely, some writers feel that "resource-based" models focus too closely on products—rather than customer needs—creating a self-deceiving cycle that fails to adapt. Levitt coined this process as "Marketing Myopia" (Levitt 1960). He posited (revised 2004) that the history of every dead and dying "growth" industry shows a self-deceiving cycle of bountiful expansion and undetected decay (2004). According to Levitt, this competitive failure is due to a shortsighted "resource" mindset that focuses on product improvement and cost reduction, as well as the false presumption that all markets represent an ever-expanding growth industry. This then leads to a failure to identify what customers actually want, and can lead to an inability to recognize, adapt, or shift within a marketplace.

Identifying the need for adaptation, newer strategic outlooks now recognize that innovation and adaptation can structurally facilitate learning within an organization. Montgomery and Scalia (1996) stated that, "Learning must surpass the rate of change if an organization is to survive over the long term" (439). Christensen (2004), a Harvard researcher in disruptive and radical innovation, believes that advantage cedes to organizations that best move, learn, and adapt within a flexible outlook. Strategic advantage is then generated by any organization that can structurally facilitate learning, which can then generate a competitive advantage that can fuel sustainable innovation (Adair 2002; Argyris 2004; Christensen 1997, 2004; D'Aveni 1994; Illinitch, Lewin, and D'Aveni 1998; Edmondson and Gino 2008; Garvin 2000; Garvin, Edmondson, and Gino 2008; Senge 1990).

Overview

The purpose of this study is to examine recognized organizational learning constructs within record companies—which for the purposes of this study can be defined as a business structure that specializes in the production, manufacture, marketing, and distribution of recorded musical product. Watkins and Marsick (1993) developed a model based on Peter Senge's (1990) original model that defined seven action imperatives that emphasized systems-level continuous learning through constructs that may be used as an evaluation of the organization. Individual, team, and organizational levels layer the seven dimensions or constructs of the learning organization as follows:

1. *Continuous Learning* represents an organization's effort to create ongoing learning opportunities for all of its members;
2. *Inquiry and Dialogue* refers to an organization's efforts in creating a culture of questioning, feedback, and experimentation;
3. *Team Learning* reflects the "spirit of collaboration and the collaborative skills that are the foundation of effective teams;"
4. *Empowerment* signifies the process to create and share a collective vision and the ability to set, own, and implement a joint vision that addresses the gap between current status and the new vision;
5. *Embedded System* reflects efforts to establish systems to capture and share learning;
6. *System Connection* reflects actions to connect the organization to its internal and external environment; and

7. *Leadership for Learning* demonstrates the extent that leaders use learning to create change and to move the organization in new directions.

Specifically, Watkins and Marsick (1993) developed the fifty-five questions that measure the correlation of the seven learning organization dimensions (Dimensions of the Learning Organization Questionnaire or DLOQ) with further validation from Yang (2004). This model is framed in the literature by extant work (Argyris and Schön 1996; Garvin 2000; Garvin, Edmondson, and Gino 2008; Senge 1990; and Yang et al. 2004). The survey measures employee perceptions using a 6-point Likert scale, where "1" equals the assessment that the behavior *almost never* occurs, and "6" equals *almost always*. The internal consistency of the DLOQ was validated and low item-total correlation items were replaced or revised in later versions until acceptable reliability and content validity was achieved. Confirmatory factor analysis (CFA), as well as testing for multicollinearity, heteroscedasticity, and simultaneity (inconsistent OLS indicators) further affirmed the construct validity (Yang et al. 2004).

Population Sample

The sample was drawn from a target population of approximately 690 record company employees listed in the label directory published by *Music Row*, a Nashville music industry trade periodical. The survey produced a net response rate of 39%. Of this pool, 31% were self-designated *Indie* record company employees, 13% were *Major Indie*, and 56% were *Major Label* employees. Designation is as follows:

> *Indie:* a) Not affiliated with a major international conglomerate, b) units sold under 500,000, and c) distributed through an independent distributor or affiliated major distributor.
>
> *Major Indie:* a) Not affiliated with a major international conglomerate, b) units sold over 500,000, and c) distributed through affiliated major distributor.
>
> *Major:* a) Affiliated with a major international conglomerate, b) units sold over 1,000,000, and c) distributed through affiliated major branch distributor of parent multinational

corporation.

Of note—survey response to size was self-reported by participants. Visual analysis of frequency response patterns, chi-square tests, and kurtosis statistics were within a normal distribution pattern (Robson 2002).

Results: Size of Label

When reported by size of organization, the learning organization constructs were rated higher for the smallest organization (indie), second for the largest organization (major label), and lowest for the mid-size organization (major indie). As shown in Table 1, indie labels rated highest in all categories. When measured as a percent of change, major indies averaged 18% lower than indies for the overall LO score, while major labels averaged 15% lower than indie labels.

	Indie Label	Major Indie	Major	% Major Indie to Indie	% Major to Indie	% Major to Major Indie
Continuous Learning	4.47	3.71	3.90	-17%	-13%	5%
Dialogue/Inquiry	4.73	4.04	4.08	-15%	-14%	1%
Team Learning	4.51	4.12	4.17	-9%	-8%	1%
Embedded Systems	3.73	2.87	3.00	-23%	-20%	4%
Empowerment	4.46	3.45	3.76	-23%	-16%	8%
System Connectedness	4.88	3.66	4.00	-25%	-18%	9%
Learning Leadership	4.89	3.97	4.15	-19%	-15%	4%
Average	4.52	3.69	3.87	-19%	-15%	-5%

Table 1. Mean scores with percentage change by label size.

With regard to differences in organization size, there was a significant (-19%) change in total average score from indie to major indie, and a significant (-15%) drop in average score from indie to major label. The data indicates that smaller organizations (indies) are more accessible to the learning organization ideal and perhaps are most open to adaptive learning and adaptation to environmental shifts. However, as label size increased, learning becomes more problematic, illustrated by a decrease in effectiveness of the transfer of knowledge within the organization, indicated by the lower scores from both major and major indie labels for *embedded systems* to transfer knowledge, *empowerment,* and *system connectedness* to the environment (see Figure 1).

Major indies (midsize) rated lower than the major labels on all elements. This seems counterintuitive, but may indicate other factors such as the lack of an undeveloped structure or transitional growth problems. Additionally, recent merger activity fueled by the general decline in traditional sales has created an unstable or insecure job market, where the value of an employee is inherent in his or her knowledge and contacts. This may spur a form of self-preservation, evidenced as employees withholding information (Detert and Edmondson 2007), which would create more value for the employees in search of possible employment, as opposed to sharing knowledge with the organization. This indicates a need for further research. But generally, unstable environments seem to motivate employee self-preservation or knowledge hoarding rather than shared organizational learning. This may further indicate that learning organizations best exist in a stable and secure internal environment.

Levels of Employees

The level of learning structure related to authority was also examined. Management authority is defined as executive leadership/CEO/, senior management/VP, middle management (project or department manager/director/supervisory), administration/staff/non-management/operations/implementation, and non-management hourly employee. The data indicates that, with the exception of non-management salary employees, there is a higher level of the learning organization as managerial authority increases.

Figure 2 shows that most factors score better than average (M=4.05), with the lowest rating for *continuous learning* given by non-management salary at M=3.63. *Dialogue/inquiry* (M=4.27) indicated the highest rating from non-management hourly (M=4.54). Across all elements non-management salary rated lowest (M=3.66).

The *embeddedness of the learning system* rated lowest of all categories, reflecting the lack of a systemic method to transfer organizational knowledge within the system. Again, the lowest perception of *system embeddedness* came from non-management salary employees at 2.53. The data generally indicate that the more direct control an employee has over individual activity, the higher the rating. Thus, senior executives, coordi-

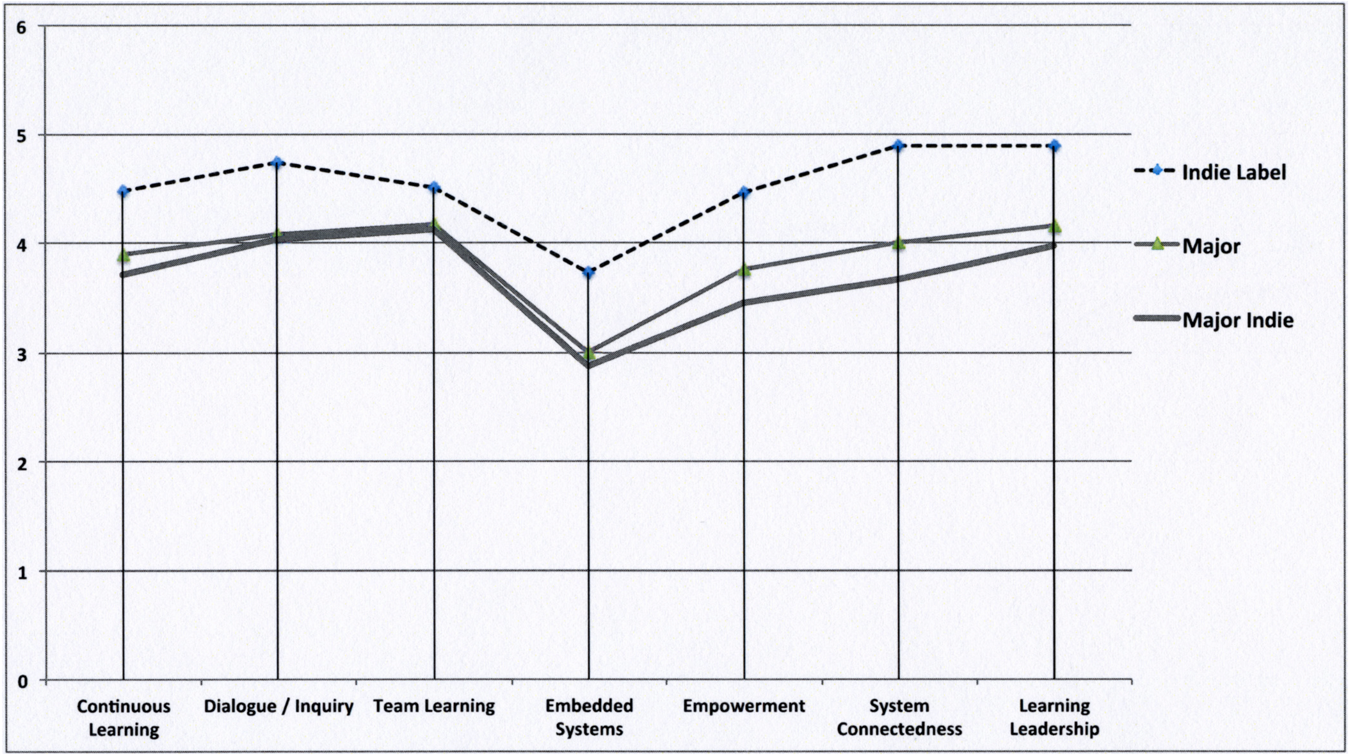

Figure 1. Category scores for the elements of the learning organization.

	Continuous Learning	Dialogue-Inquiry	Team Learning	Embedded System	Empow-erment	System Connect	Learning Leadership	Financial Reward	Knowledge Performance	Average by Level
Coordinator (48)	4.34	4.30	4.41	3.52	4.23	4.52	4.71	4.52	4.65	4.35
Non MGT-Hourly (30)	4.26	4.54	4.61	3.29	4.06	4.28	4.59	3.95	4.37	4.22
Senior/Exec (59)	4.16	4.53	4.33	3.24	4.07	4.33	4.65	3.99	4.06	4.15
Middle (78)	4.02	4.32	4.34	3.47	3.98	4.20	4.19	4.08	4.22	4.09
Non Mgt-Salary (60)	3.63	3.79	3.83	2.53	3.44	3.91	3.87	3.75	4.21	3.66
Category Mean	4.05	4.27	4.27	3.21	3.93	4.23	4.35	4.05	4.28	

Figure 2. Rating of learning organization by authority levels of management.

nators, and non-management rated *continuous learning* highest. Significantly, senior executives, coordinators, and non-management hourly rated the learning organization highest, with non-management salary rating consistently lowest. Of note, the rank and file salaried employees rate the lowest in all sectors.

This also indicates that perhaps industry surveys need to be cognizant of the level of authority of the responder. Any assessment study based on perspective, can hide bias, based on varying job scope and authority level. This implies that a learning structure is affected by an employee's control of activities.

Regression of Explanatories

Linear regression analyzes the contributive strength of relationships. Both *knowledge* and *financial performance* were combined to become a single dependent variable summarizing the expected result of the separate learning organization's variables. All general models showed some significant relationships at the $p = .001$ level (see Figure 3).

	Grouping by Record Company Model					
Independent Variables	**Indie**	***sig.***	**Major Indie**	***sig.***	**Major**	***sig.***
Continuous Learning	0.492	0.001	0.252	0.090	0.355	0.005
Dialogue and Inquiry	-0.435	0.001	-0.902	0.018	0.133	0.328
Team Learning	-0.015	0.903	0.921	0.001	-0.142	0.403
Systems to Capture Learning	0.516	0.001	-0.100	0.954	-0.097	0.297
Empowerment	0.350	0.054	0.403	0.033	-0.363	0.010
Connectedness to Environment	0.387	0.001	0.265	0.093	0.291	0.016
Leadership for Learning	-0.569	0.001	0.194	0.354	0.565	0.001
Indie r^2 : .763						
Major Indie r^2 : .651						
Major r^2 : .517						
All regressions ANOVA sig. at .001						

Figure 3. Comparison to combined financial and knowledge as dependent variable.

Indie labels are strong in *continuous learning* (β=.492), *systems to capture learning* (β=.516), *empowerment* (β=.350), and *connectedness to the environment* (β=.387). Interestingly, negative contributors were *dialogue/inquiry* (β=-.435), *team learning* (β=-.015), and *leadership for learning* (β=-.569) with the model explaining 76% (r^2 adjusted) of variance. As well, *team learning* was insignificant at *p*=.903.

Major indies showed insignificance for *systems to capture learning* (*p*=.954). Other learning variables show positive contributions from *continuous learning* (β=.252), *team learning* (β=.921), *empowerment* (β=.403), and *connectedness to environment* (β=.265). However, *leadership for learning* was not statistically significant (*p*=.354). Negative contributions were reflected by *dialogue/inquiry* (β=-.902) and insignificant values are shown for *system to capture learning* (β=-.100, *p*=.954).

Major label grouping showed positive contributions from *continuous learning* (β=.355), *connectedness to the environment* (β=.291), and *leadership for learning* (β=.565). Negative contributions included *empowerment* (β=-.363). Statistically insignificant elements are *dialogue/inquiry* (β=.133, p=.328), *team learning* (β=-.142, *p*=.403), and *systems to capture learning* (β=-.097, *p*=.297).

Discussion of Regression

In summary, these findings indicate that there are differences in learning outcomes related to type and size of label. At the indie level, *leadership* and *dialogue/inquiry* are negative factors, and performance was increased by *continuous learning, systems to capture learning, empowerment*, and *connectedness to the environment*. Due to size and proximity, indie labels do not seem to find team performance necessary or significant. Indie labels were the most connected to the environment and reflected an inherent system to capture learning, despite the lack of formal systems or resources for transferring learning throughout the organization that is required in larger organizations. This suggests that the flat hierarchy of smaller organizations somehow encourages a more active climate for knowledge sharing. Perhaps this is indicative of the general growth curve of indie market share moving from 2011 (32.1%) to 2014 (35.1%) (Nielsen 2015). Secondly, *leadership, continuous learning, empowerment*, and *team learning* enhanced major indies, possibly due to their larger size. Major indies did not reflect any positive contribution through *dialogue and inquiry*, and there is no evidence that there is any real *system to capture* *learning*. Thirdly, major labels seemed to benefit most from *continuous learning* and *leadership for learning*. Major labels also had minimal *dialogue/inquiry,* and negative variables for *team learning, systems to capture learning*, and *empowerment*, but did show some *connectedness to the environment*. This indicated that although *leadership for learning* (β=.565, p=.001) rates highly for major label groups, the low *empowerment* factor (β=-.363) may indicate that the enablement of the employee to learn and adapt is restricted by other structural variables.

Leadership for learning was negative at the indie level, insignificant at the major indie level, and positive at the major level. Leadership was defined as:

1. supporting requests for training,
2. sharing up-to-date information on trends, competitors and direction,
3. coaching,
4. looking for opportunities to learn, and
5. assuring the organization's actions are consistent with its values.

At the indie level, *continuous learning* scored high and *leadership for learning* was a negative performance factor. Conversely, *leadership for learning* is highest in the major label group (see Figure 3). This indicates that at the smaller indie label level, leadership for learning was not a factor, as indie employees were more self-directed and multitasked across a range of duties due to limited staffing. At the major label level, even though *leadership for learning* is significant, there is no support for *dialogue/inquiry*, no *team learning*, no *system to capture learning*, negative *empowerment*, and little *connectedness to the environment*. However, *dialogue/inquiry* was only indicated when *leadership for learning* was significant. This reinforces the point that leadership can strengthen the social recognition of, and value for, employees within the context of the firm's values, standards, and long-term goals, along with employee satisfaction. This shows that the collective mindset empowering responsibility and collaboration throughout the organization can be driven by leadership (Senge 1990, Northouse 2004). Conversely, Buckler (1996) reinforced that with responsibility distributed close to decision makers, all are motivated within the shared vision. This may indicate that as long as empowerment is positive, learning is created.

Dialogue/inquiry was indicated by a negative explanatory variable within indie labels and major indies. It was not a significant factor in major labels. This demonstrates that within the structure of Nashville record labels, there is little value for dialogue and inquiry within the workplace. The data could not indicate if this is reflective of the current climate or more an indication of structure or leadership. However, results reinforce that unstable business environments foster a lack of dialogue and inquiry. Learning became geared towards self-preservation, and knowledge hoarding is encouraged. Previously discussed, this general knowledge hoarding was referenced as *social/situational learning* (Merriam and Caffarella 1998, Bandura 1977, Lave and Wenger 1991). With little incentive to share knowledge, organizational members resorted to defensive reasoning tactics in order to "avoid vulnerability, risk, embarrassment, and the appearance of incompetence" (Argyris 2004). Thus, the data supports that organizational uncertainty can trigger barriers to learning (Gersick 1991, Seo 2002). Within a healthy learning organization, employees may re-examine and question the reference points that form our judgment. Within the Nashville sample, there was little learning to explore ideas and little dialogue in an open environment. This implies that there is little value for collaborative team learning and little to no context for re-examining or re-evaluating the work environment. Without dialogue or divergent conversation, there was little organizational learning as learning only occurs within the element of trust (Argyris 2004, Ellinor and Gerard 1998, Marquardt 2002). The data affirmed that a general lack of dialogue negated the basis of a systems construct (Senge 1990). There was no basis for the organization to see the connections between the parts or to inquire or challenge assumptions.

Continuous learning was scored highest at the indie level, decreased at the major indie level, and slightly increased at the major level. Discussion with multiple indie labels suggested that smaller-sized organizations seem to foster more *continuous learning* within the environment. Generally, smaller organizations seem to exhibit higher degrees of cross-departmental interaction, with most employees performing multiple tasks as needed. This fosters a climate of open dialogue that encourages learning from mistakes, cross training, growing skills, helping others, and viewing problems as an opportunity to learn. The data did not reflect if this is structural or simply the environment of the indie label due to the smaller number of employees. However, this does indicate that smaller organizational structure fosters open communication best.

If compared to general learning concepts from the social/situational orientation to learning, the data indicated that as the organization decreased in size, the community of practice for *continuous learning* increased. If true, then the proximity of employees appears to increase learning (Merriam and Caffarella 1991). While Bandura (1977) focused on social interaction as a cognitive process, the data confirm that the close interaction within a smaller environment models stronger and more robust learning. This reinforces social learning theories that state that learning occurs by observing others, with more observation available within closer proximity. Situational learning was reinforced as learning occurred in the social relationships of co-participation. In this case, employees learned at the periphery of the community and then moved to the center, gaining knowledge as they progressed. This indicates that, as knowledge is contextual in a community of knowledge, perhaps proximity or close interaction also enhances learning (Lave and Wenger 1991).

Dyck, Starke, Mischke, and Mauws (2005) elaborated a dynamic theory of organizational knowledge creation that relies on a four-phase process of a) socialization (tacit knowledge amplification), b) externalization (tacit knowledge is transformed into explicit knowledge), c) combination (explicit knowledge amplification), and d) internalization (explicit knowledge is transformed into tacit knowledge). This is based on learning progressing from the individual to the team, and then to the organization. As organizations grow, the first phase, socialization (triggered by teambuilding, sharing experiences, and perspectives), is more implicit as group members trust one another because of shared past experiences. Then, as the organization grows, the second phase (socialization to externalization) is inhibited by the lack of meaningful dialogue fueled by organizational distrust as individual survival and knowledge hoarding increasingly fuel members' behavior. Without the combination of dialogue and sharing of perspectives, team members cannot externalize their knowledge and therefore learning does not become explicit to the organization (Dyck et al. 2005). This indicates that smaller organizations (due to their relative smaller size, ease of communication, and trust built on shared experience) have less need for the learning construct to overcome any inherent disability of a larger organization. However, this also shows the need to address knowledge impedance as an organization grows.

Embedded Systems to Capture Learning was positive and significant at the indie level and was insignificant at both indie major and major label levels. This shows that learning and the transfer or retention of learning is higher within the smaller structures of the indie level than both the major indie and major label group. This reinforces the general findings that within Nashville record companies there are few systems to embed learning into a shared environment so that knowledge might be retained by the organization. This again indicates that individual employees both value and retain professional knowledge, rather than the organization, especially as the organization becomes larger and more successful.

Indie labels rated highest for *embedded systems to capture learning*. Their small size fosters open communication and cross communication as well as a general functionality across multiple job tasks. This forces learning and information to become transparent within the smaller structure. Nonaka and Takeuchi (1995) argued that successful knowledge management must convert tacit (internal) knowledge into explicit codified knowledge for individuals and teams to make knowledge meaningful. The general and pragmatic tools available to codify knowledge within an organization include databases, operations manuals, web conferencing, collaborative software, content of corporate directories for expert advice, after- and during-action reviews, peer assists, information taxonomies, and even email lists. This allows learning to be shared within a transparent system that permits information to disseminate within that system. However, within a community of instability, knowledge is internalized and the move for the externalization of learning and documentation of extant knowledge is avoided (Dyck et al. 2005). This meant that no body of explicit knowledge was shared among organizational members in the sample. As employees move from organization to organization, they take their knowledge, contacts, and expertise with them. The data indicate that because history resides within the individual, there is little organizational memory within the general body of the Nashville record labels. This lack of organizational experience or history may explain some of the dire predictions and sales decline rampant within the marketplace. There is little knowledge history to learn from, as employees leave their organizations.

Pragmatically, the below-average scores for e*mbedded systems* means that there is 1) a lack of internal information systems training, 2) a deficiency of two-way communications at work, within departments, and between leadership and departments, 3) a deficiency for systemic measurement of gaps in employee and organizational performance, and 4) a deficiency of sharing "lessons learned" to all employees (learning from success and failure). This indicates that the surveyed record company structure has no incentive to share knowledge and "lessons learned"—instead the individual hoards knowledge. This knowledge hoarding, in the context of social/situational learning, shows that even though learning is built in a contextual community of knowledge, it can be defeated within a high-risk environment (Merriam and Caffarella 1991, Bandura 1977, Lave and Wenger 1991). The premise is then, that with employee security at risk, employee knowledge creates value. Therefore, the individual's knowledge is worth more if retained, rather than shared.

Qualitatively, discussions indicated that employees in Nashville record labels exist in a community of knowledge hoarding. Many employees have seen friends and colleagues "downsized" as their parent companies work to sustain or increase profit margins through cost cutting or through financed mergers with other companies. Within the record industry, the intrinsic value of the employee is then based on contacts, relationships, and information. Thus, there is little incentive to share what employees retain as information value in this environment. Organizational members resort to defensive reasoning tactics in order to "avoid vulnerability, risk, embarrassment, or even the appearance of incompetence." So in order to preserve their position, employees display a difference between what they say (espoused theory) and what they practice (called the theory in use) (Argyris 1994). Seo (2002) explained these factors as emotional barriers that hinder learning. Gersick (1991) wrote that the fear of uncertainty and the pain of loss could trigger emotional barriers to learning as well.

On the broadest scale, this suggests that large organizations that deconstruct activities for the pursuit of efficiency are likely to diminish learning and possibly create an environment driven solely by individual knowledge hoarding manifest though declining adaptability and performance. Interestingly, these results reinforce the notion that learning can be problematic with organizational growth. As process and decision criteria become institutionalized, the institutionalization of process increases institutional rigidity, flowing from a need for growing managerial control. This management oversight increases the resistance to learning, as typically the process becomes more important than the rationale for the process (Tushman and Romanelli 1985, Crossan et al. 2004).

Paradoxically, as the organization becomes successful, the same success prevents managers from being sensitive to new information that differs from past models. Without the ability to set aside preconceptions (Senge 1990), managerial decisions are based on previously successful decision processes that attracted attention and praise, which then creates a managerial hubris where decision makers unconsciously ignore current information in lieu of leadership accolades or reliance on previously successful decision outcomes (Hayward and Hambrick 1997).

Interestingly, within the sample population of Nashville-based record companies, some would say it is typical for the same executive hierarchy to retain positions of authority for decades, no mater how the organization performs. Many record company executives seem to move within a cadre of friends from company to company, hired into executive leadership, even with a history of declining sales. Most of these leaders emerged from successful music careers decades earlier. This may arguably lead to strategic outlooks that have a general non-familiarity with new technology or shifting consumer preferences and tastes of younger music buyers. Although this is speculative, the study does suggest that increased organization size does necessitate the need for the learning to become a thoughtful and intentional design of the organization through systemic learning.

Team learning was significant at only the major indie level. This indicates that smaller organizations, as well as major organizations were individually driven. This implies that indie labels do not necessitate a need for team learning, but that individual learning transfers through the flat structure of a small organization. Not surprisingly, major label groups display team learning as both a negative factor and insignificant in the Nashville environment. This reinforces that learning or performance was geared toward individual rather than team accountability. This indicates that structure and/or leadership value accountability and reward of the individual, rather than team performance within Nashville-based record labels. Within the learning organization, team learning is facilitated by group member trust. The combination of team dialogue and sharing allows team members to externalize what is on their minds, and knowledge that was invisible becomes explicit (Dyck et al. 2005). This is encouraged by what Watkins and Marsick (1993) labeled as *boundary crossing* through inquiry, collaboration, and sharing. As team members cross boundaries and share information, new knowledge is created. Argyris (1994) adds that interdependence is essential for the cohesiveness of team functioning. This then indicates that major labels have a negative contribution towards *team learning*, due to a lack of support by both systems and leadership, and indie labels find team learning minimal—possibly due to structural size and the lack of a need for formal team structure.

Connectedness to the environment (system connection) was evident in all label sizes—with the indie label being the most connected, followed by the major level, then the major indie level. *Connectedness to the environment* encourages a global perspective, encourages customers' viewpoints, considers how decisions affect morale, works with the outside community, and encourages solutions across all levels of the organization. However, the relatively low scores among all levels of size suggest only a moderate connection to the outside environment at best. Given that all organizations displayed *continuous learning* and varying levels of *empowerment* as well as *leadership for learning*, other impedances within the organizational model may affect how the organization connects to the outside environment. The low contribution of *connectedness* might indicate a reliance on labels retreating into an internal focus to frame problems and solutions. This may indicate a classic *groupthink* or *self-referential ecology* with little connection to the outside environment. Previously, this was discussed as a cycle of managerial decision rules and heuristics based on successful experiences that are repeated for future issues (Senge 1990, Shimizu and Hitt 2004). This type of mindset prevents managers from being sensitive to new information that may differ from their current perceptual model. This creates managerial complacency as the cycle progresses whereby successful experiences attracted attention and praise. Support is created for managerial hubris, and then decision makers unconsciously ignore negative signs regarding decision outcomes (Hayward and Hambrick 1997). This general framework creates decision rules that disseminate into routine which are then taken for granted as successful frameworks within the organization. Therefore, as the executive teams proceed, the shared mindset multiplies with ever narrowing perspectives (Boeker 1997). This makes new routine, new perspective, and learning more difficult. It exacerbates an environment that is less and less connected to the outside environment as well as discourages discussion of new frameworks for decisions. This is perhaps the greatest challenge for an entrenched leadership to overcome: allowing new perspectives.

But how does one engage in a climate of anxiety? Unstable environments can affect employee learning beyond internal size or structure. Learning organizations seem to be best constructed in stable and secure internal environments. If true, leadership should strive to create or retain organizational stability within shifting external environments. Complementing this study are numerous "off the record" quotations by anonymous employees. One confided, "We are all operating over our shoulder. At any time we might be sold or merged, so we do all we can to keep our jobs and position for the next round of layoffs." Another disclosed, "There was no value in my department beyond looking after yourself and doing what you can to keep your position. We have seen the loyalty they (companies) have for employees as they merge and downsize." Although anecdotal, this narrative might explain why learning at the major indie level, the size most affected by dominance of the larger organizations and instability, was least rated. Within this aspect, environmental instability can lead organizational members to resort to defensive reasoning tactics in order to protect job security through the avoidance of the appearance of incompetence (Argyris 1994). This indicates that learning is strongest within environmental stability. If true, this creates an interesting paradox where the organization in most need of innovation through learning is the most likely not to succeed. However, even with this environmental effect, results indicate that there are also differences in the perception of the learning organization related to size, with the smallest organization fostering the best learning environment.

Empowerment within Nashville major labels was a negative variable, meaning that rather than minimal contribution, employees in major labels actually viewed empowerment as a non-contributory/negative factor, as opposed to indies and major indies who experienced a positive contribution from empowerment. This indicates that major labels deliver little sense of responsibility to employees for their performance—or may provide a high-risk environment where failure is punished. Again, individuals who struggle for limited resources will view information as the key organizational resource and base of power (Boonstra 2004). Therefore, various organizational defensive routines will distort valid information as individuals in coalitions protect their survival and personal well-being. This implies that in order to foster innovational learning a company should adopt more aggressive steps to create a safe harbor or environment that can foster empowerment.

Despite recent affirmations by executive leadership supporting learning and empowerment at many panel discussions on changes within the music industry, this researcher was denied direct email access to employees for the purpose of administering the Watkins-Marsick survey instrument—even though the company, employees, and supervisors would remain anonymous. Despite the researcher's commitment to share the survey results, with the intent that this might foster learning, executive leadership at many local labels were concerned the survey would have a negative impact. This researcher speculates that if executive leadership reacted with a sense of self-preservation and fear of punitive action from shareholders, how then could employees be expected to behave differently? Although one might consider this type of commentary anecdotal, numerous employees remarked privately to the researcher with statements such as, "I am careful to answer in the affirmative or simply say what I know my boss expects to hear, even if we are openly encouraged to have open discussions, but I have seen what happens to those who truly dissent—they are out the door."

In discussion with hourly and salaried levels of authority, salaried operational employees agreed that they must self-impose long hours in order to complete increasingly arduous tasks, as workloads dramatically increase due to downsizing. Several calls to local employees reflected this stress. Most agreed that "management left us to pick-up the pieces" and their job tasks regularly include long hours to meet deadlines long after supervisors have left the building. This translates to a lower than average wage, creating a system of frustration for overworked employees with no control over their activities. Another employee remarked, "Due to downsizing and many area universities cranking out graduates prepared to work for less, we are in a position to work harder and cheaper to keep our jobs." This leaves the employees with little sense of empowerment or stability as they work on the low rung of the managerial levels.

In summary, the data may indicate that while *continuous learning* is important, *knowledge performance, dialogue and inquiry, systems to capture learning, connectedness to the environment*, and *leadership for learning* are nonexistent or insignificant within the current model in the Nashville community. This further confirms both the suggestion that the stability of the environment affects the learning organization, and that the growth of structural impedances to learning, such as organization rigidity and knowledge hoarding, increase as employee value diminishes. Problematically, it also suggests that, despite leadership reinforcing learning, employee behavior is largely motivated by concerns for job retention and security.

Limitations and Conclusion

This is a snapshot or cross-sectional observation of one specific industry at one point in time. As the data was collected from a relatively small segment of the music industry, the findings should be generalized to a larger scale with caution. This study may imply relationships but not causality between the LO constructs, and can hopefully spur further investigation as the field of organizational structure and learning research expands. This study is presented to evaluate existing internal structure for learning using the optimum learning models presented by the literature. This is not presumed to be an overview of strategic analysis, nor a defense of existing schools of management—which would be vast indeed. The results of this study simply empirically reinforce the contribution of the learning organization as a structure for analysis and a possibility for a more favorable structure for innovation and learning.

However, some may critique strategic frameworks by focusing on the weakness of strategy delegated to the executive level, while others may analyze strategic weakness to resource management and economies of scale—but what happens when technology renders the control and cost of distribution systems obsolete? What happens when consumer preferences shift to streaming subscriptions and the album or total equivalent download march towards obsolescence as well?

Newer, more innovative companies, such as Spotify and Pandora, do not follow established patterns; they create new categories. From 2013 to 2014 total units sold declined by 11.2%. CD sales declined by 14.9% and digital downloads declined by 12.5 %. Conversely, streaming was up 54%, audio was up 60.5%, and video streams were up 49% (Nielsen 2015). If structure determines function, then there may be a need to reinvent structure in order to adapt to newer models. Payouts for streaming vary by usage and collections, but whatever the rates quoted, they are typically fractions of pennies on the dollar—a far cry from the old ten-song CD cycle (Peoples 2015).

This study examines the learning organization construct in relation to organizational size. It shows that with respect to organizational size, the smallest record companies (indie) rated *learning* highest (perhaps evidenced by continued indie market share growth), and that this propensity for learning decreases as the organization grows in size (perhaps evidenced by the declining major label market share). The implication for managers is that as organizational size increases, learning becomes more problematic—as indicated by growing deficiencies in *embedded systems, empowerment,* and *system connectedness* to the environment. The implication is that managers/supervisors/leaders must address organizational interventions by accounting for the differences in learning variables relative to size, and should target those elements most affected.

Further research is needed in order to measure if the success and growth of an organization/record company paradoxically creates declining performance as knowledge impedances are manifested. Success seems to breed failure from managerial hubris and self-referential ecologies, as well as from individual knowledge hoarding that occurs as employees prioritize survival and individual success. Hoarded knowledge creates a general loss of value to the organization and illustrates that the overall organization will always take second place to the individual in times of uncertainty. Within the constructs of this study, organizations might be best served by fostering learning and innovation by systemically reinforcing group and organizational security, as well as by reinforcing individual stability and security. This would create an environment that fosters the transfer and sharing of knowledge and offers employees the freedom to express new ideas and the encouragement to innovate.

Change will need to include systemic changes in structure, corporate climate, leadership, and the empowerment of dialogue and learning at all levels. This may create a climate of proactive engagement, rather than lagging reaction. Perhaps this will then allow for innovative learning that can fuel adaptation to new market needs.

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An Entrepreneurial Music Industry Education in Secondary Schooling: The Emerging Professional Learning Model

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Abstract

There is widespread agreement that entrepreneurial skills are crucial for young people today, yet there are few studies of high school students engaging in entrepreneurship education that might prepare them for music industry careers. This study has been developed in response to these challenges. It explores a group of high school students (fifteen to seventeen years) who alongside their teacher, have co-designed, developed, and driven a new business venture, Youth Music Industries (YMI) since 2010. The curriculum was designed to give students a real business situation for developing their project management skills and a broader understanding of working in the music industry. The resulting model and design principles speak to an ongoing challenge that has been identified in music education, and creative industries more generally. These principles offer a way forward for other music and creative industries educators or researchers interested in developing models of, and designs for, nurturing an entrepreneurial mindset.

Keywords: music education, music industry, music business, entrepreneurialism, entrepreneurship, social capital, community of practice, project management, professionalism, self-directed learning, entrepreneurial competencies, entrepreneurial mindset, design principles

Introduction

Youth Music Industries (YMI) is a business venture co-created by myself, as teacher-researcher, and my high school students. The venture was established to create a learning environment that would equip students with the knowledge and skills required for successful participation in the music industry. YMI is an innovative and complex pedagogical setting where the students are invited and supported to run their own youth music organization. The study responds to arts policies within both the Australian and United Kingdom creative industries sectors that acknowledge that the future of their sectors depends on nurturing the next generation of art and cultural workers, producers, managers, and creative entrepreneurs.

While young people might be more educated than ever before, the world before them is much more complex, the risks are higher, and there are fewer secure landmarks. Barrington-Leach et al. (2007) acknowledge that life decisions are more complex than in the past, that they require skills as well as knowledge, and that these skills will be acquired through investment in one's human and social capital. Arguably, schools as learning environments are not well equipped to support these shifting requirements of passage. Freire (1968, 2000) likened the education system to a bank, viewing the passive student as an empty account to be filled by the teacher. Forty years later, Siemens (2005, 9) makes the same critique, observing that, "our institutions are primarily set up to *fill* learners." This paper explores a different approach to knowledge building that foregrounds the process of learning, rather than the product.

A conventional didactic curriculum determines and packages a specific body of knowledge to be assessed, and syllabi are typically not revised frequently enough to keep pace with the "half-life" of knowledge (Wenger, McDermott, and Snyder 2002, 6). This has implications for the relevance and currency of the knowledge being imparted. For example, the international music curriculum chosen by the school where I conducted this research, emphasizes a strong tradition of Western art music, requiring an extensive accumulation of disciplinary knowledge. Students are assessed through a lengthy external written examination, a solo performance, and a composition folio. While not to downplay the importance of formal music education in the development of musicianship, I argue the need for a broader, more relevant suite of skills and knowledge development that aligns with the music industry in particular, and with the creative industries more generally.

The learning design developed in this study seeks to challenge the conventional music curriculum, and acknowledges that we need to establish a more creative and entrepreneurial curriculum that encourages problem-solving, risk-taking, innovation and flexibility. The research does not focus on the teaching of music, but rather on the development of a young person's capacity to work collaboratively, flexibly, and with an entrepreneurial mindset (Ireland, Hitt, and Sirmon 2003; Haynie et al. 2010; Kriewall and Mekemson 2010).

Literature Review

In Australia, the music industry has been described as being two-tiered (Ninan, Hearn, and Oakley 2004). The first tier represents the major record label business model. This tier deals with commercially successful artists who attract significant sales. The second tier involves predominantly independent music activity. This grassroots industry largely consists of independent musicians, sound engineers, and producers, and creates value through networking and creative entrepreneurialism.

Second-tier musicians are able to sell their work independently of the major labels, and opportunities for financial gain have opened up due to "Do it Yourself (DIY) technology" (Cox et al. 2004, 4). This technology makes it easier for new, emerging artists and bands to record their own albums in low-cost home studios. They now also do their own band management and preparation for live shows, including marketing and promotion. Rogers et al. (2004) explain that, in Queensland, Australia, the onus for marketing products and achieving visibility on the local, national, and international music scene lies increasingly with the artist or band themselves. Ninan et al. (2004) conclude that if artists and bands do not get assistance, they look to alternative careers. Many of the participants in Ninan et al.'s study reported looking to formal education to address the absence of the "right kind of knowledge and skills," but also asserted that "formal training is good, but it has to go hand in hand with personal training" (33). In their opinion, this training should occur in the formative years, even before they arrive at university or technical colleges. This merging of formal knowledge/technique and "street smart" know-how is a major challenge for the creative sectors. One studio owner in Ninan et al.'s study confirmed, "Training including practical and street skills into curricula and working on sowing the seeds way ahead of the university level of education is where it all begins…the curriculum has to change" (34).

Rogers et al. (2004) aimed to explore how second-tier practices, such as the reliance on social media and DIY culture, offer alternative methods for "doing music" and generating value in the creative industries (1). They conducted a mixed-method, rigorous study of the Queensland music industry, through the administration of 357 questionnaire surveys across a wide range of music industry representatives, and the conduct of twenty qualitative in-depth interviews. From their analysis, they conclude that educational organizations need to place greater emphasis on tacit experience, and that Queensland musicians require a better understanding of “business-industry-audience relationships” (20). While there has been no in-depth study since these 2004 publications, they still provide a detailed context within which to challenge the current education paradigm.

While these studies specifically consider the contemporary music industry, the issues raised should be regarded as applicable to musicians across all styles of music, whether classical or contemporary. In this regard, Forrest (2001) offers a broader definition of the music industry:

> The music industry included those aspects of work concerned with the performance and presentation of live and recorded music in the market place. The market place could include a concert hall, a pub, a recording (or garage) studio. The music industry also includes administration, management, marketing and entrepreneurship within the broad music and performing arts field. (82)

All musicians are vying for a place in the professional world; however, scholars in this field argue that the skills and knowledge required for success are now much broader. Creech et al. (2008) conducted in-depth interviews with twenty-seven classical musicians who were in the early stages of their professional careers in the United Kingdom. They found that the competitive nature of the industry presented several challenges for newcomers to the music profession. These included finding time for professional development and self-promotion, and dealing with self-doubt, fear, frustration, and financial constraints. Similarly, Bennett (2007) in her detailed study of musicians, artists, arts workers, and educators from across Australia, Europe, and the U.S.A. between 2005 and 2007 found that most musicians wanted business skills and opportunities to learn about the profession in their formal training years. The participants in her study consider that sustaining a practice is like sustaining a small business, and reported that most musicians work across different capacities within the profession, such as teaching, composing, performing, and directing. Thus, Bennett concludes that in addition to performance skills, musicians require the skills to run a small business; the confidence to create new opportunities; communication skills for use in educational, ensemble, and community settings; and industry knowledge and strong professional networks.

Similar to Ninan et al.’s (2004) study of musicians moving into unrelated careers, Bennett's study finds that many musicians take on unrelated low-skill and low-income jobs in order to sustain a living. She argues that if these musicians had a better skill set there would be other opportunities for a more satisfying, wider range of higher paying jobs within the creative industries as a secondary or alternative position. Bennett (2007) notes that within formal education, students are not necessarily supplied with these skills, and recommends that they at least be made aware of the business management skills required for professional careers, and the resources and education available to them. In another study in which musicians were asked to consider their careers retrospectively, Bennett (2004) found that they considered the absence not only of business skills, but also of marketing skills, a disadvantage. These musicians also added entrepreneurship, professional networks, technology skills, and community development to the list of requisites for professional careers.

Coulson (2012) used a biographic narrative approach to interviewing seventeen musicians. By finding out how practicing musicians in the northeast of England were supported and made a living, she aimed to investigate what could be learned from musicians' understanding of entrepreneurship. The biographic approach allowed the participants to give an uninterrupted account of their lives, with the interviewer asking questions arising from the narrative. As Bennett (2004) did, Coulson highlights networking as crucial for musicians. She found that musicians were dependent on relationships with other musicians for exchange of ideas, moral support, and performance relationships. The findings also show that performance opportunities are often created through engagement with peer networks.

While these studies make recommendations for improving the education of musicians, there are limited studies of learning environments in secondary schooling that are designed for this purpose, and which could test their claims. Bennett (2004), for example, assumes that institutions cannot teach all of these skills, and suggests that music students simply be made aware of the professional world and the resources available to them. Bennett also suggests that students should acquire business skills, but provides no recommendations on how this is to be done, or when.

Recommendations and models have been reported on in higher education, in particular within music industry degrees. Strasser (2006) implemented simulation games within a music marketing course to give students an opportunity to practice the decision-making process using real-life business scenarios within a controlled environment. He noted that during the simulation students were able to design, implement, and control the outcomes of the simulation, which led them to learning about how businesses function. Students in the study acknowledged that the simulation activity not only helped them learn the content of the course, but also gave them skills in organization, time management, and leadership.

As opposed to simulation methods, Butler (2007) reported on the development of a student-run record label, BlueT.O.M Records, at the University of Memphis, which aimed to give students practical, hands-on experience working for a fully operational, in-house record company. Butler emphasized that such an initiative met the community's needs by not only supporting local musicians, but through enhancing leadership skills by allowing the students to take on management and supervisory positions, provide on-the-job training and work experience that could be included on their resumes, make contacts and facilitate relationships between students and industry professionals, and develop entrepreneurial and business skills. Similarly, Morrow (2008) builds on the BlueT.O.M student-run record label concept by proposing an international network of student-run music companies that include recording, song publishing, artist management, merchandise, live performance, and sponsorship, which have potential to inform the development of new business models in the music industry.

Emanating from the discussion of this literature, there are potential ways forward for the holistic development of musicians in educational institutions. I am particularly interested in the potential of student-run companies in developing a learning design that enables students to develop "street knowledge" skills. The concept of student-run companies inform this study, and in particular this article focuses on the "what" and "how" young musicians learned through the start-up of their own music business venture at the secondary school level.

The Study

The project came about after working with students who were undertaking a highly academic and rigorous international curriculum in a newly established school. As an educator, I was concerned about the mismatch between student interests and aspirations, and the heavy content-driven curriculum, which could potentially lead to the development of inert knowledge (Freudenberg and Brimble 2010); that is, knowledge that is not immediately useful. The aim of the project was to develop a learning design that provided meaningful opportunities for students to learn about the music industry, and to develop the necessary skills and attributes required for sustainable careers in that industry and in the broader creative industries arena.

Given the nature of the industry and the scarcity of employment for musicians, young people will need to consider self-employment and freelance work. While the development of entrepreneurial skills, such as opportunity recognition, risk-taking behavior, creativity, and networking skills are key to this transition (Rae 2005), I questioned how these skills could be developed in a conventional classroom environment. While I could design activities that simulated contexts, the benefit of authentic experience with industry networks and adult work settings was my preferred option. The students and I also wanted to create a meaningful project that would have outcomes beyond our own learning, and benefit young musicians across Queensland.

In 2010, I saw an article in the local newspaper that discussed the dearth of music venues where underage musicians could go to gain performance experience and to hear the music of their peers. I made copies of the article and distributed them to my students the next day. I met with a core group of nine students (typically 15- to 17-year-olds from Years 10 and 11) who were interested in responding to the article and, together, we created Youth Music Industries (YMI). In less than a year the students had started their own business, with an ambitious set of entrepreneurial objectives that would normally be considered to be well beyond the scope of such young people. Their aim was to provide a framework within which young musicians could perform, record, publish, and broadcast their music.

The students successfully enacted this vision by establishing and operating underage venues, usually on school premises but sometimes at external venues. At these venues, they hosted monthly *Emerge* nights, which gave youth musicians an opportunity to perform their original music. In 2010 they held a youth music festival, the *Four Walls Festival*, which was a full-day, four-stage festival showcasing emerging talent alongside Australian headliners. This has become an annual event. In 2011 they developed and formalized partnerships with QMusic, (the Queensland music industry's development association, which is focused on promoting the artistic value, cultural worth, and commercial potential of Queensland music) and the Queensland Music Festival. They have also co-designed and hosted *Little Big Sound*, a youth music conference in conjunction with QMusic's premier industry event, *Big Sound,* since 2011. This development allowed YMI to expand its membership to industry professionals, and to benefit from greater exposure and support. YMI has since hosted its events for young audiences across Queensland.

My learning design required students to work across a diversity of roles, including project and event management, marketing and publicity, talent searching and research, administration, and the management of various stakeholders. The aim was to demonstrate the possibilities for other careers in the music industry, to broaden their perspectives, and to show them how they could apply their creative skills in other areas. My research thus actively responds to the agendas mapped out by the industry career studies discussed in the literature review.

In terms of a learning opportunity, there are several unique aspects to YMI:

- The students and I had never run a music industry enterprise and, thus, we were all learning together
- The learning environment was an authentic organization functioning in the public domain, and run by young people for young people
- YMI was designed by teacher and students in an ongoing iterative process
- My interventions as teacher were not made explicit in a conventional didactic manner, but rather were embodied as seeds or questions from which students were able to form their own ideas

The study aimed to investigate how and what young musicians learn about the music industry through a design that was deliberately engineered to require collaboration with each other and industry partners, and that offered grounded, authentic opportunities that would create a need to develop a command of important skills and knowledge. In doing so, the study also aimed to develop a new pedagogical framework for entrepreneurial learning for high school students that can align with a creative industries-based approach.

Research Methods

The research questions have been investigated with a qualitative and interpretative approach which allows researchers to emphasize the context within which the activities studied occur and their meanings for participants (Bresler and Stake 2002). In this light I have chosen a case study approach using an empirical inquiry of real-world phenomena within its naturally occurring context (Kaarbo and Beasley 1999, Yin 2009). This case study examines social media and interview data captured during iterations of YMI events over three years (2010-2012). Students organized themselves and their online meetings in Facebook. Thematic analysis of their interactions provides evidence of both explicit and implicit learning in their process. Semi-structured interviews with students, and participant observations of their meetings at school, provided additional insight into the learning taking place. Written consent was provided by the parents and anonymity was applied throughout.

My major concern was to find out how participants developed entrepreneurial attributes through their participation in YMI. I have used Johannisson's "Entrepreneurial Competencies Framework" (1991) to interpret the data, and Communities of Practice theory (Wenger 1998) and Social Capital (Putnam 2000, Woolcock 1998, Coleman 1988) as a framework to explain entrepreneurial behavior as learning through social interaction. Johannisson indicates that entrepreneurial learning does not take place in a social vacuum and further defines five states of learning: know-why (attitudes, values, motives), know-how (skills), know-who (social skills), know-when (insight), and know-what (knowledge). Table 1 provides an overview of Johannisson's entrepreneurial competencies.

Theoretical Framework

This study places social capital (Putnam 2000, Woolcock 1998, Coleman 1988) and communities of practice (CoP) (Wenger 1988) at the heart of this theoretical framework as a means of understanding the processes and resources—such as knowledge, skills, dispositions, and contacts—that were acquired within the students' own CoP, and through their participation within industry CoPs. Entrepreneurial initiatives and the social capital in communities of practice are understood to be mutually dependent, requiring the cultivation and maintenance of all three types of social capital: bonding, bridging (Putnam 2000), and linking (Woolcock 1998).

Bonding capital can engage and help to maintain a CoP, and build

Term	Description	Definition
Know-Why	Attitudes, values, motives	Defined as self-confidence, drive, ability to take risks, entrepreneurial enthusiasm and availability of mentors and role models
Know-How	Skills	Defined as imitating and/or acquiring skills that can be used in action
Know-Who	Social skills	Defined as networking capability in production and social networks, embedded in personality characteristics and developed through practice in context
Know-When	Insight	Defined as experience and intuition to know when, opportunity, timing management
Know-What	Knowledge	Defined as encyclopedic knowledge and institutional facts

Table 1. Entrepreneurial competencies. Source: adapted from Johannisson (1991).

entrepreneurial spirit and shared purpose. However, relying solely on these close ties can limit access to potential resources and opportunities, as strong boundaries can deflect social relationships back on themselves, thus fostering a dense but limited social network of close ties. Bridging capital can help bring about CoP imagination and innovation through being exposed to new ideas and perspectives outside the CoP. Linking capital is advantageous for accessing greater financial support for entrepreneurial activities, and requires participating CoPs to align processes and procedures with external institutional practices. Bridging and linking capital are desirable but more challenging because they require community members to cross boundaries. This presents risks around building trust, as individuals and collectives do not know what lies beyond their boundaries, or within indirect or weak ties.

The aim of this research is to understand how the students participating in YMI as a learning community and an entrepreneurial community of practice learned entrepreneurial competencies through mobilizing different levels of social capital. The research also asks what YMI as a Community of Practice learned across the phases of engaging, imagining, and aligning their community's venture. By examining the YMI CoP through the lenses of social capital and community of practice theory, this study comes to an understanding of the students' growing entrepreneurial maturity by identifying evidence of Johannisson's entrepreneurial competencies.

Curriculum Design

The curriculum design was an ongoing iterative process across three years. The design started with a contextual review; discussions with my students to gain an understanding of the gaps in the literature in a music education sense; the development of interventions, which were underpinned by communities of practice research and theories of social capital; the testing of these interventions in real-world situations; retrospective analysis; and the implementation of new interventions to improve the effectiveness of the learning environment. The phases of the curriculum design were negotiated with students at every step of the way and included deliberate repositioning of myself as the teacher/researcher. For example, Phase One aimed to develop music industry learning goals with teacher guidance, Phase Two included minimal teacher guidance, and Phase Three saw the teacher as equal participant. Interventions included brokering industry partnerships, instigating new events, introducing new members, refining business plans and governance models, and acquiring external funding to further expand the organization nationally (see Appendix A for a detailed summary of the curriculum design).

Findings

In this section I present an analysis of emerging themes under the category of "music industry knowledge." The data show the students identifying what they need to know in order to articulate their vision, including the way in which they might acquire this knowledge. The data also show how the students acquired knowledge through their bonding and bridging social capital. There are four key specific knowledge themes related to the music industry: knowledge of the music business, knowledge of industry expectations, knowledge of music and musicians, and knowledge of sustainability. As the result of acquiring this knowledge, the students had more resources with which to leverage further social capital, and to work towards greater alignment with industry processes.

Learning About the Music Business

The students were frequently using the creative work of musicians in the marketing tools for their events. Excerpt 1 below, for example, refers to Brandon's promotional video for the *Four Walls Festival* (Phase Two, 2011). Here we see that he has not sought the correct permission for using another musician's song as an accompanying soundtrack to the film clip. As demonstrated in this excerpt, the students explicitly learned about copyright issues through their own errors:

Excerpt 1. Facebook, June 23, 2011

Indigo	Brandon, did you see the email from [Band A]'s manager? not cool, we need to be really careful about this stuff in the future.
Brandon	yes and its fine! cause Hayden had sent them a message last night anyway! so it was just bad timing in how we sent emails! all sorted! did someone reply to them? if not, I will again
Indigo	we need to make sure we get permission before release…
Brandon	we thought it was a creative commons licenced download as it was available for free on Triple J *[Triple J is an Australian radio station dedicated to unearthing emerging artists]*
Indigo	yeah, i dunno [don't know] that is something we should probably actually learn abouttt [about]
Brandon	which we just did
Indigo	I mean like the legit techniqucalities [technicalities]

In this excerpt, it is evident that the band manager, who sits in the wider music industry community, has played a significant role in teaching the students about a serious legal issue. This role can be understood through the theoretical concept of "imagining" in communities of practice, in particular the concept of "legitimate peripheral participation" where newcomers to a community are granted enough legitimacy that their "errors, falls, evitable stumblings, and violations become opportunities for learning, rather than dismissal or exclusion" (Wenger 1998, 100). In this sense, the band manager has extended Brandon's competence, as he crosses over the boundary into the professional music industry community. Indigo is encouraging Brandon as he develops competence and brings this competency on an inbound trajectory back into the YMI community. For Brandon, lacking certain knowledge puts him at the periphery of both communities, a risky place where mistakes can be made. However, through this experience, he deepens his knowledge, which increases his competence and serves to move him further to the center of the YMI community.

Within legitimate peripheral participation, these mistakes are considered a significant aspect of learning, and the students have acknowledged this explicitly. This could have become a much more serious situation; fortunately, however, the manager was aware that the students were still learning about the industry, and gave them permission to use the song. Learning about copyright is particularly pertinent to the music industry, as the students themselves will one day have their own copyrights to protect.

This new knowledge changed their community's enterprise to become more industry compliant but also allowed them to build new repertoire. As context to Excerpt 2 below (Phase Three, 2012), students managed all "know-what" aspects of the *Four Walls* Festival (Phase Three, 2012) with much more confidence and professionalism, having learned from previous experience. In this excerpt, Brandon is waiting to put the soundtrack to his video promo for *Four Walls*.

Excerpt 2. Facebook, June 15, 2012

Brandon	now gotta just wait for [Band B]! HURRY UP [uploaded the video without soundtrack]
Tom	Yeah I'm speaking with their management at the moment… don't know why its taking so long did someone reply to them? if not, I will again
Brandon	what are they saying!
Tom	I think it should be fine… just need to hear from the band themselves… Which is kinda weird these days… haha
Brandon	if I was a band I'd easily be like sure play my song ANYWHERE
Hayden	[commenting on the video] Looks so sick man!!!! but yeah, get their permission first

Brandon was renowned for his previous mistakes, which arose from his enthusiastic and impatient need to do things *now*. In this excerpt, Brandon is still showing his pressing desire to upload their promo video to YouTube; however, he holds back in applying the soundtrack to the video. The community's new repertoire of industry "know-what" is evidenced in this excerpt by their condition to "get their permission first."

The students now have a clear vision to take YMI to the next level in Phase Three (2012), and they understand the importance of getting things right at each step of the way. Given this change in their enterprise and the development of new repertoire, we can also see the emergence of an entrepreneurial disposition, exemplified in their knowledge of copyright law (know-what), but also the ability to make judgments about when to act on their ideas and the appropriate action sequence (know-when).

Learning About Industry Expectations

Throughout Phase Two (2011), the students became more aware of the industry environment, the structure of the industry, and the rules of participating therein; in other words, the industry "do's and don'ts." This awareness played a significant role in their emerging understanding of professionalism. In Excerpt 3 below, Matt reports that with only two weeks to go before the *Four Walls Festival* (Phase Two, 2011), only four out of more than fifteen of the youth bands had returned their contracts, which included vital information required by the technical team for planning.

Excerpt 3. Facebook, July 21, 2011

Matt	btw [by the way] only 4 bands have replied with stuff.....WOO for them emailing back hahaha
Hayden	holy shit they are lazy, no wonder bands need managers

In this excerpt, Hayden explicitly shares his understanding and growing appreciation of one less visible aspect of the music industry's structure: band management. The excerpt also shows Matt's frustration with the young bands not returning emails and other important information necessary for the smooth operation of the festival. This evidence captures a moment when the students are developing important knowledge about working in the music industry. This is significant for developing the entrepreneurial competency of "know-what," and demonstrates a more nuanced understanding of what is required. It also makes students aware of a gap in music industry knowledge for young performers: in this case, the need to respond to an opportunity and to be professional and punctual. Tom later explained:

> Musicians definitely need to know the business management side, you don't need to know specifically how to

> run a festival, but I definitely think that there are a lot of musicians who just think that opportunities will just come to them. (Tom, Interview, September 2011)

As a singer-songwriter, Tom learned that a musician should know how the industry works in order to participate successfully. Being on the other side of the music industry (producing an event) showed the YMI students, as musicians themselves, what not to do—another entrepreneurial "know-what." This learning is acknowledged by Tristan:

> It has shown me that with my own band you just have to be on the ball, 'cause I know that other people who were trying to organize an event, they'd just cut you if you're not like responding to emails, you're not just there waiting to be directed, you just have to be on the ball. (Tristan, Interview, September 2011)

In this phase of their learning (Phase Two, 2011), the students developed a very strong sense of commitment and held each other accountable. In other words, the norms of trust and reciprocity that underpinned their strongly bonded social capital, created a high aspiration culture, and pressure within the group to perform. The ownership and autonomy given to the group in this phase brought the students together and enabled them to build bonding social capital. Through the process, they were able to experience first-hand the gaps in young people's music education and the consequences of these gaps, and thus learn for themselves what is expected of musicians in the industry. They were also able to acquire knowledge of the music industry structure, its regulatory environment, and the various roles and careers available. As Hayden explains:

> I've learned a whole lot as a musician, knowing how people pick bands for a concert, like how tech people work, knowing that people that run the event put in a lot more effort than you know. Knowing how to work with other bands and other musicians and how to promote yourself, how to speak to other music industry people. I know all of the different careers and how roles work and intertwine with each other. How to approach managers, agents, fes-

> tival organizers, and promoters successfully to be able to form a connection and begin a working relationship. There is an art to the email, and that bit of extra effort can make the difference between being rejected or given a chance. (Hayden, Interview, September 2011)

Hayden was very proactive throughout his time in YMI, making sure that he got the most out of every opportunity and experience. His understanding of the entrepreneurial competencies—"know-why," "know-how," and "know-what"—are articulated in the interview excerpt above that was conducted at the end of Phase Two (2011). His understanding of how the music industry works continued to deepen, as he explains two years later in reflection:

> I've also learned that a lot of people will give you a chance, if you show them that you are making an effort to do something. This is especially true in the music industry, as it is all very fickle, people come and go and false promises are common. I feel that I was treated with respect, instead of being treated like a school student, by some of the industry professionals simply because I showed them that I was making an effort. (Hayden, Interview, November 2013)

Here, Hayden describes common practices in the industry, in particular, the making of false promises (for example, he was offered several job opportunities at the end of 2012, of which only one was, in fact, a concrete offer). The experience and entrepreneurial competencies that he developed over the three years, led him to develop strong bridging capital into industry networks, where he learned the norms of the music industry community and was able to move from its periphery towards its center.

Learning About Music and Musicians

Programming music events and festivals requires research and careful planning for the event to be successful. The music has to be of good quality, and it should appeal to the audience being targeted. To program several gigs a year, as well as an annual festival, there are many bands required, and YMI needed access to these bands. While they were initially able to engage their own personal networks to source bands, they later relied heavily on strategically broadening their networks to access information about music and bands that were not familiar to them. Ivan explains, "I've been educated a lot on different types of music through YMI, for example when we sat down and started to plot out *Four Walls*, I was like, who are these bands?" (Interview 2011). Exposing students to a wide range of music is a crucial aspect of music education, and this eclectic knowledge of genres and artists ("know-what") produces a more industry-aware music student. As Ivan articulated, each individual in YMI brought a unique body of knowledge of music and, when pooled, this knowledge, which is quite often questioned or ignored in traditional music classrooms, allowed each individual to learn more about musical styles.

This capacity to grow business through bridging capital was evidenced in Phase Three. The students were consolidating their enterprise and learning to be more strategic when choosing bands for their festival. Hayden mentions in a Facebook post: "[Band C] could be a good option to go with, I think, they are super popular to our teenage girls indie audience" (Facebook April 20, 2012). In this sense, the students demonstrated entrepreneurial "know-who" and "know-how" by being more strategic in choosing bands that would best suit their audience. This idea also allowed the bands themselves, by affiliation, to become effective marketing tools for the YMI events. This "know-what" competency was further demonstrated throughout Phase Two (2011) and Phase Three (2012). Specifically, the students were able to procure headline acts at the *Four Walls Festival* that were not so well-known that they were too expensive, but rather, acts that were on the cusp of breaking through to the next level of popularity in the market. The students considered this a key feature of their enterprise and success.

In 2011, the students were able to negotiate a deal with a young Australian musician and entrepreneur who had been slowly building his popularity by doing "secret garden" shows throughout Australia. The students were overjoyed at their ability to negotiate a deal with his manager and have him perform at the *Four Walls Festival* that year. Faith commented at the festival debrief: "Some festivals are renowned for picking the best bands that next year are blossoming, we can totally do that!" (*Four Walls Festival* Debrief, August 2011). This entrepreneurial mindset of not just "know-who," but also "know-when," helped the students redefine their enterprise. This combination became a significant part of the students' repertoire, as celebrated in Excerpt 4 from Phase Three (2012):

Excerpt 4. Facebook, June 7, 2012

Indigo	[Band K] are in this months rollingstone. Yeh yeh!
Brandon	I think we found our next famous band guysss ;)

Students procured this particular band for a very reasonable price. Here, Indigo shares her research on Facebook, identifying that the band had been featured in *Rolling Stone* magazine. This is proof for the students that they had accomplished their goal of finding the next blossoming band.

Learning About Sustainability

The final category of entrepreneurial knowledge for the music industry presented in this article deals with issues surrounding the sustainability of the YMI organization. For a community of practice to be sustained over time, its members require the opportunity for mutual engagement. The challenge and learning that occurs at the boundaries of other communities keep their own enterprise from becoming stale. It is also essential for sustainability that an organization understands the realities and broader context of the industry in which it operates, and can take advantage of the emerging gaps in the market. Finally, to ensure sustainability, the entrepreneur needs "know-why" competency, and the motivation and passion to drive an innovation. This ultimately requires commitment, time, and energy.

Towards the end of Phase Two (2011), the students reflected on the need to take the organization to the next level. This involved refining their enterprise to remain competitive in the market. In Excerpt 5 below, Brandon suggests that someone from YMI attend an event being hosted by another group of young people outside of the school.

Excerpt 5. Facebook, November 6, 2011

Brandon	is anyone going to soundsesh tomorrow? if so, take a camera and take few pics of the place. would be interesting to see how they set the whole thing up. the two people are running it, Carly and Connie have messaged me etc. and they are running it by themselves…just them two but I wished them good luck and posted the event on the YMI page nice peoplee

Hayden	I'm going, and I'll be saying hey
Chris	what are they saying! I should be there

It is possible to see strategic behavior around sustainability as the students move into Phase Three (2012) as young professionals. The feature of interest in this excerpt is the idea of not only raising awareness of what the competition is doing, but networking and learning from them. The harvesting of social capital and entrepreneurial "know-who" is evident here, where both parties are able to leverage resources and ideas from each other. In this case, Soundsesh was promoted through the YMI networks, and YMI was able to acquire new "know-how" and bring that back into their own community. In this way, mobilizing social capital was a strategic move by the students in building sustainability.

In Phase Three (2012), the YMI team, now reinvigorated and refocused, continued to demonstrate awareness of the broader industry in which they were operating, and would regularly inform each other of what they had discovered, and how that knowledge could be useful for YMI. For example, Hayden posted a web link to the program guide of a major music festival, commenting, "such a smart way to advertise the bands… Brandon, could be inspiration?" (Facebook April 19, 2012). This comment is evidence that by being aware of industry practices, they were able to learn how to keep their products competitive and, therefore, sustainable for another year.

Building on this notion that sustainability requires an awareness of the broader context, the students needed to recognize where the gaps were in the market. Having entrepreneurial "know-who" and "know-when" competencies would enable them to address these gaps in the interests of YMI's sustainability and success. At the end of his time in YMI, Tristan reflects:

> The first discussion was based around the frustration that there were no underage gigs for us as collective musicians to play and be involved with. This spurred to excitement at the idea that we could change that—that we as a group of motivated youth could combine our collective skills to put on events to cater towards people just like us. (Tristan, Interview, November 2013)

The students demonstrated entrepreneurial competencies by identifying the gaps, and aligning these, not only with their collective skills and motivation, but also with the recognition that certain features of the school—such as the theatre, recording studio, and its inner-city location—would also be key resources. The students thus mobilized social capital to build YMI as a platform for creating products that would fill the gaps in the broader music industry.

Conclusion: The Emerging Professional Learning Model

The study aimed to investigate how and what young musicians learn about the music industry through a design that was deliberately engineered to require collaboration with each other and industry partners, and that offered grounded, authentic opportunities that would create a need to develop a command of important skills and knowledge. In doing so, the study also aimed to develop a new pedagogical framework for entrepreneurial learning for high school students that can align with a music industry approach. By interpreting the data through communities of practice theory and social capital, the research questions were answered in the form of the following design principles:

- Networking is fundamental to learning and developing entrepreneurial "know-who"
- Setting goals and completing tasks is fundamental to learning and developing entrepreneurial "know-how"
- Effective interpersonal skills can enhance community learning and develop entrepreneurial "know-how"
- Reflection and self-feedback enable students to create effective strategies for action and improvement, and develop entrepreneurial "know-when" and "know-how"
- Students acquire domain knowledge through an engagement in authentic contexts to develop entrepreneurial "know-what"
- Students learn about industry professionalism, standards, and cultural practices by working in a variety of roles behind the scenes to develop entrepreneurial "know-what" and "know-why"
- Students learn about career sustainability through maintaining and renewing their own enterprise, thus devel-

oping entrepreneurial "know-why" and "know-when"

Finally, the Emerging Professional Learning Model, as seen in Figure 1, provides a visual representation of how the student status transitions to professional status through the students' participation in the cumulative phases of extended CoPs within an entrepreneurial context. The model also shows how these expanding phases of participation build different types of social capital, and lead to greater opportunities to develop entrepreneurial competencies.

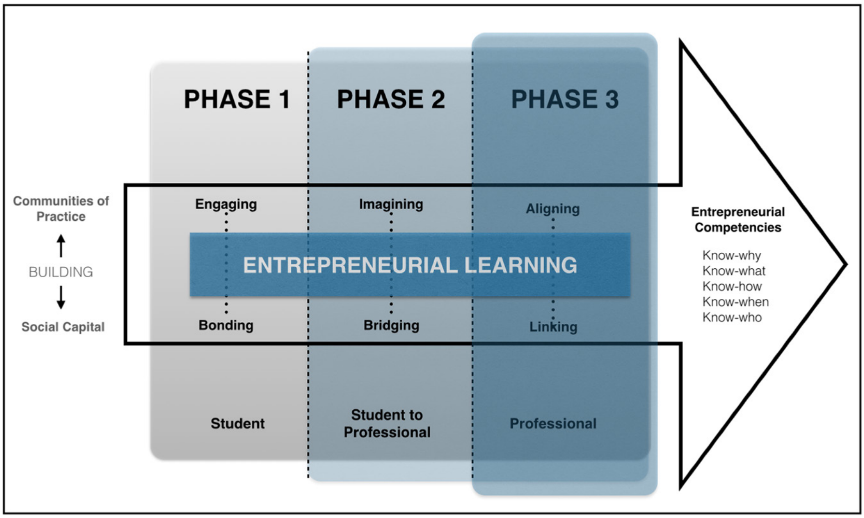

Figure 1. The emerging professional learning model.

Gibb (1993) and Sogunro (2004) argue that didactic approaches to enterprise or entrepreneurship education—such as lectures, literature reviews, and examinations—do not activate an entrepreneurial mindset. Rather, they advocate hands-on enterprise experience, with exposure to real businesses and entrepreneurs. The design principles that have emerged from the YMI study offer evidence-based, pedagogical ideas for orchestrating entrepreneurial learning for high school students. These principles aim to nurture the creative entrepreneur or, more specifically in the case of this study, to develop the musician's entrepreneurial mindset.

APPENDIX A

SUMMARY OF CURRICULUM DESIGN PHASES USED IN THIS STUDY

Phase and Interventions	Aims
Research Phase: **(Analysis of Practical Problems)** (2010 Feb-Apr) Review of literature related to music education and the music industry Conversations with students	Address discontent among students in regards to the formal music curriculum Ascertain students' perceptions of what music education should look like in the present age Address the needs of young musicians Analyze practical problems and develop solutions
Phase 1: **Music Industry Learning Goals with Teacher Guidance (Solutions, Methods, Reflection)** (2010 Mar-Nov) Organization, strategic planning, implementation of trial events (*Emerge*, *Four Walls Festival*) Reflection on, and documentation of the design in collaboration with students	Engage students in the entrepreneurial process of venture creation, discovery, and exploitation Prepare the environment to nurture a CoP Encourage a heuristic approach to project management and event management Refine the design and solutions for the next phase
Phase 2: **Music Industry Learning Goals with Minimal Teacher Guidance (Solutions, Methods, Reflection)** (2011) Establishment and refinement of key events of previous year through regular staging of *Emerge*, and larger scale implementation of *Four Walls Festival* Expansion of YMI by facilitating partnerships between YMI and the music industry with the addition of the youth music conference *Little BIGSOUND*	Enable students with a sense of ownership to encourage community learning and problem solving Develop entrepreneurial behavior through development of related skills and qualities such as risk-taking, problem-solving, initiative, independence, recognition of the need for achievement, networking, teamwork, communication Develop industry knowledge and skills such as project/event management skills, and marketing and publicity skills Enable learning through working with industry professionals Develop professionalism (reliability, punctuality, communication, collaboration) and further develop music industry knowledge and skills

APPENDIX A (Continued) SUMMARY OF CURRICULUM DESIGN PHASES USED IN THIS STUDY Phase and Interventions	Aims
Phase 2 (Continued): Recruitment of new, younger students to the YMI team Reflection on, and documentation of the design in collaboration with students	Enable CoP multi-membership and boundary crossing to include industry organizations, thus allowing for exposure to new perspectives and knowledge Build networking capabilities and expand networks Understand how to leverage networks as resources Refine solutions for the next phase
Phase 3: **Music Industry Learning Goals with Teacher as Equal Participant (Solutions, Methods, Reflection)** (2012) Establishment of a structure or governance model and refinement of member roles Continuation of key YMI events (*Emerge*, *Four Walls* and *Little BIGSOUND*) Establishment of new partnerships to secure new venues for *Emerge* Regional YMI tour to North Queensland for workshops with other young musicians to share "lessons learned" so they could develop their own youth music scene; tour includes production of *Emerge* at a leading regional entertainment venue	Fulfill the students' desire to clearly identify roles within the group Empower students to take ownership of their roles and to lead and teach others Continue to develop entrepreneurial competencies, including music industry knowledge Build on the networks they have created through new partnerships Build creative capacity and innovation by reinvigorating old forms Expand networks beyond the Brisbane region by expanding the CoP to encourage new partnerships, new learning and new possibilities for future collaboration Apply music industry skills learned (project and event management, marketing, publicity, and technical production) in a high stakes environment Apply learned entrepreneurial competencies, including risk-taking, networking, communication, opportunity recognition, and the need for achievement
Final Analysis of Completed Data and Emergence of Design Principles (2013)	To reflect on processes; to determine research limitations; to recommend avenues of future research To establish design principles

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Can Global Release Day Reduce Piracy?

Wendy Anderson

The MEIEA Journal occasionally features outstanding student papers. This undergraduate research paper is written by Wendy Anderson of Augsburg College.

Abstract

Global release day is a concept that has been publicly accepted since July 2015. The idea has changed the norm for new music releases by grouping them together on one day for countries around the world. The International Federation of the Phonographic Industry (IFPI) is predicting that global release day will increase music sales and will reduce the risk of piracy. This paper addresses the issue of whether or not the implementation of global release day will decrease piracy by analyzing the details about global release day through consumer piracy behavior and convenience, time zones, and accessibility to new music. After exploring the possibilities for global release day to decrease piracy and to increase music sales, the paper concludes with recommendations for future research.

Keywords: global release day, IFPI, music business, music industry, music piracy, music sales, New Music Fridays, risk of piracy

Introduction

Prior to July 10, 2015, new music recordings were released on different days in different countries around the world. On February 26, 2015, the International Federation of the Phonographic Industry (IFPI) announced the official acceptance of the global release day concept meaning that new releases from acts associated with the IFPI would be released on Fridays in all countries involved with the IFPI around the world.[1] The IFPI believes that this concept will reduce the risk of piracy, which implies that the amount of pirating activity will also decrease. This paper addresses the question of whether or not global release day could decrease piracy.

Although it can be argued to the contrary, I do not believe global release day will have a significant impact on lowering piracy. Factors including consumer behavior, the convenience of piracy, time zones, and the publicly known release dates for albums are enough to encourage piracy even with global release day. After reviewing the existing literature, I will explain what global release day is, its relevance to society, why it was enacted, and what characteristics of pirating it is trying to fight. Then I will present my argument as to why global release day will not reduce piracy, as well some possible arguments in support of a global release day, including information as to why global release day may be beneficial whether it will reduce piracy or not.

Literature Review

Little research has been conducted on the possible effectiveness of global release day because the concept was initiated less than a year before the publication of this article. Still, there is some reasonable speculation about the possible effects as well as some important articles about the motives of those who pirate music who may be affected by global release day. In February 2015, the IFPI, which according to the organization's website consists of about 1,300 members from over sixty countries, officially announced that after months of discussion global release day will happen starting July 10, 2015. Hannah Karp, a journalist at *The Wall Street Journal* who specializes in writing articles on the music industry, has written about the tension between different parties in the debate as to whether or not global release day will be effective in its purpose to increase music sales and better the music purchasing process.[2] Her articles have addressed both the positive and negative effects global release day could have on sales, but they do not address the effects it will have on piracy. This paper, on the other hand, will be one of the first to focus heavily on how global release day could affect piracy.

In the music industry, releasing music unexpectedly is another album-releasing trend becoming more common. Journalists have taken notice of this. For example, in an article for Vulture.com, Lauretta Charlton, a journalist who focuses her writing on music, wrote about whether or not album release dates are even necessary. The article explores the possible strategy of not publicizing music releases in order to limit the opportunities for music to leak and for consumers to pirate it before the music is legally released.[3] By contrast, my paper further explores the importance of not publicizing a release date for new music in order for global release day to be successful in reducing piracy.

Several articles have been written about various forms of piracy and the ways in which it occurs. Why consumers pirate is one of these subtopics that multiple authors have written about and a topic that is used in my argument as well. For example, Daniel Castro (a policy analyst), Richard Bennett (a network engineer), and Scott Andes (also a policy analyst), all worked for the Information Technology & Innovation Foundation (ITIF). They wrote an article about ways to reduce piracy and explanations as to why it occurs, citing reasons such as minimal risk of being caught and the little effort needed to be able to pirate music that is, and is not, available in their market yet.[4] Nicole Leeper Piquero, a criminology professor at the University of Texas at Dallas, also researched the causes of piracy and possible ways to prevent it, mentioning in her article published in the *Trends in Organized Crime* journal that consumers will stop pirating if they are certain they will face the consequences for not buying the material at the price the material is being sold for in stores or independently by the artist.[5] These articles address the risks and possible penalties of piracy, but they do not explain how or even if the changes the IFPI made with global release day will influence consumers' piracy activity of material available in a country other than their own or the consequences of pirating the material. This paper makes that connection.

While there has been little published about global release day, over time more articles may be written as the practice becomes more established. Once the concept has been in place for a few years, researchers may be better able to make conclusions about the effects of global release day, not only for reducing piracy but also for increasing music sales. The purpose of this paper is to speculate about ways in which global release day may affect piracy and to be a precedent for any future articles written about global release day's effect on piracy.

What is Global Release Day?

Global release day, also known as "New Music Fridays,"[6] is a strategy created by the IFPI to increase music sales and reduce the risk of piracy. After months of deliberation among different parties (from artists to retailers to record companies) affected by the change, new music released after July 10, 2015,[7] is released Fridays at 00:01 local time.[8]

Is Global Release Day a Relevant Idea?

Because global release day is a fairly new concept at the time this article is being published, it is difficult to say how revolutionary and how important the idea is to the music industry. The effects of this concept should be carefully observed in order to understand what impact, if any, it has on piracy activity and music sales in general. As suggested in the literature review above, very little has been written about the concept, nor is there much social media attention. More time and more research are needed to determine whether or not global release day is a topic that will continue. It will depend on what effects global release day actually has in the years to come.

Why Enforce Global Release Day?

According to the IFPI, the purpose of global release day is to make music legally available to fans on the same day all around the world, which in turn will "reduce the risk of piracy by narrowing the gap between release days in different countries."[9] The IFPI did not put global release day together in the blink of an eye. They worked with different organizations around the world including, but not limited to, Australian Music Retailers Association (AMRA), the Featured Artists Coalition (UK), FIM (The International Federation of Musicians), Music Business Association, iTunes, and Spotify to make sure this concept should be implemented.[10] They also sponsored and referenced independent research that determined Friday to be the most desired release day among customers[11] and the most logical day to release music in order to increase sales.[12] Results from the consultations and the research concluded that more customers are likely to purchase new music on Fridays and that releasing music at 00:01 local time would decrease consumers' impatience for new music because everyone around the world will have access to it on the same day.[13]

Why People Pirate and What Motives Global Release Day Could Affect

There is more than just one reason why consumers may pirate music. Some consumers may pirate music in order to profit illegally, while other consumers may pirate music for personal benefit. Whether for profit or not, the motives for piracy could be as simple as not wanting to spend the money on something that can be accessed for free (even if it is illegal)[14] or wanting to own the new music right away without having to wait for it to be officially released if it has been released legally elsewhere.[15] Although the IFPI has not specifically stated how it believes global release day will affect pirating behavior, people can make an inference based on the implementations of global release day. Because global release day requires new music from participating parties to be released on the same day around the world, this limits the amount of time consumers in one country have to access music if it was released in one country on Tuesday, for example, but it is not released until the following Friday in their home country. By eliminating this time gap, it reduces the impatience consumers have that may motivate them to pirate music. This idea will be further explained in my core argument.

Why Global Release Day Will Not Reduce Piracy

As I mentioned in the introduction, I believe that global release day will not reduce piracy. I will explain why under four sections. The first section argues that consumers are too impatient to wait for a legal copy if they can find it now. Subsections will further explore how this impatience is seen in the entertainment industry via advanced ticket sales and pre-orders. The second section presents my belief that pirating new music is convenient and punishments are not threatening enough to stop pirating. The third section presents my assertion that the limited time difference that global release day implements still allows time for people to pirate music. The final section presents my argument that a publicly known release date will not stop people, who may have access to the material prior to the release date, from leaking the recording in order for consumers to pirate it. Subsections will further explore how music leaks and television leaks support this idea.

Global Release Day Will Not Reduce Piracy Due to Consumer Impatience

As mentioned above, consumers may pirate music because they are impatient; they will not wait to obtain the material legally if there is a way to find it illegally. Although this action is frowned upon, the entertainment industry encourages this impatience with a well-known concept for different media across the board: pre-orders. Pre-ordering movie tickets and upcoming albums has become a routine practice in the industry. This section will further explain how pre-orders influence consumer impatience.

Advanced Movie Ticket Sales

Consumers do not have to patiently wait to buy access to an upcoming movie showing and new album release thanks to pre-ordering before the official release date. Pre-ordering movie tickets on sites such as Fandango.com, AMCtheatres.com, and Movieticket.com as well as new music from an artist's website, iTunes, or an artist's crowdfunding site is a convenient process. These pre-orders allow consumers to be some of the first to see or own the media at the time of its official release—as long as it is not leaked prior. This idea is popular in the movie industry.

Advanced movie ticket sales have allowed movies to shatter records. In 2014, the first day of advanced ticket sales for *The Hunger Games: Mockingjay – Part 1* set the record for the most sales in one day, and the movie was not released for another three weeks.[16] Specifically on Movietickets.com, *Mockingjay's* first day of advanced ticket sales outsold *Guardians of the Galaxy's* impressive US$93.4 million revenue on its first day of advanced ticket sales.[17] More recently, the film *Avengers: Age of Ultron* had advanced ticket sales that were greater than all previous Marvel Studio advanced ticket sales numbers combined.[18] Fandango reported that *Avengers: Age of Ultron* outsold the first *Avengers* film substantially. Movietickets.com reported that in the U.S., advanced ticket sales were "six times greater than they were for the first film at the same point."[19] The impact of consumer's desire to guarantee a ticket for the first showing can also be seen in pre-ordered music.

Music Pre-Orders

New albums that are released for pre-order weeks ahead of time have had high-charting success. Madonna's latest album, *Rebel Heart*, was released for pre-order on iTunes in December 2014—three months before the release—due to a leak. Her album reached the second spot on the iTunes top selling chart in the United Kingdom at the end of December.[20] Adam Young, better known as Owl City, also saw similar success in the United States with his recent pre-order release. On May 14, 2015, his newest album *Mobile Orchestra* was at the number one spot on the iTunes Pop Chart that day.[21]

Artists also use crowdfunding techniques in order to sell their music so that consumers not only can claim a copy of the work before it is finished, but attain other perks as well. Sites such as Kickstarter.com and Indiegogo.com offer consumers the opportunity to support their artist's goal (or anybody's goal since these sites support non-musical projects) of creating a new project. To reward these consumers, artists will give those who pledge a certain amount of money already-released songs as soon as they pledge and/or other different opportunities depending on how the artist set up the campaign. There are instances in which artist campaigns on Kickstarter.com[22] and Indiegogo.com[23] are offering fans who pay a certain amount to download the new album before its official release, although not all campaigns offer this. Not only do crowdfunding websites allow consumers the same pre-order opportunities and excitement stores such as iTunes provide, they can give consumers special perks that may induce piracy.

In conclusion, the ability for both movie tickets and album pre-orders to garner this much success and attention shows how excited and impatient consumers are when it comes to seeing new movies and purchasing new albums that they desire. When purchasing pre-order materials, consumers are more concerned with wanting the materials now than the monetary cost. This idea of having access to the media before its official release and of being the first ones to have that access can also be applied to pirating music. Consumers who take this pre-order practice to another level and want to be some of the first to own a new album will not wait until the official release to do so if the resources they have allow them access to a leaked copy, even if it means breaking the law.

Global Release Day Will Not Reduce Piracy Due to the Convenience of Piracy

Over the years, pirating music online has become a convenient option thanks to new technology, humans being creatures of habit, and this action being perceived as a victimless crime.[24] Advances in technology have simplified the piracy process; consumers have been given the opportunity to add music to their library collection without any direct music purchases.[25] Peer-to-peer filing sites and video converter sites such as Mediafire.com and Youtube-mp3.org offer free music sharing, downloading, and/or converting services that require little or no login information, respectively. The fact that music will be released at one minute after midnight in local time and that many album-release dates are still made public will not stop these types of sites from allowing consumers to pirate music. After using these sites, pirates may not want to go back to paying for music again; they may see the music as being overpriced which motivates them to find a less costly way to find music.[26] Global release day will not be able to fight piracy and the power of technology if consumers maintain this mindset.

While the sites mentioned above are still available, it is unlikely that this type of habitual behavior will change. According to a Pew Report referenced in an article by Daniel Castro, Richard Bennett, and Scott Andes, seventy-five percent of twelve- to seventeen-year-olds believe that the simplicity and common behavior of file sharing makes it impractical to expect consumers to quit.[27] Since consumers have had the opportunity to have memberships or have had time to discover these types of websites, they have acquired skills to pirate music without punishment, and this "…past behavior is likely to influence future behavior…making illegal downloading seem routine or inconsequential."[28] Global release day does not modify where music will be available, it only limits the time difference between when they are available for certain people. Therefore, this concept does not hinder this behavior because it does not affect how consumers can attain music or punish them for doing so, it only affects the amount of time available to pirate the material.

Although piracy can result in negative consequences such as fines and jail time, statistics have shown that the consequences do not discourage people from pirating, whether they are trying to pirate new releases or music that has already been released. According to a study done by Rajiv K. Sinha and Naomi Mandel, marketing professors at Arizona State University, there is a five percent chance that music pirates will be caught.[29] This minimal chance of punishment is not as likely to stop piracy as punishments that are severe and consistently given to pirates.[30] Punishing pirates is very difficult especially when the pirating occurs between two countries. A common international copyright law does not exist, meaning that different countries have their own laws and punishments which are not necessarily transferable if material legally released in one country is pirated in another country.[31] For global release day to be effective in fighting piracy, an international law and/or punishment would need to be enforced consistently and efficiently.

Global Release Day Will Not Reduce Piracy Due to Time Zones

Because new releases are available at 00:01 local time, people in some countries will have hours to find a way to pirate the music if it is released online or posted on peer-to-peer filing sites. For example, if a new album is released in Sydney and available online or on YouTube, a person in Minneapolis, Minnesota, has fifteen hours to find a link to any of the songs; if it is released in London, a person in Minneapolis has seven hours until the music is released.[32] Depending on where the music is released, consumers in Central Standard Time may have ample opportunities to find the music they are looking for online to pirate because of the earlier releases in other countries—this theory can be applied to most time zones, except for the area(s) in which the music is the first place to be legally released. It only takes a matter of minutes to post music online and a few hours for it to spread globally.[33] While this limits the amount of time in which pirating can occur, there is still a window of opportunity to do so.

Global Release Day Will Not Reduce Piracy Due to Publicized Release Dates

Typically, when new music is going to be released, the public knows about it. Whether the artist and his/her/their entourage publicizes it on social media, or if it is available as a pre-order on digital music stores such as iTunes, consumers are expecting it and waiting for it, hoping for the release day to come faster or for someone on the inside to leak it. Advance copies provided to journalists come with the opportunity for them—or others with connections to the project—to leak the unreleased album.[34] If the music industry—or the entertainment industry in general—refrained from publicizing release dates, the number of people who have access to the recordings and videos would be limited. This idea is more likely to reduce piracy than just releasing new music on the same day worldwide.[35] The IFPI itself has stated that preventing leaks is necessary for upcoming releases to be profitable.[36] A deeper explanation of past music and television leaks will support this part of the argument.

Music Leakages

Thanks to music lovers around the world, there are websites that provide users with leaked versions of, or information about, many albums. Sites such as Hasitleaked.com and Firstleaks.com track albums that have been leaked before their official release; the former site provides information on where to find the leak[37] while the latter site provides the direct link to the leaked material. There is also The Pirate Bay—a popular website which lets users know when the leak was uploaded and provides a direct link to download the material. I will be referencing these three specific sites when evaluating different examples of leaked releases.

The first leaked album to exemplify my point is Brandon Flowers' (best known as the lead singer of The Killers) new album *The Desired Effect*. The album was supposed to be released first in Ireland on May 15, 2015.[38] On May 12, Firstleaks.com already had a download of the leaked material available.[39] Hasitleaked.com reported the album was available at Getleaks.org.[40] On May 13, two links were already posted on Pirate Bay for consumers to download.[41]

Flowers is not the only well-known artist to be affected by these sites. Jason Derulo's newest album *Everything Is 4* was leaked on May 26, 2015[42] when it was supposed to be released in Europe no earlier than May 29.[43] Hasitleaked.com reported that the leak was available at Firstleaks.com and Xclusivejams.com.[44] The Pirate Bay first recorded the album leak on May 26, but other versions were uploaded on the 28th and 29th of the month.[45]

This does not apply to only popular artists, less mainstream artists can also be affected. Canadian rock band KEN Mode's new album, *Success*, was released on June 16, but it leaked June 1.[46] According to Hasitleaked.com, the album is available at Getmetal.org.[47] On June 2, the album was leaked onto Firstleaks.com.[48] At the time of this writing the album has yet to reach Pirate Bay.[49]

Another less mainstream artist, Eternal Summers, released a new album, *Gold and Stone,* on June 12, 2015.[50] It leaked on June 1, according to Hasitleaked.com's homepage that day.[51] The website claims that it can be found on SoulSeek, but there was also a link for it at Getleaks.org[52] not reported on Hasitleaked.com. Firstleaks.com reported the leak on June 2.[53] At the time of this writing, Pirate Bay did not provide any links for the album.[54]

These four albums are just a few examples of the possibilities leaked albums can provide for pirating consumers. Although global release day has the ability to limit pirating of materials that are leaked online due to earlier, legal releases in different countries, it cannot fight those who have the material and can leak it earlier than its release date. Allowing the album to be placed in multiple people's hands will increase the likelihood of a leak; limiting who has access to the material will better help global release day fight piracy. This is exemplified by a recent leak in the television industry.

Television Leaks

Although the television industry is not included in the global release day movement, there is a case in which HBO mirrored the idea. Season five of *Game of Thrones* premiered on April 12, 2015, "…with a simultaneous airing across the globe…"[55] instead of releasing it at 00:01 local time in all 170 countries the show airs.[56] Unfortunately before its official premiere on HBO, not only was the first episode leaked, but so were the next three episodes.[57] While *Game of Thrones* has been a popular victim of piracy, no one expected this leak to happen.[58] Within the first three hours of the leak, there were 100,000 downloads of the episodes.[59] After one week, there were 32 million illegal downloads which led to an estimated loss of 44 million U.S. dollars.[60]

How did the leak affect the show's ratings? Even though the first four episodes were leaked the day before the season premiere, the ratings for each show were not terrible. The season premiere had an astounding 8 million viewers that night even after the leaks.[61] The second episode had fewer viewers at 6.81 million.[62] The third episode had 6.71 million viewers,[63] which was the highest rating for a third episode of any season of that show.[64] The fourth episode's viewers went back up to 6.82 million.[65] Episode five, the first episode that was not leaked, had only 6.5 million viewers.[66] This episode [67] was the most watched cable show on its original air date. The same applies to each of the first four leaked episodes. [68]

While HBO did everything in its power to release these episodes at the same exact time around the world, the company released the episodes to a pre-approved group for publicity reasons, and this eventually led to them being leaked. Although the leak did not dramatically affect ratings, it was a costly mistake as previously mentioned. HBO has since converted to using a streaming site for journalists to review the episodes so that no one has a physical copy to leak (the company planned on doing this before the *Game of Thrones* leak).[69] Had HBO not allowed an internal group to see the episodes for feedback or review prior to their releases, the company probably would not have had this problem. With that being said, the strategy behind global release day would be far more successful at suppressing piracy if the artists and those that own the material focused more on protecting it from leaks than publicizing it.

Why Global Release Day Could Reduce Piracy

Although there are significant reasons why global release day may not reduce piracy, there is a possibility that it could. In an article for NPR Music, editor Frannie Kelley wrote, "Pirated content is particularly appealing for people who [are] seeking sources of entertainment that are not available where they live in licensed and legal forms," [70] and prior to

July 10, 2015, album releases in different countries were fairly spread out, giving consumers plenty of time to find music that may not be available in their homeland. To give some insight into the dilemma, France[71] and the United Kingdom release new music on Mondays, the United States on Tuesdays, Japan on Wednesdays,[72] and Australia and Germany[73] previously released new music on Fridays. Consumers around the world had anywhere from a few hours to a few days to pirate new music in comparison to just hours under a global release day schedule. This problem of having days to pirate music is exemplified by Daft Punk's release of *Random Access Memories* in 2013. The album was first released in Friday release day countries (Germany and Australia), and an executive from their record company noticed how "piracy spike[d]…in parts of the world where the album wasn't yet for sale."[74] The time difference between releases around the world increases the impatience consumers in different parts of the world may feel, and by limiting this time to hours and not days through global release day, the opportunities to pirate music will decrease. This concept depends on the idea that fewer opportunities to pirate will mean less pirating.

Why Global Release Day Could be Beneficial Whether or Not it Reduces Piracy

Although the IFPI hopes that global release day will lower piracy, it is likely that—no matter how this concept affects piracy activity—global release day will increase music sales. The IFPI funded a study to find solid evidence as to which day would be the best day to release music to maximize sales. The study, conducted by global management consulting firm Simon-Kucher & Partners, provides support that Friday is the best day to release new music. With data coming from eleven different countries, the study shows that Friday provides the best opportunity for increased revenue because of the increased income that artists would reap on Fridays and Saturdays. Friday revenues could increase anywhere from 2.5% to 3.4%, while Saturday revenues could increase up to 4.1%. From Sunday through Thursday, revenues increase from slightly under 1% to a maximum of 3%.[75]

Hypothetically, if global release day does not decrease piracy as this paper predicts, there is still the possibility that pirating consumers will contribute to the legal purchases made on global release day. Studies have been released that correlate pirates with a willingness to buy legal content.

A 2013 study by Joe Karaganis and Lennart Renkema of the American Assembly, a group associated with Columbia University, found that pirates in Germany and the U.S. "buy as many legal DVDs, CDs, and subscription media services as their non-file-sharing, internet counterparts. In the U.S., they buy roughly 30% more digital music."[76] The BI Norwegian School of Management conducted a study showing that consumers who download music illegally are ten times more likely to purchase music legally.[77] Robert G. Hammond, a professor from the Department of Economics at North Carolina State University, studied pre-release file sharing and its effects on the music industry. He found that an artist should not "expect his or her sales to decline given wider pre-release availability of the album in file-sharing networks."[78] Regardless of whether or not global release day will reduce piracy, the music industry will likely benefit monetarily from this policy change.

Conclusion

Global release day is without a doubt an innovative idea. The IFPI is making a genuine, logical effort to create a better music buying experience for everyone from consumers to artists to record labels. Yet, after examining the time schedules around the world, the effects of publicly-known release days and leaks that may occur because of it, and how easy it is to pirate music, global release day may not reduce piracy even though it will likely lessen the opportunities as the IFPI has claimed.

The research that I have done is limited because global release day has existed for less than a year at the time of publication. Many of my claims are predictions influenced by common sense (time zones and technology's ability to aid in piracy) as well as a comparison to an analogous situation in which media is leaked illegally and available to consumers prior to the official release day. Another limitation is the small number of articles that have been published about global release day and what its impact may be. While there are many articles announcing the event, there are few that delve into the effects of global release day or that discuss the data showing how consumers pirate music that is legally available in another country, but not their own. When it comes to scholarly articles, even fewer—closer to zero—of them address these issues. Once global release day is in effect for a longer period, more data will, hopefully, be available to support or disprove the thesis of this paper. Future research with regard to this limitation would include surveying consumers about their piracy behaviors as well as how informed they are about global release day to see if they have noticed its effects.

Specific limitations also apply to different parts of my argument. In order to avoid any illegal activity, none of the leaked albums and television episodes mentioned above were downloaded, so the quality of the material provided by the links mentioned is unknown. In response to the subsection about advanced ticket sales, companies like Fandango do not release specific numbers, so my examples were broad and limited. Further research with regard to these limitations may be heavily focused on newspaper articles and non-scholarly articles providing information about the quality of illegally downloaded music and the real data on ticket sales. Academic journals typically do not provide information obtained from illegal or private activity; it is more likely that avid entertainment bloggers and journalists will be able to provide helpful information based on experiences and stories from anonymous sources.

Other future research opportunities could include a further discussion on topics mentioned in the paper such as whether or not Friday is the most ideal day for global release day, if having a global release day will increase music sales, or whether or not global release day is a necessary tactic.

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Reviews

Adam Caress. *The Day Alternative Music Died: Dylan, Zeppelin, Punk, Glam, Alt, Majors, Indies, and the Struggle between Art and Money for the Soul of Rock*. Montreat, North Carolina: New Troy Books, 2015.

Many books have been written about alternative rock and culture in recent years. Popular among them is Michael Azerrad's, *Our Band Could Be Your Life: Scenes from the American Indie Underground, 1981-1991,* which provides a vivid and entertaining glimpse into the artists, era, and music. Another is *Slanted and Enchanted: The Evolution of Indie Culture* in which Kaya Oakes explores the influence of indie art and culture on mainstream society. While both of these books and others written about alternative rock and culture can contribute to a music industry curriculum, no other single volume rivals this new work by Adam Caress both in terms of its weight as an important work of music history, and in what it reveals to students of the music business.

Much more than a genre survey, *The Day Alternative Music Died* skillfully places us at a unique vantage point where the tension between art and commerce is brightly illuminated. To accomplish this requires a comprehensive exploration of the topic, encompassing the cultural atmosphere, the musical landscape, as well as the commercial environment. Caress succeeds in delivering this, and does so with compelling narrative.

He begins by stating that prior to the mid-1960s, rock and roll was not considered to be a serious art form, even by those creating it. Caress lays this foundation to point to the importance of beginning his story in 1964.

> …prior to that, there was no tension in rock between the aspirations to substantive artistry and commercial success. Before 1965, none of the major figures in rock—from Elvis to Chuck Berry to The Beatles—aspired to create substantive art; they all aspired to be commercially popular entertainers.

He contends that from this period forward, artistic and commercial aspirations have lived in tension, alternately influencing rock music. More importantly, he states:

> …what has made rock a uniquely important musical genre has been its potential to be both artistically substantive and commercially popular at the same time. Or to put it another way: rock music has had both the potential to have something to say and the potential for what it has to say to be heard by the masses.

Indeed when Bob Dylan's *Like a Rolling Stone* climbed to number two on the *Billboard* singles chart it signaled something entirely new. It was a marriage of art and commerce, both artistically significant and commercially successful. Nevertheless, it was a short-lived marriage, replaced by the more purely commercial rock of the 70s and early 80s as rock became fully mainstream. Caress contends that this set the stage for the emergence of a group of musicians that, while diverse, were connected to each other by a subculture at odds with the majority. What they created was music that was an alternative to what was repeated through every rock FM daypart.

From this vantage point Caress helps us see that, much like Dylan a quarter century before, Nirvana's *Smells Like Teen Spirit* launched something from the relative underground into popular culture. From here he shines light on what can be a corrosive effect of commerce on creativity. At the same time, he deftly examines both the myth and reality of Nirvana and contemporaries like Pearl Jam with an eye for historical and cultural accuracy rather than falling prey to common misconceptions and stereotypes.

Caress often brings unique and unexpected insight. For example, as he brings us to the emergence of grunge in the early 90s, he describes the relative isolation that both artists and fans in Seattle and Portland had experienced during that period, cut off from the rest of the American music scene in a variety of ways. Not least among them that major tours often skipped these cities. Caress makes the argument that this musical quarantine helped till the soil for the growth of a new, unexpected, and truly different kind of music.

That kind of detail results in a book that covers a lot of ground, so much that it ultimately struggles to support its own weight. Though most every paragraph of this work will be of interest to a serious music industry student, the narrative pace and focus would be much improved with a shortened volume. There can always be too much of a good thing, and that is the case with this book. A more focused volume, edited for instructional use would be valuable.

Though the book's weaknesses are far outnumbered by its strengths, it is also worth noting that at times Caress' dismissiveness toward certain artists can be a bit off-putting. For example, in the chapter titled "Geffen, Zeppelin, KISS, and Mainstream Rock's Commercial Sellout" he writes, "The Eagles aren't generally considered a leading example of artistic aspirations in rock…"

While it's true the overwhelming commercial success of the Eagles tainted them in the eyes of some critics, for many of us old enough to have lived through the 70s they were an artistic oasis in what felt at the time like a disco and yacht rock desert. I would always rather see an author present that kind of analysis as a personal judgment rather than proclaim the matter as somehow authoritatively settled without referencing a substantial number of sources.

Caress concludes his work by pointing out that his concern is not commercialism itself:

> …contemporary critics will quickly point out that even the most artistically respected rock artists, like Bob Dylan, for instance, have always created their music with an eye towards its commercial potential. Indeed, the story of rock—and this book—is nothing if not a story about the intermingling of artistic and commercial aspirations. But I don't think the overlap between artistic and commercial aspirations in rock music means that art and commercial product are one and the same…That's not to say there isn't a time and place for the kind of entertainment-oriented music that typifies commercial pop music; I'm as much a sucker for a killer hook or infectious dance beat as the next guy. But to the extent that our culture comes to view art and commercial product as one and the same, it limits our openness to the transcendent possibilities which are unique to the experience of art.

This is an important observation, one of many that contribute to making this book well worth reading and a valuable addition to a music business curriculum.

Kevin Auman

Kevin Auman is Chair of Music and Music Business Program Director at Montreat College in Montreat, North Carolina. Born into a family of entrepreneurs, Auman started his first business in the early days of microcomputing with his brother and best friend at the age of eighteen after his first year of college. A musician and composer from an early age, music ultimately became integrated with business. Over nearly thirty years Auman has held a wide variety of roles in the music and broadcast media industries including recording engineer, studio partner and manager, concert promoter, broadcast production director, broadcast music director, and many others. In 1999 he was recruited as a professional to develop the Music Business program at Montreat College. In 2014 he developed a unique partnership with Echo Mountain Recording, a world-class recording studio in Asheville, North Carolina, where Montreat College students study audio production in a successful commercial studio with engineers, producers, and musicians at the top of their craft. Auman holds a BA from Montreat-Anderson College and an MA from The University of North Carolina at Greensboro.

Sixty Year Old Shoes: Remembering Carl Perkins and *Blue Suede Shoes*

Carl Perkins and Ron Rendleman. *Disciple in Blue Suede Shoes.* Grand Rapids, Michigan: Zondervan Publishing House, 1978.

Carl Perkins and David McGee. *Go, Cat, Go!: The Life and Times of Carl Perkins, the King of Rockabilly.* New York: Hyperion, 1996.

Stephanie Bennett (Producer) and Tom Gutteridge (Director). *Carl Perkins and Friends – Blue Suede Shoes: A Rockabilly Session* (DVD). London: Snapper Music, 1986. www.snappermusic.com.

Jørgen de Mylius (Producer). *Carl Perkins: Rock 'n' Roll Legend* (DVD). West Long Beach, New Jersey: Kultur International Films, 2001. www.kultur.com.

To the pop music aficionado, there are certain songs that are canon, that are anthems, that are part of the pop culture fabric. *Blue Suede Shoes* by Carl Perkins (1932-1998) is one of those songs. Recorded in December of 1955, and released on January 1, 1956, the song will mark its sixtieth anniversary in 2016. Written on a brown paper sack in Perkins' rent-subsidized apartment in Jackson, Tennessee, *Blue Suede Shoes* went on to become Sun Records' first million-selling record, as well as the first single to top the pop, country, and rhythm and blues charts. But that's not all. Perkins' biographer, David McGee, explained in a personal e-mail (June 16, 2015) that,

> *Blue Suede Shoes* captured the energy and the optimistic fervor of post-war America and of an emerging teen culture replete with its own slang, fashions and symbols. No other early rock 'n' roll song spoke so directly to the new dawn in American popular culture and to its pride in having some distinguishing, colorful symbol to call its own—blue suede shoes."

The song has since been inducted into the Grammy Hall of Fame

(1986), ranked 95th on *Rolling Stone's* (2004) list of "The Greatest Songs of all Time," and added to the Library of Congress National Recording Registry (2006). Perkins, himself, was in the second class of inductees for the Rock and Roll of Fame (1987).

As popular as *Blue Suede Shoes* may be, the composer, Carl Perkins, might be less known (most people seem to associate Elvis Presley with the song). There are two books solely about him, and two particular DVDs that can shed light on the man and his music.

Published in 1978 by Zondervan—a world-leading provider of Christian communications—*Disciple in Blue Suede Shoes* is Perkins' autobiographical telling of his spiritual journey. The book begins with two touching forwards—one by his daughter, Debbie Perkins-Swift, and the other by his former labelmate and lifelong friend, Johnny Cash. These forwards set the tone for the rest of the book. At 146 pages, the book includes information about his upbringing in Lake County, Tennessee, and other familiar stories in Perkins' lore, including the story regarding the inspiration for *Blue Suede Shoes*, an account of his infamous car accident that nearly killed him and his career, and meeting the Beatles. The focus of the book, though, is Perkins' telling of his struggles with alcohol and how his faith helped him overcome that temptation. Readers who are spiritually minded may appreciate how he discusses the influence of his family, his local church and its minister, and even how Johnny Cash played a role in encouraging Perkins to put down the bottle and pick up the Bible.

At more than twice the pages of *Disciple in Blue Suede Shoes*, Perkins' biography with David McGee, *Go, Cat, Go!: The Life and Times of Carl Perkins, the King of Rockabilly,* presents many of the same stories in the previous book, but with more detail. McGee supplements the accounts with historical details, vivid word pictures, and in a somewhat unusual format for a biography, McGee "…constructed 'The Voice of Carl Perkins' sections as a way for Carl, in the first person, to step outside the linear chronology…" and speak directly to events that shaped him. The biography includes the eighteen years of Perkins' life since *Disciple in Blue Suede Shoes* with accounts of performing with his sons, recording projects, reactions to the deaths of his labelmates (Presley, Orbison), and settling a prolonged royalty dispute with Sam Phillips.

One particular telling is that of Perkins' involvement with the formation of the Exchange Club Carl Perkins Center for the Prevention of Child Abuse. Reacting to a local news story about a young boy who died as a result of domestic abuse, Perkins sought a way to aid abused children. Through a series of local contacts, as well as his extended network, he came in contact with the Exchange Clubs of America, a Toledo, Ohio-based civic organization. Through Perkins' initiation and participation the Jackson Exchange Club was soon open. It was the first facility of its kind in Tennessee solely dedicated to abused children, and only the fourth in the whole country. For many years thereafter, Perkins would donate his time and talent to a local telethon and help raise funds for the Center.

Throughout the book, McGee's writing style allows his accountings, and Perkins' observations, to flow naturally. Stories don't ramble, nor are they severely edited. Space is allowed for the reader to experience Perkins' observations through his folksy vocabulary. His insight may seem home-spun, but he was a man who knew what he was talking about. The biography also includes many personal pictures, only one of which is duplicated from *Disciple in Blue Suede Shoes*. In addition, a thorough discography assembled by the author and Jim Bailey is included.

Though the books were released eighteen years apart, Perkins is consistent as to what he feels is most important—family. "Success is a man who has got, as I've had, a woman for over forty years… [and] four kids who were never ashamed that Carl Perkins was their daddy… As I look around the [dinner] table, I am always reminded by the faces I see that this is what life is all about. This is what Carl Perkins is all about. Family."

Both books will give the reader ample details and descriptions to form mental images of Carl Perkins and the events in his life. To see the man in action, *Carl Perkins and Friends – Blue Suede Shoes: A Rockabilly Session* is the only commercially-released concert performance in his career, and *Carl Perkins: Rock 'n' Roll Legend* is his only commercially-released documentary.

Carl Perkins and Friends is a television special celebrating the thirtieth-anniversary of *Blue Suede Shoes*. It was filmed in London and aired in the U.S. on Cinemax. Perhaps at the peak of his skills, Perkins stands erect over his pupils; virile, square-jawed, and barrel-chested he leads his apprentices through a romping set. Among the guest performers are a who's-who of artists whom Perkins had influenced, including Dave Edmunds, Lee Rocker, Slim Jim Phantom, Eric Clapton, Ringo Starr (reprising *Honey Don't*), Rosanne Cash, and coming out of semi-retirement, George Harrison. Collectively, the ensemble supports Perkins as they tear through his catalog of songs. Within the program is a segment where Perkins and Harrison sit, talk, and pick. Harrison asks Perkins to play a Les Paul number, and you can see Harrison's genuine admiration and respect as he watches his friend and mentor do his thing. It's as if they are the only two people in the room. The program concludes with an inspiring performance of *Blue Suede Shoes*, after which an encore ensues of the same song. As the band tags the ending, Perkins—humble and self-effacing—begins to speak from the heart. He thinks the cameras are not rolling, and with tears welling in his eyes, he professes that in the thirty years he has performed *Blue Suede Shoes* he enjoyed it no more than performing it with his friends at that moment. Knowing where Mr. Perkins came from (read the books), and the heights he achieved, this moment will put a lump in your throat.

Carl Perkins and Friends is truly a great performance that captured lightning in a bottle and positively represents his legacy. However, unlike most of his Sun labelmates, he has yet to be the subject of a thorough documentary. So far, the only commercially-released documentary is *Carl Perkins: Rock 'n' Roll Legend*. At a mere thirty minutes, Perkins is interviewed at Sun Studios. A raconteur with a superb memory for details, he explains his beginnings at Sun Records, how *Blue Suede Shoes* came to be, and his interaction with his labelmates, as well as the Beatles.

Coupled together, these DVDs show what an accomplished performer Perkins was, as well as provide a firsthand account from one of rock's pioneers about the history of Sun Records and Rockabilly music. It's ironic—or sad, depending on how you look at it—to note that while Perkins is such an American music icon, both of these video projects were produced by European companies.

In January of 2016, hep-cats around the world will celebrate the sixtieth anniversary of *Blue Suede Shoes*. In April of 2016, Mr. Perkins would have been 84 years old. He was a humble and talented man who was able to write "that one song" that changed his life. Would he have been as well known had he not written *Blue Suede Shoes*? We'll never know, but read the books and watch the DVDs and you may just find that regardless of whether he had written *Blue Suede Shoes* or not, he was a person you might like to have had as a friend. On the last page of Perkins' biography he states, "And if they want to jitterbug at my funeral to *Blue Suede Shoes*, I might just raise up and say, 'Go, Cat, Go!'" Mr. Perkins has been gone since 1998, but as we rock and roll into 2016, be listening…

Mark Crawford

Mark Crawford is the Coordinator of Commercial Music at Tennessee State University. He serves as the advisor for Commercial Music majors, places interns, maintains a rapport with the music industry, and teaches within the Commercial Music core. He taught previously for eight years at Freed-Hardeman University. Dr. Crawford's completed degrees include the Master of Music from Austin Peay University, the Doctorate of Education and Master of Education degrees from Vanderbilt University, and the Bachelor of Science in Instrumental Music Education (K-12) and an Associate of Science degrees from Freed-Hardeman University.

His musical experiences include writing and co-producing five independent music projects; performing at Opryland, and Fiesta, Texas theme parks; three appearances on TNN's *You Can Be A Star*; three-time first place winner for the West Tennessee Songwriters' Association songwriting contest; past member of the Nashville Community Orchestra, the Jackson, Tennessee Community Band, and the Jackson Community Jazz Band.

In 2008, he composed a tribute song honoring the tenth anniversary of the passing of singer/songwriter/musician, Carl Perkins. The song was produced and recorded with family members and close friends of Perkins. The song was released as a single in West Tennessee, and the proceeds went to the Carl Perkins Center for the Prevention of Child Abuse.

Eric Weisbard. *Top 40 Democracy: The Rival Mainstreams of American Music.* Chicago: The University of Chicago Press, 2014. www.press.uchicago.edu.

Where were you when you heard that song? If you grew up listening to top 40 radio, the chances are when you hear the music, even many years later, you're transported back to a time and place that you associate with those songs.

That's the magic of pop music and top 40 radio. The mainstream music that we heard on the radio when we were young remains a part of our lives; arguably it reflects our outlook on life. There can be no doubt that since its inception in the 1950s, top 40 radio has left an indelible mark upon multiple generations of our society. But this mainstream music flows in different and sometimes divergent channels.

In his book, *Top 40 Democracy: The Rival Mainstreams of American Music,* Eric Weisbard examines this phenomenon by focusing on the careers of pop music artists, a record company, and a radio station spanning the final three quarters of the twentieth century.

Weisbard argues that format radio—specifically the top 40 formats—created multiple mainstreams resulting in overlapping cultural centers. He notes that the object of these formats was to keep the listeners tuned in by playing music that would "stir feeling" and "strike a chord that would resonate more with repeat exposure" thereby connecting listeners as a group. He adds that:

> "Hound Dog", "Will You Love Me Tomorrow", "Dream On", "He Stopped Loving Her Today", "Say My Name"… each of these hits from different decades, for those who had the radio on, still generate emotional allegiances. The objective of formats was to garner ads and sell records, but a flow of songs and banter had to be shaped and polished, an audience had to be defined. Formats did not just sell music—they normalized it. Formats did not just sell products—they touted categories of consumers. (p. 2)

One of Weisbard's goals in this book is to try to make us think differently about the impact of the radio-safe pop music that dominated the airwaves for so long. He argues that even much-reviled pop music often reflects the social and cultural concerns of the day. By way of evidence he sites music reflecting the countercultural 1960s and 70s, the MTV generation of the 1980s, grunge and gangsta of the 1990s and the millennium, as well as new country. He hopes to convince readers who dismiss mainstream pop as not serious music, that there is more to the format than may appear on the surface (p. 3).

To accomplish this goal, the author focuses on five radio friendly musical styles: Rhythm and Blues (R&B), Country, Middle of the Road (MOR), Top 40, and Rock. He also includes a chapter entitled "This Generation's Radio" that explores the music formats for the first decade of the twenty-first century

Before launching into the heart of the book however, Weisbard provides a very helpful introduction that details a brief history of music formatting that begins in the 1920s. He links the popularity of jukeboxes in the 1930s to the eventual creation of the top 40 radio format. That is, a finite number of records being played over and over again. The format came into its own with the advent of rock 'n' roll in the 1950s.

Also in this introduction is a very informative discussion separating formats from the genres in music. Weisbard explains the difference between the two in this way:

> Formats let music occupy a niche in capitalism and…connect music to other show business realms as well. Genres are different. Ordinary people don't probably identify with formats but some do identify with genres. One can have a hit song that goes "I was born country"; probably not "I was born adult contemporary"…Music genres, more inherently ideological, chafe at formats, with their centrist, commercial disposition." (p. 3)

Weisbard then proceeds to the heart of the book. He chooses five musical genres and artists who performed in those genres. He tells their stories and how they navigated their chosen genre through the evolving radio formats of their time. He begins with the Isley Brothers, whose brand of rhythm and blues began in the early days of rock 'n' roll with hits like *Shout* and *Twist and Shout* and continued to make records until 2010.

The author chooses to tell the story of Dolly Parton to illustrate growth and evolution in the country genre. Parton is able to remain true to her genre while adapting her music to evolving radio formats, thereby broadening her fan base beyond that of traditional country.

To illustrate the middle-of-the-road format, or MOR, Weisbard chooses the instrumental genre and showcases early 1960s trumpeter Herb Alpert. Alpert found success with his band the Tijuana Brass playing a decidedly American and very pop oriented faux Mexican-styled music. With Jerry Moss, Alpert went on to form A&M Records and continued turning out soft pop music from his stable of artists that included The Carpenters, Amy Grant, and The Captain & Tennille.

The most comprehensive profile, however, is that of Elton John, whom Weisbard chooses to represent the top 40 format—now called Contemporary Hits Radio (CHR). He refers to the music represented by John, as "pop modernity" (p. 157). John's genre was based in rock, but he soon gravitated to a much lighter and more pop-based form, at times embracing the "glam" genre. His music had great mass appeal, and as one of the first openly gay performers in the rock pop genre, to many, he became a symbol of gay men's liberation (p. 158). His story too is one of evolution. Though he remained true to his music, his style changed over the years to accommodate changes in radio formats. So much so, where he once received airplay on the rock-leaning top 40 stations his later work would be more comfortable nestled in an MOR format.

The fifth genre addressed in this book is rock—more specifically Album Oriented Rock or AOR. In the late 1970s, top 40 or CHR radio was declining in popularity as a radio format. In its place AOR began to gain ground, especially on FM stations. As a format, AOR seemed to be "truer to the music" than its top 40 predecessor. Weisbard tells the story of WMMS, a radio station known as "The Buzzard" located in Cleveland, Ohio. In its heyday, WMMS appealed to men between the ages of 18 and 34 (p. 195) and played a brand of blue-collar heartland rock, broke for commercials less often, and claimed to play only music that station programmers knew their audience wanted to hear (p. 208).

But WMMS fell victim to several factors, including the changing nature of the radio broadcasting business. Eventually the station was sold to Clear Channel Communications and WMMS took its place among the more impersonal, nationally programmed and formatted stations. Weisbard asks the reader whether the rise of the "mega-chain" owners killed the AOR format or whether advertisers simply learned to make "active rock" profitable. He concludes:

> …[F]ormats for all their shifts and subdivisions, are proven enduring institutions: the plate tectonics of sonic capitalism. What makes radio work is a sound that locks in, a sound that can take the form of a record for station promo, a singer or a DJ for a talking personality cut from the same cloth who plays no music whatsoever. (p. 237)

Top 40 Democracy: The Rival Mainstreams of American Music concludes with a chapter called "This Generation's Radio." As you might expect, this generation's radio is the internet. Written in the same vein as the introduction to this book, the final chapter treats the reader to a brief history of the music industry since 2000. The ground covered includes the demise of the record industry, the decline of terrestrial radio, the rise of the MP3 player, and brief references to streaming services like Spotify and Pandora. The author wisely stops his analysis in 2010, noting that it is only this first decade of the twenty-first century that provides enough distance in time to allow us any historical perspective with which to make reliable observations.

For this reviewer the introduction and this final chapter contain the most important and intriguing information about the impact and future of mainstream music formatting in the United States. The artist and radio station profiles, while interesting reads in and of themselves, sometimes drift away from the stated purpose of the book. While these profiles are certainly necessary to support the author's arguments, the stories might have benefited from just a bit more judicious editing. Does the author achieve his goal of making us think differently about mainstream music? This reviewer believes that he does.

Top 40 Democracy: The Rival Mainstreams of American Music is a well-written and thought-provoking book that anyone who studies the music industry or the media will find to be a most useful addition to his or her library. It would also be an excellent supplementary textbook in classes studying the music industry, broadcasting, or popular culture.

Kenneth Creech

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Robert King. *Music Business: The Secret To Successfully Making It In the Music Industry*. Amazon Digital Services, 2015.

When it comes to succeeding as an artist in the music industry, there's plenty of written advice to be found. Much of it has been documented in everything from blog posts to lengthy books, some of which are utilized in formal courses, workshops, and seminars. But just as with books and articles that outline diet plans, investment strategies, ideal relationships, and other common goals, there's no one solution and there never will be. The "secret" will always, in reality, elude us.

Much like many of those other writings that purport to have *the* solution for readers, Robert King's e-book, *Music Business: The Secret To Successfully Making It In the Music Industry,* issues a tall enough order in its title alone. Unfortunately, though, there is not much ground broken here beyond any other text on the subject. While helpful tips abound within, the search for the consummate recipe for success will have to continue. This text might be a good start, but it falls short of its lofty promise.

Credentials are vital to the promotion of any material representing itself as a helpful handbook. Unfortunately, there is no outline of Mr. King's specific experience in the music industry, or a biography of any sort. There are comments that suggest a vast resume. He mentions that he has "…over 25 years experience in music distribution," for instance. While it is clear the author is knowledgeable from the terms and definitions he uses, and the stories he shares, there's not a lot of evidence of contemporary thought leadership in his book.

The music industry is indeed complex when one considers the various sectors and how they interact. From the very creation of music to the moment when artists and/or songwriters might consider their careers to be "successful", much can happen and plenty of other people are involved in the process. One strength of Mr. King's e-book is that it covers all aspects of the industry. In terms of providing a solid basis, it is well-rounded in its coverage of the most essential tools for the aspiring musician. There could be a better balance to the material, though, in terms of the time spent on a topic versus its relevance in 2015. For example, a good percentage of the text covers digital downloads and how to sell CDs online. Both of those configurations have been declining in sales in recent years, yet there is very little mention of even the existence of music streaming or the companies that support it. The section titled "Playing Live As Much As Possible" is extremely short compared to the two sections devoted to getting one's music on iTunes. When one considers the proportion of revenue generated from selling recorded music versus performing live this would seem to be an imbalance.

Music Business: The Secret To Successfully Making It In the Music Industry is a very easy read in that it is written in first person in a way that makes it seem almost as if it's a transcription of a conversation or lecture. At the same time, it can be difficult at times because the writing is in need of serious editing; perhaps an essential step in the publishing process was overlooked. Regardless of the cause, the grammar here is clearly substandard.

One other area of opportunity involves substantiation. There are no direct quotes from other experts, no specific examples citing particular individuals who have experienced success or failure based on the advice being put forth, and no specific dollar figures to back up assertions. In fact, there are no footnotes, endnotes, or any other types of citation. Specific references, even informally, would have been helpful. For example, the suggestion that developing artists should accept any opportunity to perform live, whether paid or not, could have been supported with examples of established stars who successfully took that approach on their paths. For that matter, even a hypothetical outline of the dollar figures involved in such a scenario would have provided a better argument for the strategy.

With the advent of the internet and the vastly reduced barriers to entry, virtually anyone can record and distribute music, regardless of level of talent and experience. It could be argued that writing and publishing a book of significant length, even if it's only in electronic form isn't necessarily comparable. Either way, a good deal of knowledge on the topic is absolutely necessary before an author can put pen to paper or finger to computer keyboard. While it does not contain the "secret" it promises, and it is not clear what credentials the author possesses in order to put it forth, *Music Business: The Secret To Successfully Making It In the Music Industry* is at least a primer for the very beginning of an artist's journey. As an e-book, it's simple and highly portable reading material and handy food for thought, despite its shortcomings. Consider it to be only a good starting point.

Storm Gloor

Storm Gloor is an associate professor in the Music and Entertainment Industry Studies department of the College of Arts and Media at the University of Colorado Denver. He teaches courses in music marketing, the future of the music business, and is the faculty advisor for the College's internships. He has also managed the award-winning student-run record label, CAM Records. In 2010 he was the recipient of the College's Excellence in Teaching award and is currently a Faculty Fellow in the Center for Faculty Development. Professor Gloor worked in the music industry for fourteen years and holds an MBA degree with a Marketing concentration. He is currently vice president of the Music and Entertainment Industry Educators Association (MEIEA) and a member of the Denver Music Task Force. He has presented at numerous events and programs, including SXSW.edu, the Future of Music Summit, South By Southwest, the Underground Music Showcase, the Denver Music Summit, and an Ed-Media world conference.

Damien Chazelle (Director and Writer). *Whiplash* (Feature Film). Los Angeles: Bold Films, 2014.

Words such as "intense," "provocative," and "extreme" seem appropriate descriptors for the cinematic and musical experience that is Damien Chazelle's *Whiplash*. Moments of the film are a sensory assault, and the effect is punctuated by a dramatic conclusion that pushes the boundaries of what music and film can do when fused together. The level of critical acclaim for the film attests to its ability to affect audiences on a deep, visceral level. J.K. Simmons' portrayal of jazz conductor Terence Fletcher is particularly compelling, and it earned him an Academy Award for Best Supporting Actor. The film also won Academy Awards for Best Film Editing and Best Sound Mixing, and it was a nominee for Best Picture.

The plot of the film follows Andrew Neiman, portrayed by Miles Teller, as he follows his dream of becoming "one of the great" jazz drummers. This dream leads him to the Shaffer Conservatory, where he eventually falls under the tutelage of Fletcher in the school's premiere jazz ensemble. Fletcher is known for his commitment to excellence at any cost, and his peculiar teaching philosophy is often demonstrated through verbally and physically abusive behavior toward his students. Neiman becomes a particular focus of Fletcher's ire, but as the story progresses it becomes clear that, rather than the result of a defect in Neiman's personality, this behavior is evidence of the potential Fletcher sees in him.

Eventually, Fletcher's value system is imprinted upon Neiman. The young man withdraws from relationships with his father and girlfriend as he increasingly comes to view them as distractions from the straight and narrow path that leads to greatness. Neiman pushes himself to the point of exhaustion in practice, and has an emotional breakdown when he is passed over for a part. He ultimately loses all regard for his own safety as he is involved in a car accident and leaves the scene without medical attention in an effort to make it to a gig on time. This incident culminates in disciplinary action being taken against Fletcher, and in Neiman withdrawing from the program as well as from pursuing music for a time.

Whiplash is ultimately a meditation on the nature of creativity, and musical creativity in particular. It employs the familiar trope of the eccentric genius that must sacrifice all to achieve greatness. In its especially dramatic portrayal, there are moments in the film that seem to suggest that emotional pain equals greatness, and Neiman is intent upon following this reasoning as a kind of formula that will guarantee the success he seeks. This raises the question of whether or not this kind of single-minded dedication is, in fact, the very essence of creativity itself, and if musical excellence truly requires the emotional instability portrayed in Neiman's character.

Much of the research into the social and emotional needs of gifted and creative individuals suggests otherwise. According to Gardner's theory of multiple intelligences, individuals who are highly intelligent in one area tend to lack perception in others. While Neiman clearly demonstrates superior musical intelligence, his intrapersonal and interpersonal intelligence are lacking. He is unable to relate to close friends and family, and distances himself from his own needs as well. Perhaps it is Fletcher's own prodigious level of musical intelligence that blinds him to the needs of his students. But while the popular understanding of musical genius may imply that such emotional disregard is a prerequisite for true greatness, the theory of multiple intelligences finds that with a holistic curriculum gifted and creative students can excel relationally and technically in their disciplines.

While there is certainly a degree of nuance, or at least ambiguity, in its portrayal of the creative process, because the film stops short of condemning Fletcher's actions it can be read as tacitly condoning them. The final scene is particularly ambiguous, as Neiman's gaze at Fletcher after his triumphant solo can be read as either a search for approval or a look of defiance. Yet, either reading implies that it was Fletcher, and the instructional philosophy he represents, that brought Neiman to this point. Music and entertainment industry educators deal with the pervasiveness of the "eccentric genius" myth on a daily basis. It informs the worldview of many of our students, and often the more driven they are the more it seems they have bought into the notion that to achieve greatness anything—be it relationships, physical health, or mental wellbeing—may be required as a sacrifice. For those educators tempted to use this film in the classroom, make sure to do so responsibly by inviting discussion about the nature of creativity and the creative process into the dialogue.

Whiplash has much to say about the creative process, but its comment relies heavily on the stereotypical myth of the eccentric genius, and in doing so it serves to propagate this myth. In the classroom, it is the educator's job to help deconstruct the romanticism attached to being a dysfunctional human being, and to care for the social and emotional needs of the gifted students we are privileged to teach. The use of this film as an instructional tool can become an excellent point of departure from which to begin a discussion about the true nature of creativity, but only when guided by instructors who are determined to place their student's character development above the development of their talent.

Jason Lee Guthrie
Kate Hobgood Guthrie

Jason Lee Guthrie is a doctoral student in Mass Communication at The University of Georgia. His research explores Media History, Copyright Law, and the Music Business. He teaches Media Production, Media Management, and Media Writing. He has toured with several bands, he managed a national concert tour in 2007, and he released *Cities*, an album of original folk material, in 2010. He received a bachelor's in Mass Communication from the University of North Carolina - Wilmington in 2009 and a master's in Educational Media from Appalachian State University in 2011. He is a member of MEIEA, the Appalachian Studies Association, and the American Journalism Historian's Association.

Kate Hobgood Guthrie is a doctoral student in Educational Psychology at The University of Georgia. Her research focuses on the social and emotional needs of gifted individuals. She has previously been a high school math teacher working with students from remedial to Advanced Placement abilities. She also has her Professional 500 Hour Teaching Certificate in Therapeutic Yoga. She received her B.S.Ed. in Mathematics Education, and was awarded the Hooten Award for Excellence in Teaching in 2007, and her M.Ed. in Educational Psychology: Gifted & Creative Education in 2010, both from The University of Georgia.

Jacques Attali. *Noise: The Political Economy of Music*. Translated by Brian Massumi. Minneapolis: University of Minnesota Press, 1985.

Jacques Attali's *Noise: The Political Economy of Music* opens with an ambitious program, the critique of two and a half millennia of Western knowledge. While this initial statement is perhaps more symbolic than substantive, *Noise* does undertake a significant historical revision of the last three hundred years of Western music. In doing so, it contributes some of the most innovative and important theoretical advances to date in twentieth-century musical scholarship.

The central premise of the book is that music is *prophetic*. Attali finds the political economy of the western world in the twentieth century to be the natural outcome of its political rationale and political structures in the nineteenth century. In and of itself this is not a groundbreaking assertion, but the true innovation of Attali's work comes in finding nineteenth-century European political theory contained, in nascent form, within the structural codes of eighteenth-century Western European music. In Attali's view, music's "styles and economic organization are ahead of the rest of society because it explores, much faster than material reality can, the entire range of possibilities in a given code" (p. 11). Thus, music announces a society that is to come, heralding the political, economic, and cultural order of succeeding generations.

Students of cultural Marxism will immediately notice the novelty, blasphemous or revolutionary depending on one's point-of-view, of Attali's claim. *Noise* is, at its heart, a reversal of the orthodox reading of Marx's base/superstructure model. By situating music as annunciatory of political economy, Attali is rejecting the economic determinism and reflection theory inherent in much critical cultural work. This theoretical claim is the essential innovation of the book, and, if taken seriously, it demands a substantial revisiting of long-held assumptions in musical and cultural studies.

Attali identifies four epochs in the history of Western music: ritual, representation, repetition, and composition. He finds that the ritual function of music in channeling society's noise and violence eventually gave way to the age of representation as music's financial model transitioned from patronage to a free market system. Yet music retained its necessity for social cohesion and its prophetic qualities as it announced the com-modification of the immaterial, the logic of harmony and exchange, and the symbolic abstraction of The Scientific Revolution and The Enlightenment.

The epoch of representation ultimately descended into that of repetition. In the case of music this was ushered in by the advent of sound recording, and this is a double irony for Attali. Not only was sound recording initially envisioned as a way to preserve the representative function of music, recording itself was only made possible by the technological advances of the political economy that music prophesied into being. In the current, repetitive epoch, Attali theorizes that as the economy of music expands it will ultimately collapse upon itself, for as supply approaches functional infinity the industry will necessarily become more concerned with the production of demand than with the value of its product. An ominous prophecy indeed if one is to take the collapse of the music industry in recent years as a harbinger of things to come in the wider economy.

Yet there is hope. In the final epoch of composition, Attali theorizes that requisite preconditions such as technological diffusion, universal access, tolerance of differences, and individual autonomy may lead to an economic structure in which value is re-ascribed into the experience of music rather than in its ownership. This is emblematic for Attali of an ideal economy in which the goal is not the eradication of lack but the realization of fulfillment in the act of living. Such a goal seems no less ambitious than a critique of the sum of Western knowledge.

Attali's reversal of the base/superstructure model places him outside of orthodox Marxist scholarship. The tendency to read his conceptualization of political economy as classically Marxian must be balanced with his de-emphasis on economic class as central to the study of music and culture (p. 45). His synthesis of history and theory is also indicative of a movement beyond structuralist Marxisms. This work does belong to the cultural Marxism discourse, but ultimately Attali arrives at an altogether different conclusion. Additionally, he is heavily influenced by the work of Adorno and Serres, as well as by postmodernists such as Baudrillard and Lyotard in his assertion that the nature of reality has fundamentally changed in the rise of a repetitive, mass-mediated society (p. 133).

Though it makes no pretense of conducting a comprehensive survey of Western music history, Attali's intimate knowledge of primary source material, particularly related to the history of French copyright law, make this work a useful resource for like-minded historians. Its primary utility though is found in its theoretical contributions to the study of the music industry. The extent to which Attali develops his conceptualization of music as prophetic, at first glance hyperbolic, is arguably vindicated by the unfolding of popular music history since *Noise's* original publication in 1977. Punk rock and hip-hop, both embryonic at the time, illustrate key tenets of his theoretical economy of composition such as the centrality of individual participation and the creation of meaningful relationships between the musician and the listener. His theorizing is further supported in the recent popularity of crowdfunding, itself made possible by the economy of repetition's ultimate achievement: the internet. Crowdfunding holds significant promise for the decentralization of power in the industries surrounding creative works while supporting viable business models that allow content creators to earn a living wage.

Noise is necessarily dense in style, at times inconsistent in its use of Marxist theory, and perhaps underdeveloped in its conclusion. Still, it is more accessible than Deleuze and Guattari's *A Thousand Plateaus*, and more coherent than Goodman's *Sonic Warfare*, and thus *Noise* remains the foundational theoretical text for scholars of the music industry thirty years after its English language translation. Attali's metaphorical comparison of music to cartography (pp. 57, 159) seems apt, and for those in search of an ontological theory that legitimates music as an agent of social change *Noise* is an excellent point of departure.

Jason Lee Guthrie

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Fred Goodman. ***Allen Klein: The Man Who Bailed Out The Beatles, Made the Stones and Transformed Rock & Roll.*** **City: New York: Houghton Mifflin Harcourt, 2015. www.hmhco.com.**

For the dedicated Beatles aficionado, the name Allen Klein may still rankle forty-five years after the legendary quartet's acrimonious breakup made world headlines. Identified by many at that time as the man who broke up the Fab Four, this biography of the hard-charging, risk-taking music manager paints a much more detailed and nuanced picture of Klein's life and work in an effort to clarify an important chapter in popular music history. It largely succeeds in this effort.

Author Fred Goodman, a past editor at *Rolling Stone*, is no stranger to writing about the complex relationships between artists and managers, having detailed the backstage dealings of Bob Dylan and Bruce Springsteen with their respective managers in one of his previous books, *Mansion on the Hill*. Likely for this reason, Klein's heirs invited Goodman to be the first researcher to access the archival materials they preserved along with pertinent records from Klein's management firm, ABKCO, which is still an important player in today's business.

While Goodman provides a general overview of the arc of his subject's life and career, it is through a number of key episodes that the author explains Klein's revolutionary approach to advising and managing the business and financial affairs of his clients. Of the hundreds of deals Klein brokered, Goodman carefully selected a small batch of examples that provide the reader with a tightly focused profile of the legendary manager. When Klein met and wooed Sam Cooke to become his first high profile client, Goodman explains that Klein realized the strategic value represented by a self-contained artist such as Cooke, who could write, produce, and perform his own songs. Klein maneuvered RCA Records into agreeing to sign Cooke's renewal deal with a new entity, Tracey, Ltd., a holding company that would own the rights to Cooke's performances and masters. Tracey would record and press Cooke's albums, while RCA gained exclusive rights to purchase, market and, distribute these recordings. Importantly, RCA paid Tracey nearly a dollar for each album, roughly four times the then-standard rate. Goodman's detailed account of how Klein masterfully negotiated the deal, as well as the long-term benefits to the artist of maintaining control of songs and masters explicitly shows that Klein had established a new model for record deals.

According to the author, Klein's financial impact with the Rolling Stones was even more impressive than with Cooke. In 1965, he was introduced to the band's mercurial manager, Andrew Loog Oldham, as the man to get what the Stones deserved from Decca Records. Oldham was so impressed with Klein's reputation he agreed to pay him for his services with a twenty-five percent cut of the management fees the Stones were obligated to pay Oldham. In essence, at the start of their relationship, the band didn't have to pay Klein a penny to have him improve their earnings. Klein's first negotiations with Decca to renew the Stones' contract resulted in a total advance over the next three years of $2.6 million, quite a sum for a band that had never received a substantial advance. Goodman's portrait of Klein evolves as a savvy manager who not only teaches band manager Oldham how to improve the band's income, but also reveals Klein's bravado as he bests the stiff upper lip, three-piece-suited Decca executives in a tense, face-to-face showdown with the band silently watching nearby.

Klein's relationship with the Stones became much more complicated when he advised them to assign their rights to manufacture records in the U.S. to ABKCO, in order to reduce their tax liabilities. Here, Goodman excels not only at explaining the rationale for such a decision, but in revealing just how much clout Klein had achieved as the top financial guru advising artists. At the time, this arrangement solved the band's tax problems, but over the long haul, this key strategy came to be seen as underhanded by the Stones and some other Klein artists, Goodman reveals. ABKCO would manufacture records and sell them for approximately 25% of retail price to the U.S. label, then pay out the necessary royalties, manufacturing costs, and incidentals. This left Klein with a tidy remainder on each album, which he pocketed. This spread, between the actual costs and the price realized by ABKCO for discs sold to the label, made Klein a very wealthy man.

Goodman writes, "On the surface, this didn't appear to harm the artists; they got whatever royalties they had been promised, and it was always a good deal more than they'd received before meeting Allen Klein." Goodman however points out that Klein offered his service as a business manager, who normally has a fiduciary duty to do his best at all times to enrich and preserve his client's earnings. Instead, his participation at a level that often exceeded how much the artists themselves were making, cast a shadow over his impressive handling of the record industry.

Goodman's assessment is spot on, and provides the context for why Klein's reputation was soon under fire from some of his artists. He also details that even though the Stones terminated their relationship with Klein in 1970, the manager had adeptly insinuated himself into their future by putting in place a deal with Decca's U.S. subsidiary, London Records, giving it the right to distribute the band's iconic early catalog from 1965-1970 "in perpetuity," with ABKCO as the exclusive middleman in control of all manufacturing. Such detailed reporting shows the reader how Klein looked out for himself first in nearly every deal he engineered.

This sleight of hand trick of having ABKCO take control of masters for U.S. release, while certainly a legal option, played out in similar fashion, but in a much more dramatic and highly publicized manner when Klein finally achieved one of his lifelong dreams: to handle the business of The Beatles. Arguably, the most popular musical group in history, the band lost its business direction after the death of their manager, Brian Epstein, and found themselves surrounded by a host of well-meaning advisors and assistants, who were largely ineffectual. In 1968, the group announced the formation of Apple, a self-described "dream factory" to promote the group's music, ideas, products, and image. They had a clothing store, spent lavishly to build a recording facility, and signed a range of artists they hoped would hit big. Unfortunately, without a strategic plan, Apple was burning through money at a record rate and there was little real income to support the risky venture. No matter how big The Beatles may have seemed, cash flow was essential to sustain any business, and theirs was terrible. The world was stunned when John Lennon told a reporter, "[Apple] has been pie in the sky from the start…if it carries on like this, all of us will be broke in six months." With their finances on life support, John Lennon took the advice of a friend and reached out to Allen Klein who wowed Lennon and Yoko Ono with his hard driving approach. Equally persuasive was the fact that Klein had researched Lennon and Ono to the extent that he served them a macrobiotic vegetarian meal and made no move to discuss business at their first meeting. Goodman's skill at retelling the story of this important meeting helps the readers feel they are watching as the drama unfolds. Klein and Lennon, both outspoken, opinionated leaders used to winning, hit it off from the start, the author explains. After an entire night spent chatting, early the next morning, Lennon signed a letter that Yoko typed up informing the band's label, publisher, accounting firm, and Epstein's holding company that he had hired Allen Klein to "look into [my] financial affairs" and instructed them to afford Klein any help that he required. At this point in the narrative, Goodman has wrought a finely detailed portrait of Klein, who the reader now comes to see as a complex person capable of simultaneously wooing the most noted celebrity in the world while willingly entering a totally dysfunctional business on the verge of collapse. Through it all, Klein kept his eyes on the ultimate prize: control of the Beatles' income and assets.

Goodman goes on to carefully explain that at this point, Paul McCartney had arrived at the same conclusion as John Lennon—that the band needed more competent business counsel, but Paul chose to park his business with his soon-to-be in-laws, attorney Lee Eastman and his lawyer son, John. Klein tried to woo McCartney to no avail, but Ringo Starr and George Harrison joined with Lennon and gave Klein the green light to handle their own affairs. Klein worked his usual magic and as the author explains, Klein soon had dramatically improved the band's financial position. Goodman explicitly states that Klein was living out his dream, firmly in control of the band's immediate business dealings, and documents just how he delivered the results they longed for.

Unable to challenge their U.K. contract with EMI, he got the label to instead allow him to renegotiate the band's U.S. deal with Capitol (who had been paying them forty cents per album). As he had with the Stones, the author details how Klein's savvy negotiations yielded dramatically improved terms providing the band 56 cents album royalty for the first 500,000 sold and 72 cents for any sold above that number. Solo albums would generate a staggering $2.00 per album artist royalty. Even McCartney was ecstatic and all four members gladly signed the new deal. Demonstrating Klein's acumen even further, Goodman explains Klein had offered Capitol Yoko Ono and Lennon's *Live Peace in Toronto* album as one that would count against the group's delivery requirement—Capitol scoffed at the project, releasing it as a solo album that promptly sold 750,000 copies resulting in an immediate $1.5 million payout that confirmed to Lennon he definitely had the right business manager. Similarly, the combination film and soundtrack release that Klein orchestrated for *Let It Be* earned the band more than $6 million in its first thirty days of release, due to the new terms negotiated by Klein. Goodman's narrative argues that this string of victories, which rescued the Beatles from financial ruin, may have been the manager's most notable achievement on behalf of any artist.

Soon after *Let It Be* took its course, McCartney found he was unable to stomach Klein handling his affairs. The author situates McCartney's grievances as indicative of the rifts between the band members, which had become too great to mend. McCartney surprised his bandmates and brought suit in British court to dissolve the long-standing partnership that represented the band as a business entity. On the surface, the case looked as if it would be an open and shut affair. Seventy-five percent of the partners were perfectly happy with the current arrangement and McCartney's complaint was not grounds to dissolve the partnership agreement according to British law. Continuing his insightful analysis of Klein's personality, and how this influenced his decision-making, Goodman shows how the manager's hubris led him to suffer his greatest public defeat when the other three Beatles, supported by Klein, battled McCartney.

Klein, not actually a party named in the litigation, let his ego take over and completely misread the key issue under dispute. Goodman leads the reader skillfully through the entire pre-trial strategy sessions and then on to the trial itself. Hoping to prove his genius as "the manager that saved The Beatles," Klein voluntarily provided the court with a massive 142-paragraph affidavit detailing every aspect of his work and accomplishments for the group. This gave McCartney's legal team the ammunition it desperately needed to change the tide in the case and allowed them to paint Klein as an out-of-control, irresponsible, egomaniacal risk taker, ill suited to be the fiduciary steward of the group's finances. The new strategy worked brilliantly and led to a victory for McCartney. The court appointed a receiver to handle all of The Beatles business pertaining to their work and rights under that name. Klein was left as a sort of sub-manager, reliant on the receiver's decisions going forward to advise John, Ringo, and George. Goodman paints this as the most stunning defeat of Klein's career, resulting in an ever more nuanced perception of the title character by the reader.

Goodman uses the three concluding chapters of the book to demonstrate that Klein never bounced all the way back from this defeat, although he was still able to leverage the masters he remained in control of, especially those of the Stones and Sam Cooke. However, he now faced a more informed and suspicious music industry that seemed to continuously question his motivations and methods. Deals were tougher to finesse, and opponents read up on his tactics and were on high alert for potential conflicts of interest such as the one Klein engineered in his dealings with the Rolling Stones. Goodman reveals Klein's continued struggles as the U.S. government piled on, finally censuring him for a minor lapse in his tax filings. He publicly hit bottom when he was found guilty of filing a misleading tax return and sentenced to a fine and sixty days in Federal prison. Klein tried to put a positive spin on the sentence characterizing it as an enforced vacation but Goodman's analysis astutely shows that the high-flying manager was clearly stung by the jail sentence. Showing the adaptability of a survivor, he regaled inmates and jailers with his music business insider stories. He ordered movies to be delivered to show regularly to the inmates, and once again as he had with John Lennon, mounted another charm offensive to an audience at least as tough as his industry peers.

While Klein's reputation was certainly tarnished by his dismissal by The Beatles and Rolling Stones, the greatest blow was that he had become known for shady dealings that put him firmly in control of his artist's creative output. Still, Klein did prove to be the main game changer as to how artists, managers, and labels interacted and contracted one another's services and goods. The author should be applauded for the rigor and insight he offers, and while a lesser writer might easily have been star-struck by Klein's powerful, charismatic personality in the retelling of this tale, Goodman remains objective throughout the key episodes, and skillfully pauses at key points to provide the necessary context for why the manager's decisions hurt his reputation so badly.

For any music industry educator, the ethical issues that are at the heart of the Klein biography will make for thought provoking discussions between students, educators, and scholars of the music industry should the book be the basis for an assignment. While the book takes a largely historical perspective, its themes and episodes should resonate in today's tech-oriented music world where high profile music companies sometimes reward their founders before ever making a dollar of profit. Ultimately, author Fred Goodman challenges readers to grapple with the dilemma of how to balance self interest with the fiduciary responsibility to one's clients. In doing so, he underlines the belief that one's reputation is ultimately far more valuable than money. The lessons found in this book are ones that anyone laboring in the music business would be wise to remember.

Keith Hatschek

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Stephen Witt. *How Music Got Free: The End of an Industry, the Turn of the Century, and the Patient Zero of Piracy*. New York: Viking/Penguin Random House, 2015. www.penguinrandomhouse.com

If you're wondering how or why consumers switched their allegiance from CDs to downloading to streaming within a fifteen-year period, Stephen Witt's *How Music Got Free* supplies the answers. Witt follows the lives of three people, Karlheinz Brandenburg, team leader of the inventors of the MP3 format, Doug Morris, former Chairman of the Universal Music Group and current Chairman of Sony Music, and Dell Glover, a one-time floor manager of a CD manufacturing plant in North Carolina. The book traces the origins of digital music, its rise as a major force of piracy, and the evolution of how the major music distributors dealt with the devastation left in its wake.

Computer software researcher Karlheinz Brandenburg was the leader of "Germany's answer to Bell Labs," the Fraunhofer Society (p. 12). Brandenburg has been credited with the invention of the MP3, but Witt writes that the format almost didn't receive widespread recognition. A Philips-led consortium of scientists and private interests chose the MP2 as the major digital format for consumer adoption in 1995. Witt's book describes that even though the MP2 was a format of lower quality, the politics of science overtook superior innovation. Had it not been for a series of lucky breaks for Brandenburg and his team, breaks that proved to be extremely unlucky for the recorded music industry, the MP3 might eventually have been relegated to the scrap heap along with Sony's Betamax.

But, unfortunately for the music industry, the MP3 did prevail. In its wake came Napster, scores of online sites, and hundreds of computer enthusiasts like Dell Glover, who helped make it easy for consumers worldwide to download the entire history of recorded music—for free. In 1996, Glover worked on the floor of a PolyGram Records-owned manufacturing plant called Kings Mountain. Glover developed a system to smuggle unreleased music out of the plant. Thanks to new, fast internet technology, he was able to illegally "leak" more unreleased popular music online than anyone else in the world for the next decade.

Through a friend at the Kings Mountain plant, Glover was introduced to a shadowy, online network of individuals, all working under pseudonyms, who were enthusiastic about making albums and movies available before they were available in stores. This network was called The Scene. Dell Glover quickly became one of most important members of RNS, a top group that was part of The Scene. Witt explores the Dell Glover story in great detail. If you play the imaginary movie of *How Music Got Free* in your head, it would probably spend most of its time following this one man.

The author does an admirable job showing the mistakes the music industry made as The Scene discovered the MP3 and its possibilities as a mechanism for easy (and illegal) online file sharing. While this helped the MP3 ultimately win the format war, industry executives at first turned a deaf ear to the cataclysmic changes taking place. Business was too good. CDs were still selling at a historic pace. We learn from Stephen Witt's history lesson that there is always somebody, somewhere, trying to create change. By the time the music industry, and its leaders like Doug Morris, opened their eyes to the massive online illegal file sharing, the revolution was too far advanced to stop.

The major label groups were led by executives like Morris, Chairman and CEO of the Universal Music Group, who was not a techie. He and his colleagues reacted slowly and badly to the new form of piracy enabled by the MP3. Napster, a popular peer-to-peer file-sharing service born as a result of the MP3, was sued by the labels and ceased operation. Multiple pirate sites sprung up in its place. The RIAA (Recording Industry Association of America), a music industry trade group representing the business interests of the labels, received criticism for suing consumers deemed to be top users of illegal file trading. Universal and Sony created Pressplay, an online retailer that failed. Years passed, jobs were lost, and revenues plunged. After an ill-fated interview with *Wired* magazine, Morris was considered by the press and public as a "clueless relic of an earlier age" (p. 227).

Down but not out, Morris soon experienced his own stroke of luck. While watching YouTube videos with his grandson, Morris saw that there was money to be made by sharing a percentage of ad revenue from the accompanying advertisements. This became the genesis for Vevo, one of the first successful companies that came out of the music industry in this new digital age. Morris had discovered a valuable revenue stream and helped transform the music industry from one that had spent the last decade playing defense.

What is to be learned? There is a singular thread throughout the book, a cautionary lesson that each of the Karlheinz Brandenberg, Dell Glover, and Doug Morris stories share. No matter the level of success one achieves through hard work (both legal and, in Glover's case, illegal), there is always someone or something trying to upend that success. For Brandenberg, it was Philips and, later on, the RIAA. For Morris, it was a technology that revolutionized a complacent industry and its antiquated business models. For Glover, it was the FBI.

Stephen Witt's *How Music Got Free* is a valuable read for anyone interested in today's music industry. The subjects Witt covers are important. Both educators and students should read the book in order to gain a full understanding of this fifteen-year period in the music industry.

David Philp

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