

How To Save The Music Business - Revisited



They must change their business model because
Artists are no longer free to be Artists.

**“If art is to nourish the roots of our culture,
society must set the artist FREE.”**

John F. Kennedy

Once upon a time, music was everywhere. It wasn't just entertainment ... it was community, family, friends, fun and a sense of humanity. But what happened?

Music went from the Front Porch into stores and bins. Now the "bins" are gone, and so is the sense of community. Part of the loss has been the closing of thousands of music venues and stages for artists to meet their audience.

Part of the destruction of the music business has been the over-use, the over-reach of licensing music. This is a delicate subject, easily misunderstood. So let's start with this thought:

**"A bird doesn't sing because it has an answer,
it sings because it has a song."**

Maya Angelou

You have a song ... but you are not free to sing it. In the early days, before corporate America figured out how to sell vibrating air on round vinyl discs, people were free to sing wherever they wanted. Coffeeshops and street corners, sidewalks and theatres, schools and bars ... anywhere.

This was the musical garden that gave birth to great art. Musical “birds” like Bob Dylan, Woody Guthrie, Pete Seeger, Joan Baez, Judy Collins all began their careers by meeting their audience on simple, common stages.

Licensing was a good idea because it helped thousands of artists, songwriters and their families survive. It still is, but as the business model fails those charged with collecting those fees have begun to over reach, even shutting down the ability for artists to meet their audience by literally *shutting down the venues and stages*.

Maya Angelou’s little birds are not so free to sing anymore. Those birds are only allowed to sing on government approved stages licensed by BMI, ASCAP or SESAC.

Point #1:

Any fee that prevents an artist from reaching the audience has no value.

America has become a venue starved nation. The business model of music has changed. Arts venues can thrive, flourish and make a living for many good folks ... when it's done right.

Many great venues across America have closed the past couple years because of poor business plans, an over focus on money ... or because of outdated licensing practices.

That sounds anti-capitalistic and I don't mean it that way. My point is the business plans most are using are outdated, poorly executed and all wrong.

The world of arts needs to stop focusing on money because the audience, the source of the money, could care less. They want heart, passion and spirit. Whenever an arts endeavor launches as a "money enterprise" it is doomed for failure.

One thing that most groups can change for the better is the size of their Pig. Remember the Pig? The pig is the size of the business structure it takes to keep your enterprise alive.

Another change that is desperately needed is regarding BMI, ASCAP and SESAC, called Performing Rights Organizations or "PROs." These agencies do wonderful work to collect royalties for artists from radio airplay, live performance of songs and more.

Point #2:

**Let me make this clear:
I like BMI, ASCAP and SESAC**

The PROs have a great history of being a huge help to artists, big and small, new and established. I just want them to change the way they are licensing music to venues. It is outdated and no longer helpful to the artists they claim to be helping. The system they are using now began in the 1940s and worked ok for awhile. Then about 1995 the music business began its slide downward. The internet and free downloads reared its head and the financial structure of the music world collapsed with it.

Everyone is changing with the times ... except the PROs. They continue to use the antiquated formulas of music licensing, once a great help to artists. Today it acts like a gun to their head. It works like this:

PROs charge the venue a licensing fee to present music in their establishments and, in turn, pay royalties to the artists who have their songs performed in those clubs. In theory, anyway.

Fact: Most artists who play small venues don't see a penny from the PROs. I'm not picking on the PROs here, just stating a brutal truth.

Fact: Venues are the gateways between artists and the audience, the venue operators are soldiers in the war to find that audience ... and the current business model is killing them off.

Fact: Unless a venue has a license it is **illegal, as in against the law**, for them to let any artist perform in their room.

Point #3:

How Hard Can It Be?

Artists are no longer free to be artists so BMI, ASCAP and SESAC should either help them ... or get out of their way.

Little clubs, farmer's markets, schools and coffeeshouses are like the farm system of a sports team. The smaller clubs and venues are where an artist learns to perform, gather their fans, sell their CDs and T-Shirts and struggle to make a living.

Small stages are where small artists meet small audiences.

Eventually, small audiences turn into big ones. Very few of the artists who perform in small venues see a nickel royalties from the PROs. So why interfere? Why charge a small venue anything at all? Even tiny 30-40 seat living room concerts are charged hefty fees by BMI and ASCAP just to let artists pass the hat to play their own ding-dang songs.

Fact: For most venues, the fees are too high when weighed against the income potential of the room, so they shut down or cancel live music.

This is a Facebook post by Chef Ranada Riley, a music lover who runs a small Bistro that can seat about 50 folks to hear a concert. Check out her frustration:

"I am appalled at how much money is required of a small restaurant to play live music. Companies like ASCAP, BMI and SESAC ask for hundreds of dollars each - three companies with hands in the pocket of small business owners just trying to promote local music. It's a ridiculous racket and borderline bullying. Geeezzzzz"

Fact: It is hard enough to compete with TV, Netflix and the internet. Getting people to come to small concerts is a huge job. The presenters get tired, frustrated and often go broke.

Here's where it gets really sticky: As the market changes, as the music business declines, BMI, ASCAP and SESAC have to struggle to feed the pig. Remember the Pig? Instead of cultivating the fertile garden of music, they start squeezing the little venues for every dime they can get.

The current licensing model makes presenting music expensive, unprofitable and, in many cases, scary. Who on earth wants to go to jail because you let a folksinger play the banjo at a farmers market? They feel at risk, so they shut down.

**"When I hear music, I fear no danger.
I am invulnerable. I see no foe."**

Henry David Thoreau

By interfering with the means of artists to meet their own audience, the PRO's have become foes of the very community of musicians and songwriters they are charged to help. This leaves the artists, the very ones BMI and ASCAP are trying to help, with no place to work. No place to test new music. No place to sell their CDs. No place to earn a living. No way to meet the audience ... the ultimate underwriter of all the arts.

Point #4:

BMI and ASCAP should change their business model

Here's our reality: Only until an artist can find their audience and draw 1000 people into a theatre can they truly register on the royalty richter scale.

BMI and ASCAP are using an old, antiquated business model that no longer works. As that model fails, they try harder to enforce and collect fees from venues, forcing even more clubs to shut down or stop presenting live music.

We need both the PROs and music venues to be healthy and productive. We can do that by changing the business model they are using so everyone ... and especially the artists ... can make more money.

Point #5:

My PROPOSAL:

I urge, no I beg, everyone to consider a new business model that will not only keep venues open but encourage *more* venues to open, *more* stages to open, *more* producers to start

presenting music, giving *more* artists a place to play and find their audiences. In other words: *Make a Ding Dang Living!*

The current model is nothing short of ridiculous. Why is the music industry running down the same dark rabbit hole as the Post Office and newspapers? It doesn't work and the songwriters are not getting what they are owed. The PRO's are collecting fees for songs not even being reported, for Pete's sake.

I think it's unreasonable to charge the venue for the songs an artist chooses to play, anyway.

So, I propose changing from VENUE licensing to ARTIST licensing. No more harassing small venues who are willing to take the risk of creating stages for musicians to play on.

Point #6:

The Solution is the ARTIST PERFORMING LICENSE:

The fix to this mess is to change from Venue licensing to Artist Licensing. With an *Artist Performing License* all songwriters and performers are clear to perform anywhere they want. Just show your card and jump onstage. Done.

It's like a drivers license: I can drive on any highway in America so long as I have a valid drivers license. Same with music, I should be able to perform anywhere I want if I have a valid performing license.

Point #7:

The ONLINE LICENSE EXCHANGE

To get the license, the artist goes to an online exchange, kinda like getting insurance. Here BMI, ASCAP and SESAC receive the accurate song list the artist is playing and their license fee is now pro-rated among the PRO's as needed. This gives our songwriters a fighting chance to get a check from the PRO's for their songs that are getting performed ... something that is *not* happening now.

If an artist plays mostly small rooms, coffeehouses, schools or events like farmer's markets, they pay \$35 a year for a performance license. Done.

When applying for the license, they list all their original songs plus up to ten cover tunes. The PROs now have an accurate list of who to send royalties to. Imagine that!

Point #8:

No more VENUE LICENSE:

Venue licensing is the dinosaur of the music industry. Get rid of it! If a small venue, a farmer's market, school, house concert, or benefit wants to present music ... leave them alone, no fee. That's it. Artists simply show their current Artist License to play, and the venue is in the clear. Done.

Point #9:

Here's why ARTIST LICENSING works:

Fact: Where there is an audience, there is money. Any artist would gladly, *gladly without hesitation* pay the fee knowing that - instead of three clubs in town - there are now 25 or 30 places to play. They have increased their business 10 fold. Because the business model works for the venue, more venues will present music, more stages will open. More artists get hired.

You want to play a stage somewhere? Show your license, no problem. Artists will have more places to perform and find their audience. And the venue will be more likely to actually PAY the struggling artists.

And, if you do simple math, the PRO's would be rolling in cash. This change in the business model is good for BMI, ASCAP and SECAC. Revamping of the current model based on the realities of the new business environment will work in their favor. For every one venue there are scores of artists that would stand in line ready to get their performing license.

If the PROs do this they will be encouraging and stimulating the musical farm system of small venues. They need to do this because this is their job, their mission statement. How on earth can any artist find their audience and play bigger, better paying venues when you are part of the reason so many of the venues they need to find that audience shut down?

Point #10:

The "ANTI" Artist License Argument

A common objection to this idea is: *"Do you really expect artists to, in effect, pay their own royalties?"*

To which I say: WHAT royalties? Remember, most artists don't see a penny in these kinds of royalties. They *want* to work. They *want* to play. They *want* to grow their audience. They *want* to sell their CDs and merch. They don't want to sit around waiting months for their next 9-cent royalty check.

So, for the love of Pete, get the heck out of their way.

Look, BMI and ASCAP are *not* the reason most clubs shut down. But they are, unintentionally, part of the old system that is discouraging so many venues from letting artists meet their own audience. We need performance venues. We need BMI, SESAC and ASCAP to do well.

Most of all, we need the audience to be served and artists to thrive in this harsh, two dimensional digital age.

Converting to artist licensing will create an explosion of clubs, coffeehouses and other stages, generating an audience big enough to employ thousands of performing artists.

Artist Licensing opens up the floodgates for performers to meet their audience, increases the number of stages to perform on, creates long term careers for performers and develops a genuine royalty stream for songwriters.

