

performance royalties
 advances
 live shows
 licensing
 retail sales

merchandise
 commissions
 fan support
 synch licensing
 grants



Financial Case Studies: Executive Summary

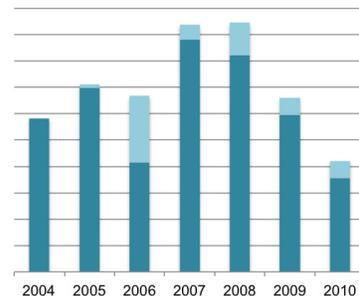
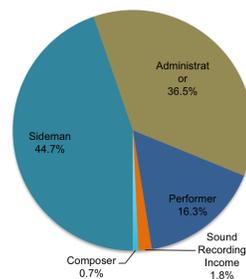
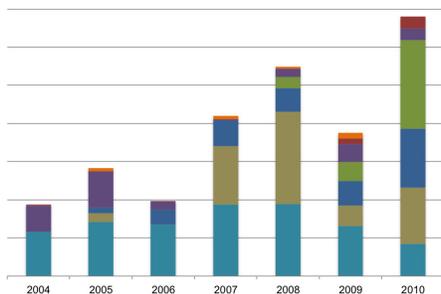
On Thursday, March 15, Future of Music Coalition releases the next data set from its groundbreaking Artist Revenue Streams research project: five financial case study profiles that provide rich, verifiable information about how certain musician types are making a living.

Who is Included in First Series of Case Studies

The five case studies, which will be released in conjunction with an appearance at SXSW on Thursday, March 15, provide a financial profile of five full-time musicians:

- Jazz Bandleader-Composer
- Indie Rock Composer-Performer
- Jazz Sideman-Bandleader
- Professional Orchestra Player
- Contemporary Chamber Ensemble

Drawing from 4-12 years of accounting data provided by the artists, each case study graphs and explains the musician-based sources of income over time. The reports also include annual revenue pies, and a look at income versus expenses and net profit over time. Some case studies also include more detailed breakdowns, such as PRO royalties by territory, or session work by bandleader.



Why Case Studies are Valuable

Using data compiled from individual artists' tax returns, Quicken files and PRO royalty statements, these case studies offer an unprecedented look at how real musicians and composers earn a living. For some musicians, there are just a handful of core revenue streams. Others are juggling live performances, recordings and session work, with a bit of composing money here, and some CD sales there. These case studies underscore the diversity of the American musical landscape, and what musicians do, routinely, to make it work.

Artist Revenue Streams

These financial case studies are one part of Future of Music Coalition's Artist Revenue Streams, a multi-method, cross-genre examination of musicians' revenue streams. Over the past 18 months, FMC has collected information through in-person interviews, case studies and a widely distributed online survey from a diverse set of US-based musicians and composers about the ways that they are currently generating income from their recordings, compositions or performances, and whether this has changed over the past ten years. Findings are being released serially and posted here: <http://money.futureofmusic.org>

Case Study Demographics

Despite having very different financial pictures, there are some things that these musicians have in common:

- 5 out of 5 artists spend all their time doing music.
- 5 out of 5 derive all of their income from music.
- 5 out of 5 are professionally trained. Each of them has a degree in composition and/or performance.
- 5 out of 5 have been active for more than 10 years.
- 5 out of 5 are performers.
- 3 out of 5 are members of a performance rights organization: the jazz bandleader, the jazz sideman, and the indie rock composer. The others are not composers.
- 3 out of 5 are members of either AFTRA or AFM.

Also, each artist seems to be at a place in their career where they have built some momentum. In every case, these artists' gross revenue in the most recent year was higher than previous years. Some likely reasons include:

- **Similar career patterns.** They have been working professionally since around 2000, and have now established themselves as professionals in their field. The data suggest that, even though they work in different genres, career arcs for performers can share some similarities.
- We also suspect that there is some **self-selection bias** at work; it's possible that artists who are organized and confident about their financial picture would be more likely to participate in this case study process, which can take months and involves detailed assessments of their accounting.

What Case Study Findings Tell Us About Musicians' Revenue Streams

For performers, performance is the essential revenue stream. Each of these case study subjects are, primarily, performers. Some lead their own bands, others are sidemen or salaried players, and some play multiple roles. But in almost every instance, their annual income is highly dependent on how many shows they play. Indeed, if they stopped playing live, their incomes would plummet.

Performance is important for a number of reasons: first, it's a creative choice. All of our subjects chose these careers because they enjoy playing music for live audiences. Second, it's a controllable source of income. The jazz sideman receives guaranteed payments for his gigs with various bandleaders, and he is paid directly for this work. The jazz bandleader, meanwhile, takes on greater risks and costs, but he earns money for each performance. The same is true of the contemporary chamber group; the overwhelming majority of their income is derived from live performance fees. This is an income stream that performers can budget for, control, and get paid for at the end of the night.

Performance income comes with significant expenses attached, and it is not unusual for tour expenses to exceed income. The case studies illustrate how tour expenses are not scalable; the more active a band becomes, the more money spent on travel, sidemen, and promotion. Yet, performance income remains the key revenue source for many performers. Other roles that these case study artists play, such as teaching and sideman work, appear much more stable in the sense that they have fewer expenses attached.

Label advances and grants are not free money. Two of the case study artists have received significant grants or advances related to recording projects. In both cases, all of the money was spent to make their records. And, in some cases, the records cost more than the advances or grants may provide, meaning that artists often need to invest income earned through other means to complete the recording project.

Performers leverage their performances to earn money in other ways. With performances as the hook and the platform, all of our case study artists who make recordings sell their CDs to audiences after their shows. For the indie rock composer-sideman, selling CDs on the road was 9 percent of his income in 2010, and 22 percent in 2011. For the contemporary chamber ensemble, CD sales are just 3 percent of their gross revenue, but they also told us that the ensemble itself sells more records on tour than what sells in stores. There are other benefits as well. The jazz sideman has used income made from session work to finance his own work as a bandleader. And performances can naturally lead to other collaborations including future commissions, teaching opportunities and recording sessions.

Some revenue streams are time delayed, but pay off year after year. In contrast to live performance fees that are immediate and clear cut, there are other sources of revenue that pay off over time. This is especially true of income earned by compositions. The indie rock composer-sideman has earned public performance royalties for songs he composed with Main Band #1 steadily, even four or five years after the recordings were released. The jazz sideman has continued to receive PRO royalties for a piece he composed for a film in 2001. In some cases, this time delay is simply part of the accounting process; it takes a certain amount of time for playlists and cue sheets to be turned in to the PROs, and distributions are only made every 4 or 6 months. But the more substantive reason is that compositions have a life of their own. Once the composition is published, it can be licensed or performed again and again, both in the US and abroad, resulting in income over time.

Career investments pay off over time. As noted, each of our case study artists has increased their gross revenue over time. While this reflects career arc in general, it also indicates the cumulative value of investments in their careers. For the chamber music group, hiring a booking agent in 2005 led to bigger guarantees in 2006 and beyond. For the jazz sideman, engagements with certain bandleaders have led to years of work. For the classical player, an investment in a conservatory education, competitions, and freelance work led to a full time position with a top US orchestra. These investments were purposeful and goal-oriented, and led to greater income in future years.

This is the first batch of case studies that we intend to release in 2012. Future case studies will examine musicians who don't perform live, who get radio airplay, and who perform on TV, each of which will enrich the conversation about the ways that musicians earn money in the 21st century.

Learn more about Artist Revenue Streams project at <http://money.futureofmusic.org>