INVESTING IN A PERFORMANCE ARTIST

ABQ Music Explosion

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INVESTING IN A PERFORMING ARTIST!

$$$ HUGE PROFITS TO BE MADE $$$ WITH NO MORE THAN NORMAL BUSINESS RISKS!

By

ABQ Music Explosion and VMG World Wide

Knowing what you do now, would YOU have invested in Elvis Presley or The Beatles when they were unknowns? Of course you would. They made MILLIONS! And are STILL making MILLIONS!

But HOW do you find out which acts are going to be profitable and which are born losers from day one?

EXCELLENT QUESTION! And we're going to answer it right here.

In spite of awesome 'talent', most artists are virtually brain-dead when it comes to BUSINESS or the FINANCIAL realities of this Best Of All Industries. They've bought in to all the ages-old never-did-work poppycock, suffer more paranoia than government socialists, and compound their ignorance with a mind so narrow they can look through a key hole with both eyes!

Now that we have a handle on the general situation, it's a whole lot easier to cut through the idiot elements and select those FEW with whom an investor can make some real money, and make the Artist equally well off in the process. Without the Artist, there is NOTHING! At VMG, we DO NOT permit the Artist to be scammed or exploited out of their fair share of earnings. If you've got any ideas about doing that, STOP reading right here and search out the fools some place else.

Before we go any farther, make sure you understand that ANY Artist can make a ton of money – all it takes is a good PLAYING record to draw people to the HIGH DOLLAR venues! And nobody can get into the HIGH DOLLAR venues WITHOUT a GOOD PLAYING record. That takes PROPER management and PROPER investment from Day One.

At VMG, the first thing we look for in an Artist is the absence or presence of HEADUS RECTUMITIS, industry ignorance and paranoia. The presence of any one of the three is justifiable cause for us to FLUSH, and not waste anybody's time, money or effort. Any one of the three is a SURE AND CERTAIN KISS OF DEATH for any and all the investment, and the Project, without exception. In my sixty-plus years in the industry, and forty-five-plus in the business of VANDOR/VMG World Wide, I've NEVER seen it fail.

Sometimes it takes a while to determine the presence of any given one, and THAT is why we invest very carefully: to be able to FLUSH any idiot and NOT destroy ourselves or a Project in the process. Nobody bats a thousand in ANY business, entertainment included, so by applying SOUND BUSINESS PRINCIPALS we determine the rejects and make a good profit on the remainder. And HOW do we do that?

We glean hundreds of potentials, and eliminate those who expose their incompatibility IMMEDIATELY. The survivors, seldom more than one (1) out of one hundred (100), we take to the next step. We release a series of their recordings via Electronic Music/Media Services (EMS), generally known as PromoLibraries, sit back and watch the results. No Hype! Nothing. We want to KNOW if their "groove" will work on its own, and WHAT they are going to do either way the release goes.

It charts ... do they blast off on some idiotic cum prima-donna tangent? Do they refine themselves to ADAPT themselves TO the market? What?

It doesn't chart ... do they begin a paranoid "everything-is-a-scam" campaign? Do they go into depression? Again, WHAT?

We're watching. And we're watching every move. Right here we'll do another separation of the fools from the finalists.

By now we've probably went through a thousand (1,000) or more "wannabes". Most are well-intentioned, honest, and sincere, but just WILL NOT learn the cold, hard realities of this industry. And in such cases, there's really NOTHING more anyone can do for them. They've locked the doors against themselves, and that decision is THEIRS!

What we have left at this point are those who have:

1. Put their business house in order;
2. Have some idea of WHAT they hell they're doing as a business and a product;
3. Are in the process of adapting themselves TO the market; and
4. Ridding themselves of any clutter that will potentially harm or restrict their endeavors.

Even at this stage of the game, we're NOT ready to throw scads of money to the winds, but we ARE ready to consider a more substantial investment.

Artists who reach this level generally HAVE a product they've recorded. Very few such products are technically up-to-date, and ALL of them need processing into COMMERCIALLY ACCEPTABLE Masters suitable for the processing and manufacture of an album.

Singles cost damned near as much as LPs, with only the administration of clearances, licenses, et cetera, being less and the FIXED costs being the same. Knowing that albums outsell singles about ten (10) to one (1), it makes little sense to release a single UNLESS there is no other choice! Example: You get a hard and irrevocable HIT with one of the releases, and DO NOT have an album ready to go. Rare, but it does happen.

And what kind of investment are we talking about?

To take the average Artist, who are perpetually session-rich and promotion-poor, do the EMS with NOT LESS THAN five (5) songs, and you have an initial investment PER-ARTIST of Twenty Two Hundred and Fifty Dollars ($2,250.00) (USC). And it's all risk. There are no guarantees that even the best recording in existence will do a damned thing. And NOBODY knows why, and NOBODY can predict. Only the damned liars and equally damned fools say or think differently.

To play the numbers, going for that one (1) out of ten (10) Artists that VMG has gleaned from the obvious losers, the MINIMUM investment is Twenty Two THOUSAND Five Hundred bucks ($22,500.00), and crossover can require a proportionate increase above that. And YES, you can bring your own Artists to the table, and they won't do any better or worse than ours. The object here is to either further refine the Artists VMG has already brought this far or to begin the process with new Artists from your stable. The odds and the money-math are the same for first timers. The only advantage is, the VMG Artists have already invested in themselves, at least to some degree.

Now that we've been through the EMS TEST mill, and we have both COMMERCIALLY ACCEPTABLE music on the "groove" alone, and an Artist who isn't doing handsprings into on-coming traffic. Well now, it's time to consider an album, AND THE ARTIST PROMOTION LOGISTICS TO GO WITH IT!

And $$$ how $$$ much $$$ is $$$ that $$$ going $$$ to $$$ take? $$$ $$$ ... $$$ ...???

Depends on the ACTUAL product. Let's start at the INITIAL RECORD RELEASE AND PROMOTION.

Once the product is recorded – and that can cost anywhere from $1,000.00 to $500,000.00 – depending on how PRUDENT or STUPID you want to be – and the necessary content of the Masters, the initial promotion budget will depend largely on the CROSS OVER potential of the album, if any. Let's break that down a bit ...

Let's say you've got Hillbilly Harmon, and his music is right between the eyes of the dirty pickup truck driving, Caterpillar Equipment ball cap wearing, warm Budweiser beer drinking, red neck .. there isn't a hell of a lot of use sending THAT product to a hard rock, sidewalk slamming broadcaster! It's a waste of money and you're going to look like a damned fool in the process.

Fine. You only need to hit the hard hillbilly – as opposed to 'modern' Country (which is neither) – stations and outlet buyers. As a DISTRIBUTED product, and regardless of the Field of Music, you still have to release world wide or the counterfeiters (pirates) are going to give you a massive royal cleaning should there actually be any real sales. But Hillbilly Harmon doesn't need promotion to cover more industrial area than his determined market.

Now let's consider that somewhere in the pile, there's a cut that just MIGHT do a tad in Southern Rock. "Why" is unimportant, we hear it, it's there, and we'd damned well better not fail to attempt to exploit it. There are about 800 stations in the US that air Southern Rock – regardless of the Artist's reputed Field – so we've just added 800 promo mailers to the cost! Does that require adding more potential outlets too? You're damned right it does! And UP goes the promotion budget accordingly.

The current (2005) album initial promotion budget for any SINGLE main stream Field of Music is $100,000.00 (USC) split equally between the Executive Producer, Record Label, Music Publisher(s) and General Licenser - and DOES NOT include putting product in the stores – "in-advance-of-orders" or otherwise, nor does it include BOUGHT RADIO AIRPLAY, better known as legalized payola. Those are additional costs, and are considered ARTIST promotion in this day and age.

Therefore, the initial album release budget for an investing Executive Producer would be $25,000.00 (USC) unless there is the aforesaid cross over potential – and THAT can easily double the capital requirement. We don't know until we TEST the product, and BEFORE any decision is made beyond the testing stage. In any instance, that budget is limited to Domestic (US) promotion only, even though the product will have been released world wide to avoid counterfeiting. EMS usually sets the stage for Foreign Licensing and sales, and Foreign sales usually set the stage for Foreign Tours.

And THIS is where we START!

We're a long way from buying out Microsoft & Holdings, and there's still risk involved, even if reduced to that of any other business venture.

Right out of the box is the fact we need enough money to FINISH a successful project at the outset. Things move faster than a forked streak of double-geared lightning in this industry, and anyone who pauses to move as necessary has just lost their entire investment in the same instant! So, we require investors to lay the loot on the line, no ifs, ands, buts or maybes. There is a HOWEVER, in case the project dies at or shortly following birth! It takes no longer than NINETY (90) DAYS following release of a record to KNOW with a NINETY NINE PERCENT (99%) certainty the record is NOT going to sell commercially at the time. No ifs, ands, buts or maybes about that either!

In such event, we REFUND the remaining money EXCEPT our costs up to that point. There's no use in pouring more good money into what has proven itself to be a dead horse. Simple and sound business principals. The Artist isn't tied up, they can still go about their career, it's just that ONE of their records didn't set the world afire. Will VMG do another record with them? YOU'RE DAMNED RIGHT WE WILL! We know that MOST records die at the outset and even more die on the vine. We also know that when a record DOES take off like an old fashioned Fourth of July, there is money to be made like no tomorrow!

It is VANDOR/VMG's position that ONE dead record does not a total-extermination make! We go back to the drawing board, market test a NEW product, and go for that Gold again. Because the TRUTH is: you can't miss them all either! In theory, it's only a matter of time until the Artist finds something that works: and now the PROFIT is there for the taking ...

What $$$ else $$$ are $$$ we $$$ going $$$ to $$$ need? $$$ ... $$$ ...

For starters at least one (1) tractor-trailer rig, and enough equipment to overflow it!

Sound, lights, special effects, and the PERSONNEL who can handle all that COMPETENTLY and without jackass! You don't need another "The Station", West Warwick, Rhode Island, February, 2003, disaster.

Tour Busses, to road the Artist, Band and Stage Crew; and an office somewhere to house whoever is going to answer the phone while your baby is on the stage somewhere out there, and all the administrative logistics of booking, accounting, payroll, communications, insurances, taxes (there's that 'word' again), et cetera.

A new tractor-trailer rig with an eight (8) thousand pound lift can still be bought – state of the art – for about $150,000.00 (USC); and someone to competently and safely drive it is going to be extra, as part of the Crew. Tour Busses can be outrageous, and leases come with company drivers – or else – and the cost can be $2.60+ per mile. In the current manufactured gas-gouging squeeze, you'll have to do your own math on that one. Just don't forget that tractor-trailer rigs are thirsty too, and seldom get more than about eight (8) miles to the gallon. With the current socialist-manipulated oil 'crisis', your guess is a good as anybody else's, just be prepared for some HUGE increases when you need it least.

A quick look at the startup and 1st year administration should be somewhere around $2,500,000.00 (USC).
PER-ARTIST initial preparation, initial promotion, et cetera, should average about $1,500,000.00 (USC).
Lights, sound, tractor-trailer, incidental air travel, rehearsal support will add another $1,500,000.00 (USC).
Band, competent Show Crew, Security, et cetera, will top out at something near $1,600,000.00 (USC).

That's a rule of the thumb figure of some $7,100,000.00 (USC) and you haven't booked a show yet.

Four Walls is the only way to go, where you pay all the costs and KEEP most of the money. A decent 8,000 seat venue with all the necessary trimmings will cost about $180,000.00 (USC) per show – and with any solid (quality) merchandise – return the investment and about $150,000.00 profit. And that isn't Super Star, that's just about any competent Artist with more brains than an oyster who conducts themselves properly.

Now for a quick answer, multiply that $150,000.00 per show by 200 shows per year – and you're looking in the neighborhood of THIRTY MILLION DOLLARS ($30,000,000.00) (USC) profit before taxes! The last time anyone checked, $30-Mil was one hell of a nice neighborhood ...

Can your chosen Artist achieve the same Super Stardom as Elvis Presley, The Beatles, or several others in that category? YOU'RE DAMNED RIGHT THEY CAN! It's a matter of PROPER management, with PROPER investment, and PROPER conduct on the part of everybody involved. Super Stardom IS FOR SALE! It's not a matter of 'talent', it's a matter of BUSINESS!

The same is true of investing in Motion Pictures the VMG way. Film is a whole lot more complicated, but we'll be glad to provide specifics of any project we have in the hopper at the moment.

Want to talk about it? Fine. Send me a letter via regular post, on your letterhead, stating your interest and requesting information. No obligation. There will be more paperwork should you decide to follow through, but at this stage your letter will be enough, and we'll do all the chatting on my dime.

I sincerely hope the contents of this Article 26 will help everyone who reads it, from the "wannabe" Artist to the well-established; to the investors and investment groups looking for sound business ventures; to all those who want a career somewhere in this Best Of All Industries.