

28 Music Business Secrets Every Artist Should Know (And How To Not Get Screwed)

The music business is riddled with technical and legal jargon, which can be confusing at best. At worst, you could be taken advantage of for not knowing what you don't know. To avoid this, you need to not only understand the basics of music business terminology, but you can get a leg up on the competition by learning our following **top 28 music business secrets**. Enjoy.

A&R (Artist and Repertoire)

Term Defined: Artist and Repertoire (A&R) is a person (or people) within a record company whose responsibility is to discover and develop fresh talent. The A&R team entice new artists to join the label, and act as a point of contact for those already signed.

Business Tip: Take everything the A&R person says to you with a grain of salt! Their job is to sell you on a big dream of success, but what you should care more about is: 1) what the contract from the music company (including record labels) actually says; and 2) how other artists in your genre are performing with that company. Do your research!

Advance

Term Defined: Artists often receive a sum of money from the label known as an "Advance". The label then recoups this money (meaning, it reimburses itself the full amount of the Advance, this is not a gift!) by collecting the royalties generated from your music and entertainment career.

Business Tip: Record labels are essentially just banks. Receiving an Advance of \$50,000 might seem awesome, but it's really just a loan from the record label, which will be paid back from YOUR earnings. This is why artists don't receive any profits from their work until the Advance is paid off. The bigger the Advance, the longer you have to wait before you will receive your cut of music royalties. For more information on this topic, check out my video: [Should You Take An Advance From A Record Label?](#)

Big Three Labels (Major Record Labels)

Term Defined: The 3 major labels today are Sony Music Entertainment, Universal Music Group and Warner Music Group. There are countless imprints owned by these labels as well. The major 3 account for approximately 80% of the music market, and represent almost all mainstream artists.

Business Tip: Imprints are sub-labels under the umbrella of another record label. If a label approaches you and says “Hey! My label is signed with Universal Music Group”, don’t immediately think that imprint has the same power as Universal Music Group. Many times, big-named artists will start their own labels under the umbrella of the major record label, but they don’t know how to run a label, or get your music career to the next level. Don’t fall for the brand-name or make assumptions, always do your own research, and get an attorney to review your contract before signing.

Blanket License

Term Defined: Blanket licenses are offered by performing rights organizations (“PROs”) and allow the licensees (the person licensing the song) to use any song from their music catalogues, in exchange for usually an annual fee. Blanket licenses are commonly purchased by frequent music users, such as radio stations, shopping-centers, or restaurants who play background music, because it’s less time consuming than acquiring the license for every song they wish to use individually.

Business Tip: You get paid by PROs for your live performances at venues. Live venues are required to also obtain blanket licenses, which is why you can log your performances with your PRO (such as BMI or ASCAP, if you’re in the United States), and you will get paid for the songs you performed. By having your music registered with a PRO, you get paid every time your music is performed publicly (such as in a restaurant or on the radio).

Copyright

Term Defined: Copyright is a legal right by which creators have ownership of their original material, so that others cannot steal, or fraudulently profit from their lyrics or music.

Business Tip: In the United States (and in many other countries, such as the UK), as soon as you create your song, you have copyright protection in that song. The reason you want to register your song with the Library of Congress at copyright.gov (or via the copyright registration body in your country) is because having your song formally registered is a prerequisite to filing a lawsuit (i.e., you can’t file a lawsuit until you get the piece of paper saying you own the song!). Check out my [Copyright Explained](#) playlist for more of a deep-dive on how copyright works, how to file a copyright application in the U.S., how to post cover songs legally, and how to sample music legally!

Cover (Cover Song)

Term Defined: A cover, or cover song, is a re-created version of another creator’s song.

Business Tip: Doing cover songs legally has never been so easy! When doing a cover song, make sure you retain the essence of the original song (i.e., the same general song structure of verse, pre-chorus, chorus, and lyrics). If

you end up adding brand new lyrics to your cover, it might not be considered a cover song anymore. Check out our video [How To Post Cover Songs Legally](#) for more of a deep-dive on this topic!

Demo

Term Defined: You all should know this one! A demo is a basic recording designed to showcase the quality and style of an artist's work.

Business Tip: Demos are often sent to A&R representatives, booking agents or management companies who might be interested in working with you. Be cautious of who you send your demos to though, because leaks happen! Artist/producers also run into issues of songs getting stolen or copied. The good news is that you have automatic copyright protection in most countries as soon as you make your song, however, you want to make sure you formally register your songs for copyright protection. You may run into enforcement and collection issues if you have not taken this important step.

Digital Distribution

Term Defined: Digital distribution is the process by which music is sold and listened to online through digital service providers (also known as “DSPs”), such as Spotify and Apple Music.

Business Tip: Remember we just talked about cover songs? Well, as of January 2021, the Mechanical Licensing Collective (“MLC”) (which is a non-profit organization put into place by the 2008 Music Modernization Act) is now in charge of paying songwriters directly for cover songs. Meaning, music distributors are no longer requiring mechanical licenses in order to upload and distribute cover songs, because DSPs just pay the MLC directly now. Things just got a whole lot easier for music creators! I did a video on DSPs for record label owners, but the same information applies to artists distributing their own music! Watch here: [How to Distribute Music](#)

Door-Split Deal

Term Defined: A door-split deal is financial arrangement between a venue and the performer, in which the artist typically does not receive compensation via a fixed rate, but rather, receives a percentage of the profit generated from ticket sales.

Business Tip: Door-split deals can be a good way to go if you have a solid fan following. If you know you are going to have high ticket sales, sometimes doing a door-split can be more profitable than taking a flat rate for your performance. Extra pro tip: you can always negotiate a flat fee for your performance, AND take a cut from the door, it just depends on your popularity and negotiation power.

EP (Extended Play)

Term Defined: An EP is a collection of songs, typically 2-6 song (fyi, an album is defined by Spotify these days as 7 songs or more).

Business Tip: Doing a 5 song EP is a great way to not break the bank, but still give your fans a collection of work that feels more personal than a single. It honestly does not make much sense to do albums these days, but as creators, sometimes doing single after single feels less fulfilling. Consider releasing EPs every few months instead.

Getting Signed

“Getting signed” is the process of an artist signing a contract with a record company, which is commonly titled a “Record Label Deal”, “Artist Agreement”, or “Album Agreement”.

Business Tip: Once an artist signs with a label, the record label typically provides an Advance (see “Advances” defined above), and additionally helps on the financial side with production, distribution and marketing of the music. Remember though, the label only does this in exchange for ownership of your music. It might be a no-brainer to sign with a label early in your career, but you must understand what you are giving up in exchange for the promises the record label makes (whether it fulfills those promises or not). Check out my interview with Wendy Day for more of a deep dive on [Why Independent Artists Need Record label Deals](#).

Indie (Independent) Label

Term Defined: Independent labels, otherwise known as independent record labels, are record labels that do not receive funding from, and are not affiliated to, any of the major record labels. They commonly work on a smaller scale, with far less budgets than major labels.

Business Tip: Remember that any label, big or small, is run by people. Always ask yourself, what can this label do for me that I can’t do for myself? Why can’t I just be my own label? If you could learn everything the label knows how to do, such as marketing, music distribution, live shows, etc. (which you can), does it make more sense to just invest in yourself, and not give up ownership of your music?

Manager (Music Manager/Artist Manager)

Term Defined: Music managers are there to help the artists they represent. It’s their job to coordinate with venues, publicity agents, and record companies to make bookings and deals on behalf of the artist, and then ensure that these projects run smoothly. The main role of a music manager is to progress the careers of their artists by finding artists opportunities to advance their careers to the next level.

Business Tip: Managers typically take 15%-20% of your gross monthly earnings (“gross” means no expenses are first deducted). This matters because often indie artists are still paying for their live shows, merch, music creation, etc., but the manager is taking his or her percentage before the artists have even recouped their expenses. Always try to work informally with the manager before officially signing a 1-2 year management contract, so you can determine whether that manager is a good fit for your project. Extra pro tip, make sure it says in your Management Agreement that the manager may not take manager’s percentage from your merch, if you paid 100% of the merch expenses. You can get a free Management Agreement template when you purchase [How To Keep Your Dukes Up In The Music Business](#).

Mastering

Term Defined: Mastering is the final stage of creating a song (think of it as “polishing” the final song), and ensures that the quality is consistent with industry standards, including as it relates to the overall volume of the song.

Business Tip: Not all mastering engineers are created equally! Mastering should elevate the final song. Make sure you find the right fit for your project, even if that means you work with multiple engineers until you find the right fit. Major artists like Kanye West (Ye) often pay multiple producers to mix and masters the same song at the same time, so he can determine which is the best version. Dive more into this topic by checking out an interview we did with [Grammy award winning mastering engineer, Reuben Cohen](#).

Mechanical License

Term Defined: A mechanical license is required every time a copy of a song is made either physically (i.e., CDs) or digitally (i.e., Spotify). The mechanical licenses are usually controlled by the music publisher or songwriter. If an artist who does not write their own songs wishes to record a cover version, they typically need to obtain a mechanical license first, which is how royalties are paid to the songwriter. This, however, does not apply to cover songs created and released after January of 2001, and of which are distributed digitally (and are not downloadable). As noted in our Cover Songs section above, the MLC (Mechanical Licensing Collective) is now entrusted with the job of collecting mechanical royalties from DSPs (digital service providers), and paying those mechanical royalties to songwriters. As such, mechanical licenses are no longer needed in many situations.

Business Tip: A mechanical license does not give you permission to use the song in a video, that requires a synchronization license. For more of a deep-dive on this topic, [watch Don’t Get Sued | Post Cover Songs Legally](#).

Merch (Merchandise)

Term Defined: Merchandise (or “merch”) refers goods sold by artists, such as t-shirts, hoodies and posters. Merch not only provides musicians with extra income, but distributing branded merchandise is also a great promotional tactic to raise awareness of an artist.

Business Tip: You can utilize free platforms like [Threadless.com](https://www.threadless.com) to create a free online shop, and not have to do any order fulfillment yourself. Once you have a consistent demand for your goods, it makes sense to set up a [Shopify](https://www.shopify.com) store, and do the work all yourself (which means you get to also keep all the profits), but if you want a simple and convenient solution to your merch needs, try a platform like Threadless or [Printful](https://www.printful.com).

Music Library

Term Defined: Music libraries are companies and organizations that acquire the rights to music catalogs, and then sell the synchronization licenses to production companies (typically for placement in TV, Film, and/or Games), or otherwise use the songs in their own projects.

Business Tip: This is where artists can make the BIG BUCKS. Obtaining placements in TV, Film, and/or Games can garner you as low as \$5,000 for a placement, and as high as \$100,000 for a major TV commercial. Beware though, many companies will ask for exclusive rights to represent your music (meaning, you cannot have any other company represent your music, usually for a few years at least). Make sure the music library you are signing with is a good fit, and commonly works with music in your genre. For a deeper dive on understanding the power of TV/Film placements (and how it all works), watch [Kate Bush “Running Up That Hill” | Stranger Things | Getting Sync TV/Film](#).

One Sheet

Term Defined: A “One Sheet” is a one-page document that provides an informative summary of a release, including a summary about the artist’s career, marketing plan, style of music, release date, and details that are relevant to the label and music distributors who are responsible for selling the product.

Business Tip: You want to write a short description about your release, which should be featured at the top of your One Sheet. You can use this description when submitting your song for Spotify playlist consideration (you can do this through the “[Spotify For Artists](#)” page). Spotify wants to know about your song, and how you plan on marketing it, which is information that should already be in your One-Sheet. Easy breezy! Extra Pro Tip, in addition to having a One-Sheet for each release, you should also have an electronic press kit (“EPK”), which give an overview of who you are as an artist, and provides links to your music and social media. For more information on this topic, watch [How To Make A Great Music EPK... *Key Items You Need In Your Electronic Press Kit*](#).

Performing Rights License

Term Defined: A Performing Rights License must be acquired in order for copyright music to be broadcast in public premises, including clubs, conventions, shops and restaurants. This is the same as a Blanket License (discussed earlier). The PROs (Performing Rights Organizations) in your country issues these public performance licenses. This enables them to track performances of their songs, collect the accumulated royalties, and transfer them to the appropriate party.

Business Tip: You want to register your music with the PRO in your country. In the United States, that would be [BMI](#) or [ASCAP](#). Be sure to check out our video comparing the [pros and cons of BMI v. ASCAP](#). For collections in other countries, you can either register your music with that country's applicable PRO, or, use a service like [SongTrust](#) for international public performance royalty collections.

Promotion

Term Defined: Promotion is the process of promoting your music, and raising public awareness of your brand, with the objective of earning revenue.

Business Tip: There is simply nothing more important than self-promotion and marketing in the beginning of your career. Once you have a built-in audience, you still need to continue marketing yourself, but with a fanbase comes essentially a social media street team. For more of a deep dive on how to market your music, check out [How To Market Your Music Correctly](#).

Publisher

Term Defined: Publishers (also known as publishing companies) deal with the copyright associated with distributing music, and the collection of royalties. They are responsible for ensuring that songwriters and composers receive proper payment when their compositions are used commercially.

Business Tip: Publishers typically deduct an administration fee, up to 50% of all mechanical and synchronization royalties and/or fees. For your performance income, since those monies are collected by PROs, the Music Publisher usually gets only 25%. For more information on this topic, watch [How To Set Up A Publishing Company For Music | Do I Need A Music Publishing Company](#).

Record Deal

Term Defined: A record deal is a contract between an artist and a record label, which gives the record company the right to own, sell and distribute the artist's music, in return for the label's services. Commonly, the artist receives an Advance (discussed above), which helps in producing the album, and the artist also receives a percentage of music royalties.

Business Tip: If a record label gives you an Advance, there is a good chance you will not receive any of your music royalties for a long time (it takes a while for the record label to recoup its Advance). A good record label deal can help elevate your career, but remember, the record label agreement is often riddled with legal jargon and hidden terms, **so make sure you get an entertainment attorney to review your agreement** and help negotiate the best deal for you. Artists typically receive around 50% of royalties when signing with independent labels, and as low as 12%-14% when signing with a larger label. For more of a deep-dive on this topic, watch [How To Avoid BAD RECORD DEALS](#).

Record Labels

Term Defined: Record labels are for-profit organizations that sign and represent artists, facilitate distribution of music, negotiate the licensing of the songs, and make deals for other aspects of an artist's career, such as production of merchandise and other related products. A big positive of record labels is that artists typically receive support, mentorship, and the financial backing to produce, market, and distribute music. The downside of record labels is that they are just people, and may or may not be able to actually help you (more on this next).

Business Tip: If you are signing with one of the “Big Three” major labels (discussed above), you will unlikely have much negotiation power when it comes to your record label agreement. Typically, you will get better terms with a smaller label, but there is less certainty that the label will be able to accelerate your growth. It's as much a game for the record label to sign you, as it is for you to sign with a record label. Either way though, the record label will almost always retain ownership of your music. For more of a deep dive on this topic, check out [The BIGGEST Scam in MUSIC: Record Labels](#).

Royalties

Term Defined: Royalties are the fees paid to the copyright owner of a song in exchange for the right of a third-party to use that song.

Business Tip: Artists can get confused by the different types of music royalties, there are 4 types: mechanical royalties, performance royalties, sync royalties, and print music royalties.

1. **Mechanical Royalties:** mechanical royalties are paid when a copy of a song is made. Be sure to join the [Mechanical Licensing Collective](#) (MLC) to get paid your mechanical royalties.
2. **Performance Royalties:** artists get paid when their music is performed publicly. To start earning performance royalties, you'll need to register your song with a PRO like BMI (U.S.), ASCAP (U.S.), SESAC (U.S.), SOCAN (Canada), or PRS (UK). They'll then split the royalty between songwriter royalties and publishing royalties. You'll get the songwriter royalties, while your publishing company (if you work with one) will get the publishing royalties. Extra pro tip: If you don't have a publishing company, you can collect your publishing royalties directly.
3. **Sync Royalties:** When someone “syncs” your music to a visual media like a movie, TV show, YouTube video, video game, commercial, etc., you'll get paid synch royalties (or, alternatively, just a one-time licensing fee).
4. **Print Music Royalties:** Print music royalties are just like they sound, they're royalties that come from the sale of sheet music (so probably not applicable to most of you reading this).

Session

Term Defined: A session is a recording period at a recording studio.

Business Tip: When it comes to recording, always make sure you are fully warmed up, and have already practiced what you are recording. Also, don't forget, you might be recording in a quiet space, but if you have a big part, go big! Pretend you are performing in front of 20,000 people, and feel that sensation everywhere in your body.

Session Musician/Session Singer

Term Defined: Session musicians (or session singers, if applicable) are hired to provide backing vocals or music to the main performer, but are not typically a part of the permanent ensemble, band, or group. These musicians and singers typically do not receive any percentage of the profits generated by the finished recording as well.

Business Tip: Know your worth! Since you are not making any money on the back end (from music earnings), be sure to negotiate a reasonable and fair rate for your time. Just think: if this song becomes the next biggest hit, and you aren't making anything from it, will you kick yourself for not having negotiated a better flat rate for yourself up front? Oh, and you CAN request back-end profit participation, it just depends on whether you have any negotiation power! The worst they can say is "no" right? So ask anyway.

Synchronization (Sync)

Term Defined: A synchronization (sync) license is a license granted by the copyright owner of a piece of music, in order for it to be placed in TV, film, advertising, and games. The sync license is required before anyone can "sync" your song to something visual (even a music video).

Business Tip: If someone approaches you, and requests to use your song in their film, always consider the benefit of having your song featured in the film, over the amount of the licensing fee. Even a placement in an indie film may expose your song to hundreds, if not thousands, of new potential fans. From a marketing standpoint, it's almost worth paying your own money to have your music in the film (but don't do that, just make sure you don't lose an opportunity because you were playing hard ball on the price). For a deeper dive on understanding the power of TV/Film placements (and how it all works), watch [Kate Bush "Running Up That Hill" | Stranger Things | Getting Sync TV/Film](#).

360 Deal ("Ancillary Rights")

Term Defined: The traditional record label deal is the "360 Deal", in which the label receives a percentage of all an artist's entertainment income, including but not limited to: merchandising, publishing, touring and

sponsorship deals. Whereas in the past, the label only took a cut from the profits made from the music, the labels now require a percentage from everything.

Business Tip: Most record labels don't call these 360 deals anymore, but instead, labels have "ancillary rights" built into the record label agreement (so while it is more hidden in the contract, the contract nonetheless gives the record label a percentage of all earnings from the artist's entertainment career. Be sure to negotiate this percentage as low as possible, commonly no more than 10%. The record label will try and get as high as 25%. Always have an entertainment attorney review your contract before signing!

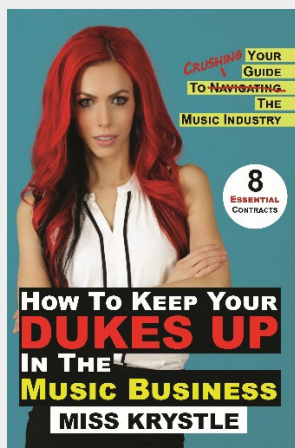
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- Miss Krystle, Top Music Attorney

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Written by **Entertainment Attorney & Record Label Owner**, this book covers the most essential information that **all independent artists and producers** need to know to have a successful music career.

This book includes:

- 8 Essential Contracts
- Copyright & Trademarks
- LLC Formation
- Building Your Team
- Music Royalties
- Music in TV/Film
- Music Marketing
- Branding