



Music Industry Glossary

CN or BN: (Company Business Number) a number assigned to you by the government that simplifies and streamlines the way your business deals with the federal government. It is based on the idea of one business, one number. *Not all businesses need one of these numbers so it is important to go to the Canada Revenue website and get familiar with the criteria before applying.*

ARTIST'S PARTNERSHIP AGREEMENT: contract signed between band members to spell out items such as split of income and writing credit, their aims and objectives, and how a leaving member is dealt with and what happens when the entire band (partnership) breaks up.

ACOUSTIC: an instrument that is not amplified electronically.

ADMINISTRATION DEAL: agreement between songwriter and publisher where the latter will administer the writer's work and collect royalties, but will usually not actively promote the copyright catalogue; will attract a smaller royalty share for the publisher but they do less work and probably won't pay a significant advance.

ADVANCE: a sum of money paid in anticipation of future earnings to the artist by a record company, publisher or merchandiser. An advance is not repayable but may be recouped by the company from monies which in due course may be payable to the artist.

AGGREGATOR A website or software program that gathers (aggregates) and displays web content such as news headlines, blogs, and podcasts from multiple websites to a single location. It allows searches by keyword and provides summaries for browsing.

AMBIENCE: acoustic nature of a room, whether it's a studio or a live music venue.

A&R: 'Artist and Repertoire' division of a record company finds new talent to add to the roster and will be involved in every aspect of making a record, usually including having a say in the creative aspects. The A&R person represents the artist to the other branches of the company and the company to the artist.

AT SOURCE: royalties based on gross earnings in an overseas territory, minus only deductions such as taxes by the foreign government or holdings by the overseas company.

BOOKING AGENT: gains authority from the artist to represent them to promoters and venues, etc., for employment (gig); and often collect money on their behalf.

BRAND: Your identity.

BUYING ON: a practice common in some European countries, especially the UK and now increasing in other countries where artist themselves or possibly through their record company, are required to pay a headline act or the promoter in order to get on a tour as a support.

COLLECTIVE WORK: a joint composition between two or more writers who may or may not be members of a group.

COMMERCIALLY SATISFACTORY: a subjective phrase that often appears in record agreements (If you agree to deliver to the record company a commercially acceptable recording). Generally, this means, one that is reasonably consistent with their previous work and has a chance of selling in the present market. The wording should be avoided.

COMPANY: legal entity that exists separately from its members (who are not necessarily individually liable for its debts but whom may have obligations and responsibilities as directors of the company) and operates according to its own constitution and any relevant Corporations Act.

CONSIGNMENT ITEM: stock placed in a retail outlet and for which the supplying company or person will only charge when and if it is sold. All remaining stock can be returned by the retailer to the supplier at no cost.

CONTROLLED COMPOSITION: a song that was written by one of the artists who recorded it even if it has been assigned to a publishing company. Record contracts in the US usually demand that the songwriter in such cases accepts a lower mechanical royalty for that song.

COPYRIGHT: An internationally recognised system that gives the creator or owner of a song or recording rights to that work, the right to be compensated for its use and the right to decide whether that work can be copied (or used) by others for the first time. While copyright is recognised internationally, it is governed by national laws.

CUTOUPS: records that end up sitting in the warehouse without selling. They are, after a period of time deemed unlikely to sell and are either sold for very low prices to discounters, or sent for recycling for scrap plastic. Artists get reduced or usually no royalty for cutouts.

DAT: (Digital Audio Tape) data is digitally coded onto the tape to give it a CD sound quality.

DEAL POINTS: usually refers to the main negotiable parts of an agreement – i.e. the term, territory, royalty, advance, commitment or retention.

DEMO: a 'demonstration' recording of a minimum of one track by an artist or songwriter to show others (venues, record companies, publishers etc.) what the essential sound of their music or their song is. A demo is usually of a lesser produced or recorded quality and therefore cost.

DEVELOPMENT: building a 'baby' act to the point where it is ready to record. It is a process that could take years, and is becoming less common in the music industry in the quest to find quicker return on investment.

DISTRIBUTION COMPANY: ships the records to the stores, monitors how many they sell, collects the money from the retailer, and pays the record label or the artist if the distribution deal is done directly with the artist. The distributor seldom engages in or pays for promotion or marketing and does not demand ownership of the recordings in return for its services. If your record company does not have a distribution deal, it means they do not have an effective way to get your records into stores. It's very difficult to sell them that way!

DOOR DEAL: where the artist gets a percentage of the money paid by the public 'at the door' during a gig. Depending on the deal, this could mean the act gets all the money or a share of the door money once a certain amount of paying gig-goers come into the venue.

DOWNTIME: time in a studio which is not booked by paying clients and which may give new acts the opportunity to use its facilities for lower fees.

ENGINEER: person, usually from a technical or electronic background, who records or mixes the sound in a studio or at a live gig. The engineer is usually not responsible for the structure or arrangements of the songs, just the sound of the instruments that gets put on to the recording.

EPK – Electronic Press Kit. A promotional press kit in electronic form.

ESCALATIONS: you can escalate (or increase) royalties based on sales of records. For example, if your royalty is 16% then you may get 16.5% or 17% at a certain sales level (eg gold), then again at another point (e.g. platinum).

FREE GOODS: records which labels give out free to the media for promotional purposes, and also stock to retailers for better wholesale pricing and positioning in the store. The artist gets no royalty from these.

FRONT OF HOUSE: any part of the venue that is not the backstage area, but usually means the mixing desk that is placed either at the back or the middle of a venue to 'mix' the different instruments and microphones during the performance.

FOLDBACK: the sound system set up onstage so that the performers can hear all the instruments the way the audience would hear them. (your monitors)

GIG: slang for a live show or a job.

GIVEAWAYS: also known as free goods. These are records given to the media or retailer to provide profile for the artist.

GOLD: award for sales for singles and albums. Number of sale units will differ from country to country (eg 500,000 units in the US, 50,000 units in Canada) based on population / dollar ratio.

GUARANTEE AGAINST: an act is guaranteed a fee for the performance against a share of what is taken at the door. When the venue collects the equivalent of that fee from what is earned at the door, the act is paid an agreed percentage of the admission price above that guarantee.

HEADS OF AGREEMENT: an abridged but legally binding version of a contract which points out some of the main aspects of the agreement, without the heavy terminology needed to protect the parties if a dispute arises and goes to court.

INTELLECTUAL PROPERTY: a concept in the law that includes copyright, trademarks and patents.

JINGLE: music used in an advertisement.

LETTER OF INTENT: an agreement between two or more people stating that they are commencing negotiations and intend to enter into an agreement; less content or details than a Heads of Agreement but possibly binding nevertheless.

LOADER: loads and unloads the gear before and after a show. (roadie)

MANAGER: is an individual or company who guides the professional career of an artist. A manager oversees the day-to-day business affairs of an artist; advises and counsels them concerning professional matters, long-term plans and personal decisions which may affect their career.

MARGIN: the gross profit from the selling price of an item.

MARK UPS: difference between what something costs to make, and what the retailer sells it for, to cover transport costs, profits and other reasons.

MASTER: original recording made in the studio, so called because it is the controlling entity (or master) from which all copies are made. It also means the finished multi-tracked recording, after it is edited, with all the various instruments mixed to the right levels, and EQ'd (or equalized, so that the bass, mid-range and treble are adjusted to right level).

MECHANICAL ROYALTIES: the royalty (often in most countries a set percentage of the P&D) paid to the songwriter, or their publisher by a record company, for the right to use the composition in the recording and is payable for each copy of the record that is sold.

MENTORSHIP: program used by music associations and government departments whereby a more experienced person or company will take a novice into their office for a period of time so as to allow them access to practical experience in their chosen field.

MORAL RIGHT: consists of two inalienable aspects: a) attribution - the right of the songwriter or artist to always be named as the creator of the work no matter what type of deal they have previously done to sell, license or assign their work; and b) the right of the creator not to have their work parodied by others.

NON PROFIT ORGANIZATION: an organization where the profit is put back into the organization and into the interests of its reason for existing. The profits are not divided among its members. This does not mean a company is not allowed to make a profit.

OPTION: in the context of a recording or publishing deal, an option provides one party (usually the company) with the choice of either continuing to work with an artist or ceasing their involvement. Typically these options will relate to the delivery of another album or another period of time to be added to the deal.

OVERRIDE: a payment of a percentage of income to a party above and beyond the 'regular' amount payable. For example, an engineer or session musician whom you paid a lower than normal upfront fee may get a \$1000 override if your album goes gold (this is in addition to the fee they may have been paid), or an investor may get a 1% override from sales of your album in appreciation for their financial support.

P&D DEAL: (pressing and distribution deal) a company will charge a commission to press a record and distribute it nationally to the stores on behalf of another, usually smaller,

record company or artist with their own label. Pays the best returns but offers the least help in terms of advances, tour support or promotion.

PRE-PRODUCTION: time spent finalizing arrangements and song structure and the parts musicians will play prior to entering the studio and incurring studio costs. Pre-production is often done in a rehearsal or home studio.

PRESS KIT: a promotional tool (printed or electronic) used for media, retailers and promoters which includes photos, a biography and press clippings of an act.

PRODUCER: assists the artist on completing the recording of their project to the best of its potential in relation to arrangement, structure and sound. They often help finding the songs, booking the session, acting as a mediator in band disputes, and liaising between the record company and the artist. May be hired by the record company but are almost always ultimately paid by the artist. A producer is often an integral part of the success of any recording project.

PRODUCTION COMPANY: a company or individual (usually record producers or recording studios) who will invest in the actual recording of an artist but without the means to distribute records to the stores.

PUBLIC DOMAIN: when a music work becomes free for anyone to use without having to pay the songwriter. Usually 50 years after the death of the songwriter (the period of time may vary in different countries eg. 70 years or more in Europe and the United States). It means the music can be used without the need to pay royalties.

PUBLIC PERFORMANCE RIGHT: the authority you give collection societies to license your composition and/or sound recording for public performance and collect royalties on your behalf. (example – SOCAN: Society of Composers, Authors, and Music Publishers of Canada)

PUBLISHING COMPANY: the company to whom songwriters exclusively assign their copyrights for a period of time for the purpose of exploiting those copyrights (getting people to record their songs or film producers or advertising agencies to include their songs in their soundtrack etc) and to then collect all income due from the exploitation of the composition, from which they, the publisher, will retain a percentage.

RACKJOBBER: a person who leases floor space in large retail chain stores and 'racks' them up with records, deciding what to buy and keeping the profits. It looks as though the large chain is selling the records when they are not.

RACK SPACE: space in retail store that is much desired. Record companies will offer all sorts of inducements to ensure their priority releases are given the most prominent areas in a store.

RECORD: defined in most record contracts as both audio-only (CDs, cassettes, digitally distributed copies) and audiovisual (sound and visual images) like video cassettes and DVDs - and any future format that has yet to be invented!

RECORD CLUBS: Mail order clubs which members join by agreeing to buy a certain amount of records a year. Record companies license their releases to the clubs and then pay the artists royalties from these sales at less than 50% of the top-line royalty rate (but

no more than 50% of the record label's net licensing receipts) because the clubs' claim their marketing and shipping costs are higher, and these are extra sales to people who don't normally go into record stores.

RECORD COMPANY: whether it is a major or independent, they provide services that vary from being a funding source and or providing development, promotions, marketing and distribution assistance or services.

RECOUP: the means by which money which a record company, publishing company or merchandising company has advanced you is recovered by the company. It will be deducted from royalties which they otherwise would be paying you. Where an advance is recoupable in the terms of your agreement, it is not like a loan - it can only be recovered by the company giving the advance from money due to you under that agreement (i.e. royalties) and is not repayable if they don't make enough money from sales to 'recoup'.

RESERVES: retailers can return records which they have ordered but are not able to sell, so the record company is never sure how many records will be returned. Because they may come back, companies keep a portion of the royalties that should go to artists until they have confirmation that the records are not coming back. This is a 'reserve' against returns. The size of the reserve is usually stated as percentage of sales each period.

RIGHTS CLEARINGHOUSE: employed by movie and TV production houses and ad agencies to get the rights to the songs and recordings used in a project from the rights owner.

ROYALTIES: a negotiated percentage payment made to a songwriter or recording artist from a record label, publishing company or merchandising company for the sale or broadcast of their work or image. Usually expressed in record deals as 'points' (i.e. a deal which offers the artist 20% of the amount received by the company from the retailer less various deductions by the company will usually be termed 20 points.) Royalty percentages are often less meaningful than what they are percentages of (i.e. what the deductions are before you get your royalty.)

SELL-OFF: the record company or merchandising company may have a sell-off period which is a set time after the term of your agreement with them has ended. This is the time when they can still sell, but not manufacture, the excess stock they are holding.

SET UP: generally means the process of advance planning for a record's release and promotion or a tour announcement. In the live arena, the term also means the process of the act's equipment being set up and tested before the show. The performance contract would include terms such as access for the road crew and security for the equipment during this time.

SHOWCASE: a special performance put on to profile or show off an artist, band or new recording for invited industry people, media and perhaps the public.

SONG: described as 'a work' in legal terms.

SOUNDALIKE: usually in a jingle or advertisement where, to circumvent having to pay a 'name' artist for the rights to use their recognizable vocals, a session artist is brought in to try and reproduce the original sound as closely as possible.

SUNSET CLAUSES: states what one is entitled to (i.e. a manager) after the term of the agreement ends.

SYNCHRONIZATION RIGHTS: the right to use a composition (or, if a recording, then it is termed a 'master-use right') in synchronization with visual images (e.g. in film, TV or TV advertising).

TECHNICALLY SATISFACTORY: a contractual requirement usually made of producers through the artist agreement, which requires them to provide the record company with finished recordings that are fully capable of being reproduced on CD etc at today's standard quality. Note: if in dispute, the full meaning of this phrase will be dealt with by lawyers.

TELEVISION ADVERTISING: a marketing campaign run on television for a set amount of days or weeks. Because of the expenses involved in such a campaign, the record company insists that the artists' royalties for these be reduced.

THIRD PARTY: any usage of a song or record by someone, other than the parties to the main agreement - e.g. someone putting a recording on a compilation album, or someone asking to use the song in an advertisement.

TRADEMARK: a logo and/or a name that gives a monopoly on its use.

WEBCAST: process of broadcasting a live performance via the internet.