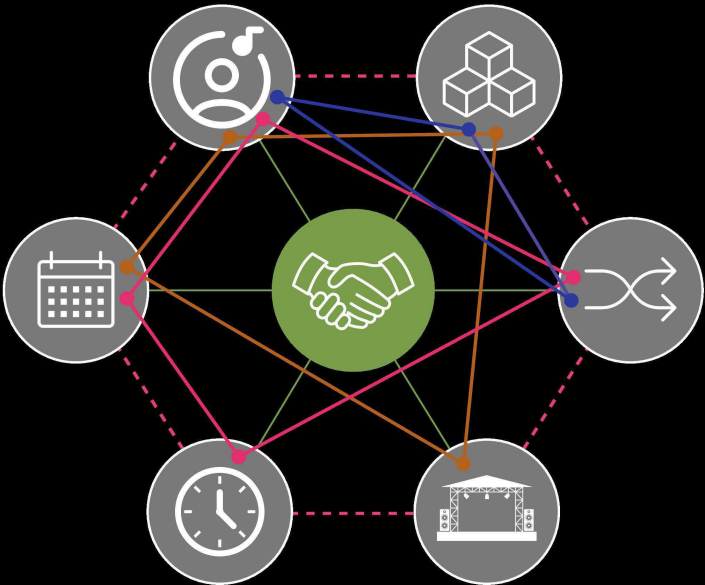




MANAGING EXPECTATIONS

MANAGEMENT DEALS GUIDE

AN EXPLORATION OF DEAL STRUCTURES
IN ARTIST-MANAGER RELATIONSHIPS



FOREWORD

This guide is part of the Managing Expectations series of reports by the MMF, and intends to provide managers with an understanding of the range of different deals that they may wish to negotiate with their artists; from a 20% basic commission, through to a whole range of varying arrangements for increased service provisions.



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The music industry has changed radically over the past 20 years. There are much lower barriers to entry, many more artists are releasing music, and it's much harder to get attention and build a fanbase. Longer early stage artist development means financial rewards take longer to arrive, but conversely, streaming means there may continue to be earnings from recordings flowing into an artist business for many years after the physical copies have disappeared from stores. Artists careers are potentially longer and investments of time or money may take longer to pay back. However the management remuneration model is very much based on the manager as 'deal maker' and 'project manager', coordinating and directing a team of people around the artists (label, publisher, agent, PR etc.) funded by an upfront advance. Arguably the 20% commission model works well in these circumstances where there is significant investment early on and a big team to support and promote the artists. However, increasingly the manager may spend much longer working with developing artists and performing many of the roles that traditionally would be taken on by others in the music industry

from A&R, digital marketing and PR to tour management and rights administration. With more established artists who later may decide to self-release their own music, without additional resources, existing managers often struggle to take on the workload expected under a commission model. Even with labels in the mix, the rise of social media and digital marketing may put more work on the management team to deliver content than was previously the case, again, without additional resource or remuneration.

This is about ensuring that everyone who works on an artist's team and contributes to their success is fairly remunerated for their time, contribution and expertise.

The aim is not to create or undermine a 'standard', but to open up the options for a better dialogue around risk, remuneration and reward, given the timescale for investment returns in artist development. It is also to reflect the wider range of services managers provide and highlight the range and variety of deal structures that are

being used today.

This guide also does not cover producer-manager remuneration, which was the subject of a dedicated MMF Managing Expectations report in 2021.

What is possible and appropriate will depend on where both the artist and manager are in their careers, and what they are offering in terms of resources, knowledge and expertise. For example, a manager who has previously worked as a booking agent may also take on this role for an artist. Similarly managers with experience as pluggers, A&Rs, tour managers, video production, digital marketers - the list goes on and on - may find different structures work for them. Some managers work in global management companies with central resources, some work as independents. Different artists also have different business models (some earn from streaming, some more from live, some have high production costs, some low) so the manager also needs to adapt their model to this. There is no one-size fits all and this guide hopefully helps illustrate this.

than one written agreement e.g. a management agreement based on commission which carves out a specific income stream (e.g. recordings/brand deals/booking agent) and then a separate agreement specifically focused on the area in question. The MMF runs a series of courses for managers to help develop better knowledge of contracts and refine negotiating techniques.

In some cases managers are expected to cover the upfront legal fees of artists to negotiate the management contract. It may seem unbalanced to have this covered from the managers income rather than the artists, however some artists lawyers argue agreeing a management contract is in the managers interest to protect their future income, so they should cover the costs. However this might not be possible or desirable where there is little income available, so at least having the headlines of the arrangement in writing agreed by both parties can be valuable later on.

Thank you to the MMF Board, numerous other MMF members, and to the law firms Simkins and Lee & Thompson, for sharing their thoughts and helping shape this guide. We will of course update this as

deals continue to evolve and we hope it provides a starting point for conversations.