

A dark, atmospheric photograph of a DJ performing at a turntable. The DJ is seen from the side, wearing a dark jacket and a headband. The turntable and mixer are visible in the foreground, with a white cup and a bottle on the table. The background is dark and out of focus, suggesting a club or festival setting.

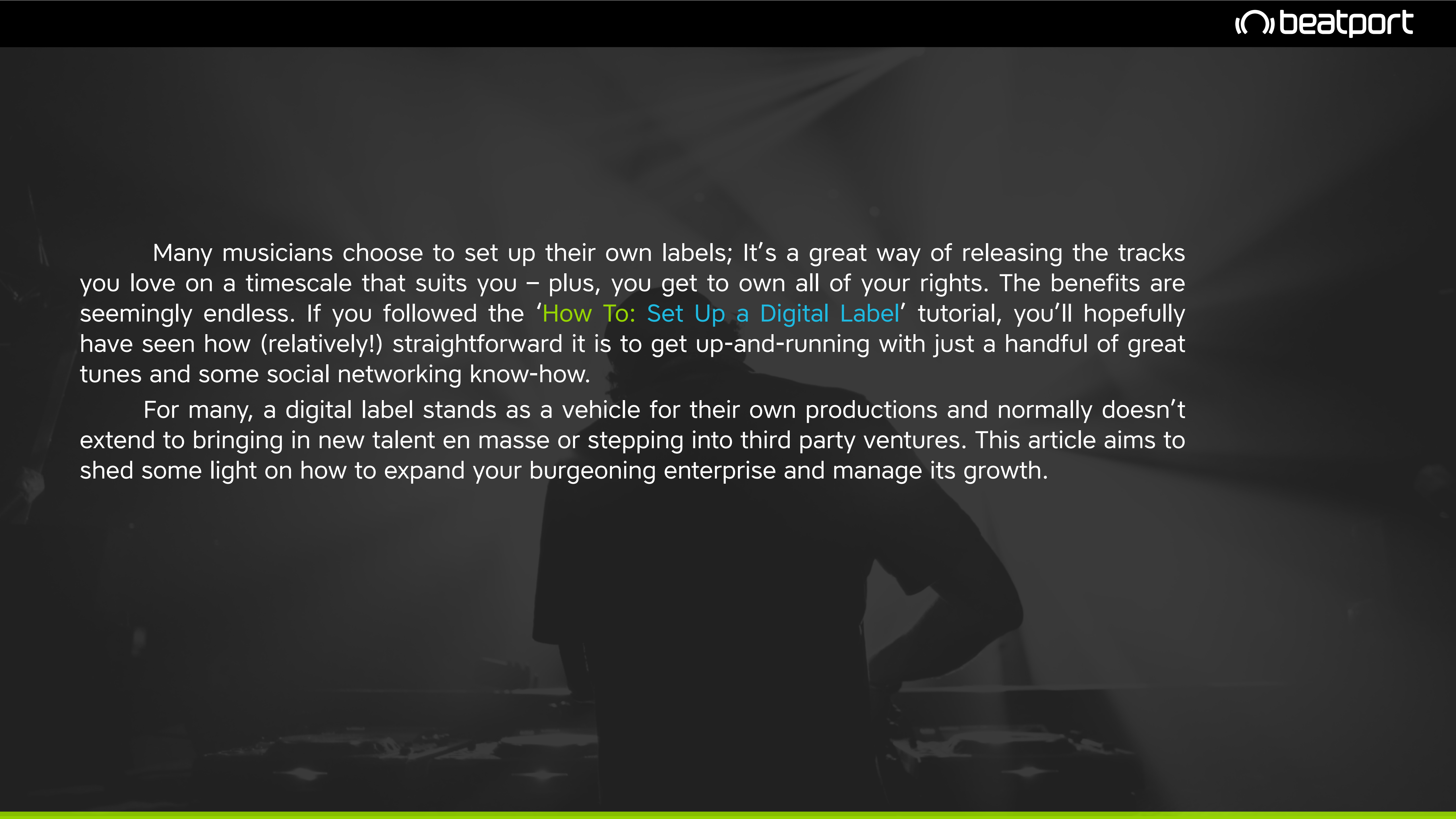
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How To: Run A Digital Label

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So you've registered your label and you've got your releases lined up, but what's the next step? DJ, producer, and label boss Sharooz guides you through contracts, copyright, and collecting your cash.



A dark, atmospheric background image showing the silhouette of a person standing with their back to the camera, looking out over a cityscape at night. The city lights are visible in the distance, creating a bokeh effect. The overall tone is moody and artistic.

Many musicians choose to set up their own labels; It's a great way of releasing the tracks you love on a timescale that suits you – plus, you get to own all of your rights. The benefits are seemingly endless. If you followed the '[How To: Set Up a Digital Label](#)' tutorial, you'll hopefully have seen how (relatively!) straightforward it is to get up-and-running with just a handful of great tunes and some social networking know-how.

For many, a digital label stands as a vehicle for their own productions and normally doesn't extend to bringing in new talent en masse or stepping into third party ventures. This article aims to shed some light on how to expand your burgeoning enterprise and manage its growth.

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- **Sign on the Dotted Line**
 - The first thing to consider if you're going to bring other artists in is your contractual setup. If you've signed a deal in the past, then you may want to base your contract terms on documents you've signed before. But don't rip chunks out of other contracts: your local Musicians' Union or Performing Rights Society should have a sample contract you can use as a basis for your terms. Always use the services of a qualified lawyer to go over the fine print and be prepared to negotiate on some of the points.
 - Try to be fair – it's not cool to exploit your talent. Remember that terms that work for both parties will stand you in good stead well-into the future and are likely to create longstanding working relationships.
 - A net profit share, equally split, is *finally* becoming the norm in some sectors of the industry, and many labels are happy to work this way. There are plenty of great examples of profit-share recording contracts available online. It's also worth drafting a remix contract and perhaps an LP/album contract looking in further detail at options and promotions. Last but not least, make sure you have counter-signed copies of all your agreements. Store them carefully: It's surprising how many people forget this...

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- **Manage Your Functions**
 - Once you've signed some tracks and scheduled them, you'll need to look at the day-to-day functions of running your outfit.
 - It's easy to think that your label exists solely to sign tracks, master, promote, and sell them on a download portal. But those functions account for a fraction of a label's time – and income.
 - Remember you're also responsible for generating ISRCs, dealing with Performing Rights bodies (more on this later), coordinating artwork, advertising, PR or blogging, and generating royalty statements, as well as collecting and paying monies to your artists.
 - It can be appealing to outsource some of these functions, but it pays to keep an eye on this detail as it will only help grow you and your artists' profile more effortlessly.
 - Keep a spreadsheet of all your catalog numbers and devise a tidy system for packaging content and metadata and uploading onto sites.

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- **Show Me the Money**
 - Ultimately, any record label that establishes itself with a sole view for financial gain is destined for failure. Despite a rising trend in digital music sales, the revenues are rarely enough to cover running costs. The wider industry has had to gear itself towards encompassing other opportunities alongside traditional sales of recorded music to bolster revenues.
 - Many labels choose to administer publishing for artists (particularly those from territories without strong performing rights organizations.) In these cases – you, as the label, can collect mechanical royalties from sales of tracks and pay these to the artist with a commission for your efforts.
 - You shouldn't limit yourself to just selling tracks online – there is still a burgeoning market for 3rd party licensing where you can aim to license tracks into big-selling compilations, often still-released by the bigger major labels, garnering prime shelf space in supermarkets and high street record stores (yes they still exist!)
 - For the bigger compilations, it's not uncommon to receive a cash advance on sales which can go some way to balancing the books. Many major labels are now signing artists into '360' deals (more on this below) and if you have the resources and team to pull this off, it can be a rewarding avenue for both label and artist.
 - Lastly, it's always worth looking at opportunities outside the scope of a traditional label – licensing tracks into video games, film, or TV projects can pay off handsomely for both label and artist – even if you're not the publisher of the content.

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- **Leave it to the PROs**
 - Performing rights organizations are important the world-over. They collect money for both label and artist from record sales.
 - Make sure you register all of your tracks with your relevant body. In the UK, [PPL](#) collects money for record labels for public performance of music, but only if the label is a member and the tracks are registered on their database.
 - This income stream starts to build once you have a significant database of tracks – so start cataloging now!
 - It's also worth noting that between 7-12% of your label income will go to the writer of the track too, so make sure your writers (or you if you're the publisher or writer of the works) are registered with a body, such as the MCPS in the UK, who collects mechanical copyright monies.

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- **The Full-360**
 - What is a 360 deal? As the name suggests, this is where a label owns rights to all the artist's income – from publishing to merchandising and in some cases tour revenues.
 - It's easy to see why major labels are so fond of these deals. They invest vast sums in artists (many of whom are unknown) at considerable financial risk. They should therefore be able to cash in on all income streams if and when the act breaks – as they're the ones who helped build the brand. (That's the way the argument goes, anyway.)
 - For a small label, a 360 deal can only work if you have the cash and connections to throw behind the artist, but it's unfair on the artist to be relinquishing their stake in so many areas if you don't have the manpower to really deliver.

Sharooz is a DJ, producer, and partner in [Sample Magic](#), as well as label boss for [La Bombe](#). He has sold over 60,000 records with his tracks regularly played on Radio 1, figuring in the playlists of Pete Tong, David Guetta, Roger Sanchez, and many more. He also writes for EMI Music Publishing, Universal Production Music, and regularly DJs across the UK and Europe.

