

# Artist Management Agreements

By: Chris Taylor

*The views and opinions expressed in this article are not meant to substitute for legal advice which should be sought in each particular instance.*

## Introduction

This article reviews the typical terms and conditions found in a standard artist management agreement.

## Scope

The parties must first determine what the manager is managing. Is the manager managing the artist with respect to "music business" dealings or is the manager managing the artist with respect to the artist's dealings in the "entertainment industry"? Clearly the entertainment industry is a wider description than the music business and could include acting, literary work, and perhaps modeling income.

## Term

Each management agreement should stipulate how long the manager will manage the artist and how long the manager will commission income of the artist. It is not unusual for many such agreements to have an initial period wherein the manager must succeed at attaining tangible goals of the artist. Normally this goal is to secure a recording agreement with a major label during the first 12-18 months of the relationship.

Typically, if the major label recording agreement is secured during the initial period the manager is provided with the option to extend the term of the management agreement to be co-terminus with the term of the recording agreement for a maximum of 3 to 5 LP releases under the recording agreement.

## Commissions

Normally the manager commissions the artist's gross income less a stipulated number of expenses which come "off the top" prior to applying the commission. Normally some of these expenses will include for example, amounts spent on recordings, sound & light expenses, and per diems. A standard calculation for a live performance might look as follows:

Gross amount to the artist	\$10,000
Expenses	
- opening act	-500.00
- sound & light	-1,000.00
- per diems	-100.00
Net amount	\$8,400.00
	0
Manager's %	X 20%
<b>Manager's Commission</b>	<b>\$1,680.00</b>

As you can see from the example above the manager's commission is 20% of the net amounts earned by the artist. This commission rate can range from 15-20% depending on individual circumstances.

The parties will also need to determine which income sources are deemed commissionable under the management agreement. For example, is the manager commissioning all publishing income?; solo projects?; acting income?; record company consulting work?, etc.

The agreement should address how income received by the Artist after the term is going to be commissioned (or not). Will the manager commission at a full rate in perpetuity on all albums produced during the term or will the manager only commission for a set period after termination? What about albums produced after the term under an agreement secured by the manager during the term? Often oral agreements between artists and managers do not address the issue of commissions after the term. A well drafted agreement would address this point and avoid the complications of resolving this issue when the parties are no longer working together.

### **Expenses**

Normally a manager is reimbursed for expenses incurred by the manager which are directly related to the artist such as documented long distance calls and postage. General overhead expenses are not generally charged back to the artist such as manager's office rent, staff costs, and office supplies. This provision will often include some limitation on the maximum amount the artist will be obligated to reimburse the manager for on a monthly basis (\$100-\$1,000). Expenses over the monthly maximum should be approved by the artist.

### **Power of Attorney**

The manager may be empowered under a power of attorney clause to make decisions on the artist's behalf. Often these decisions will include accepting live engagements or approving marketing materials but will not include the right to execute substantive agreements such as recording agreements or publishing agreements.

### **Group Provisions**

If an artist is part of a group the agreement should address what would happen if the artist wished to leave the group or perform as a solo artist. Of course, a manager will wish to retain the option to manage the artist in the event he/she wishes to perform as a solo artist or as part of another group. The artist will try to retain the right to hire new management for endeavours unrelated to the group which originally signs to the first manager.

### **Key Man**

A "key man" clause will address the circumstance where the manager may be part of a management company where some of the manager's duties will likely be delegated or the circumstance where the manager chooses to leave the management company to which the artist is signed. This clause should confirm that the manager will be available on a reasonable daily basis to attend to the artist's business. Furthermore, if the manager elects to leave the employ of the management company that the artist is signed to the artist should retain the right to seek out other management or at least move with the manager to his new company if applicable.