

How to Start a Record Label: “Hip Hop Industry Secrets Revealed”

¹Introduction

Putting out your own records and starting your own record label sounds very scary and overwhelming. No matter how big your plans or what kind of goals you have, no one is going to start a record label and become as big as Artista Records overnight. But starting your own record label doesn't have to be scary and impossible.

By following the process of starting your own record label, step by step, you can and will succeed. In every industry, especially in the music and entertainment industries, there is a formula that must be followed. But to follow the steps in order to start your own record label, you need to know what those steps are.

There are two reasons why you may choose to put out your own records: to make money, and/or to get the attention of a major record label in the future. When the major record labels ignore you, you have very limited options. Putting out records on your own, under your own label, is a good idea because you can call the shots and earn a lot more from your music. Under your own label, you'll get a lot more freedom and more direct profit than working for a large, corporate music label. If you don't own your own label, you're just a sharecropper.

It is a lot of work, but by starting out slowly you'll eventually gain momentum and running your record label will become second nature. The first step is to create a clear, concise plan that you can follow. If you don't know where you're going with your label, how can you get anything done at all? Know your goals, know what you want to get done, and decide how you're going to do it – and then you have a plan for success.

Regardless of why and how you're starting your own record label, it's something that you want to do the right way. Your money, your future, and your career are on the line – so give your record label everything that you've got. When your label succeeds, you succeed. This book will tell you how to start and promote your label, explain how to handle the financial and business side of things, and guide you through the complicated process of starting your own successful record label. It's your road map to success.

This book offers information on the following:

- **Getting Radio Play**
If no one hears your music, it's as if your label doesn't even exist.

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- **How to Market Your Release**
You want lots of attention when you release new songs and albums – but do you know how to get the attention you need?
- **Where to Press Up Your CDs**
Not everybody can create a quality CD. You'll want to know who to go to when it comes to making the best possible product for your record label, at a price that you can afford
- **How to Get it into Stores**
You can't make money if no one can buy your records. Learn the ins and outs of selling CDs.
- **Choosing a Lawyer**
If you're involved in the business world, at some point you'll have to have a lawyer.
- **Copyrighting Your Music**
Legally make it yours.
- **Owning Your Own Masters**
Masters and publishing are the valuable assets of your product.
- **Finding a Distributor**
CD distributors can get a lot more of your music in a lot more places than simple marketing techniques.
- **Selling Outside the US**
Expand your market and your income.
- **How to Set Up a Promotional Tour**
Fan support is key to selling records. The more touring, the more fans. Learn how to set up an attention-getting tour that will bring you profits and recognition for your label and your artists.
- **How to Get a Bar Code**
You'll need to register your own bar code before you can sell lots of CDs. Learn how to do it, legally.
- **What BDS and SoundScan Are and Why You Want and Need Them**
The music industry is a world unto itself, but this book will give you an insider's edge.
- **Avoiding Costly Mistakes**

In the music business, even one mistake can cost thousands of dollars. Learn how to avoid this, and protect your business interests. When mistakes cost you money and your reputation, you want to avoid making them at all costs. How can you avoid the pitfalls of the music business?

- **Getting People to Buy Your CDs**

If you aren't selling your product, you're in big trouble. Learn how to keep them buying from you and wanting more from your label.

So, what are you waiting for? In **Chapter 1: Getting Started**, we'll learn how to legally and correctly set up your record label business and how to get the ball rolling for a great new beginning.

Chapter 1: Getting Started

When you think about starting your own record label, the list of things that needs to be done seems to only get longer and longer. The trick is to slow down and take things on a step-by-step basis.

So what's the most important first step of starting your own record label? The *decision* to start your own record label, which means you're already one step into the game – a perfect situation. Once you know you want to start your own record label, one of the biggest challenges is already behind you. A record label is a little bit of money and a great big dream – things that you already have.

So, what's the next step? How do you turn your dream into a reality, and bring your goals to life?

Step 2. Your Record Label Name

Establishing a name is actually very important and needs to be done right away. Once you give your company a name, it begins to take on a life of its own, which is exactly what you want. The name you choose should say something about your company, and be fairly easy to pronounce, spell, and remember. If your company name

is long, complicated, and easily forgettable then people won't think of you when they think of records – which is bad news for you and your business. Pick a name that suits you, but one that will stick in people's mind. It's best to come up with a name that's easily searchable on the Internet, also, which means it ought to be easy to spell.

To make this name legally yours, you have to file a **Fictitious Name Statement**. This is also known as “Doing Business As.” Once you fill out this form, a search is performed to make sure that no other company in your state is using that name. Because you don't want your company to be confused with anything else, especially once the money and good word-of-mouth starts coming in, you want to make sure this is done as soon as possible. Unless no one else has it, that name isn't really yours to use.

Step 3. What Kind of Business Are You Running Here, Anyway?

There are three types of businesses that you may be starting when you begin your own record label, and all have their own advantages and disadvantages.

Sole proprietorship: The single owner of the business (namely, you) is responsible for all risks and liabilities including profits and losses, solely and completely. This means that you fly alone and that anything and everything that happens with your business falls on your shoulders.

Partnership: The business is comprised of two or more partners, who equally share losses, profits, risks, etc. Any business that is made up of two or more members is a partnership, unless that business is a corporation.

Corporation: A separate legal group exists to limit the owners' liability and risk. In this case, the owners of the business are known as “stockholders” and have a little less absolute control over their own business interests.

Once you know what kind of business you want your label to be (and don't worry, because you can always change the make-up of your business platform later in the game), you can legally license your business.

Step 4. Be Legal, Be Licensed

It isn't at all difficult to get a business license. A trip to your local city or county business license office (addresses in the phone book) is all it takes. You can even get your license through the mail by requesting forms on the telephone. At this point you may have to speak with the zoning office in your area, who will have specific questions about where you plan to run your business and what you will be selling. There is a fee associated with obtaining a business license. Consider it your very first business expense. Once you're licensed and legal, you're in business. Congratulations! You are now the proud owner of your own record label. Let's make sure that business is profitable for you.

Step 5. Your Tax ID Number

No, you are not required to have one. But it's much easier if you do have one, and depending on how big your business gets you're going to need one in the future anyway. The sooner you get a Federal Tax ID number, the less hassle you will have to deal with. Insurance and retail purposes make this number a necessity, and if you ever have any employees you will be required to have this number.

Step 6. Be Bold, Be a Retailer

If you're going to sell records, you're going to need a retail license or permit. And let's face it, the whole point of this business is to sell records, so you may as well bite the bullet and get this permit as soon as it's possible for you to do so. You'll be expected to collect all the necessary taxes from any of your sales and turn the money into your State Department of Revenue.

You must definitely follow the government and federal laws, or you'll be very quickly out of business. Before any sales are conducted, be sure your retail license is firmly in place.

Once you've completed the steps above, you own a record label. It's just that simple. So, why doesn't everyone do this?

Not everyone can start and make a success out of their very own business, and in fact many independent record labels fail every single year. Also every single year, however, many independent record labels succeed. How do you turn your record label, which exists right now in name only, into a thriving business enterprise?

If you're reading this book, then you already have the drive and the ambition to make it in the music industry. Success in the music industry is a lot of hard work, and an equal amount of imagination. If you're creative and determined, you already have the recipe for success when it comes to the music business.

And while it's fairly easy to legally set up your record label, that doesn't make your business a success. Getting started is the easiest part of running your own record label. Once you're established, all the *real* work begins.

Now, you have to think about things like:

- **Distributing Your Music**
- **Scheduling Tours and Live Shows**
- **Merchandising**
- **Signing Your Artists**

- **Promotions**

That's just the tip of the ice burg. There's so much to do when you're running your own record label, it can make your head swim. But with this book, you won't get tangled up in the confusion and the pressure that many music moguls face.

So, how can you turn your label into a huge success?

Better yet, how can you use your label to make the big bucks? Read on to **Chapter 2: My Label, Myself** to find out more about establishing your business as a record label, and figuring out how this is all going to work.

