

DEDICATED TO THE NEEDS OF THE MUSIC RECORD INDUSTRY

JULY 29, 1978

# RECORD WORLD

Part 2



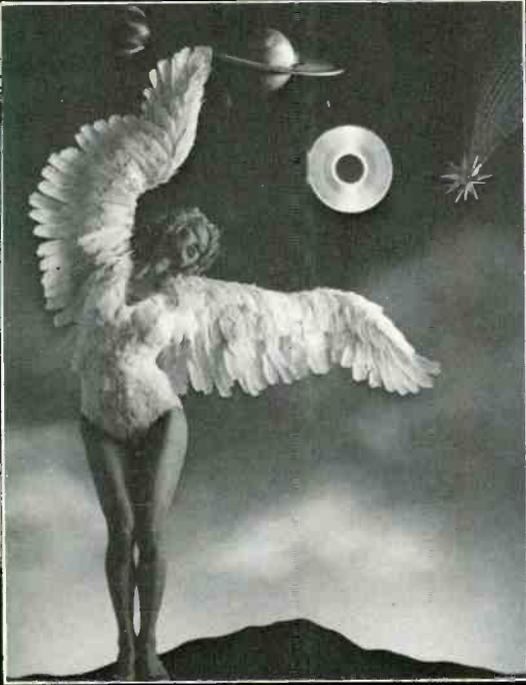
## CBS RECORDS

Where the standards of a company set a standard for an industry.

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# Chicago Applauds Columbia Records





# **Record World Salutes CBS Records**

What are the things CBS Records does best?

Ask a retailer, and he's likely to mention the speed and accuracy with which his orders are filled. Or the quality of the merchandising materials with which the company supplies him. Or the well-planned advertising campaigns tied to concert appearances or airplay in his market that help him sell through the units he's ordered.

Ask a radio programmer, and he may well point to the consistently high calibre of the company's releases—and the thoroughness with which the company backs those records with promotion, advertising, and stock in local stores.

Ask an artist, and the answer may be "career development"—the long-term commitment to a performer that helps to insure an audience for his music long, long after his first hit is history.

Ask any of the hundreds of CBS Records staffers from around the world who are meeting this week in Los Angeles, and they'll speak of the uniform excellence throughout the company's many departments, and of the coordination between those departments that makes CBS function with the fluidity of a small label.

Annual conventions are a time for assessing where a company has been and where it is going. CBS Records' tradition is, of course, unmatched; its present, a combination of reasoned, researched business acumen and sensitivity to an enormous range of musical talent; its future, surely one of ambitious goals set and surpassed.

Record World, with this special section, is proud to salute CBS Records—not only for what it has achieved, but for what lies ahead.



'Cause We Wanna Thank You For Helpin' Us Take It To The Next Phase!

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# CBS Records: Setting a Standard for The Industry

By JULIAN SHAPIRO

■ There is a widely held belief that CBS Records is the prototype of the gigantic machine in the record industry. But, if CBS is any type of machine at all, it probably most closely resembles a finely crafted watch.

What other explanation can there be for a company that points so confidently to one seemingly unattainable goal after another, while developing a sense of professionalism and commitment that characterizes every facet of its operation, and, in turn, sets qualitative standards for the industry as a whole, that may never be equalled, except by CBS itself.

## Milestones

Certainly, 1978 is the year of milestones for CBS Records. As the year unfolded, E/P/A announced that it had registered its first \$100-million sales year ever. By the end of the year, CBS Records Domestic Division will reach its goal of \$500-million for a fiscal year, and, undoubtedly, the International Division will make a similar announcement shortly thereafter. Of course, if CRI were to count its sales from the Japanese company it jointly owns and runs with Sony, the International Division would be over the \$500-million level already.

However, the company as a whole will have to wait at least one more year to reach the unprecedented \$1-billion milestone that group president Walter Yetnikoff announced was his goal for CBS Records as a worldwide music operation. "I would think it is somewhat dependent on how the economy looks for the balance of 1978 and 1979," he says, "but, we're certainly going to make it by 1980 as initially projected. No problem at all." Industry observers are betting that the goal will become a reality in 1979.

"Our business is in a whole new phase," comments Bruce Lundvall, president, CBS Records Division. "Things we only dreamed about a number of years ago are now becoming a reality. We began a couple of years ago to see albums achieving multi-million unit sales levels on what was rather a regular occurrence, and that trend has only

increased."

For CBS's domestic labels, that has been reflected by a number of superstar releases. In the past two years, Boston has logged more than six million units of its debut album, making it the most successful first album in the history of the industry. Joining Boston as multi-platinum selling artists are triple-platinum sellers Kansas, Boz Scaggs, Billy Joel, Chicago and a long list of double-platinum sellers, including Aerosmith, James Taylor, Heatwave, The Isley Brothers, Neil Diamond, Earth, Wind & Fire, Heart and Barbra Streisand.

"Now, we're seeing that fantastic growth extended to a number of artists who are basically new," adds Lundvall. "These artists are achieving beyond a million units on their first albums. It's certainly going to happen with Meatloaf. It already happened with Heatwave, and it could happen with Eddie Money, who has already scored gold with his first album."

## Commitment

Then, there is the commitment to artists of quality that is as much a part of the CBS operation as anything else. Ted Nugent—four platinum albums in a four-album catalog, after more than 10 years with an assortment of record companies that couldn't seem to generate any significant record sales; Kansas—double-platinum on their fourth album, followed by triple-platinum on their fifth album; Boz Scaggs—triple-platinum after four critically acclaimed, commercially unsuccessful ventures; most recently, Billy Joel—who scored a hit with his first record, but could not repeat that feat on two subsequent albums, until "The Stranger" was released and three million units were sold to date.

"There is an intense interest from a&r to marketing, to develop careers," notes Lundvall. "People here have an intense interest in what our artists are doing musically, and the artists don't get lost. They get tremendous attention. And, as a result of the success we've enjoyed, we're very optimistic about what the future holds for CBS Records."

That contention is evidenced by the fact that CBS is constructing a fourth pressing plant, at a

cost of more than \$50-million, on a site outside Atlanta, Georgia. "We're betting the boom will continue," comments Yetnikoff. "We're spending a lot of money on advertising and artist support, and logistical and computer technology to help guide our decision-making. I have a great deal of confidence in what we're doing, and I believe that confidence is well-grounded."

For CBS Records International, the first quarter of the current fiscal year yielded spectacular results. According to John Backe, president, CBS Inc., in the annual report to stockholders, CRI paced the CBS Records Group to a 19% gain over the first quarter of last year.

With half the year now over, CRI has continued its strong performance levels. "Business has been quite good," says Dick Asher, president, CRI. "Sales to date are up 30%, and profits are up 15%. We're over budget, and considerably ahead of last year."

## Accomplishments

In each and every aspect of the CBS Records operation, the list of accomplishments is immense, both from a dollars and cents perspective, and from a creative standpoint, which is ultimately responsible for the generation of those dollars. However, more than anything else, it is the key component of people that makes the CBS Records story, the utter success that it is.

"You have to have good people," notes Asher. "With good people, you attract good artists, and from good artists, you get the most out of the good records that these good artists give you."

Yetnikoff has maintained for some time that most of those good people working in the record industry do so for CBS Records. "There are maybe 10 good executives in the other record companies combined," he declares. "We've got 10 right here. I mean what I've said, that as I see executives in this company grow, and step into different jobs, they are unequalled in the indus-

■ Unless otherwise indicated, all editorial material in this special issue was prepared by Julian Shapiro.

try. In fact, our second and third tier managers are more qualified to run record companies than most of the other guys out there running them today."

For Jack Craig and Don Dempsey, that contention has become a reality, as each has recently been appointed to run one of the two major record label arms of the CBS Records Domestic Division. Early in the year, Dempsey was named senior vice president and general manager, E/P/A, and shortly thereafter, Craig was named to a similar position at Columbia Records. Completing the newly former senior management team is Paul Smith, who assumes control of perhaps the industry's most effective marketing organization as senior vice president, marketing, CBS Records.

Commenting on the restructuring, Lundvall says, "The new senior management team will make it possible for CBS Records to provide even greater concentration on artist career development, as well as strengthen and broaden the working relationships between label executives and the company's central core marketing operation."

Just how this will affect the operation of CBS Records in the marketplace is difficult to assess, but it won't be easy to enhance the reputation the company enjoys now. It is, quite simply, unmatched in the industry.

"CBS is by far the most efficient, professional—and you can tack on four or five similar adjectives—merchandising and marketing machine in the business," remarks Joe Bressi, vice president, purchasing and marketing for the Stark/Camelot Music chain. "They wrote the book: policies; ease of dealing with; the whole gamut of operations—they're just pros. What accounts for that? People at the top, and people in the field. They can relate to us, and vice versa."

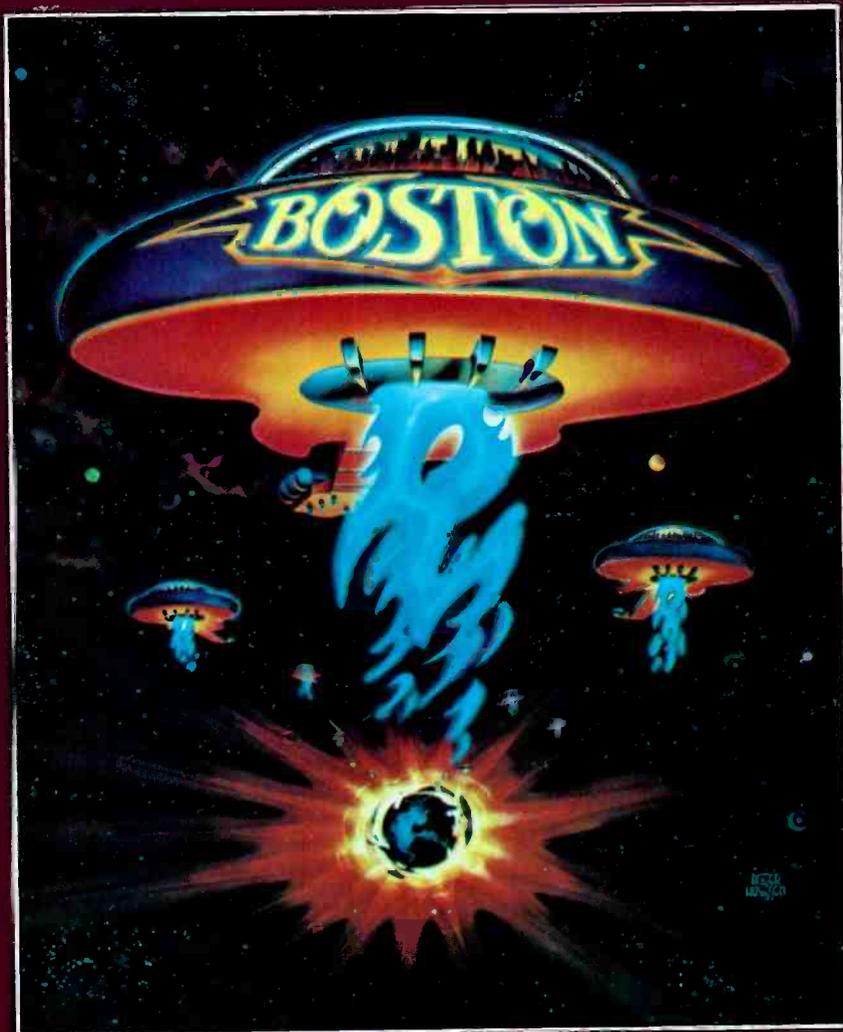
Adds Raul Acevedo, vice president, Disc Records, another major midwestern-based chain, "They're probably the most together record company in the business—the most sophisticated, most knowledgeable, the most forward thinking. They're more together than probably all the

(Continued on page 82)

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## Walter Yetnikoff: Guiding CBS Into A 'Mega-Platinum' Era

■ When Walter Yetnikoff, the president of the CBS/Records Group, speaks of his company reaching \$1 billion in annual sales by 1980, he inspires belief. Under Yetnikoff's leadership, CBS has expanded its share of all segments of the domestic record market, and made even greater strides in the international market, an area for which Yetnikoff has a particular fondness. In this Dialogue, Yetnikoff reports on CBS Records' progress toward the \$1 billion mark, and on the company's continued growth and diversification.

**Record World:** Uppermost in everyone's mind is the billion dollar prediction. How close are you right now?

**Walter Yetnikoff:** It's kind of hard mid-year to focus on a year-end projection. We did have some problems in the first quarter. We had a strike in Pitman (one of the three record pressings plants owned by CBS), for example, that has not made this year's first quarter the easiest, and we still came in way ahead of budget. I would think the achievement of the billion dollar goal is somewhat dependent on how the economy looks for the balance of 1978 and 1979, but we're going to make the billion dollars as predicted, perhaps somewhat earlier, barring a severe downturn in the economy. It's relatively common knowledge that although we had our biggest first quarter ever in terms of both sales and profits, a lot of the major releases we anticipated in the first quarter came out later. By naming some I don't intend to exclude others, but Springsteen is out, Streisand is out, Dylan is out, Teddy Pendergrass is out, Dave Mason, Kenny Loggins are out, and Boston will be out hopefully soon. We have a big hit with the O'Jays, the Isley Brothers, Heatwave, Kansas, Journey, and I think we're going to see a few surprises. Eddie Money is gold, and Meatloaf is on its way to platinum and above, perhaps double platinum. And there's a whole host of others. It's happened since March.

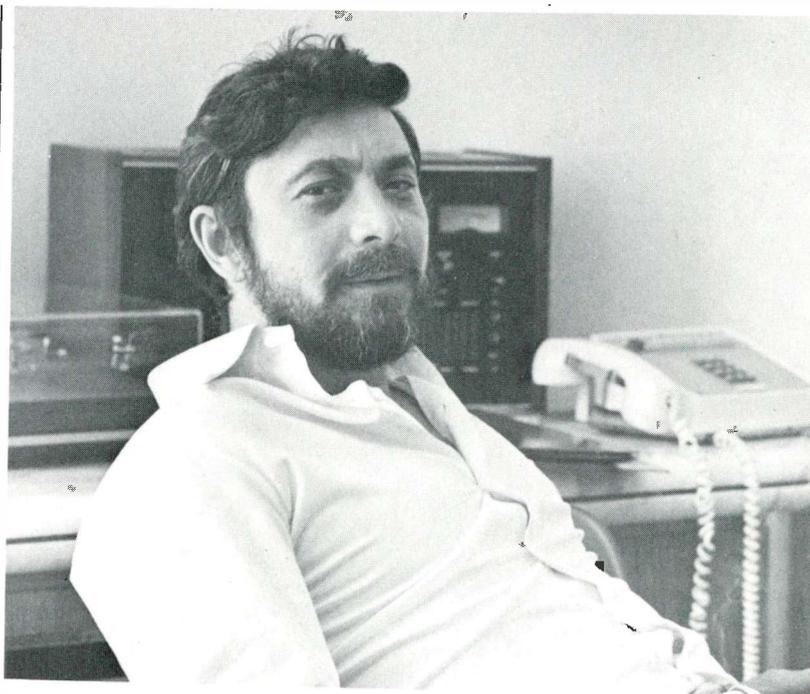
A lot of these major artist releases are selling exceptionally well even now as we speak. We have Kansas, for example, on its way to 3,000,000 albums. Billy Joel is topping 3,000,000 units. The record business in the U.S. is very hot in general, right now, which is good for us. To have a "Saturday Night Fever" is good for the whole industry, really. It gets people into the stores, so a hot industry tends to reflect itself in individual results among all the companies.

We've also been very, very hot overseas. The A&M deal has been working out very well; the TK deal, also; and a number of our overseas companies are quite hot. The Japanese company, for example, is coming in with a lot of sales right now, but we don't even take those sales in by the way, because we account on what's called the equity accounting method which counts only one-half of the profits. The overseas operation has been very, very hot in the first quarter of the year—not every country, of course—but overall it's been very, very good and that's going to make a major contribution to those numbers. Here in the U.S., our factories are full up right now, so obviously we're selling records. In fact we're starting to experience a capacity shortage now, in June, which generally, historically, seems to be a slow month. You used to press ahead in May and June; now you can't do that. We're almost in over our heads in terms of capacity shortages. I don't know what its going to be like in the Fall this year, when you traditionally start gearing up for Christmas.

**RW:** John Backe, in his notes attached to the first quarter financial statements of CBS, Inc. noted that the Records Group was paced by international sales in particular.

**Yetnikoff:** I think that is consistent with what I said earlier. The domestic company did far better, also, in the first quarter than last year and over-achieved their budget, but the international area did even better.

**RW:** Is that a trend that's developing to the extent that some international sales may at some point outpace those of the domestic market overall?



Walter Yetnikoff, president, CBS/Records Group

**Yetnikoff:** I don't think that's going to happen in the immediate future, particularly if our numbers don't include Japanese sales, as I said before. I think that if you look at it on an industry basis, the international market is, as a whole, bigger than the United States market. We talk in the U.S. about being roughly half the world—it is roughly half the world—but I think the international business is a lot of smaller countries that if added together probably exceed the United States market. On the other hand, you're adding a lot of other competitors in the international market and to a certain extent you've got to take into consideration currency fluctuations. The U.S. dollar has been rather weak in terms of foreign currency, although sales have been very, very good. Favorable foreign currency fluctuations—foreign currency rising against the dollar—have increased sales. I don't think in the immediate two or three years you are going to find, from CBS's point of view, that the international business is going to be bigger than the domestic business. That's quite a chunk, because the domestic business is going like mad and the United States industry has really been growing in leaps and bounds.

**RW:** But, yet you talked in London about CRI contributing about half of that billion.

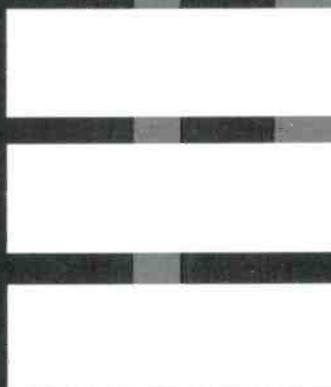
**Yetnikoff:** That's what I'm looking for them to do. The domestic business is somewhat bigger right now in terms of sales, but again I'm leaving out Japanese sales which may be \$100,000,000 a year. While I did talk about a rough equality, and the first quarter international business ran ahead of domestic business, when I'm talking about a business this big, rough equality could be within \$100,000,000 of each other.

**RW:** With the international market growing so greatly how is that affecting you vis-a-vis your competitors?

**Yetnikoff:** First of all, we started much later than a number of our competitors overseas, like Philips, Polydor, and EMI in Europe. I guess that we've been in most foreign markets from the early 60s, so we've been in there 15 to 20 years. EMI has been in the foreign market 75 years. Philips, Polydor, too, have been in there

(Continued on page 50)

# Congratulations And Our Best Wishes For Continued Success



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Charles Koppelman—Pres.

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P.S. A special thanks to all for:

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# CBS RECORDS

## Lundvall: Exploring All of CBS Records' Possibilities

■ As president of the CBS Records Division, Bruce Lundvall has overseen the company's growth to levels unprecedented in the music business. Known as a student of music as well as of business, he has involved himself particularly with CBS Records' advances in the marketing of jazz and progressive music. In this Dialogue, Lundvall talks about current CBS projects, and about goals he has set for his division in the months and years to come.

**Record World:** In London you indicated that 1978 would be a half billion dollar year for the CBS Records Division. With half the year gone, how does that prediction stand?

**Bruce Lundvall:** The prediction will definitely come true. It will come true in 1978.

**RW:** What are some of the components of that level of success? How important is it for example, that the active sales life of a record has increased from the traditional 60-90 day period to six months to a year?

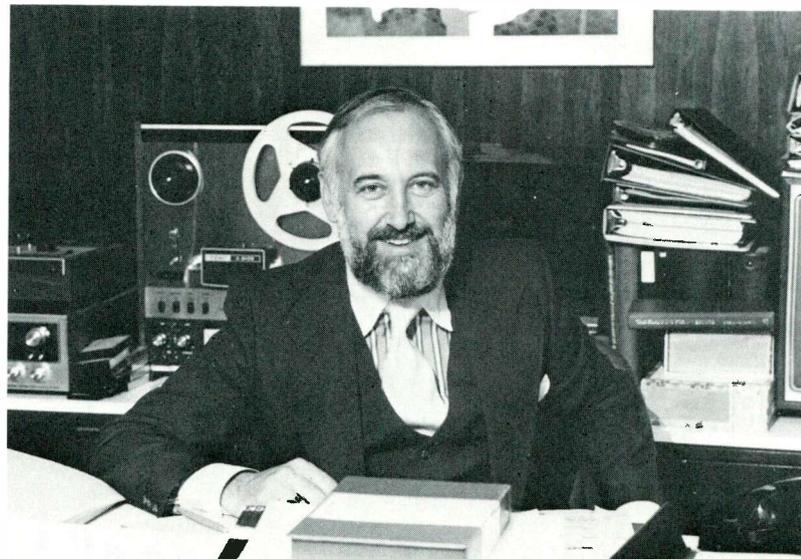
**Lundvall:** Our business is in a whole new phase. Things that we only dreamed about a number of years ago, just a short number of years ago, are now becoming a reality. The record industry, I think, has surpassed all other areas of entertainment in terms of volume potential, overall yearly sales and public interest. We began a couple of years ago to see albums achieving multi-million unit levels on what was rather a regular basis and that trend has only increased. You see, for example, a number of artists right now, basically new artists, who are achieving success beyond a million units on their first albums. It's certainly going to happen with Meatloaf and Eddie Money, you know. Certainly, we see what's happening with REO, Heatwave, and a number of others by artists who were either unknown or who were mid-range selling artists. The fact that these albums are going to cross the million unit level and go on, perhaps to a million and a half or two million units, is quite thrilling, but today it's not an uncommon situation.

**RW:** We were talking about the extended life of an album increasing so dramatically as a component to that five hundred million dollar goal.

**Lundvall:** Yes, it is a major part of it, of course. But, we find, at this point, such a wide and active public interest that records can achieve levels of sales that were previously unheard of. It's becoming more and more common, and it's happening in all areas of music. When you see a Chuck Mangione album number two on the pop charts, it's a very healthy sign. So the extended life of an album is obviously a component of the growth that we're seeing. Tape growth is also very considerable. The fact, and I've said this many times, that we're positioned in such a way to be involved in all the areas of music, country music, r&b, pop, jazz, even Latin, allows us to have an uncommonly high rate of success. The consumer doesn't confine his tastes to particular record categories. I guess the record companies and the trade are more responsible for pigeonholing records. We're seeing today rumbles of success in all the different categories of music that just a few years ago were considered unattainable. So all of it becomes a component. Growth of retail outlets is another component. The fact that records are very available in any major or secondary city in the United States, where there is more than one outlet that carries a complete line of every kind of music, is also very important. One reflection of the enormous growth we've been experiencing is that CBS Records, as a company is among the leading advertisers on the radio. Not just as a record company, but competing with any company advertising on the radio. CBS Records is maybe the second or third largest advertiser in the United States on commercial radio. So that tells you something about the kind of audience we're reaching, and the kind of potential for recorded product.

**RW:** What else is part of this new phase?

**Lundvall:** Well, radio, of course, continues to change and grow. And that's another component as well. One of the basic things, I think, is that with FM and tape units becoming standard equipment in cars, music has become totally portable. It's become a necessity



Bruce Lundvall, president, CBS Records Division

item for consumers in the 18 to 30 year-old age group. We were the first company to research the marketplace, and find that the largest portion of the buying audience for pre-recorded music was 18 and over as opposed to a pre-teen audience. The pre-teen audience has shrunk in terms of population; but they're buying more actively than ever. But as you can see, the people who grew up in their teens in the mid to late sixties are continuing the record buying habit on into their married years.

**RW:** Do you still maintain that the bulk of your audience is now post-teen?

**Lundvall:** Yes. Absolutely. The pre-teen audience, or the under eighteens, are still buying more actively than ever. There are just fewer people in that age category, and that trend is going to continue through the early 1980s and mid 1980s. It's still a large population, but the over eighteens have become extremely active record buyers. They've kept the record buying habit as they've grown older, and they claim that their top priority purchases outside of bare necessities like food and housing and so on, are records. When WCI ran their research about a year after ours, they found exactly the same thing to be true. It simply reconfirmed our research. The credibility of music today, I think, is a very big factor, and the fact is that this music can now be with you in very good sound quality no matter where you are: whether you're at home; or in your car; or in your boat; or on the beach, with portable units and so on. Another factor is that FM is available in most automobiles today, so there's a wide diversity of music available to the consumer in terms of radio. Now, with cassettes getting into automobiles as rather standard equipment next year, that will stimulate additional active purchases of pre-recorded music on cassettes.

**RW:** How important is the research orientation that you've identified? You talked in London about the need to probe intensively. How key is that in meeting the demands that you've set for the company?

**Lundvall:** It's extremely key. We've invested an awful lot of money in our research efforts, and as the marketplace grows and changes, it's even more important. It's very important in terms of how you advertise a record. How you reach an audience—the base audience, and then beyond that, an incremental audience. It's something that's used as a practical tool on a daily basis when you're dealing with an individual album. When you schedule a campaign behind an album you want to know exactly what the base audience is that you

(Continued on page 52)

We have shared with  
the CBS family the joys and struggles  
of the past ten years together  
and look forward to the many  
years to come.

Steve Paul, Teddy Slatius

Derringer

Dan Hartman

David Johansen

Muddy Waters

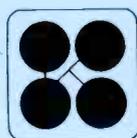
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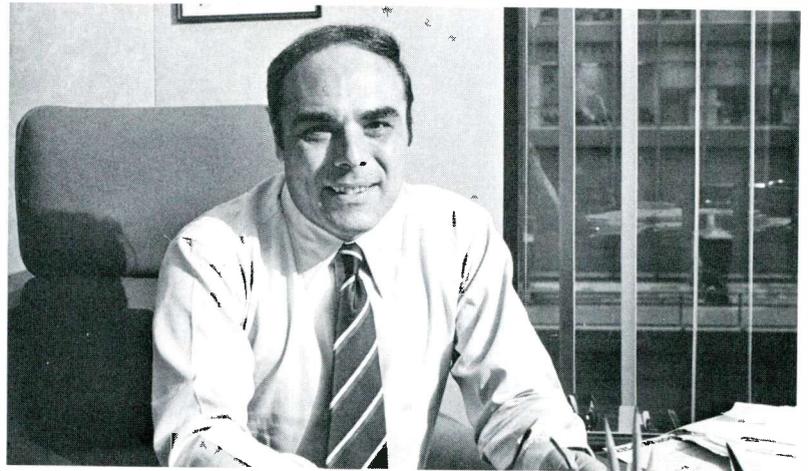
## M. Richard Asher: Building CBS' Momentum Around the World

■ Perhaps the greatest strides made by CBS Records in recent years have been in the international market, where CBS started later than some of its European competitors, but has made up ground with impressive speed. At the helm of CBS Records International during this period has been M. Richard Asher, and it is his expertise that is in large part responsible for the division's surge toward \$500 million in annual sales. In this Dialogue, Asher talks about the challenge and complexity of breaking American artists overseas, establishing foreign artists here, and expanding CBS Records' market share around the world.

**Record World:** Let's first talk about the success you've enjoyed overseas with American artists worldwide.

**M. Richard Asher:** It's truly phenomenal, because that success includes so many artists in so many markets. Santana just goes from strength to strength and keeps building. Neil Diamond is another one whose international success is just fantastic. Dylan is building. It's hard to talk of an artist who's been on the label 15 years as building, but last week in Paris, where he has been on a very successful tour, we presented him with his Crystal Globe Award (5,000,000 lp's overseas) and that doesn't even include his latest album sales. His European shipout of the (Street Legal) lp is the largest in CRI's European history. Deniece Williams and also the Emotions are doing superbly in many, many places overseas and have really taken off very well. Lou Rawls is another one. It's very gratifying to see his popularity spread and grow. Boston did enormously well internationally with their first lp and we are tremendously excited about their new album. Earth, Wind & Fire took three years and a lot of work by the artist and us, and now they are true international superstars. Unquestionably, EW&F has phenomenal musical talent, but it just sometimes takes a little longer and it's awfully nice to see what's now going on. It's happening all over the world. The O'Jays are doing beautifully right now, along with the entire roster of Philadelphia International artists. For example: Billy Paul is doing marvelously, especially in Brazil. In fact, he's going to have a number one record there. We have been breaking Philadelphia International records, and we've been getting them on the charts and selling them as well. The O'Jays single, "Use Ta Be My Girl," will be smash all over the place. PIR has also made some records that weren't pop records, really, that have not gone as high on the charts as we might have liked, although we've gotten them onto the charts. This is true with a number of r&b type artists where the market in certain parts of the world will accept good r&b music only in limited quantities. They just aren't so receptive as they are to pop music, such as ABBA—but we believe in the huge potential of these markets for CBS' r&b artists and their great talent and we're getting results, and we're in position.

In another category but similar situation, Chicago, who goes for a number of years giving us great rock music, then gives us what amounts to a pure pop hit. They were in place, so when "If You Leave Me Now" came through, wow! I mean they just went through the roof. We respect our artists' freedom and creativity to make whatever kind of music they want to—all we can do is make sure they are in the best possible position to spread their talent and music worldwide and maximize the impact when the right record comes. Billy Joel is another one like that. We've always done well with Billy, but when "The Stranger" came out, we went through the roof again. Bruce Springsteen, by the way, is a good example of an artist who was not recording for awhile and was not terribly visible. Yet, we continued to sell his catalogue; we continued to do press on him and do what we could to keep his position before the public, and it worked. As soon as he came through with a new album, we were selling it. The audience didn't forget. Ted Nugent is a good example of an artist who's worked very hard with us through the years. He has toured a lot; he's been extremely cooperative in every respect in



M. Richard Asher, president, CBS Records International

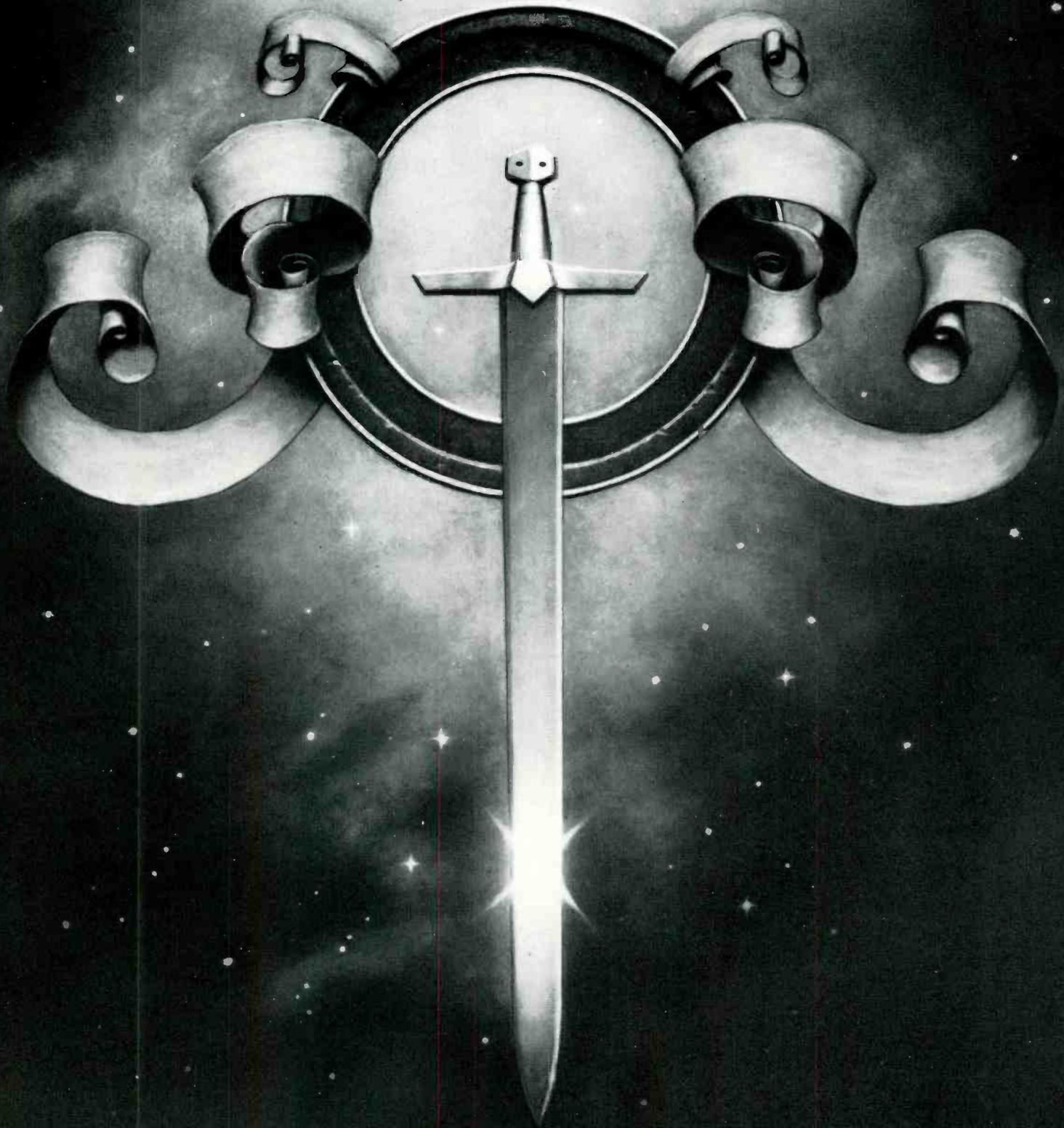
terms of interviews and whatever we could line up for him that might help; he has made himself available and it's paid off fantastically. He is an international superstar from England to Japan and all points north, south, east and west. [By the way, another nice thing is to see the resurgence of jazz being translated overseas with acts like Weather Report and Al DiMeola doing particularly well.] But, we truly avoid labeling our music overseas. We don't promote by categories of music. We prefer to promote by artist, and we just call it music. Ramsey Lewis is not a jazz artist; he's an artist. Miles Davis is not a jazz artist; he's an artist. Tammy Wynette is not a country artist; she's an artist. That's our approach, and we think it's the right approach. Let the public decide musical categories if that's necessary. We hope it isn't, but we'll leave it at that.

**RW:** You've had great success bringing artists from overseas to the United States.

**Asher:** We've been enjoying very rewarding experiences here. Of course, the Heatwave success is a phenomenal story, with two platinum albums inside of 12 months, three gold singles, and some tremendous sales numbers in the U.S. But they are only part of the CRI story in the U.S. Certainly, Lake, from Germany, was broken by Columbia with their first album. Their second album, Lake II, is even stronger and looks to do even better. Crawler was broken by Epic. That's an international act from England and their first lp sold around 200,000. They are recording their next now and we're looking forward to their completing it soon. We also have probably 10 additional international artists whose albums are around the 50,000 mark in the United States. That means something is happening for them. It's not time to sit back and start popping the cork from the champagne, but it means these artists are making an impression in the United States and starting off on promising U.S. careers. Some of them have released a second album and show quantum increases between the first and the second. CBS has been known all over the world, for sticking with some artists a long time that don't initially achieve success. We've got a number of artists that may be in that category; they are starting off and doing very nicely and we're quite pleased. What is really gratifying is to see that the CRI spread of artists in the U.S. is really tremendous now: we probably have three or four times as many artists being released on a current basis by CRU than we did a year or two ago. This is a tribute to our strong and maturing a&r efforts all around the world; it's also a tribute to CRU becoming more and more international minded, broadening their music base and looking to more unique places for artists. We now also have a significant number of joint projects—artists that

(Continued on page 131)

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# Jack Craigo: Setting the Industry's Marketing Standards

■ Two very exciting announcements were made recently, that will have a profound effect on the future of Columbia Records, and, perhaps, the entire record industry. First, a general manager was appointed to guide the flagship label of CBS Records. That individual is Jack Craigo, who assumes the position of senior vice president, general manager, Columbia Records.

It is difficult to speculate on the effects of these developments at such an early stage, but one fact is unassailable. Craigo brings to the position a total marketing expertise that is, quite simply, unmatched in the entire industry. He has developed the standard to which all others are compared and his effect on Columbia will be pronounced.

Initially, it is expected that Craigo will employ the same sense of aggressive marketing that has characterized his entire involvement at CBS. It is an approach that the new general manager feels is integral to the sell-through of large numbers of records.

"Aggressive marketing is the ability of an organization to read the street indicators, and then to apply marketing assets to those indicators in order to break an artist," he explains. "There are times when radio indicators tell us that an act is really ready to be advertised to a higher level with more concentration in certain markets. There are times when radio is not flashing an indicator, because they haven't really programmed an act. But, we see it from concert appearances, and we see it from the great success of that act touring, and that's a signal to do something more than just applauding. It's a signal to invest some assets to reach a much broader audience. The hot phrase in the industry, or the buzz word of the year, whatever it may be, probably stems from what we do at CBS, because as we explore and we expand the methods of marketing, the industry seems to pick up what we do."

Despite that frequent imitation, one salvo thrown at Craigo and his approach to marketing, is that it has given rise to a system which has become too mechanical.



Jack Craigo, senior VP & general mgr., Columbia Records

However, he, for one, rejects such notions. "I don't think any business can allow itself to be automatic in the investment of assets, in putting actual dollars on the line," he declares. "I don't think we've become automatic, but I think we've become repetitive in rolling the dice more efficiently than most other record labels.

"I think automatic implies that this is a machine-like situation, which is not what it is. Each and every act is followed through, is measured, is developed, and the reason we can do more of it, is because we spend a tremendous amount of time in building an organization and training people. Recently, we've undergone a number of changes in management, and, in fact, every one of them is from within the organization. So, there is a farm system, so to speak, to develop experience. A lot of other record companies waited until the growth of the industry actually took place. But, we have been preparing for

the growth we're experiencing, certainly, over the past five years. We focus and concentrate on today's action, but we're also thinking about five years out from now."

### 'Family of Music'

It is said that people make the difference in any business, but that phrase is so shop-worn, it borders on cliché. However, Craigo has transcended that consideration with the development of a "Family Of Music" concept that is unique in the record business, and unheard-of in an operation the size of CBS, and more specifically, Columbia Records.

"The key cornerstone of marketing, here, is that the people who make up the marketing departments are deeply versed in music and deeply involved with the artists," he says. "They know their product. They know their music. They understand what is happening in the marketplace, and it does not become a difficult transition for music people to move from one job responsibility to another within a total musical environment, because that's what we're all about; it's the music first of all."

Yet, Craigo has a distinct reputation for being highly research-oriented. "Yes," he admits. "One has to be research-oriented today, because in order to measure success, and some failures, you have to understand what took place. We do a great deal of testing here: on a precise, local basis; on a regional basis; we test advertising concepts; we test artist

development concepts; personal appearance concepts; and, we test promotion. By that, I mean we test the methods in which a record can be developed and started, using all of the tools that are available in the industry."

Remarkably, these people, who are part of that "family of music," who are so involved at the artist level, are able to function very efficiently in a research-oriented environment. That is because the elements of research are kept firmly in perspective. "Research is a guidepost," explains Craigo. "It helps us determine where some of the non-successful areas would be. If we can eliminate the unsuccessful ventures, then it allows us to be more successful on a repetitive basis, and we can test and probe the new levels that, perhaps, our competitors have not experienced yet."

### Basic Formulas

One area that is of particular interest to Craigo is the search for basic formulas for breaking new acts, which would then, generate repetitive success. "That concept is probably best exemplified when we talk about the overall marketing concept," he offers. The basis of this concept is that we utilize all of the tools. There's a marriage between radio promotion, artist concert appearances, press, and consumer awareness, both in-store and through media. By putting these individual components into various formulas, depending upon the music and the market segment that the artist is appealing to, that's where a basic formula will be developed.

"We're getting deeper and deeper into market segmentation as a result," he continues. "That may provide us with the key, and by utilizing market research, we hope to arrive at our goal. For example, if there are signs that an artist is appealing to a new age level, then, obviously, the advertising mix that is applied to the consumer should be directed to that new demographic level or acceptance level for that artist. A lot of that has to do in keying off what is happening with radio. If radio is programming an artist in a softer sound and reaching a

(Continued on page 72)



Willie Nelson, Jack Craigo



# Don Dempsey: Rising to a New Challenge

■ This has, truly, been a year of milestones for the Epic/Portrait/Associated labels family. As 1978 unfolded, it was announced that for the first time in its history, E/P/A had completed a \$100 million sales year. Then, several months later, the label group witnessed a major change at the senior management level, with the appointment of Don Dempsey as the new senior vice president and general manager of E/P/A.

Dempsey came to E/P/A from Columbia Records where he was that label's vice president of marketing, and the level of managerial ability and marketing expertise that characterized the Columbia operation during his tenure there, has already begun to manifest itself at E/P/A. "These are rather exciting times at E/P/A," he declares. "The activities here have been about as busy as I could ever imagine. We've seen a new influx of young, executive talent, and, in addition, we've restructured some departments to take fuller advantage of the qualifications of certain individuals. As a result, I have a very positive feeling as to E/P/A's future. I feel the opportunities for growth within the CBS Records structure are really within the Epic, Portrait and Associated Labels areas, and I expect that before too long, we'll take every advantage of that potential."

A large portion of any success generated by E/P/A will more than likely come from Epic Records which, this year, has already registered platinum albums by Heatwave, Ted Nugent and Meatloaf (for sales of one million units each). In addition, Epic has been awarded five gold albums (sales of 500,000 units each) on behalf of artists including George Duke and REO, and two gold singles (sales of one million units each). "The Epic roster has enjoyed considerable success," notes Dempsey, "and what I intend to do is broaden that success."

"Epic has been defined as a full spectrum rock 'n' roll label, i.e. soft to hard," he explains, "and while I encourage the focus of the roster to continue to develop that way, I don't think that the other areas of the business

that we can be in, should not be addressed by the Epic a&r department. There are many opportunities in areas such as jazz and black music that have been dealt with in a conservative way in the past. However, given the proper marketing concentration, I feel that we can and will branch out in these areas, depending on the availability of the artists, and a&r's belief in them.

"My relationship with the a&r staffs of all our labels is something that's vital to me," Dempsey says, "and the feedback I've gotten from them has been gratifying. They understand that the marketing of music today is one of the most important things that has to be done, and this is the area of my experience. Together with an increased involvement in the a&r area we will diversify our operation. My instructions to all the labels are that I want to be in the business that's going on in the marketplace. We should be in all the areas that the consumer is looking for. Their tastes have broadened tremendously, and, consequently, we cannot limit the roster to a certain segment of music, when the public is telling us that they're willing to deal with more kinds of music. Of course, there must be elements of commercial success involved, but we've never had a problem in that regard."

This re-orientation, or re-direction of sorts, will mark a slight departure from the traditional outlooks that have earmarked objectives planning at the various labels of CBS Records. But, Dempsey, for one, feels that any decision-making must reflect the contemporary dynamics of the record industry. "CBS Records in general, and E/P/A as such, have never been trendy record companies," he offers. "They're career-oriented companies, and that's the way to go and remain viable in the marketplace over the long term. However, that eliminates possibilities of dealing with opportunities that might present themselves in the form of hit records that might not always be career building opportunities."

"It's very important for a record label to be on the charts," the senior vice president de-



Don Dempsey, Sr. VP & general manager, Epic/Portrait/Associated Labels

clares. "If I have a hit single and end up selling 250,000-300,000 albums, I'll take that, even though the guideline is supposed to be that when you have a real artist of substance, the hit single sells anywhere from 500,000-800,000 albums. As long as we understand on the way in what the possibilities are of developing a career, then that's fine. Certain artists have certain limitations in terms of career building, but that doesn't necessarily preclude the fact that they can make hit records. They may not always become platinum selling acts, but we can't be overly concerned. It's more important that a sense of success be the image of the company, and we have to understand that being on the charts and being on the radio are indicators of success. Exposure, after all, is a necessary pre-condition."

Dempsey is understandably coy in detailing just what directions the company will take in quest of the increased exposure he seeks, but he does say that the company will probably make some definite moves, probably before the year is out. "We have, for example, participated in a rather conservative way in the whole disco phenomenon," he says, offering an illustration. "Maybe we've done so because we didn't view the artists involved as career-oriented. Meanwhile, there are quite a number of hit records in that area. Why not take the hit? We are, after all, in the business of selling records and having hit records. So, we should be in a position to under-

stand that we can accept hits at different levels of success of the artist.

"If an artist sells a million singles, and album sales are not there proportionately, what's wrong with taking the million singles?" he asks rhetorically. "That translates to a lot of airplay, and a lot of airplay means a lot of exposure. Now, we don't want to overload ourselves with too many singles-oriented deals, because of the longer term commitment we've made to career-oriented artists, but we've got to come up with a way of not letting hit singles get away from us, and we won't."

This is not so much a radical departure from the companies previous postures as it is desired to heighten the levels of success enjoyed by E/P/A. "We're looking for success at radio," Dempsey states, "and radio plays hit records; it's that basic. What an album sells is not their initial concern, hits are their concern. And, I want every hit record that's walking around on the street. Toward that end, Lenny Petze (vice president, a&r, Epic) and I are considering reactivating a label area at Epic so that we are able to create roster opportunities for artists who may not, upon first evaluation, be termed career artists."

"It's interesting," Dempsey continues. "Album-oriented radio is beginning to treat album cuts with a singles mentality, so it's important that AOR cuts be (Continued on page 74)"



Don Dempsey, Sr. VP & general manager, Epic/Portrait/Associated Labels, with Epic recording artist Lynda Carter

# Paul Smith on the Central Core Marketing Structure

■ In the record industry, the fundamental basis for all operations is a certain creative input, whether it be implied or explicitly stated. Because of that, and because creativity is virtually impossible to measure objectively, there are very few unassailable standards by which success can be gauged. However, one very real industry standard does exist in the area of marketing music to the American consumer. It is the central core marketing structure developed by CBS Records.

## Impact

No other record manufacturer is able to create the impact in the marketplace that CBS does on each and every release that is produced on the various labels that comprise that company's family of music. And, this is not false bravado. Retailers, rack jobbers, one-stop operators, even radio station programmers continually marvel at the level of market penetration and excitement the CBS marketing operation is able to generate on behalf of its artists and their music.

Just how this is accomplished is difficult, if not impossible, to detail, but characteristically, it is a function of professionalism, dedication, preparation, and plain old hard work—the very qualities that are embodied by Paul Smith, recently named senior vice president and general manager, marketing, CBS Records, and the man now at the helm of the core marketing operation.

Smith is responsible for the direction of the various marketing specialists that collectively form the foundation for the core marketing structure, and, as he points out, their sheer number and areas of involvement are increasing at an unprecedented pace. "As the business has expanded, or more nearly exploded over the last couple of years, we have discovered that a need to add additional support elements has grown enormously. Business at CBS has more than doubled during the period, and since we're really interested in an artist's career and developing ways to generate larger unit sales on a given artist, we've had to expand our scope in order to do the whole marketing job."



Paul Smith, Sr. VP & general mgr., marketing, CBS Records

Key specialists in the discovery and exploitation of market opportunities are now involved with market research and artist development, which, at CBS, has been further specialized to encompass country music marketing and black music marketing as well as the respective labels' operations. "The intensified specialization of artist development functions is a clear reflection of that rapidly changing marketplace," notes Smith. "Their job is involved with the total planning of the artist: where he's working; helping the artist find management or agencies if necessary; finding the right venues for him to perform in logical progression to continue to expand his audience. It's also done to take full advantage of the growth of record sales of an individual artist."

## Total Mktng. Picture

"But, that doesn't operate in a vacuum," he continues. "Publicity plays a key role as well, in working together with artist development and promotion in creating well-planned campaigns on an artist-by-artist basis. What we are doing is addressing ourselves to the total marketing picture, where all the departments work together in a well-coordinated fashion to maximize the artists' potential and their growth."

Consequently, the CBS marketing approach calls for the company to get involved in much more than the record aspect of an artist's career. The ultimate goal is still to sell more music, but according to Smith, that is not accomplished by merely re-

leasing records. "You build progressively higher sales bases by exposing artists through whatever medium, to the largest audience possible," he states. "Where appropriate, that could include television appearances or it could include a schedule for a developing artist to open for a superstar on a giant stadium-date tour to gain more exposure than might otherwise be possible. In that case, the developmental stage can be a considerably shortened by the implementation of a well-coordinated plan with all departments behind the artist and working together. That's one factor that sets us apart; the scope of our marketing covers all facets of support for the artist and the music."

## Support

"There is a clear need for better artist support," he believes. "Just look at the track records of the artists we've been instrumental in assisting. The success record is there. Why? It's because the total marketing plan we develop on every record we release clearly identifies what type of support is necessary, what vehicles we'll use, what's the proper advertising direction, and so on. And, the same thing is done by our various functional departments once the marketing plan is turned over to them. Their own individual plans are formulated, and then coordinated among all the departments involved. The level of interaction is extremely high, and it is sustained throughout. So, a total marketing effort is there for every artist on every label."

The best plans in the world, however, have marginal utility unless they are implemented by skilled professionals who are able to cope with the changing demands inherent in marketing music. Smith, therefore, has instilled a sense of professionalism that is transmitted from the upper echelons of CBS Records' management through the very fiber of the organization. "A total, true sense of professionalism makes a big difference for us," he contends. "It doesn't just deal with department heads either, but with all the people working in these departments. They are the very best at what they do,

and there is a striving for excellence."

"Our people live in an environment of professionalism," Smith relates. "They are already considered to be the best in the industry by their peers, but we continually challenge them to do their jobs even better. That deals with creativity as well. It's not a matter of merely using what worked with one artist on another. It's being creative and professional enough to develop an individual plan for that artist based on his own needs. There's no secret formula; there's no book written on the subject. It's done artist by artist. It may even vary market by market for the same artist."

"There are artists on our labels that have achieved gold and beyond, that still lack certain major markets that they haven't cracked yet either at radio or at retail. That's because artists develop more on a local and regional basis than on a national basis. The Bostons of the world are very unique in that they explode over the entire country in a very short period of time. But, that doesn't happen often. Usually, it takes several albums, and it takes a market-by-market penetration at radio, with publicity support, and with all the other necessary elements plugged in. That can sometimes take a long period of time; consequently, the central core marketing concept is designed to speed up that process. After all, it's much better to break an artist on his first or second album than on his fifth release. And, we're seeing that with Meatloaf and Eddie Money and Walter Egan and Heatwave and Elvis Costello and scores of others. These artists are totally committed, and that commitment, together with the careful planning we do at all levels, is what has given us those kinds of success stories in recent years."

## Buying Season

One of the market factors contributing to that sustained success has been the expansion of the record buying season to a full 12 months. CBS, for its part, has been an important catalyst in this development. For example,

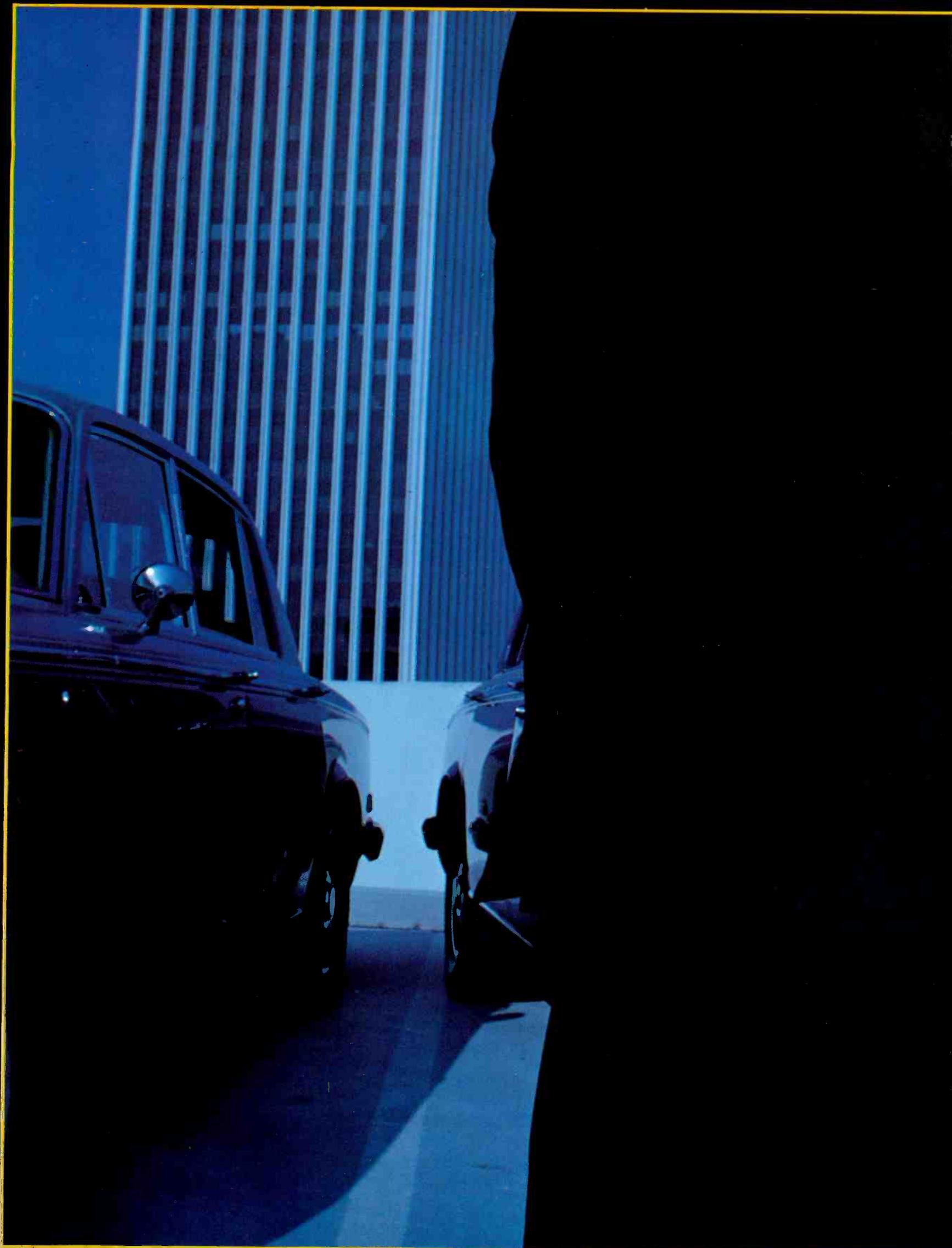
(Continued on page 76)

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# Portrait's Growth Is On Schedule

By SAM SUTHERLAND

■ When CBS Records tapped Larry Harris to head up a new west coast label, Harris' most recent tenure as business affairs VP, coupled with the new company's initial signings, led some skeptics to view Portrait Records as a boutique label that would devote its energy exclusively to established artists like Heart, Joan Baez and Burton Cummings. Not so, responded Harris at that time, projecting a small but varied roster that would tap unknowns as well as stars and assume a formidable share of on-line marketing and promotion responsibility making Portrait a record company, not just another custom label.

That was July, 1976. Two years later, Larry Harris sits in his Century City office and points with satisfaction to a schedule for company growth that he feels Portrait has met. While the label's first 20 months have drawn from a sales base dominated by those first three signings, Harris sees formidable potential. "When you're talking about a small roster label, where one of those acts is selling in the range of double platinum, and none of the other acts are selling in that range, it can be observed that the platinum act is very critical to that year's business," explains Harris. "That won't change for a company until one of several things happens: the other acts are established, or new, already established acts are signed."

For Portrait, that preliminary was broader at the outset, due to the label's trio of name artists. But Harris and VP, a&r, Lorne Saifer are both quick to point out that simply procuring name acts has never been the label's strategy; with both new artists and established ones, steady growth has to be the final criterion. "Certainly we think Ringo (Starr) has the capability of achieving platinum status," says Harris, "witnessed by the fact that we've already sold more of his first lp for us than either of his last two albums achieved. We feel Paul Williams (another recent signing) has yet to achieve the audience he can command, and we're working on broadening Joan's (Baez) base as well."

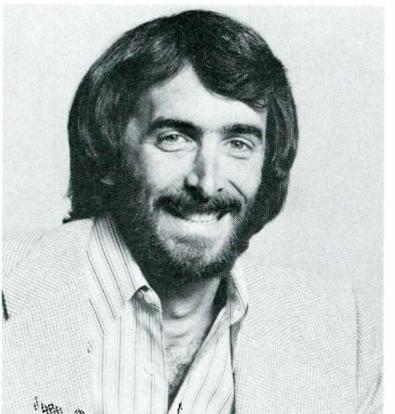
While Saifer and Harris agree



Larry Harris, VP & general manager, Portrait

that Portrait's initial blue-chip roster emphasis has provided the young label with an enviable over-all sales base, both are equally adamant in stressing an a&r policy that seeks unknowns as well. "Portrait's whole thing has been that some people thought we'd be involved only with hit artists," explains Saifer. "That's not a record company, though. Breaking new artists is still the ultimate test for any label." Accordingly, the past year has seen the company ink The McCrarys, Dragon, Contraband and Frankie Golde; while Harris forecasts Portrait's roster growth will continue to reflect a larger percentage of name artists, he says the current balance of talent—which he sets at "50 percent new artists and 50 percent established talent"—is "a very healthy ratio" that label management hopes to maintain.

"That does not mean we won't be signing new artists," he continues. "New artists are the lifeblood of the industry, and we're part of that industry; we're absolutely committed to signing and breaking new artists. We will



Greg Rogers, director, merchandising, Portrait

have a higher ratio of established acts than many labels, but there's a high that comes with establishing new artists that comes no other way."

At least as crucial to screening talent, Harris feels, is Portrait's current spread of individual styles, which he suggests could be as vital to the label's future as its stable of name artists. From the outset, Portrait has avoided specializing in any single area. "We're very conscious of that decision," Harris says, "which Lorne and I made at the very beginning and have since adhered to."

"It's very important, especially to a smaller label. Avoiding a heavy concentration in one area is better for us, because as styles change, we can adapt more quickly; we have a broader talent base. It's also better because every artist on our roster enjoys a position of uniqueness at the label, which eliminates any competition between acts . . . We try to stress that each act will have that importance."

#### Sustaining Momentum

At the time of its formation, Portrait was viewed as a major move for CBS in terms of strengthening the industry giant's presence on the west coast. Since then, its Columbia and Epic label divisions have likewise increased staff size and regional involvement, leading Harris to view Portrait's role in an expanded operation as "very much an integral part of CBS. But, without demeaning any of the other moves made since, I think Portrait is the capstone of CBS' development out here."

"The creation of a complete label is itself a statement of CBS'



Larry Douglas, director, national promotion, Portrait

presence here. Artists don't have to go to New York to have important decisions made." That autonomy was viewed as an added talent edge by many industry observers, one that Harris feels has been borne out by Portrait's first two years in business and its success in negotiating for acts. "Probably the classic example was Heart," he notes, "which was looking for a small west-coast based label. No one knows what would have happened had Portrait not been formed, but I think our success with them has been considerable."

No longer the newest label in town, Portrait continues to display momentum, however. "If anything, the momentum is starting to build," says Harris. "We didn't pursue Ringo, for example. As you reported in The Coast column, he pursued us. When someone of that stature wants you, that suggests the momentum is still there. In fact, that statement can be made about every artist on the roster: they all made that commitment to Portrait upfront."

Staff growth is another index to Portrait's development. "I think our staff increases attest to that," comments Harris, who notes that the most recent addition has been the appointment of Greg Rogers as director of merchandising for the label. "We've also added an associate national promotional director, a coordinator of national secondary promotion, a separate director of a&r and an a&r coordinator."

For Saifer, the expansion of his department has led to greater field penetration. With Peter Dawkins named as a&r director, Saifer notes that Portrait now has a skilled producer on staff (Dawkins has produced Dragon's two lps, the second of which is scheduled to ship next fall), as well as the greater flexibility to scout talent beyond the traditional industry centers of New York, Nashville and Los Angeles. "I think the most important thing you can do is hit the boondocks," says Saifer. "Going to New York, London or L.A., you won't really get any idea of what's going on elsewhere." For Portrait, that search has already turned up two promising

(Continued on page 42)

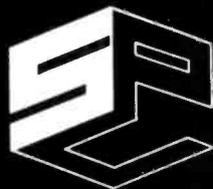
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# CBS RECORDS

## The Associated Labels Firm Their Own Identity

■ Imagine, for a moment, a record company with an a&r staff that includes Kenny Gamble, Leon Huff, Don Kirshner, The Isley Brothers, Steve Paul, Nat Weiss, Terry Cashman, Tommy West, James Guercio, Clarence Avant and Don Arden. What you've imagined would, undoubtedly, be viewed as the elite a&r department in the record industry. But, there's more. Add to that unparalleled level of creative acumen, an equally regarded marketing organization, and what you've envisioned may be potentially the most potent record operation in the world.

In point of fact, what has been described is not a record company, but, rather, the Associated Labels of CBS Records, and collectively they have achieved success to a degree that is unprecedented in the industry. 1976 was the biggest year ever for the Associated Labels division in terms of sales and profits. A year later, those figures were dramatically surpassed, as results exceeded 200% of forecasted quotas. Now, with 1978 half over, it appears that even those numbers will be literally dwarfed. Already, the Associated Labels are 35% ahead of last year's pace, and by year's end, that 35% will more than likely swell to 50%.

According to Tony Martell, vice president and general manager, Associated Labels, the incredible performance registered by his division is initially a function of that creative ability. "We have access to the finest a&r minds in the entire industry in the executives who own and manage our Associated Labels. They continue to set trends and pioneer new ground as leaders in the field of recorded music, whether that music be geared to top 40, r&b, AOR or country. And, what these men bring to a&r, we bring to marketing."

As Martell explains, "We are able to take the product of their creative endeavors, and convert their beliefs and their enthusiasm to reality. In addition, we are able to accomplish what we do with a degree of personalized attention and service that is custom-tailored to the individual circumstances and opportunities of each label we do business

with. Usually, when a label head suggests a particular market strategy for one of his artists, we've already contemplated the alternative reactions, and more often than not, we've begun implementing that strategy.

"This has all led to an increased spirit of cooperation between CBS and the individual labels," he notes. "The communication has increased, and even the overall comradery has increased, which is important in our being of service to these companies, and their giving us the kind of product we need, when we need it. That personalized service, not only from me and my immediate staff, but from the whole company is vital in our ability to reach the goals we've set for the artists and ourselves."

So far, in 1978, the Associated Labels have garnered four gold albums (signifying sales of 500,000 units each), three platinum albums (one million units each), one double platinum album, and two gold singles (one million units each). "That's just a beginning," predicts Martell.

To be sure, 1978 will shatter all records for sales and profits for the Associated Labels, which is, indeed, a testament to the sheer talent and sense of cooperation that the vice president and general manager outlined. But, it is an ultimate tribute to the artists themselves, and the quality of their music. "You have to give them the lion's share of the



Tony Martell, VP & general manager, Associated Labels

credit," Martell agrees. "After all, it is the qualitative artist rosters and the music that those artists produce, that has enabled us to achieve what we've achieved. It all begins in the grooves, and, in cooperation with our artists, we will, in fact, meet and surpass even higher goals."

Certainly, Philadelphia International Records will play a prominent role. There is probably no one more responsible for the growth of the Associated Labels as a group than Kenny Gamble and Leon Huff, the men who ultimately determine the destiny of PIR. And, right now, no one is more responsible for the success of PIR than The O'Jays. "They're red-hot," confirms Martell, "and they have never sound-

ed better. Their current album, 'So Full Of Love,' has topped the platinum mark, and their single, 'Use Ta Be My Girl,' has topped the gold mark. I'm looking for, at least, double platinum from this album. And, incidentally, we expect another O'Jays album this year."

Yet, as Martell is quick to point out, The O'Jays are just part of the PIR success story. "Teddy Pendergrass has just released the long-awaited follow-up to his platinum-certified, debut solo album, and it went out the door in excess of gold, a first for PIR. My hopes for it are, at least, double platinum. Lou Rawl's current album, 'When You Hear Lou, You've Heard It All,' is close to platinum, and, he will be out in September with a double-pocket, 'live' album. A lot of the material was recorded during his Broadway appearances with MFSB, and Gamble and Huff have brilliantly captured the excitement that is Lou Rawls.

"We'll also have a new Jean Carn album, and we're looking to establish her more in the marketplace. In addition, PIR has signed perennial hit-maker Jerry Butler, who'll have an album out in August, and with it, we fully expect Jerry to become the newest superstar on the PIR roster. Also, Gamble and Huff have signed a new group, The Futures, which reminds me a lot of The Temptations."

Another major contributor to the success enjoyed by the Associated Labels is Kirshner Records. Sales of Kansas' most recent release, 'Point Of Know Return,' have reached the triple platinum plateau (two million in 1978) with no end in sight. "Their sales have been phenomenal," marvels Martell, "and I suspect they'll continue at that level for sometime, if their current SRO tour is any indication. Kansas will have another album out this year, a double-pocket, 'live' album, that should be extraordinary. It's the logical thing to happen in the career of this superstar."

Don Kirshner, president of Kirshner Records, has, in addition, signed ex-LaBelle member Sarah Dash, who will have her first solo album out by the end

(Continued on page 86)



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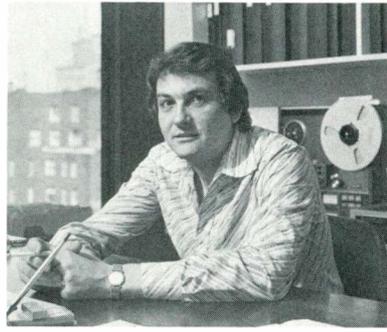
## Columbia Records: A Giant Getting Even Stronger

■ Columbia Records has the seemingly uncanny ability to maintain an extraordinarily impressive stable of superstars, while at the same time, breaking through more new acts to significant levels of market acceptance than perhaps any other record company in the United States.

"The key to that is planning," explains Joe Mansfield, vice president, marketing for the label. "It's the planning that goes into the product: from an a&r stage when the music is recorded; product management involvement at an early phase to start exciting people in the company about the music and its direction, especially if it's a different trend; conveying that excitement, and then, putting it in the marketing plan as to the way it's to be presented to the consumer. Most of this, by the way, is done four to six weeks before the album is even released."

To implement those plans, Columbia relies on its commitment to excellence in the selection of key personnel. "People, more than anything else, make the difference here," offers Bob Sherwood, vice president, promotion. "I came from radio, and Columbia then, as now, traditionally has had the best promotion people in every market. We look at it as a profession, as we do with other key marketing support departments. But, that's specially important with promotion, because there is a tendency in the industry to view promotion people as messengers. Not at Columbia. And, as a result, there's great loyalty here. People know that if their talents warrant, they'll move on to other key positions within the company. For example, Steve Popovich (president, Cleveland International Records) started here as a promotion man, as did a lot of current branch managers. And, so did Joe Mansfield."

"That professional attitude is vital to all our departments, because we all hear the music before the marketing plan is developed," echoes Mansfield. "There are a lot of people involved: promotion, with ears to advise us as to potential singles for Top 40, and album people, who tell us which cuts album oriented radio will zero in on; product



Joe Mansfield, VP, marketing, Columbia Records.

management; advertising people, who make recommendations on where we should buy, how we should buy, whether it should be print, radio or a contingency for television down the road, if the record reaches a certain sales plateau; artist development, to plug in with tours, which is a major element in spreading and exploding an act, especially a new act; and, merchandising in general — the overall point-of-purchase area, as well as how we're going to present the album in-store, if we don't get airplay.

"We know pretty much what we have, as a result, before we ever get to the marketplace. And, we have contingencies built in if the record does better than we thought it would initially. We can, then, throw more media dollars out there to advise the consumer of a new development. In the case of an artist who has never had a hit single, when one starts to develop and reach out to Top 40 radio, we'll step in with immediate advertising to spread that phenomenon. So, the pre-planning we do surfaces as a key element that we do, that I don't think other companies do.

"The reason we're so involved with specialized planning is because the business has demanded it," says Mansfield. "However, some of the other companies may not be doing the homework we've been doing, with market research giving us more information up front, telling us things that will work, and things that won't work. We have to know the answers to these questions, because we're investing substantial dollars in areas such as advertising and merchandising."

That very need to control more of the variables inherent in the marketplace led Columbia Rec-

ords to launch the first artist development department in the industry eight year ago. "Artist development is what we've been hanging our hat on for a number of years now," notes Mansfield. "It's been our major theme, and it's our key to the future. If we don't develop acts today, we're not going to have any tomorrow, because the stars of today may not be the stars 10 years from now. So, this becomes the most vital aspect of what we're doing. That, in fact, accounts for the success we're currently enjoying."

Whereas most record companies employ artist development as a rallying cry or an advertising slogan, Columbia has been developing strategies since 1970 to more effectively deal with the demands of artists' careers. Comments Arma Andon, vice president, artist development, Columbia Records, "We become involved with securing proper management and agency relationships if they don't already exist; making sure that stage presentations are such that they will benefit the artists on tour, resulting in airplay or press excitement; acting as a source of information and direction to the field—our branch managers and our field promotion staff. Artist development also secures television exposure for all artists. We also gather information relating to all artist tours, and transmit that information to the field. It's a huge responsibility, especially during the summer, when Columbia may have 50 bands on tour. We have to oversee every tour date, because, with a company that has this many artists on the road, there is a need for information management. And, that function is coordinated by this department.

"We act, in effect, as in-house managers," he says, "for new artists and mid-range artists, and those artists who are either having difficulties with management and agency affiliations or who have no manager or agency affiliation. What we're doing is overseeing the direction of that artist, and the process starts upon signing. Sometimes, it even starts before that. We develop relationships with managers outside the immediate Columbia circle. For

example, as a result of our good relationship with Dee Anthony, who at the time had no relationship with Columbia, we were able to introduce him to Al DiMeola, and now, Al is managed by Dee.

"When an act has good management, our role differs," he explains. "Then, we concentrate on such areas as television exposure, the setting up of reduced-ticket-price concerts, and working with the artist, if he's new, on a grassroots promotional level, to get as much mileage from the act as possible in each market that he shows strength in."

How successful has this strategy been? Explains Mansfield, "Artist development at Columbia has already, in 1978, established Karla Bonoff, Eddie Money, Walter Egan and Journey, as major recording artists. And, with Bruce Springsteen, while he was a platinum selling artist, we've developed him, now, to the point that sales from his new album, after a few short weeks, have equalled those for 'Born To Run,' when Bruce was on the covers of Time and Newsweek. There's an act who was able to sell more than a million units, that we were still developing, because the potential is there to sell multi, multi-platinum.

"Elvis Costello is another example. He's over 300,000 units sold on each of two lps. With Elvis, we're now stepping into a phase two marketing plan, and that's without a hit single. A hit single is the vehicle to platinum and platinum-plus."

For Sherwood's department, that fact is an important consideration for developing strategies. "I approach promotion with two elements in mind," offers the vice president. "First, is excitement. Radio has gotten more sophisticated, and much better at what it does. There's not so much hype and shuck & jive, so we have to be more sophisticated to find out what radio wants. On the other hand, we've got to guard against ever forsaking the music, and just dealing with numbers. Radio, with its research, could take us that way.

"What I try to impact is that music is a key part of the lifestyle  
(Continued on page 46)

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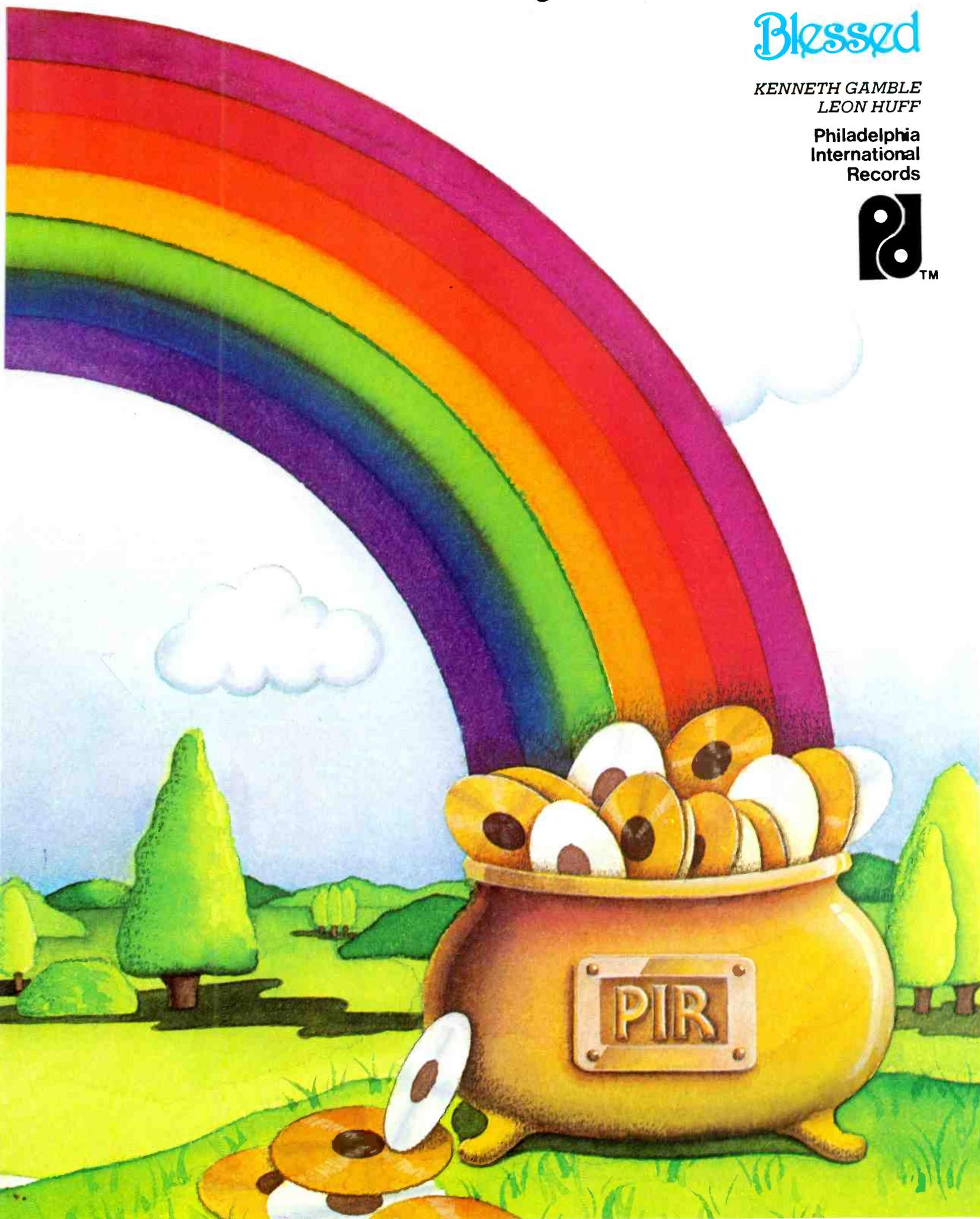


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# Excitement Is The Watchword at E/P/A

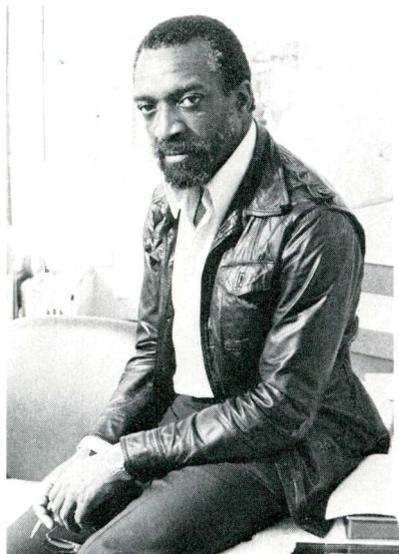
■ If you asked the people who work at Epic/Portrait/Associated Labels what their company was all about, the almost-unanimous answer would be that newness and excitement are the key descriptive words. They see themselves as hard-working professionals dedicated like no one else, to the music business.

Certainly, the sense of newness is very real, and it runs throughout the entire E/P/A structure. Earlier in the year, Don Dempsey was named senior vice president and general manager of the label grouping. In addition, the company has expanded the staffs of promotion, product management, sales and publicity, including tour publicity. "Just about every department has been affected," comments Jim Tyrrell, vice president, marketing, E/P/A.

"There is nothing that has made a more significant contribution to our current operation than the success of our team concept," he notes. "And, we have been very deliberate with the staff expansion moves we've made. We're not being hasty in choosing the right people, and the net result is that we've gathered together a group of the brightest, most energetic and experienced people working in the record business."

For Tyrrell, that is the foundation for E/P/A. "Once we've added someone to our team of marketing support specialists, we pay particularly careful attention to their training," he adds. "It's a developmental process we're involved in, on both a personal and professional level. We're not content to have people who are merely qualified professionals. That's a vital component, of course. But, there has to be that something extra. After all, E/P/A is no ordinary record company."

That fact is amplified in the team concept identified by Tyrrell. Adds Al Gurewitz, vice president, promotion, E/P/A, "It's the people who work for E/P/A, and believe in what it stands for — a sense of total togetherness. For example, our promotion staffs interface with just about every other department in the company, including marketing, product management, publicity, a&r, black music marketing and country music marketing. Getting records played is really where it's at, but



Jim Tyrrell, VP, marketing, Epic, Portrait & Associated Labels

there must be a total involvement on behalf of all our departments to catapult any artist to superstardom."

Often, the process begins with Artist Development, and at E/P/A, that is the initial responsibility of Al DeMarino, director, artist development. "To me, Artist Development is a process in which we're concerned about the obvious record sales of any artist, but on a long-term, career-growth basis. We're always interested in what an artist's next step should be. That is accomplished by the generation of a plan where we can analyze an overall growth situation, rather than focus solely on the dynamics of a hit single or a hit album at any given moment.

"We're concerned with reaching the largest mass audience possible," he continues. "And, this is accomplished in a number of ways: tour situations, including selection of venues; timing in key markets where we're beginning to get feedback from radio and, hopefully, some consumer response; proper packaging of an act to insure that their show is, indeed, ready to be exposed. We're also concerned in seeing that representation is proper for each of our acts. And, where applicable, we seek television exposure for our artists. Consequently, we're involved with the various televised music shows, like 'Midnight Special,' 'Rock Concert' and 'Soundstage,' which help us reach a giant mass audience for our acts. It's all consistent

with expanding the market acceptance of any act on the E/P/A rosters."

Because of this intensified involvement in the development of artists' careers, DeMarino's department is often referred to as an in-house management staff. "Frankly, we're in a highly sensitive position," he states. "We're immediately concerned with the marketing expectations and goals of our company. But, we have to look at our situation from another vantage point if we are to be successful, and that is vis-a-vis our artists. We can never lose sight of the artists' and managers' perspective, and we don't.

For DeMarino, that concern about the growth process of the artists with which he deals, requires a high degree of interaction among several departments in the company. "On a daily basis, we liaison with product management, and as a result, the involvement of Jim Charne (director, east coast product management) and Steve Slutzah (director, west coast product management) is crucial to me. We'll discuss tour arrangements and determine what markets deserve input—time buys for radio and television, and print buys—and what time frame we need to act most effectively.

"The promotion department works well with us, also, in a number of ways. Setting up simulcasts at key album oriented radio stations is instrumental in catalyzing our branches as to our game plan with an artist going across the country. Where and with whom we would like to tie in a simulcast is often a difficult question to answer, and promotion's input helps us make the right decisions. Then, low-ticket-price concerts with key a&r stations is another area where we tie in our branches with the E/P/A promotion department. We must pick and choose carefully, because these concerts involve a major expense. Yet, again, the cooperative approach to planning, and the teamwork this engenders, enables us to make the most effective use of our resources."

A reason for this continued record of success must be attributed to the publicity department, headed by Susan Blond, director, with the aid of Pat Siciliano, who is in charge of west coast public-

ity for E/P/A. "We have great dialogues with Susan's department," says DeMarino. "They have a number of tour publicists who are concerned about where an artist is going next, so they can liaison with key press people in the market. They gain a perspective, through our department, of what an artist's plans are: when and with whom they may tour; what markets they'll hit. They need that information, and once they get it, they know what to do with it." Adds Gurewitz, "Publicity is a very important part of promotion as well."

According to Blond, her department has a distinct character, which provides E/P/A with an edge in dealing with the numerous facets of the music industry. "I look for a real spirit and personality in the people who function as publicists," she says. "Someone once defined a good publicist as anyone he would take phone calls from. In order for our publicists to effectively make that break-through, they have to be record junkies at the heart, but there also has to be an awareness of what's going on in the industry outside E/P/A. Then, there has to be a real sense of cooperation among members of the staff, and with other departments, because no one can do it all.

"We interact very frequently with other departments here," she explains. "With artist development, Al DeMarino and I work really closely, largely because we have a number of tour publicists. He'll ask my advice — 'Do you think we'll get a buzz from the writers in this city?'—as well as he'll ask others, and then incorporate that with his feelings. Conversely, if he thinks a market is ripe, we'll follow his instincts.

"With promotion, we send out test pressings to create a buzz early on, and then, I spread that early enthusiasm from the press to our national staff in New York, and also to our field force via a weekly airplay report. Like with David Johansen, the rock critic establishment found him to be their new hero. The early press excitement we were able to create, with the aid of promotion, has developed a very legitimate base for his current record and

(Continued on page 48)

# HOME RUN

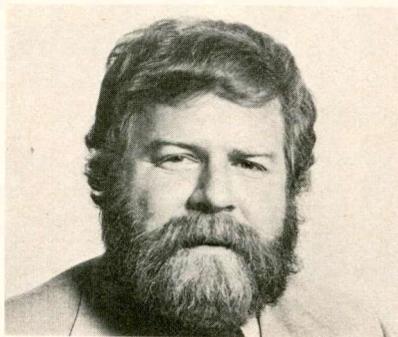


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# Don Ellis on the Columbia A&R Strategy

■ Don Ellis is vice president, national a&r, Columbia Records, and as such, he is responsible for the various artist rosters that collectively comprise a&r of the most prestigious labels in the record industry. In this characteristically candid interview, Ellis talks about everything from the competition to the state of Columbia in the current marketplace, and the direction the label is headed from an a&r standpoint.



Don Ellis

**Record World:** How would you assess Columbia's current roster in terms of where your key strengths lie?

**Don Ellis:** Well, I think the roster is certainly the broadest of any of the record companies, and we seem to be showing great strength in many areas. I'm pretty pleased with it overall. The one area where we don't seem to have a leadership position is with the Shaun Cassidy/Leif Garrett type of artist.

**RW:** You don't sound overly concerned about that fact.

**Ellis:** I'm not, but I obviously wouldn't reject that sort of artist if he were to come along. We've built a roster based on artistry, which simply means the best artists in the areas of music we're going to work with. It's worked very well in terms of building us up in the r&b area, and it's worked very well in maintaining our position in the adult-oriented pop radio area with the re-emergence of Johnny Mathis and the continuing strength of Barbra Streisand. We're strong in rock. We're strongest of all, and I think we always have been, with male singer/songwriters. Bob Dylan, Bruce Springsteen, Dave Mason, Kenny Loggins, and James Taylor are the most prominent examples.

**RW:** This summer has brought a bumper crop of releases from those artists on your roster.

**Ellis:** Yeah, they just all happened to come with their records in approximately the same period of time. It's more noticeable, but the fact is those are the kind of people that we do particularly well with all year round. In breaking out Eddie Money and getting off to a good start with David Gilmour and developing Walter Egan, we'll maintain that strength.

**RW:** What's your assessment of Columbia's new artist signings over the past year?

**Ellis:** In terms of breaking out new artists, we're really proud of them. I'm not, and never have been, particularly thrilled with the idea of taking artists from other companies. That has to be done when the time is right, and when I really think we can do something for that act. The James Taylor signing was one where I really was in agreement because I felt that Warner Bros. had kind of fumbled the ball on the record or two James had released before that. I really felt that his "Gorilla" was a brilliant album that really didn't achieve the sales level it could have. So, Taylor was an exception. But, normally, I just get more of a thrill breaking an artist from scratch, and it's more profitable, too. Last year, that was really the theme of our London convention—breaking new artists. Karla Bonoff, Eddie Money, Elvis Costello, and, on the Epic side, Meat Loaf, are examples of how we've really come through with some pretty dramatic first record successes. Those are the things that we're probably the most proud of. At the same time, I take great pride in the re-invigoration of Dave Mason's career, and, probably more than anything else, in the re-emergence of Johnny Mathis. That's a big thrill. It's not breaking a new artist, but it's certainly taking an artist from a very average level over a period of years and multiplying the success times five.

**RW:** What areas in particular do you see Columbia extending itself in during the next few years? Are there specific styles you see on the ascent, or is the basic range of styles fairly stable?

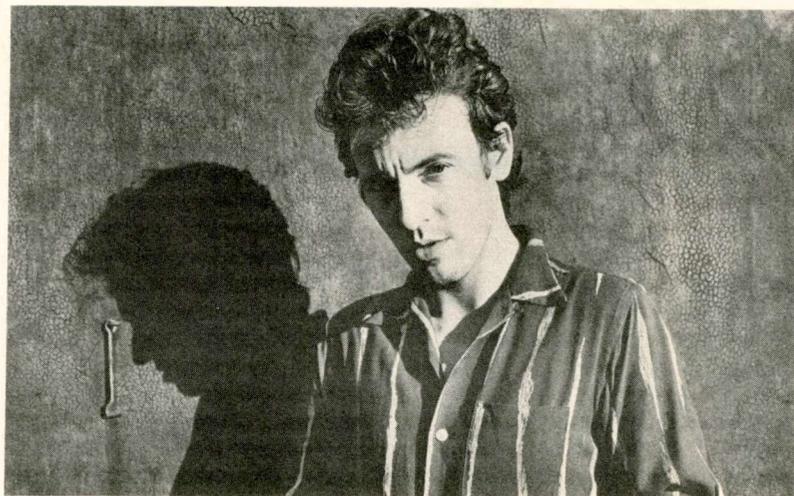
**Ellis:** I don't know. Normally, when somebody asks me that question, I have to give an answer. And I've given that answer so many times, it's starting to sound trite to me. The fact is, by the time you assess a trend, it's too late. I don't think playing this business for its trends is the way to do it. I prefer to sign the best artists I can find, regardless of what type of music they're in, rather than try to play a trend—you know, songwriters that play the piano, or movie music, and there always seems to be some 'group sound'. At the point we're standing at now, I guess people would say this is certainly the time to sign male singer/songwriters, but I think that's because we have those kind of records out there. Basically, though, I'm not going to run with any sort of trends. Currently, we're looking hardest at rock acts. We want to grow in the area of rock'n' roll. The adult marketplace is there, obviously, but I think the three records—that are really big, right now—Springsteen, Seger and the Stones—point up exactly where you ought to be, and that's just making good, straight-ahead rock'n'roll records that can be related to by adults and kids alike. I'm not surprised that these records are doing well. We've hopefully been trying to make this kind of record ourselves all along. I think the Dylan record is a wonderful example of simplifying a melodic approach. A year ago, after Kenny Loggins' record had come out and done so well, Kenny and I had a long talk about that. The key to his next record was, we felt, to simplify. Ken is not the sort of artist who's not going to use all the musical help that he can put together on a record, but if you listen to his new record, you'll know what I mean. It's basically his band and him. It's an album that he can go out and perform exactly as it stands. And, it has the strength as well as the singles. That's where it's got to be, both in the records we make, and in the artists we sign in the future.

**RW:** Do you feel this new emphasis on a simplified approach may signal a shift away from dramatic studio production toward a more straight-forward approach?

**Ellis:** About the time you say something like that, it turns out you're really wrong. But my feeling is, yeah, without trying to scare away session musicians, there is something of a trend toward simplification and more direct rock 'n' roll. Elvis Costello has shown everybody that you can make a very palatable record, and a commercially desirable one, without having to spend \$4 million in the studio. Elvis spent \$4,000. Simplifying doesn't necessarily mean the record's any cheaper, or that you use fewer musicians. You just try to keep the honesty and impact of rock 'n' roll intact.

**RW:** How would you assess Columbia's a&r strength in terms of its in-house production capacity?

**Ellis:** We've been building up the in-house production staff over  
(Continued on page 108)



Columbia artist Bruce Springsteen



# Epic A&R: Building Tomorrow's Superstars

■ If a&r creativity is, indeed, the heart and soul of a record company, then there is probably no person more qualified to evaluate the current state of Epic Records at such a crucial period in its history than Lennie Petze.

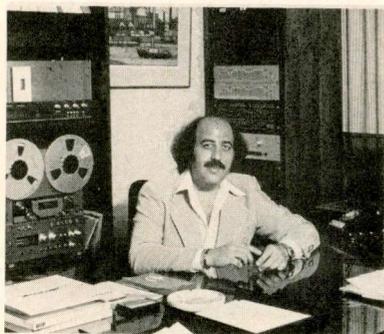
The flagship label of E/P/A is entering a new phase, having last year made a significant contribution to the first \$100 million sales year in the label division's history. Just what the next milestone will be and how quickly it can be reached will depend largely on Epic's ability to build on the successes it has enjoyed in recent years. For Petze, vice president, a&r, Epic, the prospects are as exciting as the roster of artists he manages.

"The character of the roster is made up of so many diverse talents," he enthuses. "There are rock groups like Boston, REO and Cheap Trick. Then, Ted Nugent, who is even harder rock 'n' roll. From there, you go to Tom Jones, Engelbert Humperdinck, Tammy Wynette, George Jones, George Duke, The Jacksons, Patti LaBelle, Meatloaf, Dan Fogelberg, Michael Murphey, the Charlie Daniels Band, the Asbury Jukes, Wet Willie, Wild Cherry, Jeff Beck and on and on.

"This is a well-rounded company, and very diverse in its music. We're into virtually every area of music, but on a highly selective basis. We're diverse, but we're small. And, we're gutsy. We take a lot of shots with new acts. We've been successful breaking new acts, and we're not scared to take a step if there's something new on the horizon. It doesn't scare us if it's not our mold, as long as it's quality music."

Petze can say that with such confidence, because Epic is among the premier companies at establishing new artists in the marketplace. Last year, artist development became sort of an unofficial rallying cry throughout CBS Records, but in 1978, artist development assumes an even higher priority for Epic, according to its a&r vice president. "That's because we're still building a number of acts," he explains. "In order to do so, artist development is a key facet.

"Take a group like Nantucket



Lenny Petze, VP, a&r, Epic

(whose debut Epic album was released during the first quarter of the year). They have a strong southeast base, but we believed in them from the start as having the potential to break out of that base, and go into other areas of the country. We're proving that radio-wise, and now it's time to put them in front of other audiences in different regions. Without the artist development department, it would be almost impossible, because the group wouldn't get the help it needs to increase their base."

That help is just as important for what Petze calls middle-level acts. "Artist development retains its high priority because they can spot certain tours that would work for our bands. If everything else is in place, the record, airplay, and so forth, an act on a tour that artist development can acquire could take that act to a higher level."

The goal? Superstardom!

Yet, ironically, as successful as Epic Records has been and as dramatically as it has grown, it has done so without the presence of bonafide superstars. "A superstar has to be automatic, and we've not had a superstar automatic like a Dylan or Chicago,"



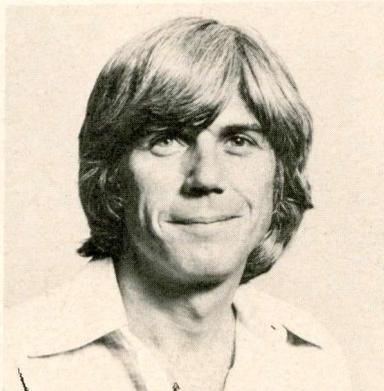
Tom Werman, staff producer, Epic Records

Petze notes. "When Epic came into the CBS branch network, they had two superstars—Donovan and Sly & The Family Stone, both of whom have long since ceased being real sellers (neither is on the roster). For years, we just had no superstars. Now, Boston has changed that. And Nugent also. At Epic, there is unlimited potential."

A cursory examination of the facts bears out that contention. Meat Loaf's debut album, "Bat Out Of Hell," was recently certified gold indicating sales in excess of 500,000 units. REO's "You Get What You Play For" is closing in on platinum (1,000,000 units) as is their latest release, "You Can Tune A Piano But You Can't Tuna Fish." George Duke has scored gold with each of his last two releases. To be sure, potential is fast becoming reality.

But, the process is painstaking, and in a very real sense, reflects the character of the company. Prior to the CBS marketing meetings held in New Orleans early in the year, Petze noted that groups like Cheap Trick, Starcastle and Crawler were on the brink of stardom, and he steadfastly maintains that position. "We still believe," he emphasizes, "but sometimes it just takes longer. Like with REO, it took seven albums. But, yet the company had the belief in that artist to stick with them. That comes to guts.

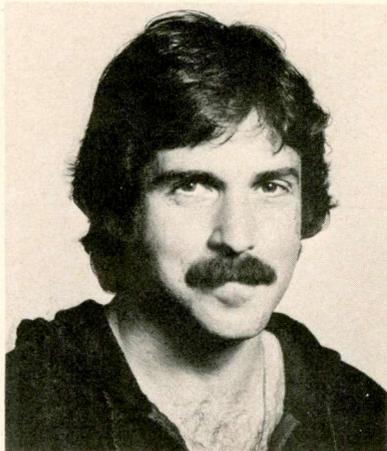
"Six months ago, I stated that Cheap Trick, Starcastle and Crawler would provide an impetus for us in 1978. They are exciting groups and, with the addition of a couple of others, they will do just that. With Cheap Trick, I think their third album ("Heaven Tonight") is the one



John Boylan, executive producer, Epic a&r, west coast

that'll take them over the top. With Starcastle, the fourth (newest) album is the one that's going to take them over."

Obviously, commitment is a unique consideration at Epic Records, but according to Petze, it is simply a means to the desired end. "It takes more to break a record," he declares. "You have to be lucky, but you can't be lucky unless you're committed. From an a&r viewpoint, when I say I'm totally committed to an act, I'm going to address myself to other departments in



Bobby Colomby, VP, west coast a&r, Epic

this company to secure from them the same commitment my department has made. It shouldn't be a dollar involvement; it should be a total involvement.

"Sure, it involves money, but I'm a real music person," he states with sudden animation. "I get excited by music, and if the excitement is there, then I'm totally committed and I expect the same from other departments."

That sense of teamwork has already reaped handsome dividends in 1978. Remarks Petze, "We've established Heatwave with the teamwork that came down with special markets. REO's latest shows the teamwork between the promotion and artist development staffs. Everyone was involved on that one. Then, again, Nugent's 'live' album ("Double Live/Gonzo") was a team effort with the AOR promotion staff and a&r making sure that the record that went out to radio stations was programmable."

The communication and inter-  
(Continued on page 114)



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Nina Kahle*

# Saifer Stresses Talent Search

■ His co-workers will warn you not to ask Lorne Saifer anything about his stereo equipment unless you have a few hours to spare, but that doesn't mean the youthful a&r VP of Portrait Records approaches records as a strictly technical exercise. He doesn't confuse electronic "state-of-the-art" with musical accomplishments; it's just that Saifer is, in many respects, representative of a new generation of a&r executives who are first and foremost passionate fans, and who bring a wide range of related interests to bear on their work.



Lorne Saifer, VP a&r, Portrait

In contrast to the deal-makers of a decade ago, and their creative counterparts on production staffs, Saifer is both a musician and a businessman, as well as an experienced producer. Raised in Winnipeg, Saifer attributes his training to that city's busy music scene. "I was a musician myself," he explains, "but I also managed local bands and even had a small label. We'd make records for local acts in order to get airplay up there." It was there that he was first inspired by Canadian artists. "A lot of great acts have come out of Winnipeg, from Burton (Cummings) and Randy Bach-

man in the Guess Who, to Neil Young."

Like those artists, though, Saifer himself found his commitment to a full-time musical career led south to California. "I came to Los Angeles to be in the record business, which I knew was really concentrated there," he continues, noting that his first major post found him handling local promotion for the short-lived Signpost label. After working with artists like Danny O'Keefe, Bones and Gerry Rafferty, Saifer decided to take a European sabbatical, Signpost having folded; upon his return, he became west coast di-

rector of artist acquisition for Columbia Records, a post he held for the next two and a half years before accepting Larry Harris' invitation to join the new Portrait organization.

Saifer's background as a musician might suggest aspirations beyond the administrative focus of his current post, but the executive himself is refreshingly wary of separate production and performance goals. Although he's produced sides since his first years in the business, today Saifer observes, "I've done it in the past, but it can be a problem for someone in my position. It can really kill your overview of what your department's doing overall. Equally important, if Burton wants to come in to discuss songs, or Heart wants me to hear some mixes, I have to be here.

"Besides, I'm not a great record producer. I'm good, but there's much better producers out there, and I have to be objective about that. I used to be a guitar player, and when I was 16, I was knocked out that I could play, say, a Kinks riff. Today, though, there are 16-year olds who can just play rings around that."

Equally important to Saifer is

the freedom to regularly scout new artists beyond the traditional industry centers, another responsibility that could be threatened by heavy production involvement. With Peter Dawkins, a young New Zealander recently brought in as a&r director, serving as a house producer, Lorne can hit the boondocks without losing contact with Portrait's home office staff and existing roster.

"If you went to Detroit five years ago," he says of regular scouting, "all you'd hear about was Bob Seger, but as soon as you left the state, no one knew who he was. But musicians did, everywhere. If you just sit in your own town, I don't think you'll find anything. You have to go on the road; otherwise you'll lose your sense of reality. I mean, living in Beverly Hills and working in Century City isn't reality," he laughs.

"I think the thrill of making that discovery — of sitting exhausted in some club, wondering why you ever came, wishing you were home, and then having an act come out and make you forget everything, even where you are—well, that's it."

## Portrait *(Continued from page 26)*

bands in Australia, Dragon and Contraband.

Similar growth has been felt in promotion, where national director Larry Douglas, recently tapped to head that sector, feels Portrait's healthy staff to artist ratio is particularly apparent. "I'm the new kid on the street here," cracks Douglas, "but the concept of this label goes back to what Epic started out as—a smaller roster with plenty of backing and power behind it, but, more important, with the ability to give special attention to all its acts. We're building up here now. Our department is growing, and will continue to grow as our roster increases; between now and next year's convention, I foresee the development of our own field staff, beginning with at least one rep in each region.

"I'll probably also bring in an AOR director, because we feel that's the most important single area today."

Since Portrait's inception, Harris has consistently stressed both the CBS context and Portrait's own founding talent concept as key factors in the label's success. Those aren't exclusive factors, however; less tangible but, he feels, equally important, is "the personality of the label, and the personality of the people at the label. The one thread that's common in all of us is our belief in, and commitment to, the label's personality. To say it's a small, personalized label is a bit cold and abstract. More important is that we try to believe in the acts as much as they believe in themselves."

To Harris, the measure of that belief is the accessibility of Portrait's executives. "We don't like to go to bed with questions left unanswered. I think that approach, coupled with CBS' marketing expertise, accounts for our success in many respects. Portrait is a label where an artist can

reach the top executive on a 24 hour a day basis, without having to wait." The goal he sees behind that accent on accessibility is the development of a partnership between label and artist.

"One of the things that's always turned me off is the 'we/they' attitude that persists between artists and record companies," he explains. "I think that's terribly non-productive. Making a record is still a crap shoot at best, and stacking the odds against a record's success by having that adversary attitude is even more dangerous. . . . If you're always straight with an artist, you'll get that same respect and an open relationship back. You'll work as a team. We've managed to achieve that bond with all our artists."

Much as Harris and Saifer minimize stylistic guidelines in mapping Portrait's growth, an initial emphasis on Canadian talent through the label's affiliations

with Burton Cummings and Heart has led to the elimination of another boundary, this one political. During last year's CBS Convention in London, Harris characterized the rapport between the L.A. based label and its northern sister company as one that virtually ignored the U.S./Canadian border.

"What we have done is develop a working relationship with Canada that, to repeat myself, operates as if the border simply didn't exist. Lorne and I talk to them at least once a week, 52 weeks a year, to keep abreast of what they're doing and make them aware of our activities down here. Our releases are virtually simultaneous; our campaigns are fully integrated, so that momentum can carry over rapidly and smoothly. Because a political boundary may exist, that doesn't alter the fact that music doesn't really respect that line.

*(Continued on page 173)*

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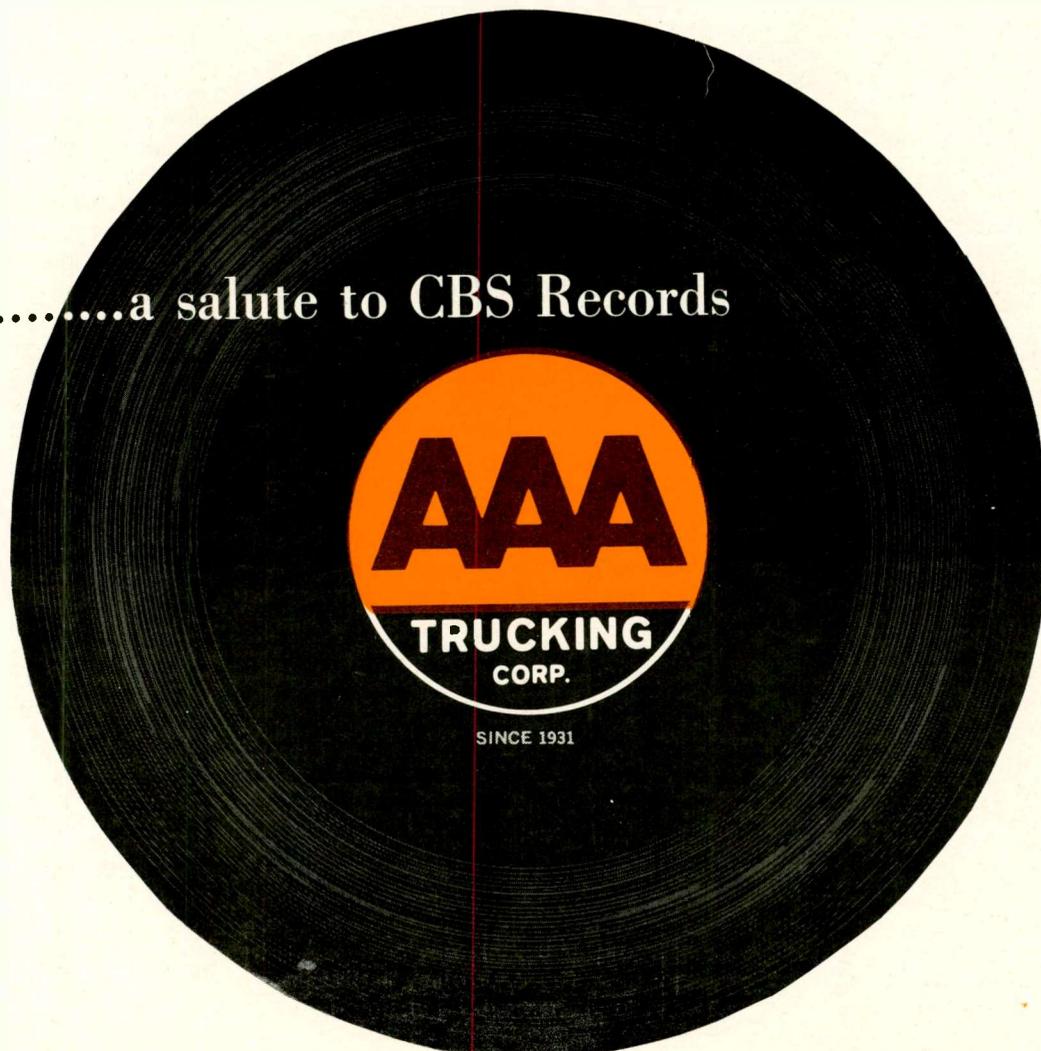
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## An Informal Conversation with Frank Mooney

■ Frank Mooney was recently named vice president, marketing branch distribution, CBS Records. From that vantage point, he will direct the largest, most successful record and tape distribution operation in the United States, from the company's headquarters in New York City. Prior to coming east, Mooney was the company's regional vice president, marketing, southwest region, where he was instrumental in developing that area into a major contributor to the overall success enjoyed by CBS Records. At last year's CBS



Frank Mooney, VP, marketing branch distribution, CBS Records

Records Convention, held in London, the Dallas branch, under Mooney's direction, was honored as one of two recipients of the "Branch Of The Year" award bestowed by the company. In this informal conversation, the first published interview he's conducted since assuming his new duties, Frank Mooney talks about the reasons for his success, his philosophies as they relate to record and tape distribution, and the goals he's set for himself.

**Record World:** You've got quite an impressive track record. Obviously, you're doing something right. Can you pinpoint just what it is?

**Frank Mooney:** I have my own certain basic philosophies. To do an awful lot of business, doesn't mean necessarily that you can't have fun in the business that you do. The most vital thing to me is the people, and the need to treat them individually, but with the same goals. I try to direct people by giving them the goals that they should reach and having proper controls on that, and providing them with the materials and training that they need. Now, those vary from one individual to another. I've had individual meetings with people, and sent them through self-improvement systems. Some people I've dealt with, I've dwelled on specific subjects that I felt would enhance who they are. An awful lot of what I do is really taking the strong people, or potentially strong people, and putting them in a situation where the mix of that group of people expresses itself very strongly as a group, but, within that, the individuals do their thing their way. That tends to get maximized results. This applies as well to people who may have been long-term employees. I hope, to some degree, that I can provide the catalyst for them to kind of get out of the shell and start running, and not to be afraid of the business they're in.

**RW:** "A total sense of professionalism" is a phrase that has often been used by CBS Records to characterize its branch distribution network. Is that, in fact, a central character of the system?

**Mooney:** Yes. And it's not an accidental character. The key to the branch system is really not only its structure but its personnel selection. If you have proper people and have proper systems, you create a mix that in turn, creates the consistency that is known as our branch system. The process that we use tends to be rather laborious in terms of who we pick at all levels. There are really no unimportant jobs. An inventory clerk is not hired to be a professional inventory clerk; that's an entrance level job. It's the full intention of the company that that person eventually is going to be promoted. So, for a time, he may be, in a sense, either formally educated more than what the job requires or have practical experience that would qualify him for a higher-echelon position. But, the purpose of that first job is to familiarize an individual with the company, and our intention is to keep an eye on him in terms of what he may be able to do in the future.

**RW:** The record industry is currently in the midst of a very bullish market. And yet, CBS seems to have been able to take advantage of that bullish market better than anyone else in the industry. Does that get back to what you were saying about professionalism?

**Mooney:** Yes. The way we're structured, and the way we work, is that we are prepared for the worst and the best to happen. Consequently, during certain periods of time when the industry does become very aggressive and positive, and certain elements make it more attractive, we're able to maximize that. The best example that I can give you in terms of manufacturing and distribution relates to the fourth quarter of 1977, in which there were a variety of labels that all had new releases by their particular hit artists and acts. The actual service and fill of the orders going to the account structure, as far as our labels were concerned, maintained an extremely high rate of fill on order and delivery time, comparable to any other time of the year. In opposition to that, there are other labels that had hit artists and hit acts, but were unable to deliver the product either in terms of filling the order or there were unusually heavy delays in receiving the product. We go through all of the exercises of promotion, advertising and all the rest to create a demand for a piece of product like every other record company does. But, if you're not consistent with the follow-through of supplying that product, then a lot of that effort has been wasted. At CBS, we cite distribution as one of our strengths. Even though it isn't one of the most visible parts of our company and it's certainly not the most glamorized, it is one of the basic things that makes us successful.

**RW:** The commitment to artist development is also one of the strengths of CBS, and in particular, one of the strengths of the branch system.

**Mooney:** The artist development area of the company really is constantly ongoing, and it exists with all artists at a variety of levels. There are some artists which have no name identity, and in all senses of the word, have no public awareness. With those, we start from basically ground-zero, or maybe from a base of some local acceptance. There are other artists that may be in the 50,000-100,000 sales range, but we still talk in terms of artist development to go up to a half million or six or seven hundred thousand units. At a much higher point, we try to maximize the impact of an artist that can deliver a platinum record and, maybe, take that artist up to a two or three million unit level. So, artist development really is something that applies to all artists, regardless of the different stages of development.

**RW:** What are some of the serious obstacles that you face at these various levels of artist development?

**Mooney:** There are certain obstacles that come to mind immediately. The reluctance of radio in their programming to take any chances on new artists and new product is a serious concern. The tendency is for people to look laterally, and radio stations will look at other radio stations, waiting to see what the other guy will do before they make their move. There are ways to offset that, and those alternatives have to do with in-store play, or presenting the product at meetings in which the store managers, buyers and clerks are in attendance. Word-of-mouth, after all, is a potent factor. Also, there are certain acts we have which we have videotaped so that we can expose them not only at a meeting situation, but in stores that have video units. Beyond that, of course, we work with acts on tours, getting them in the proper halls or clubs that we feel will generate an interest in some airplay and eventually, in sales.

**RW:** How does the development of an in-store merchandising department fit into the success the branch system experienced in 1977 and is experiencing in 1978?

**Mooney:** The whole merchandising area, even though it has existed for as long as there have been retail stores, has gone through several major changes. Most of that has come with the realization that if you examine the logical sequences of artist development or gaining increased exposure for an act, you'll find that there's a high degree of possibility that when a person walks into a store, he may not have heard the advertising spot you've created on behalf of an artist

(Continued on page 122)

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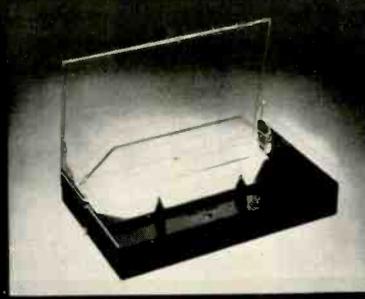
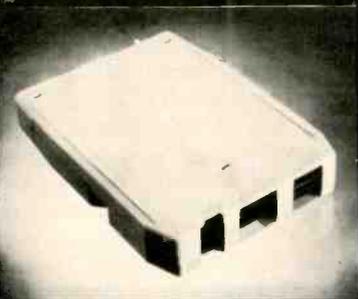
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# CBS RECORDS

## Columbia *(Continued from page 32)*

of people, and successful radio stations take up a lot of people's time. There is excitement with new acts like Elvis, and with new music by major artists like Dylan and Springsteen, and we have to make radio understand that excitement, or else they'll miss out, and you don't run to a radio station and jump on somebody's desk and make that person listen to that cut, then you do become a messenger. That's why excitement is so key.

"The next thing we have to deal with is an organized plan—a plan for every piece of music we deal with. I don't want anything going out of here without a plan of attack. What we're trying to do is more correctly isolate hits, and get a company impact on the things that are the goods, with the intention of bringing them all the way home. It's important that everyone is aware of that. There has to be a real strategy. Of course, you need the music first, so you listen, and then try to find a logical home for it. Every piece of music has a base someplace, and so you try to identify that base, and then muster your resources in that area.

"The base is predicated on past performance and present music," Sherwood explains. "Sure, you hit roadblocks, but when you do, you try and go around them. That's the thing about promotion. What's difficult is going out with a good album that hasn't broken, like Lake or SB (Sutherland Brothers), and when someone turns that one down, with all the valid reasons in the world, it's our job to give radio valid reasons to play it.



Ron McCarrell, VP, merchandising, Columbia Records.

There has to be a lot of creativity involved, because promotion staffs at every company have become more professional."

None, however, approaches the qualitative level of Columbia's promotion staff, according to Sherwood, and his comments about key executives in the department serve to illustrate his point. They include: Don Colberg, director, national promotion ("He gives us great balance, and he's absolutely one of the best bottom-line record people I've met—just an extraordinary person"); Chuck Thagard, director, west coast promotion ("Thorough, organized and complete"); Sheila Chlanda, director, secondary markets promotion and trade liaison ("Dedicated, an enormous knowledge of sales activity nationally, and strong trade relations"); Fred Humphrey, director, national album promotion ("A music junkie, but he typifies what a promotion man must be, and that's a businessman"); Mike Pillot, director, special projects ("It's a new position, and that's why Mike is where he is. I wouldn't want anyone else



Arma Andon, VP, artist development, Columbia Records.

there"); Paul Black, associate director, national singles promotion, east coast ("It's no surprise that more records broke for us out of the southeast, when Paul was our regional man there"); and George Chaltas, national singles promotion, west coast ("Exciting, and he's frighteningly effective at getting tough records on the radio").

Still, that is only part of the picture. Explains Sherwood, "Promotion is the critical element in the sense that if you don't get your records on the radio, you won't have the successes you're looking for, but if you can't get them into the stores, the records are going to come off the radio. The point is, we have to spend a lot of time with other departments in order to complete the circle. For example, our ties to artist development are vital."

Andon agrees. "Our involvement with promotion is very close," he says. "For example, an important vehicle which we employ is the reduced-ticket-price concert for an artist who has a certain acceptance in the marketplace, and promotion sets these



Hope Antman, national director, press & public information, Columbia Records.

up. Recently, we had Walter Egan in Cleveland with a reduced-ticket concert in conjunction with WMMS. Walter had some airplay in the market, so the awareness was there, and the resulting concert was an overwhelming success. The results were more airplay, renewed interest in the artist in the market, and Top 40 airplay on the artist's new single. Press was terrific, and because every element was in place, we saw an immediate sales response."

Although it is very difficult to tie record sales to any one department, the involvement of press and publicity at Columbia is viewed as an essential component of the marketing process for any artist on the label. "What makes it different here are a couple of things," says Hope Antman, director, publicity for the label. "We've considered an integral part of the whole marketing set-up, which differentiates us from other record companies who might incorporate publicity into the artist relations area or simply set it apart.

"Here, we're considered in any marketing plan that's worked out, because the company views publicity as something valuable and worthwhile in the building of an artist's career, and the maintenance of platinum sellers at that level. So, we're provided with the staff and resources to do a very specific, personally-tailored job for every artist."

That entails a degree of specialization that is usually not found at other companies. "We probably focus more on our publicity than anyone else," Antman contends. "If you look at

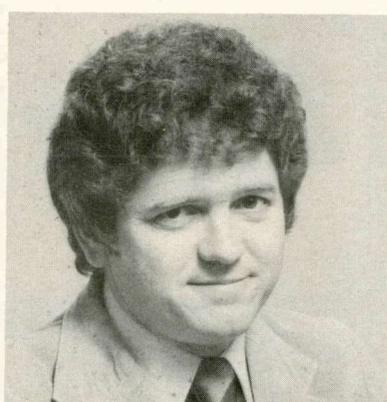
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Ron Oberman, director, west coast product development, Columbia Records.

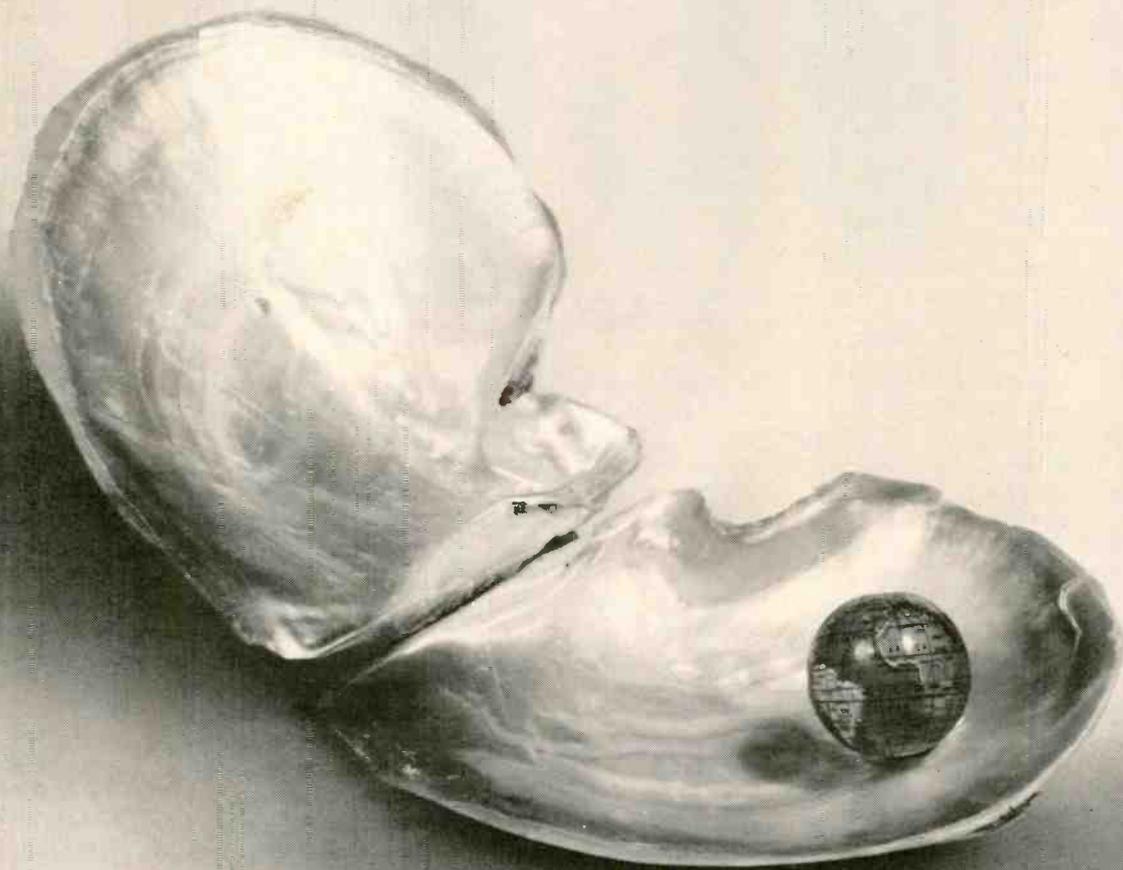


Barbara Cooke, director, east coast product mgmt., Columbia Records.



Chuck Thagard, director, singles promotion & trade relations, Columbia Records.

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# RECORDS

## E/P/A (Continued from page 36)

for the future. We have to have this cooperation between staffs, because we have to work with artists at such a formative stage. Look at Meatloaf. We were working on them at least nine months ago with artist development. We were both in on it, undying. But, we can handle situations like that effectively as a result of the priorities Jim Tyrrell supplies us with. The direction is always there."

What characterizes that direction supplied by Tyrrell is, what he terms the efficient deployment of people in order to achieve the objective set for E/P/A. "I don't think we are living in a time where a novel idea or gimmick will hype an artist into prominence," he says. "The development of any of our artists into major record sellers and, hopefully, superstars, is a function of the specialist approach that we've pioneered."

"It begins with the astute, creative judgments in the a&r area," he outlines. "Then, assuming we are dealing with successful creative efforts, marketing has to apply the same coordination and sophisticated techniques that are applied by any other consumer product manufacturer. Other industries have realized the need to identify the important first-rank buyer, and understand that any member of a core audience is not necessarily the same as the fifth-rank buyer. Marketers are talking about product appeal, and focusing that appeal as a marketing concept. Here, the art of that focus envelops all marketing functions, supported by the product management area."

"Why does it work so well for us at E/P/A?" he asks rhetorically. "Because of our commitment to bright, well-trained people who are thoroughly familiar with the facility of our organization, as well as the marketplace. That's what gives us the confidence to face a continually expanding future with all our labels."

As 1978 unfolded, E/P/A made a key move to insure its future success, when a major re-alignment of the company's promotion department was announced. For the first time in its history, E/P/A now has a vice president of promotion to oversee the operations of three distinct staffs. "There



Susan Blond, national director, press & public information, Epic, Portrait & Associated Labels

was a need for a change," Gurewitz relates, "because of the nature of our operations. We have a full regional staff in the field, and they need to report to one central person who is E/P/A like they are."

"Now, I deal with a number of other areas, including personnel, liaison with artist development and merchandising. The main objective of our field staff has to be to get records played and eventually sold. With my appointment, a big burden was taken off a lot of people. And then, with the added coordination I'm able to offer in support of the extraordinary efforts of Jim Jeffries, Larry Douglas and Gordon Anderson, who are responsible for the immediate direction of the Epic, Portrait and Associated Labels promotion staffs respectively, we're able to shoot for higher and higher goals."

Gurewitz's appointment has also enabled E/P/A to compete even more favorably in the marketplace. "It's harder to break records now than ever before," he contends. "Playlists have become shorter, and promotion staffs in general have had to become more sophisticated. You have to know each market, the people you're dealing with, and what competitive companies are doing. It's become that specialized."

"Promotion is the street key to the record business," he continues. "Without a&r making hit records, everybody would go away, but then, we get them played. We unlock the doors that enable the marketplace and the product to connect. However, it's not quite that simple, although I wish it were. The changing conditions in the marketplace affect

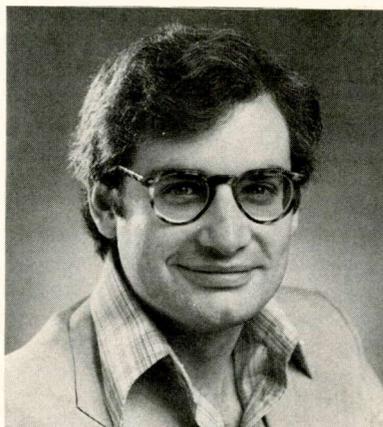


Al DeMarino, director, artist development, E/P/A.

the promotion of records. Now, we're dealing with Peaches, Oz, National Record Mart, Record Bar, Disc, Camelot—large chain organizations that are able to spread the excitement of a record over large areas, sort of like a chain reaction. That works in your favor, if you know how to capitalize on the opportunities that are presented."

Already this year, E/P/A has had outstanding success with a number of artists. Heatwave, Kansas, The Isley Brothers, Teddy Pendergrass and The O'Jays have each sold well over one million album units each. And, Meatloaf, REO Speedwagon, Cheap Trick and George Duke have each made substantial breakthroughs with albums that are in current release.

"Ted Nugent is another one of our superstar artists who has sold more than one million album units in 1978," adds Tyrrell. "We have been very successful in establishing his 2-LP 'live' release ('Double Live/Gonzo') as another platinum album in the Ted Nugent catalog. What made this accomplishment even more mean-



Jim Charne, director, E/P/A east coast product mgr.

ingful was that we're able to effectively apply a core market concentration to the album package. Based on our understanding of Ted's essential audience, we first managed to capture that audience, and then broadened Ted's appeal to second and even third levels consumers, which accounts in part for the outstanding success he's now enjoying.

"REO's emergence as superstars is similarly a function of that identification process," he continues. "We've taken them to progressively higher plateaus, by capturing that first-rank consumer, and then using that base to launch the artist to the next phase and then the next phase after that. At each level, we use the success we've established as a launching pad. This process avoids the scattergun approach, and it will be instrumental in implementing future plans for every release that comes from E/P/A."

If this increased marketing sophistication becomes the newest characteristic of E/P/A, it will add a potent, new dimension to the already impressive personality of the label grouping. "There is a certain stick-to-it-iveness that runs throughout the country," says Gurewitz. "It's sort of a case of 'We believe in you, and we'll do everything in our power to bring you to the top.' Look at Cheap Trick and REO now, and look at what we've done with Teddy Pendergrass and Lou Rawls." Adds Blond, "We can take a new career and break it, because we have an enthusiastic group of people who work together to figure out what's best

*(Continued on page 83)*



Jim Jeffries, director, national promotion, Epic Records

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Our thanks, and best wishes  
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Milt Gelfand  
Audiomatic Corporation  
Audio Matrix, Inc.



\*Well, maybe.

## Walter Yetnikoff

(Continued from page 10)

much longer than we have. Some 20 years or so ago, we started to enter the foreign markets seriously through our own subsidiaries rather than through licensees overseas. So we started almost from a zero base. The pipeline had to be filled, and we did it much better ourselves than any licensee could have done it. So our competitive position improved enormously. It went from zero to a very, very major factor overseas where we now have a significant market share in many, many countries and a large repertoire of local artists which, by the way, is most important overseas. Take a look at overseas charts and you'll find that in most countries they tend not to look like the American charts. For example, in England right now, although you see a number of international and American artists on the charts, they tend to look more and more English than three or four years ago, perhaps, or five or six years ago, when I think there was more similarity between the English and American charts. So through the development of local repertoire, we've become a major, major factor overseas in a period of 15 years. We were somewhat lucky in the sense that the music business exploded in the middle and the late '60s as we got a beachhead in the various foreign markets. One of things that we were not wildly successful in doing in the past which is crucial, is breaking English artists in the U.S. We never had our Beatles, we never had our Rolling Stones, we never had, and I was in charge of international part of that period, a lot of the English artists we should have. You look back over the past year and see what new English artists or English-signed artists have made it in the U.S. Certainly the Sex Pistols haven't. Neither has a certain kind of punk rock. It just didn't happen in this country and doesn't look like it will—not that particular genre of punk rock, anyway. As far as I can tell there have been very few new English artists that have made it in this country in the last year. One is Heatwave, whose album is closing in on a million and a half. I think Paul McCartney is one of the world's best artists, but Heatwave almost sold here what Paul McCartney did. Heatwave's members are Americans, but they emanate out of and they live in England. The other English acts that have made it in this country that come to my mind are Elvis Costello and Nick Lowe. Those are the only "new wave" artists that have made it in this country. I think we've broken more than any other company. Look what Heatwave has done. Their first album sold a million and a half copies, the second one is platinum. This kind of success is going to give us what we didn't have before, and will certainly improve our competitive position in terms of the foreign market. By the way, I happen to look at WEA as our major growing competitor overseas. When I was in international, I guess it was our 10th anniversary as a formal division, Nesuhi Ertegun, WEA International president, ran an ad and he said, 'Look over your shoulder,' to me, 'We're not far behind.' Well, they are far behind:



Bruce Lundvall, Walter Yetnikoff, Barbra Streisand

**“No one has a market share that dominates the record business, because it's too fragmented and there are too many people involved.”**

They're half our size overseas. But, he was right. I am looking over my shoulder and what I see coming up overseas is WEA.

**RW:** Do you see, let's say crystal-ball-gazing into the 1980s, the two "new kids" on the block, CBS International and WEA International, as the two dominant forces?

**Yetnikoff:** I think we are the two growing forces overseas, yes, and RCA is now showing strength again.

**RW:** Do you see them dominating the foreign markets?

**Yetnikoff:** You don't dominate the record business.

**RW:** In terms of market share?

**Yetnikoff:** That's what I meant. You don't dominate. No one has a market share that dominates the record business, because it's too fragmented and there are too many people involved. It's a very competitive business. No one acquires a dominant market share. There's no such animal in this business. But I see CBS and WEA as being, overseas, the two companies that are going to be the biggest ground-gainers. I think that EMI has finally sold about the last of the Beatles records. They've done a very effective job in merchandising, but I think that's about it. EMI has just lost, in effect, ELO to us through our association with the Jet label. While EMI is always going to be big, they're not going to have the comparative strength that they've had before. Polydor International I think, will still be a very dominant factor overseas. Their association with RSO is obviously highly successful around the world. They've got a lot of money and I think they're on a big drive, but they are certainly not going to have any foreign markets in their pocket the way they've had in the past.

**RW:** Certainly part of the success of the domestic operation is the artist roster domestically. In your public addresses over the past 18 months you have come back to the phrases "qualitatively upgrading and expanding the artist roster." In New Orleans you declared that this roster had the best potential for superstardom.

**Yetnikoff:** I believe that. I mean, I believe exactly what I said.

**RW:** What's a superstar to you?

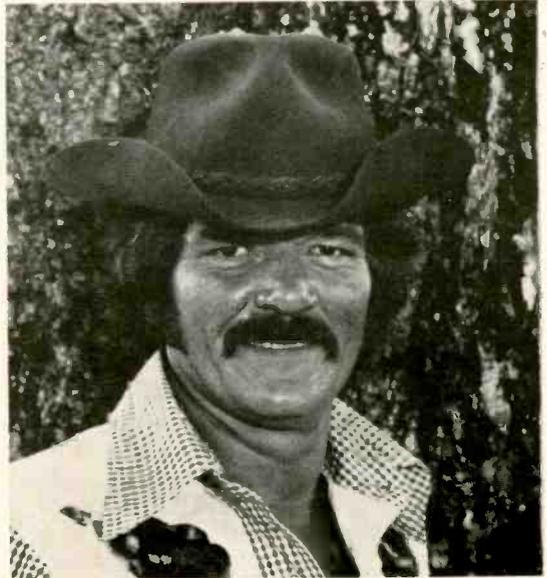
**Yetnikoff:** Someone who I think has the *potential* of going platinum. Billy Joel was a superstar years ago in my view because of that *potential* even though "Turnstiles," the predecessor to "The Stranger," sold 250,000, to 300,000, something like that. I'm not saying I was alone, of course, in recognizing what could be. Now Billy Joel is a superstar in terms of record sales. It's difficult to know what standard to go by. Okay, let's say a star is over gold, a superstar is over platinum and mega-star is over double platinum and a cripton star is over triple platinum. I think that is a rough kind of thing. But what we're really talking about is the *potential* to achieve those sales. If we look again at who's been broken over the past year, we have a very qualitative roster. We obviously have a number of superstars. In this country last year, CBS Records had 40 gold records, 21 platinum records, 11 double platinum. So by those standards we had 40 stars and 21 superstars and 11 mega-stars in 1977. And, every year we surpass ourselves.

**RW:** When is an act broken?

**Yetnikoff:** What I was trying to say is beyond that level of those 21 and the 40 and the 11 that I was mentioning, there's a bunch of artists that I think are going to be superstars or, in my mind, they are already. They still have to be "broken," but these people are superstars. I talked about Meatloaf before. To me Meatloaf was a superstar before there was a single out. Eddie Money was before he had his first gold album. Jane Olivor, with a little mazel, is a superstar. I think she has a very good shot at these kind of potentials. James Taylor was a superstar who had declined a little bit when we took over and

(Continued on page 80)

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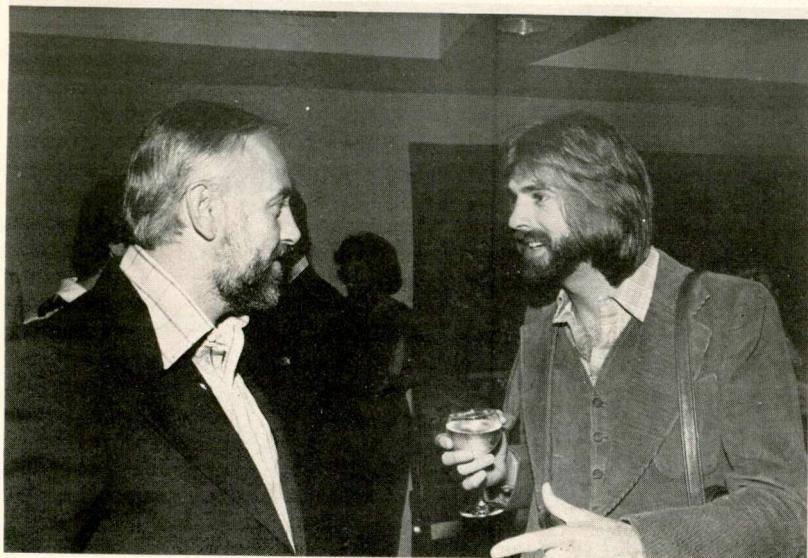
## Bruce Lundvall

(Continued from page 12)

want to reach and how to reach them. Then, you want to know on a market-by-market basis where you want to stretch out, perhaps use other media such as television to stimulate high intensity interest for a specific album. You're using that research to really guide you in selection of media, selection of time slots on a given radio format or a given television format, selection of pages for advertising in newspapers and the magazines. If you look at all the media, first of all there's a print intensity in terms of our business today that didn't exist a few years ago. Most major newspapers have expanded their coverage of music and entertainment. Magazines such as *People* magazine, and many others, have increased their coverage of music, because the public interest is much more intense today. So you have a media awareness that we didn't really enjoy a few years ago. I can remember in the sixties when a lot of the alternative newspapers developed. We're talking about publications that we all advertised in as record companies that had very, very, small circulations. And most of them weren't audited circulations. Well, many of those are beginning to grow and flourish, but beyond that, the general media at all levels has expanded its coverage of music. And, television's interest in music is more intense than ever before. The ratings are not spectacular, but there have been shows that have gotten very high ratings and developed a keen interest. There's also that other element of fringe time. When you talk about "Midnight Special" and all those other rock shows that are on late at night, there's a viewer habit that has built up over a long period of time which you can't ignore. Now, it's a common habit to view those programs if you're into music. Maybe the ratings aren't so terribly essential at those time periods, but you're reaching millions and millions of people every single weekend.

**RW:** The motion picture community is also more interested in music.

**Lundvall:** Obviously. We're really seeing that more and more. In the past couple of years, there have been more instances than at any previous time—"Saturday Night Fever," "A Star Is Born," "Grease," "FM," and so many other motion pictures. Probably at this point, one of the single most interesting avenues for film producers is musical films, contemporary musical films. We have made several deals with film studios and producers to provide music for their films, because they are more interested than ever before in contemporary music in the forefront of their movie. Even if they are dramatic films, they want the movie score, or they want a song in that film by a current, contemporary artist that will help promote the movie and perhaps be the vehicle for a soundtrack album. So there's an awareness on that level which is pretty extraordinary.



Bruce Lundvall with Columbia artist Kenny Loggins

**“The quality and the uniqueness of the artist has always got to be there, and the radio acceptance has to be built into that record as well.”**

**RW:** How does this new marketplace that you've identified affect the breaking of an artist? Is it harder now to break an artist, or is it easier?

**Lundvall:** It's never easy to break a new artist. Certainly more artists have been broken by this company in the past two years than ever before in our history. And we certainly broke more artists last year than any other company in this industry. But, I think that all record companies, perhaps, have a somewhat better chance of breaking an artist now. The problem is that there are so many records being released. Consequently you need really sophisticated campaigns. You have to spend money and you have to be prepared to promote and market that album over a much longer period of time. We talked about Meatloaf just a while ago; that album has been out since September and that artist was passed on by practically every company in this industry. "Bat Out Of Hell" didn't happen overnight, but now the album is heading toward platinum. It will absolutely be platinum by the convention, and that's the first album by Meatloaf. Eddie Money nearly took the same amount of time, and his debut album is well beyond gold. Then, there's a number of others whose albums are still selling and gaining momentum. In addition, there are other artists in other fields who may not have the potential to put out a hit single record and sell as many units as a contemporary rock artist; nevertheless, they are selling the way you never expected them to sell. Lonnie Liston Smith or Herbie Hancock are examples. It always comes back to one thing, though. The quality and the uniqueness of the artist has always got to be there, and the radio acceptance has to be built into that record as well. Then, the touring impact has to be there. There's probably a more receptive audience out there in terms of new artists, but, as I said, the job is more and more difficult because of the output of product from all record companies. And again, the amount of money that's required is greater than ever before. Chances of failure are probably higher than ever before also. So, you have to be very, very tuned in to each artist that you sign and make a commitment to. The failure end is still very, very high. But the chances of success, once you gain a base audience, are worth the effort. I guess if you go back about five or six years ago, if with a new artist you were able to get that artist up to maybe 40,000 or 50,000 units, you'd say, "I think we may have something here." But today it's more probable that you can get over 150,000 units with a first album. Then, you know you've got something, and from there, you can take it much further.

**RW:** What about the traditional categories of music? You've mentioned in a number of your public speeches that there exists a blurring of traditional categories of music that has been happening over a period of time. To what extent does this phenomenon exist? Is there an impending homogenization of music?

**Lundvall:** I see it at the other end of the funnel, because in the middle, there are still enormous walls within the trade itself. Radio stations still tend to categorize, and it's very difficult to take an album by an artist who would be considered in one category of music that may not be the favorite category of a particular program director. If the program director is programming rock and roll and you have a Willie Nelson single, it's very hard to get that single played, even though it may be very right for that station. In the eyes of the consumer, the categories have broken down to a great extent. All you really need to do is stand in the record stores and see what people buy, and you'll find a great diversity in a single purchase.

(Continued on page 84)

# Words & Music

CBS Records and ROLLING STONE.  
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## Black Music Marketing: Thoroughness and Professionalism

■ In the field of black music, one out of every four albums bought by consumers around the country is the product of a CBS Records artist. That includes r&b, jazz and progressive, and soul, and the 25% share of the market that represents is, by far, the largest enjoyed by any company in the industry. No one else even comes close.

CBS Records is unquestionably the leading contributor to the development and growth of black music in the United States, and if certain projections are met, that leadership position will be magnified. Earlier in the year, LeBaron Taylor, vice president, black music marketing, CBS Records, indicated that a goal of the company in 1978 would be to extend that market share to 30%. With the year half over, he feels his organization is right on target.

"Our goals are certainly obtainable at this point," he predicts confidently. "We're right where we want to be, and if several things go our way, we could even go a few million above our projected quotas. Thirty percent still looks good, but, of course, it will be dependent on product flow, as most of our heavy releases this year are still to come."

Among them will be albums by superstar Barry White, who has just concluded an arrangement that brings his Gold Unlimited Records to the CBS family, Jerry Butler, through Philadelphia International Records, The Emotions, Marlena Shaw, D. J. Rogers ("definitely a smash record" says Taylor), and the long-awaited Johnny Mathis/Deniece Williams pairing that has already produced a gold single (indicating sales in excess of one million units) this year. "Most of our major stars will have second half releases," notes Taylor.

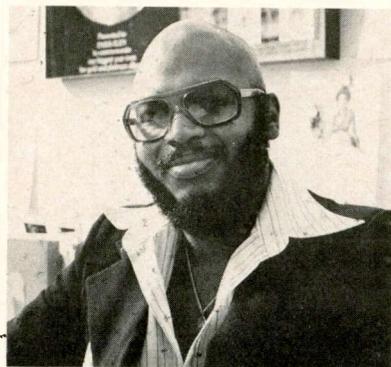
That is reason enough to sit back and celebrate, but as the marketing vice president peruses his roster of approximately 105 artists, he sees some very serious challenges. "We're very confident of the ability of our superstars to break through and achieve still higher and higher milestones," he says, "but, we'd like to have more time to work new and mid-developmental artists. When you're trying to develop these artists, which is the name of the game, you need to find more time."



LeBaron Taylor, VP, black music marketing, CBS Records

To meet the increasing demands inherent in dealing with such a huge number of artists in an increasingly competitive marketplace, black music marketing has recently created an artist development department. This latest addition to the marketing support groups under Taylor is headed by Vaughn Thomas, with representative emphasis on both coasts. Once it is fully operational, the new department will provide the logical next step in the functional growth of black music marketing.

"I, for one, have always been a disciple of artist development," Taylor states. "Certainly, it's important in igniting record sales, and satisfying the consumer on any level, but it's even more important when you talk about black music and developing black artists. I think the black consumer is a little more critical than his white counterpart, so it's important to have your artists totally together when they go for the first time. We try to develop artists from a personal appearance standpoint, paying particular attention to overall staging techniques, lighting, etc. We act, in effect, as artist advisors in the creative area. They look to us for



Paris Eley, director, merchandising, black music marketing, CBS Records

our professionalism in terms of outside choreographers, even recommendations for venues — anything to help put a show together.

"Their situation is a little bit unlike pop and rock artists," he explains, "because the average black consumer is accustomed to an exceptionally high level of professionalism. If a black artist goes out following a hit record, and he's not totally together from a personal appearance standpoint, in many cases he'll get booed off the stage. That's because, in the black community, there are many kids who sing on street corners who are pretty damn professional. So, we're putting a lot of emphasis on the personal appearance aspect of artist development. Of course, in addition to personal appearances, we have to make sure that the logistics are right. For example, we want to make sure that the artist is appearing with certain superstars that will give him the additional exposure. That, in part, is what artist development is all about."

Then, there is the sales aspect. "When all the elements are in place, we begin to smell additional sales," he continues. "The sales department comes up with an additional selling assignment, and all of those elements of marketing — press, as well as promotion — come into play. At that point, we're determined to break that artist over a given period of time."

Although there are no guarantees, the use of market research and other statistical data has enabled Taylor to achieve a level of success that far surpasses the industry norm. "It's extremely important in giving us an advantage," he says of his research ori-

entation. "That's one of the reasons that we, as a company, have been able to reach the black consumer much better than our competitors. Not only am I research-oriented, but I feel I can speak for the entire organization when I say that, as a company, we are research-oriented. It's true, not only for black music, but for the country as well as pop and rock music.

"CBS spends a tremendous amount of money in the market research area," Taylor notes. "We do it to make certain that we're headed in the right direction, that we really understand as a marketing department, what all the consumers are like that we're trying to reach. I doubt whether any of our competitors in the black music area have access to the kind of information we have, and have had, for years. We're two to three years ahead as a consequence."

Still, Taylor adds, there is more to learn. "Despite our obvious leadership position, we don't feel we know nearly all we need to know in order to maximize the impact of our artists and their music. We're constantly searching for additional, different points of view, even from people in the soft drink or beer industries. Many of these other industries have special markets departments, and I find that they have the same problems in reaching the black consumer that we do. We both recognize that this is a billion dollar a year market. That's the main thing; and, we all want our share, of course."

Tactically, that will be achieved by what Taylor calls, emphasizing the basics. "You can't run fancy plays until you master the basics," he offers. "We have to  
(Continued on page 112)



Win Wilford, director, press and public information and artist development, CBS Records black music marketing



Vernon Slaughter, director, marketing, CBS Records black music marketing

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PAR37 FCB

# CBS Mines Gold & Platinum in Nashville

By WALTER CAMPBELL

Country music, sometimes regarded as one of the more traditional musical styles, is slightly deceiving in that it has actually been in constant motion since its origins. From Jimmie Rodgers to Hank Williams to Willie Nelson, the sound has flourished and grown to proportions which those who make and market the product now hesitate to define.

Gold records, once a rare prize for a Nashville artist or record company such as CBS, have become increasingly commonplace, and the previously unheard of platinum country records are also emerging.

Now more than ever before, country music's boundaries are expanding and even disappearing, and CBS Records, Nashville, is an integral part of that growth. Since the opening of Columbia Studios and offices on 16th Avenue South in 1962 with a staff of 12 people, CBS Nashville has grown into an operation which is now capable of handling the entire process of writing, publishing, recording, manufacturing, promoting and marketing music, whether it is country or otherwise.

One of the most comprehensive labels in Nashville, CBS Records now includes a complete a&r department under the direction of Billy Sherrill (vice president of a&r) and an extensive marketing wing headed by Rick Blackburn (vice president, marketing). April/Blackwood, the CBS-owned publishing company, also has a Nashville office opened last year under the direction of Charlie Monk.

Why does CBS maintain such a complete operation in Nashville? "To be successful in the country business, you have to be here," says Blackburn, "and the future looks good for Nashville with all other kinds of music as well.

"Country music is getting better and better," says Sherrill. "It's better in every way you can think of now. The songs are better; the artists are better; the sounds are better; the musicians are better; and the record company is better. With that, everybody sells more records. It's appealing to more people, younger people. Without losing the identity of country music, I think everyone has learned to expand it."



Rick Blackburn, VP, marketing, Nashville, CBS Records.

Gold and platinum records out of Nashville and the appearance of more country records on the pop charts is one indication of that expansion. "The attitude has been that country product is not a must stock," said Blackburn. "But that's changing, and there are a lot of reasons why.

"First of all, record companies, the ones that are serious about country music, have taken a more aggressive posture on the thing, and another thing is crossover records that have forced a mass appeal situation. Television has also played a significant role. We're seeing more and more network country-oriented shows; and people, particularly in the retail community, are more conscious of country product. It's selling. It's hard to tell what is country anymore, but the point is that is where it has started. The crossovers, which started picking up in 1977, really forced the issue. It told people that somebody out there likes it, particularly the adult market which is becoming a little more active in its purchasing behavior."

CBS Nashville has had at least one platinum and six gold records already this year.

Most of those records came from the Columbia Studios, on Music Square East, under Sherrill's direction.

"Of course when we sign an artist, we look for star quality and longevity," says Sherrill. "Nobody's too interested in one-shot type deals anymore. The label is getting into tours and all kinds of ways to help an artist we never dreamed of before. That's not a&r's primary responsibility, but we do have to take into consideration who handles these people. It helps make the decision.

"But hit songs are what devel-

Country is a limited market, but at the same time it's a market that is growing.

op artists. When I think of artist development—other departments in the label of course think in a different direction—I think of a piece of material developing them and making stars out of them. From my standpoint, it has to be the song. Once you get the material, you try to make all the instruments complement them, to make the artist the star of the record."

Then the CBS marketing department takes over. "As far as I'm concerned, the game is over when the record leaves this office," says Sherrill. "There are professionals who take over to promote and sell it then."

Blackburn and the CBS marketing division, located at 49 Music Square West, pick up the next steps, delivering the product to the listening and buying public.

"Everybody here is key personnel," says Blackburn. "They wouldn't be here if they weren't. It's a team effort. In this office we have departments dealing with promotion, product management, artist development, publicity, graphics (cover and art design; we do all our own covers here) and administration."

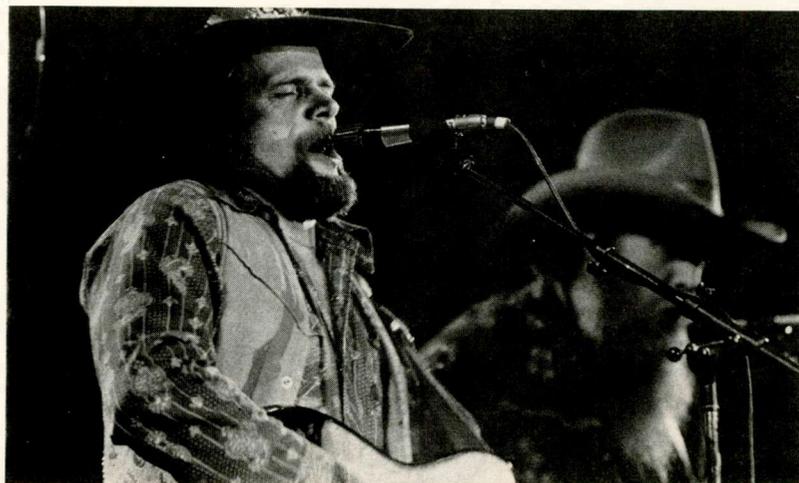
Market research is utilized daily in the handling of product out of Nashville. "As an industry and not just as a company, we really haven't had much of a handle on the purchasing habits of the coun-

try consumer. It's a segment of our industry that I feel has never been looked at in depth, and recently, with the approval of our head office, we have appropriated some funds in that area. It was an eye-opening experience which has become very useful to us on a daily basis."

Through market research findings, distinguishing characteristics of the country consumer are analyzed and capitalized upon. "Country is a limited market, but at the same time it's a market that is growing. What we're finding is that people around the age of 30 undergo a lifestyle change. Usually they're married by then and might have a couple of kids. They have more responsibilities. All of a sudden, the heavy rock and heavy metal doesn't satisfy them anymore. Their tastes have truly changed, and country music has become a compromise. Those people have grown up as record buyers. Our job as an industry—from the country music standpoint—is to retain that consumer as a record buyer."

CBS Records Nashville aims much of its product at that demographic in a variety of ways—promotion, in-store merchandising and cross-merchandising, to name a few—all aimed at the country consumer but also in hopes of attracting new buyers.

(Continued on page 126)



Epic artist Johnny Paycheck

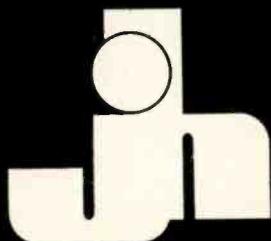
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# CBS RECORDS

## Sherrill Makes the Most of the Song

By WALTER CAMPBELL

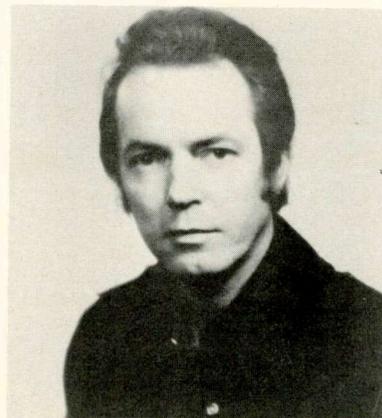
■ As vice president of a&r for CBS Records, Nashville, Billy Sherrill is responsible for matching the right artists with the right songs and putting them together in the studio. Judging from his track record, he has been quite a match-maker.

Beginning with the success in 1966 of "Almost Persuaded," sung by David Houston, Sherrill has produced a steady stream of hit records for CBS, making him one of the leading forces on Music Row today. He has to his credit numerous records by a wide variety of country artists which have reached the top of the country charts, often crossing over to the pop listings as well. Artists like Tammy Wynette, Johnny Paycheck, Barbara Fairchild, George Jones, Janie Fricke and Johnny Duncan have joined forces with Sherrill to make records that have

endured as country classics. And Sherrill's involvement with those records has often extended to writing the songs as well as producing them.

Beginning with Epic Records as a staff producer 15 years ago, Sherrill let success dictate his musical direction. "When I first started with Epic, I was a shotgun type producer. For eight grand a year, I'd produce anything they would let me produce: r&b, country, jazz—anything I could get into the studio with. Everything was kind of mediocre until 'Almost Persuaded' sold 40,000 records in one day in Atlanta. At that point I thought, 'Wow, I think this is what I'm going to do from now on.'"

Whether it is the result of his success or vice versa, Sherrill has some very definite opinions about country music and all of its elements, the most prominent of



Billy Sherrill, vice president a&r, CBS Records, Nashville

which is the power of the song. "Over the past 10 or 15 years, I've heard tremendously successful million seller country records that have mistakes in them. They're not necessarily a good sound; the singing is not necessarily that good, but the song is the main catalyst to the public.

It's so important that you can even have a smash country record with everything lousy on the record if the song is great. You try to make the song sound as good as you can with the artist, musician and equipment, but the song is what really does it."

Sherrill is presently the only full-time producer for CBS in Nashville, working out of the Columbia Studio complex on Music Square East where most of the CBS country product is recorded. The studios, which also are rented out to other labels, are built around "the Quonset hut," one of Nashville's earliest and most famous studios. Under the management of Norm Anderson, the complex includes three studios and two mastering rooms with three mastering lathes.

Although a variety of sounds, in addition to country, are coming (Continued on page 127)

## CBS/Nashville:

# Thriving on the New and the Traditional

■ CBS Records, with a divisional headquarters located in every major music center in the world—New York, Los Angeles, London and Nashville—is reflective of not only the contemporary and innovative elements of our industry but, as importantly, the traditional aspects as well. Nashville's CBS team of a&r and marketing specialists is no exception.

In a city where the 53-year old country music institution, the Grand Ole Opry, draws an estimated 800,000 paying visitors a year, while Music City recording studios yield such heavy metal discs as platinum album "Point of Know Return" by Epic/Kirshner's Kansas and Columbia's Billy Joel encores with legendary banjo man Earl Scruggs before a stomping, standing-room-only Grand Ole Opry House concert audience—the traditional and contemporary thrive.

### Roster

So it is with the Nashville-based roster of traditional and contemporary Columbia, Epic and CBS Associated Label recording artists.

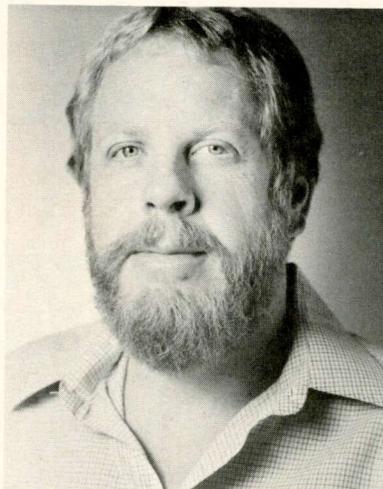
The CBS Records team is a personified study in the pioneering and marketing of varying musical attitudes and attributes—evaluating "backyard" resources as well as the venues most appropriate for each recording artist himself.

Although autonomous by design of upper management, Nashville division executives are fast to point out its major resources will always stem from a much desired and necessary involvement from company headquarters in New York. Historically speaking, teamwork throughout the CBS Records organization has refined and enhanced the efforts on behalf of artists and their developing careers, and Nashville-based acts along with New York and Los Angeles based artists have benefited from such team efforts. Evaluation of strategic venues for an artist by a team of marketing and a&r specialists and then solicitation of assistance where necessary to employ maximum effort for an artist lies as key in the development of artists' careers.

Just as CBS personnel take an

active role when deemed strategic in the New York, Los Angeles and international-based artists' local appearances; New York, L.A. and international reps take a similar role in their respective local areas where a Nashville-based artist is concerned. It is this spirit of cooperation and teamwork as exemplified among Nashville CBS per-

sonnel as well as their coastal counterparts that specialists, whether they be in the areas of a&r, sales, promotion, publicity, artist development, product management or art direction—can grow within their respective areas, and abound and survive in a "musical mass appeal world" in which we all work.



Roy Wunsch, director, promotion and sales, Epic/Portrait/Associated Labels, Nashville.



Mary Ann McCreedy, director, contemporary artist development & press & public information, CBS Records, Nashville.

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# CBS Marketing Propels Jazz/Progressive Resurgence

■ It comes as no surprise that CBS Records has emerged as a leader in the recording and marketing of jazz and progressive music in the 1970s. After all, the company has been vitally involved in the history and heritage of this indigenously American art form for more than 80 years, recording the likes of Besise Smith, Robert Johnson, Billie Holiday and Duke Ellington. The list is seemingly endless.

Now, in 1978, jazz has emerged as big business, and CBS has accelerated its involvement with the creation of functional specialists with specific a&r and marketing responsibilities for the development of jazz artists on the CBS family of labels.

One of those specialists is Dr. George Butler, vice president, jazz a&r, Columbia Records, who came to CBS from Blue Note Records where he discovered Bobbi Humphrey, Noel Pointer, Earl Klugh and Ronnie Laws, among a host of others. "At Columbia, because of the success engendered by a handful of artists in the jazz and progressive area, like Miles Davis and Weather Report earlier in their career, it was thought that the company should get more involved," Butler offers.

## John Hammond

Columbia had enjoyed a great deal of qualitative success under the direction of John Hammond, who became a seminal influence in the 1930s and continued to pioneer in new areas for more than three decades, and, later Teo Macero, but sales were not what anyone would term substantial. "There was a need for a more definitive division dealing with the music," comments Butler. As a result of this consideration, artists like Herbie Hancock, Billy Cobham, Maynard Ferguson and Freddie Hubbard were signed, and each has logged considerable sales success.

To capitalize on this market acceptance, CBS last year formed a marketing and merchandising department to focus on jazz music, and the artists who play it, with the goal of exploiting various market opportunities. The basic need for making such a move stemmed, obviously, from the resurgence of jazz which has developed over the past several



Dr. George Butler, VP, jazz/progressive a&r, Columbia Records

years. "The size of the audience has grown enormously," confirms Vernon Slaughter, director, jazz and progressive music marketing, CBS Records. "A lot of young people today got into jazz through jazz-influenced pop groups like Chicago and Blood Sweat & Tears."

But, he adds, there have been other factors. "The coming of black progressive radio stations that program jazz at the same time as programming The O'Jays and Earth, Wind & Fire has been vital. They've proved that the same audience that got off on The O'Jays could get off on Herbie Hancock and Ramsey Lewis. Then, again, the desire of the artists themselves to reach more people has, maybe, been the strongest factor for the resurgence of the music.

"At CBS, this isn't something that's happened over the last couple of months," Slaughter emphasizes. "We were the first company in recent years to have real big success with a jazz album. 'Headhunters' (recorded by Hancock several years ago) is nearly platinum (indicating sales

“The coming of black progressive radio stations that program jazz . . . has been vital.”

in excess of one million units) and 'Sun Goddess' (recorded by Lewis several years ago) is also close to platinum. And this year, we started off by awarding George Duke a gold album (indicating sales in excess of 500,000 units) for 'Reach For It.'

"What this department is about is not to separate the artists or categorize their music, but to give specialized attention to these artists. CBS is a highly sophisticated marketing machine, and my job is to pay particular attention to these artists, so that when opportunities present themselves, we're able to make sure that every important department is aware of that. At the same time, we're pursuing avenues of exposure, trying to get things started.

"What's impressive, the consistent thing about the artist roster is the quality of the artists. The quality is there, and if you market and merchandise and promote these artists, you're gonna crack it, and it's worth it. It's very profitable for the company."

Ironically, that belief in the saleability of jazz in large part is attributable to Butler, who is credited with developing the commercial jazz idiom while at Blue Note. "The concept stemmed from my involvement with Donald Byrd and an album called 'Blackbyrd'," he remembers. "We

borrowed from the rock idiom and coupled that with jazz, and it worked. As a result, artists like Herbie Hancock got into this commercial or contemporary bag, borrowing from rock with electronic instruments.

"Because of the breadth of my background, my view as regards jazz is somewhat broader than some people's," he offers. "I'm concerned about the so-called pure jazz artists as well as contemporary jazz. I think there's an audience out there for all styles of jazz. I'm concerned about all areas. I attempt to be more universal in my thinking, rather than get locked in to one kind of jazz. If you examine what Columbia is all about, you'll see that they've always been involved with the so-called pure jazz act, and, simultaneously, concerned about the new, young jazz act."

Slaughter agrees. "We're careful to keep the jazz and progressive labels together. Here, what we've done is taken these artists and put them back into the marketing and merchandising machinery to enable them to sell more records. The music dictates the direction we take, and our involvement. It's open-ended. Our artists aren't limited.

"Some of our artists have their primary audience in AOR (album-oriented rock), so I have to work with the AOR promotion staffs at Columbia and E/P/A," he says, "to back up their efforts. The bulk of our artists' primary avenue of exposure, though, is r&b, jazz or black progressive radio, which is what the Black Music Marketing staff handles, so I'm involved with them. My interaction with other areas of the company, particularly pop promotion, is indicative of the sense of cooperation that's in every aspect of this company. There's a high level of interaction. The doors are always open, and those doors lead to the largest, most sophisticated marketing department in the industry."

That core marketing structure  
(Continued on page 120)



Maynard Ferguson

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# CBS RECORDS

## Columbia (Continued from page 46)

where records are broken, they're not broken in New York or Los Angeles, usually, in terms of air-play. They're broken in the south or the northwest or the midwest, and we can help in our area by getting people talking about an artist by getting press, and building consumer awareness for a given artist in local areas and markets outside New York, Los Angeles, and, even, Chicago. When people pick up their local daily paper, and read about an artist, that may make that much more of an impact."

During the past year, all of the marketing support groups at Columbia have worked especially hard at establishing the company as a major producer of rock 'n' roll artists. For a long time, as Columbia's market share in the adult contemporary, classical and country fields swelled, rock seemed to lag far behind in percentage of growth. Recently, with the added preeminence Columbia has assumed in the fields of black music and jazz/progressive music, that absence of a strong rock roster became even more conspicuous. Now, though, Columbia seems ready to assume a leadership position in rock, as it has with virtually every other area of repertoire.

"It's getting better," notes Mansfield. "Eddie Money is definitely a rock 'n' roller. Dave Mason has certainly come a long way. His last album is close to platinum, and we believe his new one will be platinum. Dudek, Finnigan and Krueger, I think, is one of the best bands in rock 'n' roll today, and although each has a solo album out now, there are plans to do a studio album that will be the vehicle to explode them. People leave their concerts believing they will be the next rock 'n' roll phenomenon. Then, we've got Elvis Costello, which is a case where a lot of the success we enjoyed was attributable to press coverage. And, Journey is another example. Their current album is at well over 800,000 units without the benefit of a hit single. We feel they are a platinum group."

One of the reasons Columbia has made such dramatic inroads into so many diverse areas in such a relatively short time is

its commitment to innovation, which is characteristic of the entire CBS Records operation. At Columbia, that has manifested itself in a number of ways, but none has been more instrumental to the overall success of the label than the merchandising department, headed by Ron McCarrell, who was recently named a vice president.

"We function as a separate entity within the vast umbrella of the CBS merchandising department," he notes, "and that gives us a real advantage in competing in the marketplace. We're able to work exclusively with Columbia artists, which offers our artists and managers an increased degree of specialization, and, yet, we're able to be aggressive on the street—in stores, merchandising and exploiting concert appearances—because we have the clout of the CBS Records field staffs behind us. It's an ideal situation, and helps to explain why Columbia Records is what it is."

Another reason for the leadership position Columbia enjoys, is what McCarrell identifies as excellent preparation and follow through, particularly among his department, artist development and Ed Hynes' representation in sales. "There is one document generated from New York, called a priority tour sheet," he explains. "What that is, is a directive which goes to the branches, and is developed between these three areas. It consists of tour information as it relates to Columbia Records: where artists will be; what merchandising and advertising support consists of; and, itinerary breakdowns once an artist arrives in a market. It was developed during the past year, and it's perfected now. It seems to work well.

"You have to have guidelines



Don Colberg, director, national promotion, Columbia Records

to work within," he emphasizes. "This is a minute-to-minute business, so to try and create formulas is not a wise thing to do. However, there are certain guidelines and, yes, you formalize to a degree. But, there has to be a tremendous amount of flexibility within a system such as ours."

Teamwork, obviously, becomes a cornerstone. "You can't succeed any other way," McCarrell states. "There are certain elements that have to be in place before any album will succeed, and those elements are found within various departments. If departments aren't working together on a given project, then chances of success are somewhat diminished."

McCarrell is directly responsible for Columbia's product management staffs, and he feels that the integration of functions that such an arrangement implies is the only way to give the large number of artists on the label the attention they need. Barbara Cooke is east coast director, product management, with five product managers reporting to her, and Ron Oberman is west coast director, product management, with four product managers reporting to him. Says McCarrell, "Product managers are involved with developing the overall national marketing plan for artists assigned to them, and then, following it through to see that every element is executed properly right down to the street."

Columbia has a reputation as being a Tiffany company in the industry, and, according to the merchandising vice president, that can cause problems in certain situations. "Obviously, greater demands and expectations are put on us, because artists, themselves, see the success that other



Mike Pilot, director, special projects, Columbia Records promotion

artists have achieved here, and what we're capable of achieving as a company. The product management system enables us to always handle these problems, and generally to everyone's satisfaction."

That has not always been easy to accomplish, however, due to certain trends in the marketplace, and other general market conditions. "Increased packaging costs have been an unfortunate trend that has affected the industry as a whole," laments McCarrell. "Profitability for a label is a paramount concern, and, obviously, packaging costs dramatically affect an album's profitability in the end.

"The point that I try to make with artists and managers is that the frills, what I call the gingerbread of a package—that extra piece of paper inside, that poster, that special label—are all inside the package, and, as such, they have absolutely no sales value. Now and then, an artist or a manager will give me a pitch that this or that is an image building or image developing thing. Well, I don't buy that. I think that very successful, very dramatic artist images can be developed using very simple packaging techniques—good photography, good illustrations, good artwork, and so forth.

"Market research has done extensive studies, and found that these extra frills put inside the package aren't meaningful," he says. "The only thing the consumer really wants is lyrics, so the lyric sleeve has become accepted. Stickers are the other key in album packaging, which we do use quite often for hit singles. That increases the price of the package, but it's worthwhile to

(Continued on page 82)



Fred Humphrey, director, national album promotion, Columbia Records

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# CBS RECORDS

## Creative Services Targets the 'Total Consumer'

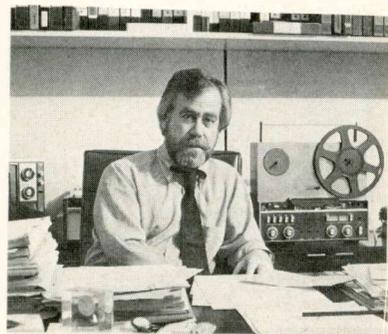
■ This year, CBS Records will produce approximately 100 television commercials, more than 500 radio spots and nearly 2000 print advertisements in support of the music released on the CBS family of labels.

For an ordinary department in another company, that, alone, would be quite a substantial undertaking, but at CBS Records, the operative word is extraordinary. So, it comes as no surprise to discover that producing in excess of 50 advertisements each and every week is but one responsibility charged to the Creative Services department.

Essentially, the 40-odd person group must develop the audio/visual vehicles that will be utilized to advertise and promote the records and artists associated with CBS Records. Artistically, that means everything that is not the surface (read jacket) of the record and includes: convention and product presentations; promotional films for in-store and field instruction; films for commercial television showing on such music-oriented programs as "Midnight Special" and "Rock Concert"; and even special events posters.

That's what creative services does. What it is, is a variety of specialists—artists, art directors, designers, copy directors, writers, production people, producers in TV and radio, retouchers—actively administered by five directors. They are: Carolee Shepard, who is responsible for all copy concepts on all media; Bradley Olsen-Ecker, art director, with responsibility for directing the visual concepts for trade and consumer advertising; Nancy Steiger, in charge of all radio and TV production; Bonnie Brand, who handles all film and videotape production; and Ted Bernstein, art director, special projects, whose involvement covers conventions and field cassette programs.

In addition, there is an important level of secondary management comprised of Patricia Kenely (Copy), Steve Ohler (Art), and Janice Scott (Radio). Each has very specific administrative responsibilities within the department, and, sometimes, these responsibilities overlap those of the directors. But, with the volume of output generated by CBS, this unique approach to struc-



Arnold Levine

tural management is essential to insure the level of quality demanded by the company.

Collectively, under the guidance of Arnold Levine, vice president, creative services, they comprise the single largest, most sophisticated, total in-house operation of its kind in the entire record industry. That fact is not merely something to boast about; it is a key characteristic of the CBS operational philosophy, and an equally important component of the company's overall success. "I believe in in-house, because we know our product better than anyone does," declares Levine. "I know what we've done for a Johnny Mathis, a Lou Rawls, a Teddy Pendergrass, Chicago, Bruce Springsteen, and I can review it all and see what separates one from another. We've also been able to develop our expertise to such an extent that there isn't anything we can't accomplish within a given period of time or given budget.

"I believe we're so sophisticated that we can go anywhere in the U.S. and do what has to be

done, giving CBS Records first-rate production at a minimal cost. This, in turn, allows CBS to get involved in TV and films, and order as much as is necessary without being strapped with high production dollars. And, this specialization and expertise are so well-developed now that I can compete with anyone on the outside regardless of what the quality is. I can get a great deal more done with the kind of quality I'm used to at the kind of dollars I'm willing to spend."

Like virtually every other functional department at CBS, the Creative Services operation is by any standard an industry trend setter. However, for Levine, ultimate success is more elusive. Consequently, solutions and goal achievement must be sought in broader contexts.

"I'm not really interested in merely doing the best record advertising in the industry," he states, "because I think years ago we surpassed that. I believe that we're in competition with every manufactured good. So, I don't view our advertising as being the most sophisticated in the record business; I am interested in our advertising competing with every advertising agency and manufactured good out there. That's because of any consumer who has five dollars to spend, we are in competition for that money with any other manufacturer."

Perhaps more than anything else, Levine's explanation serves to distinguish CBS Records from the rest of the industry. The approach to the consumer and the

marketplace is consistent with those of companies recognized to be among the finest marketers of consumer products in America.

As he declares, "There's an enormous barrage (of media messages) on the consumer: TV; radio; print. What makes him stop and read or listen to yours? To answer that, you have to be more conscious of the whole which includes the lifestyle, who the consumer is, and what he is in terms of selling him what you want. If you can't convince him to spend his money to buy the record instead of something else he was saving up for, well, that's the difference in what our advertising does. We consider the total consumer and what he's up against. You can't just advertise a record without being involved with the myriad of other things involved in his life."

Answers to these and to other questions are arrived at after extensive market research, which has become crucial in the determination of advertising and promotional strategies. "I'm very research-oriented," Levine says, "because advertising is a science. You don't put your finger to your head and wait for the lightbulb to go on. It's based on research, knowledge and expertise.

"We're big business and I don't want to guess with the company's money. I don't want to send out a concept based on what a group of us believe should be done. I'm more interested in finding out whether that concept is right-on for the consumer. If you come up with a concept that's a little strange, what you had better do is take it to the street.

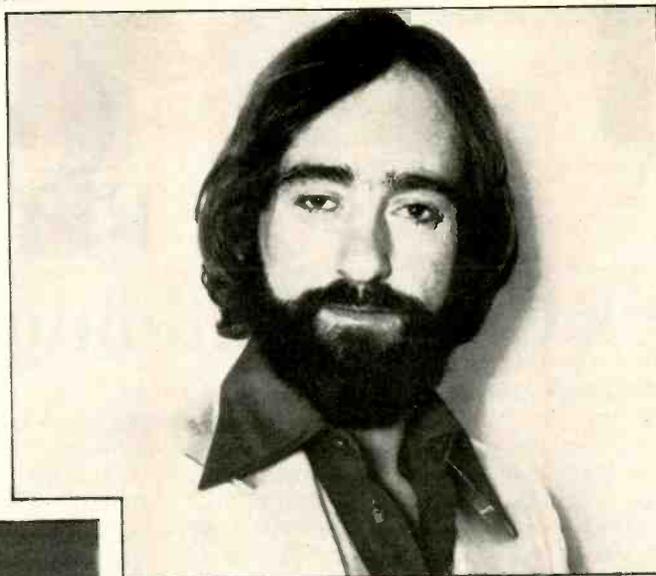
"Every act that sells in the millions is big business," he continues, "and you'd better be sure that when a superstar releases a new album, the hundreds of thousands you spend in support of the act is soundly spent. I don't believe in guessing. What I want to know is, is my advertising attention-getting? Remember, we're not talking about an isolated advertisement. Nothing works in a vacuum. It all works in tandem. You plan to hit the consumer over a several weeks period of time to arouse him. Coordinating the plan is vital."

That is accomplished by a  
(Continued on page 121)

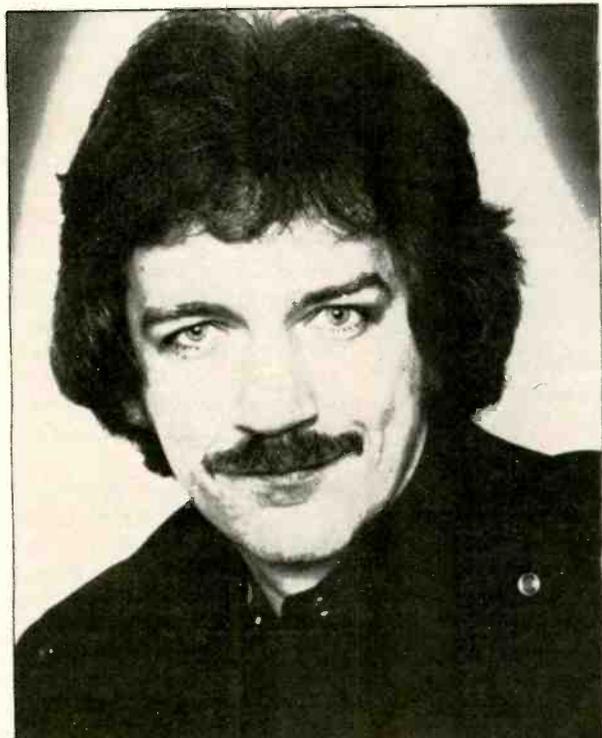


Columbia artist Neil Diamond

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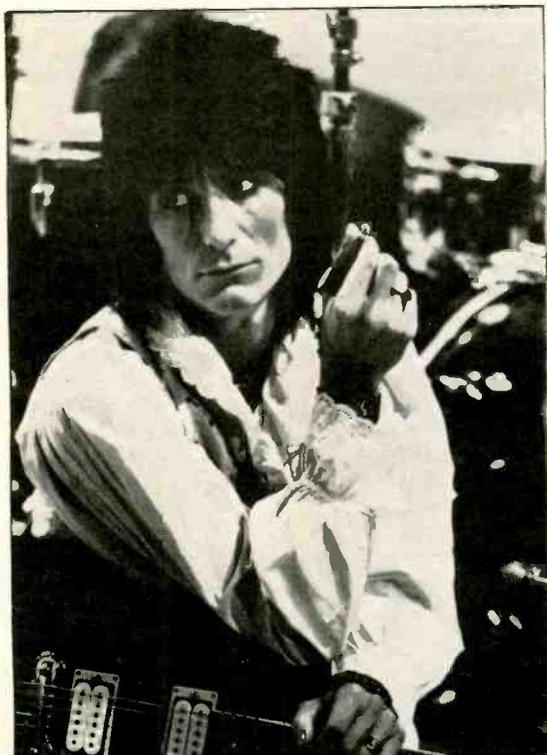
Mike Finnigan



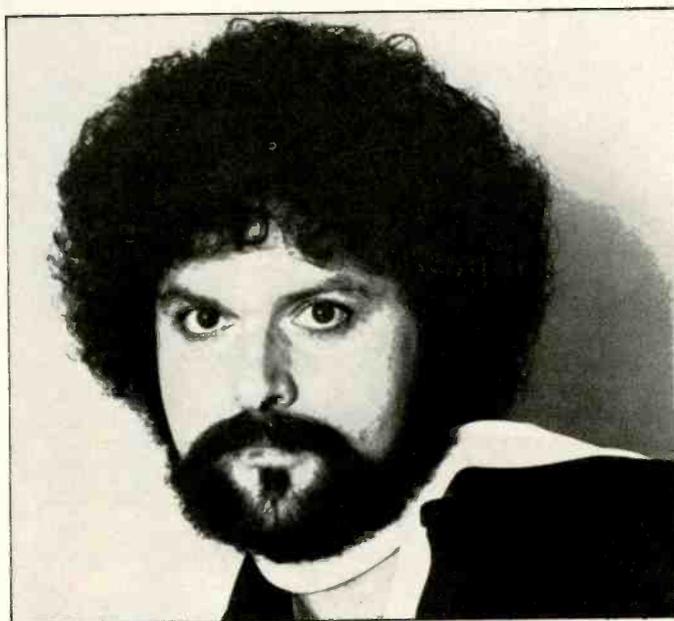
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# CBS RECORDS

## Jack Chase: Building a Base in the Southwest

■ The southwest region of the United States is, perhaps, the newest area of the country in terms of its level of industrial development and degree of residential settlement. Therefore, it seems fitting that CBS recently named 31-year old Jack Chase as vice president, marketing, southwest region, the youngest of the company's five RVPs.

That move, which is reflective of the company's growth in the southwest, is characteristic of developments that have occurred throughout the region. The newly-formed Memphis branch opened for business earlier this month. There is a new branch manager in Dallas as well as in St. Louis and Houston, which accounts for all the branches in the region. And, the branch managers in St. Louis and Houston are recently promoted field sales managers who are undertaking their first

branch assignment.

"There is a certain newness to the southwest operation," Chase agrees, "but we look at it as an opportunity. We'll all learn and grow together as a team, and we'll pull the region together as it has never been before."

An impetus will be provided by the various markets themselves, which, according to the vice president, are ready to explode in the next year or so. "That will be the case in Dallas and Houston especially," he predicts. "Dallas is the eighth largest city in the U.S. already, with approximately 12 million people living in the metropolis, and it's mushrooming both from an industry standpoint and a real estate standpoint. Houston, in some ways, offers an even stronger potential than Dallas. And, with the addition of the Memphis branch, we now have



Jack Chase, VP, marketing, southwest region, CBS Records

the opportunity to more nearly concentrate our coverage in these markets in addition to more thoroughly servicing markets in Tennessee and Arkansas.

"Dallas is not the down-home, country music market that a lot of people think it is," Chase explains. "Obviously, country sells well there, but the market is not totally dominated by country music. There is a very strong rock market, and it's very heavily into r&b. In short, Dallas contains a well-rounded mixture of all formats of music, and that music is exposed on a massive amount of radio stations. Whatever you want to hear is available in the marketplace."

Although the southwest is the smallest of the five CBS regions in terms of gross billing, it encompasses the largest territory, stretching from western Florida to southern Illinois and including much of the southern portion of the country. Consequently, the growth potential is enormous.

"We have every intention of making the southwest the #1 re-

gion," Chase declares. "The way to gauge that is by measuring actual performance against projected quotas, and, as such, I feel our goal is realistic. We also plan on being the best at establishing and breaking new artists through radio and account participation. This will be realized if we are able to create that team concept in the region, and we continue to find and keep the best possible people to keep the team strong. As long as everybody contributes, and everybody works toward the same goal, we will maximize our sales and promotional efforts in all areas. That's what really matters."

For now, Chase and the other key marketing executives in the region are undergoing a period of adjustment to their new markets. "This region is very heavily dominated by racks," notes Chase, "which is something I'm looking forward to dealing with after coming from San Francisco (where he was the company's branch manager) which was a 75% retail market."

"A very large part of the region's billing has come from black music," he adds, "and I expect that fact to become even more pronounced. Progressive country is also very big in many southwestern markets with artists like Willie Nelson and David Allen Coe. In fact, the area is increasing its influence and importance as a music center. That's another goal I would like to realize—to help develop major music trends that are emerging in the southwest on a national level. The future is wide open for us, and we'll just have to see what develops."

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Columbia group Pink Floyd

## Del Costello: Marketing the Music-Oriented West Coast

Historically, a lot of music that has achieved national prominence and gone on to affect the sensibilities of generations, has begun on the west coast. From the good-time sounds that chronicled the hot-rodding and surfing crazes to the psychedelia of Haight-Ashbury to the birth of acid-rock and folk-rock in Los Angeles, the west coast music scene, particularly in California, has served as a focal point in the development of contemporary music.

"The west coast consumer is a little different than the rest of the country's consumers," offers Del Costello, vice president, marketing, western region, CBS Records, by way of explanation. "They're a little more music-oriented for one, and that's due to an extent, because they spend a lot of time on the beach and in the car listening to music. There's always music around, and that's something that goes on regularly. It's a way of life. So, the average consumer is well-aware of what's happening on a variety of musical fronts. Characteristically, that makes the western region a starter region for many new artists and new styles of music. Trends often originate on the west coast and move east.

### West Coast Artists

"As a consequence," he continues, "radio stations like to exploit this condition by taking music that fits the west coast, especially by those artists who are west coast bred, and playing that music. Eddie Money is an example. His home base in northern California started the excitement, and that broke the album. Boz Scaggs, another resident of northern California, broke out of Los Angeles. And, Journey represents still another instance. There will be a lot of records where, even if we don't have a hit, the west coast will account for between 25 percent and 40 percent of the total national sales. We did that with all the Boz Scaggs albums prior to 'Silk Degrees'."

That phenomenon, as Costello notes, is not limited to California either. "Ted Nugent's national explosion was due

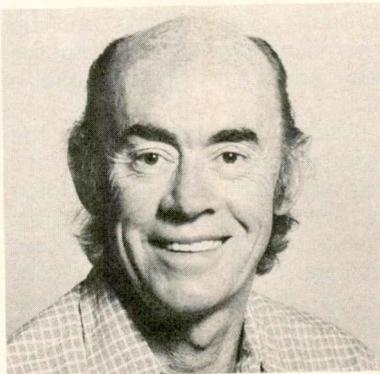
largely to the state of Oregon," he contends. "People, there, are freaky music people with tremendous musical awareness. Right now, there's a serious attempt being made in the northwest to break Karla Bonoff. Recently, she had the best selling record for two weeks in a row in one of the big retail chains in Oregon. I know we'll be successful with that artist, because she now has a solid base due to the reaction she's received in the northwest. The situation with Nantucket is similar. Oregon wants to break that band, and I'm confident they will. It's a very progressive area."

### Consumer Awareness

If that intangible of heightened awareness accounts for part of the difference in attitude, then there is a very real tangible condition that more than contributes to the make-up of the typical west coast consumer, according to Costello. "There are an awful lot of artists on all of our labels who live on the west coast," he notes. "Los Angeles is, after all, the center of the record business, and that affects us on a number of levels. First, the consumer's awareness is increased, because they see the artists all the time at concerts at The Roxy, The Whisky and places like that, and they also see the artists on the street. Radio is more receptive, because they feel they're getting behind local artists, and, as a result, there's that inbred appeal to establish these artists. However, it also makes our job harder, because these artists and their managers watch us like a hawk. To a point, we like that, because it keeps us alert, but it also increases the pressure, due to the very nature of the competitive situation. Now, we're able to be even more aggressive in Los Angeles, because of our increased commitment there, as witnessed by the creation of Portrait Records and the marshalling of our west coast staffs under one roof."

### Retail

Another key to the importance of the western region can be found by examining the retail structure of key markets, particularly in California. "There is



Del Costello, western regional VP, marketing, CBS Records

no place in the U.S. that has the concentrated base of retail that we have in California," declares Costello. "The Warehouse chain, for example, has 112 stores under several names, mostly in California. In addition, there's Music Plus, Licorice Pizza (both in Los Angeles), Record Factory in San Francisco, Banana Records and Tower throughout the state.

### Chain Reaction

"If one chain goes on a record," he continues, "they can break that record, and we have two dozen chains with that degree of market influence. There is no excuse for a consumer not to buy records, because every place he goes, there are two or three record stores. That's the basis. So, when you have a lot of retail stores selling at good prices (for a long time, consumers have been able to buy records at a shelf price that rarely exceeds \$4.99 for \$7.98 suggested list

product), with radio solidly behind you, then the market is very positive. It's amazing how much the consumer on the west coast buys," he marvels, "and it's amazing what they buy."

These market conditions have led to California being fairly saturated with record retail establishments, according to Costello, but the remainder of the region offers fairly unlimited potential for expansion. "Retailers are now going into Tucson, Albuquerque, Butte and even Las Vegas. They're going in with smaller stores, but they're highly competitive. They all have tremendous respect for one another, and they love what they're doing. The situation will probably develop in the way Odyssey Records is expanding. They started in Santa Cruz, California, and now they're in Washington state, Idaho, Oregon, Nevada, New Mexico, Utah and Arizona.

### Expansion

"Five years from now, most of the major chains that established themselves in California will be in every state east of the Mississippi River," he predicts. "And, there will be more than a couple of stores in places like Boise and Butte and Cheyenne. It may even happen in two or three years. I've talked to every major customer on the west coast, and everybody feels the record business is going to go through the roof. All they need is the product, and we have that."



Epic group Heatwave

## Mert Paul: Securing Strong Sales in the Southeast

■ During the past decade, continual shifts in the nation's population have significantly altered the traditional geography of American commerce. Areas of the country that were not long ago considered to be of secondary importance from a national marketing perspective, are now emerging as key contributors to the growth potential of numerous industries. Such is the case with the southeastern region of the United States.

"The population growth in this part of the country is absolutely phenomenal," confirms Mert Paul, vice president, marketing, southeastern region, CBS Records. "And, with industry coming into the area at a more or less steady pace, it adds that much more impact to the region. What is unique about the southeast, from our perspective, is that we sell all types of music there (from branches located in Atlanta, Miami, and Washington, D.C.). Not only does that part of the U.S. do well with pop and rock, but it is a major force in the country market as well as with black product.

"The major buying office for Army and Air Force exchanges for worldwide operations is located in Atlanta, and it's very interesting," he offers by way of illustration. "They are a very major account, and they buy complete catalogues of many of our artists, because the diversity of music is as important to them as it is to any of our other customers in the region."

An examination of some of the major breakthroughs that have come from the southeast bears out Paul's contention. He cites Billy Joel, Heatwave, Ted Nugent and Meatloaf as the most prominent names. "I think those examples reveal something of the diversity of music found in the southeast," he says. "The reasons for that probably relate to population trends, which are reflected in the many different tastes of the people coming to live here."

Another contributing factor to that omnipresent diversity is the expanse of territory covered by Paul's operation. "We cover up to the Baltimore/Washington, D.C. market on one hand, which is very similar in nature to many

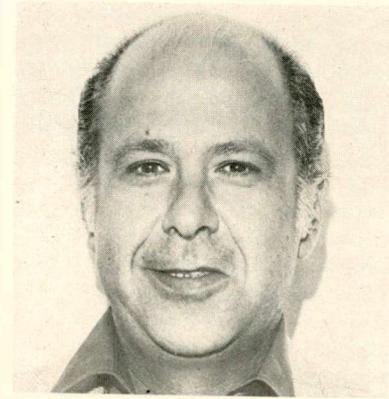
northern cities. Then, on the other hand, we extend into the deep south. It's really quite a mix.

"We're very committed to the deep south," he explains. "It's very important to us, and handled by key one-stops in the area. There's not the mass square foot retailers there, but the Record Bar (a 70-plus unit chain of retail stores that blanket the southeast) has begun various experiments in the area, and committed themselves to larger stores. So, we could see a retail explosion in the deep south before too long. Already, records have broken out of markets like Birmingham and Montgomery (Alabama), markets which have once considered secondary, but whose impact has really made them major areas now. So, we feel the deep south may assume an important role in the future development of the region."

For the present, though, Atlanta is the pre-eminent market in terms of realized growth potential. "The retail structure in the region is such, that it's sweeping from Atlanta in several directions," claims Paul. "Eventually, that sweep will join Baltimore/D.C. to the north, and then, in the other direction, head south and link up with Miami."

Initially, what caused a stir in Atlanta was the opening of the first Peaches superstore. Peaches had tested its concept in a small, prototype store in suburban Los Angeles, and when Peaches' management decided to make its national debut as a chain of larger-than-10,000 sq. ft. stores, it chose Peachtree Street in Atlanta as its first location. "What Peaches did, was make the entire retail community in the city sit up and take notice," recalls Paul. "For the first time, record retailers took a look at the potential in that city, and the result was that a certain aggressiveness developed." Aside from Peaches, Atlanta boasts the first Oz store, which showcases records and tapes in a "Wizard of Oz" motif. Other prominent retailers are the Franklin Music chain and Turtles, which has expanded to six outlets in less than a year.

"The trend certainly seems to be leading to a greater import-



Mert Paul, southeast regional VP, marketing, CBS Records:

ance of retail in the region," offers the vice president, "particularly in Atlanta. The Baltimore/D.C. market has a very strong retail structure, and that strength has now spread and taken hold in Atlanta. You can see it spreading, and it's good for business, because it lends stability."

That stability has, in addition, transcended other areas of market competition to include pricing, and Paul, for one, is glad it has. "Record prices are more stable here than in other areas of the country," he states. "I don't see a need to discount product to the point of giving it away, and existing retailers find they can experience greater profits by not

giving product away. In the region, we have a very healthy combination of rack jobbers as well as retailers, and I suspect that's one important contributor to making the southeast the success it is."

Business, in fact, has been so good for CBS Records in general, and the southeast region in particular, that the company has announced its intention to build a new \$50 million pressing facility on a site approximately 35 miles southeast of Atlanta. It is expected to be operative shortly after 1980. "We're very excited by this development," Paul says. "The plant will provide us with a concentration in the southeast region that we need, to facilitate the distribution of our product in the area. We'll feed product better than we've ever done before.

"The plant is also an indicator of the growth we've enjoyed," he continues. "We're developing and expanding new markets constantly. For example, Charlotte (North Carolina) has become an extremely major marketing area for CBS, and I would not be surprised if we opened a new branch there before too long. There's no end in sight to what we can accomplish. The potential is unbelievable."



Epic group Wet Willie

# Ron Piccolo on Building Acts in the Northeast

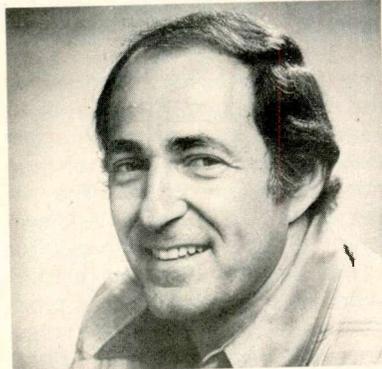
■ Any discussion of the northeast region, quite naturally, must begin with New York, which is the world's largest single marketplace.

For CBS Records, the New York branch accounts for approximately 50 percent of the billing generated in the entire northeast, while branches in Philadelphia, Boston and Hartford conjointly account for the other half. Just how big the New York market is, is probably best revealed by the fact that the branch there sold enough copies of Billy Joel's "The Stranger" to qualify for a gold album. 500,000 units of one release sold in one market is, to say the least, awesome.

"No question about it," says Ron Piccolo, vice president, marketing, northeast region, CBS Records. "New York is vital to the success of any record company and any artist. Despite what anyone says, you still have to make it in New York to be a superstar. But, it's not just important from a sheer sales standpoint. New York is a very critical tastemaker market. What happens in concerts in New York at places like The Bottom Line, The Palladium and, even, Trax draws the attention of influential people. The press is watching, and what happens there can spread throughout the entire region and, eventually, the country."

But, there is more to the northeast than New York City and its surrounding metropolis. Piccolo adds that each and every market in his region is unique, and each, in its way, affects what happens in other markets. "We are able to start many artists' careers in upstate New York," he offers, "in cities like Rochester and Buffalo. Then, we may try to spread the excitement to Boston, and develop that further into other markets. We know, for example, that Buffalo influences Cleveland and Cleveland influences Buffalo, New York influences Philadelphia and vice versa, and Washington, D.C. influences Philadelphia and New York. So, our job is constantly reading the marketplace in and outside the region."

Unfortunately, that is easier said than done. The northeast region is characterized by a number of extreme market conditions that



Ron Piccolo, northeast regional VP, marketing, CBS Records.

make generalizations risky, if not impossible. In New York, for example, the disco phenomenon has an influence that is found in no other market. Although CBS is not noted for its disco music, Piccolo points out that the company's leadership position in the field of black music affords it access to the disco market. "We have the ability to take good r&b music there," he says, "and because of the strong reaction to r&b singles we've enjoyed, we're able to gain substantial airplay on key radio stations like WWRL and WBLS, which tend to lean toward the disco sound. In that regard, New York and Philadelphia play off each other in exposing r&b artists."

At the other end of the spectrum, are the markets in New England, where a white, progressive sound predominates. "Artists like Chicago, Bob Dylan and Bruce Springsteen are very popular there," says Piccolo, "and radio tends to lean toward rock 'n' roll. What also makes New England distinct is the Boston phenomenon and its 350,000 college students who reside in the city eight months per year. In Boston, accounts like the Coop (the Harvard University co-op) and Strawberries serve as tremendous barometers for new and developing acts."

"One of the exciting things about the markets in the region is the abundance of small club venues," he continues, "particularly in Boston and New York. We are able to get a fix on developing artists, and we've been quite successful as a result. Meatloaf, for one, started in New York and then spread to Boston and then upstate New York. There was



Columbia group Aerosmith

a fantastic effort on his behalf, and the rest is history. The Eddie Money situation is about the same. And, Billy Joel, well, he's sold more records in this region than most artists sell nationally."

According to Piccolo, virtually every type of music sells well in the northeast. "We're undoubtedly the biggest classical market in the United States," he states. "And, we're a good adult contemporary market as well. We've been very successful with Jane Olivior, and Engelbert Humperdinck's 'After The Lovin' broke out of New York State. Also, the level of r&b acceptance is exceptional with artists like The O'Jays, The Isley Brothers and Teddy Pendergrass particularly strong in Philadelphia and New York. By the way, the Johnny Mathis/Deniece Williams record ('Too Much, Too Little, Too Late') broke off WBLS."

Only rock 'n' roll is inordinately tough to sell in the region. "As a rule, we don't start rock bands here," the vice president reveals, "because radio is very leery of them. We're getting a taste now on Nantucket, and we've finally broken through with Ted Nugent and REO after a long, hard struggle. But, for a long time, these superstars did not sell well on the east coast. Now, we're gaining momentum, and I expect that in the future, we'll start to do an even larger volume."

That optimism is due partly to the market conditions that Piccolo foresees. A year ago, both Boston and New York retailers were engaged in fierce price wars

that saw \$6.98 list product prominently advertised at prices ranging from \$3.69 to a low of \$2.88. Now, though, that battling seems to have ceased. "The situation in Boston has eased since a year ago," Piccolo explains, "because retailers there saw the handwriting on the wall and stopped fighting each other. Retailers now are not selling price so much as they're selling service and full lines of product."

New York is not quite so calm, although with the declared bankruptcy by Jimmy's Music World, and the subsequent closing of nearly all of its 40 stores, there is no longer the proliferation of \$2.99 advertised specials in the market. "New York will remain a heavily discounted market," says Piccolo, with a tone of resignation. "The cost of advertising and the cost of establishing a name in a city with the likes of Sam Goody, King Karol and Korvettes, makes price a particularly easy and attractive hook to feature. But, that doesn't detract from the tremendous growth opportunities to be found in this market. You don't need to rely on price."

"There is a need for the right concepts and the right management techniques for expansion to work in New York," says the vice president. "That's what will enable New York to realize its considerable growth potential as a market for records and tapes. There's also room for tremendous expansion in New England. All of southern Connecticut, all of Rhode Island and most of Massachusetts is wide open."

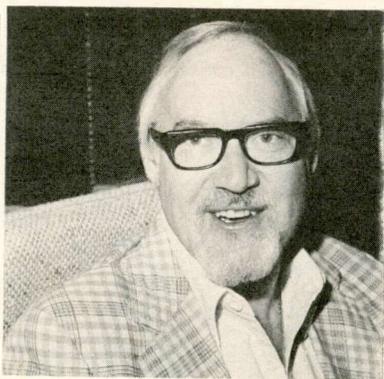
## Don Van Gorp: Mining the Midwest for Top-Flight Talent

■ The midwest region of the United States has been more than occasionally referred to as rock 'n' roll heaven on earth, and although that may seem to be an overstatement, it is probably closer to the truth than not. Nowhere else is pure, unadulterated rock music received with such unbridled enthusiasm than in markets like Chicago, Cleveland, Detroit, Cincinnati and Minneapolis.

According to Don Van Gorp, vice president, marketing, midwest region, CBS Records, who oversees the company's branch operations in the aforementioned cities, the make-up of the population and the geographic area itself, dictate why it is so receptive to rock 'n' roll. "The people, themselves, have a lot to do with it," he states. "Many of them are industrial workers, and they have basic middle-American values. They need a way to express their lives, and, since music is such a good entertainment buy and such a basic form of entertainment even for people over 25, we find that a large percentage of the midwest population turns to rock music to release their pent-up energy. We don't have that good California or Florida sun, but our population sure has a lot of energy, and rock 'n' roll serves as a natural release."

For artists whose music appeals to the wildly enthusiastic midwest audiences, the region can launch careers of immense proportions. Ted Nugent initially broke in Chicago, while Aerosmith exploded out of Detroit and into the Cincinnati area. REO, Kansas and Blue Oyster Cult are other superstar attractions which have been catapulted from the Midwest to national and even international stature. "The thing is that most of these bands have their roots in the Midwest," notes Van Gorp, "so you might say that not only do we produce the premier rock 'n' roll fans, but the premier bands as well."

"Cheap Trick is the most recent example," he continues. "They're from Rockford, Illinois, and they could be one of the big bands to emerge nationally in 1978. Right now, they're ex-



Don Van Gorp, midwest regional VP, marketing, CBS Records

ploding in Chicago, Cincinnati, Pittsburgh, Cleveland and Detroit. Cheap Trick is a good case of how we, as a company, have brought forth an act to progressively higher market acceptance. They were a working band, and we supported them from the start. Now, they're breaking wide open."

One reason for this abundance of rock talent indigenous to the midwest is the large number of clubs that operate in major metropolitan areas, particularly in and around Chicago. "New bands can work from Chicago all the way up to Milwaukee," Van Gorp contends, "and they can work constantly, and make an adequate living. As a result, the bands have the opportunity to develop themselves."

This has been evidenced by a number of recent signings announced by various labels of CBS Records. Columbia is readying the debut album by the Chicago-based Hounds. Epic is currently recording another Chicago-based group called Horizon. Also, Cleveland International has signed The Boyzz, which is, likewise, from that same area. "So you see," offers Van Gorp, "this is really a hot area for rock talent. Three bands tied in with CBS in the last year speaks for itself."

The importance of the midwest region to rock 'n' roll in particular, and music in general, extends much farther than that, however. If the region has long been noted as a source for rock talent, it also contains some of the pre-eminent break-out markets in the country. "Cleveland is a great market for break-outs,"

Van Gorp declares, "because of the radio situation there. Whereas Cleveland was once an AM radio market, now the top stations there are all FM. The #1 FM station in America is Cleveland's WMMS with an incredible 11-12 percent share of market. When they go on a piece of product, there's an immediate reaction. For an artist like Bruce Springsteen, Cleveland has the same type of impact as New York and Philadelphia. The same goes for Southside Johnny & The Asbury Jukes. That's because FM radio got into it, and promoted them."

At the retail level, the midwest has traditionally been dominated by rack jobbers. In fact, the nation's three largest racks are headquartered in Van Gorp's region: Handleman in Detroit; and Pickwick and Lieberman in Minneapolis. "We're very heavily racked," the vice president concurs, "but we're starting to experience a trend toward free-standing retail stores."

Initially, the retail boom is surfacing in Detroit to a greater extent than in any other market in the Midwest. Lou Kwiker, former chief operating officer of the Handleman Company, has recently opened his ninth Music Stop store in Detroit. And, Harmony House has eight units in the city with more scheduled openings planned for the near future. Peaches has two stores in Detroit area, and other key competitors include Sound Warehouse with five locations, and Detroit Audio, also with five stores. "Detroit is a very active retail market right now," observes Van Gorp.

There are, in addition, certain indications that the growth of retail throughout the region is occurring at a progressively faster pace than ever before. "Cleveland has always been a great retail market," says Van Gorp. "There, you have two Peaches outlets along with Record Theatre, the Camelot Music stores, and Disc Records, which also has its national headquarters located in nearby Canton."

Other key retail chains in the region include: 1812 Overture in

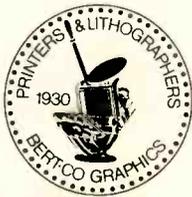
Milwaukee ("they have five stores and are looking to expand," notes Van Gorp); Flipside in Chicago ("they've opened their ninth store and have plans for more"); Rose Records in Chicago ("two stores plus they own Sounds Good in the market"); Yorktown Records in Chicago with nine stores; and GAMCO in Minneapolis ("that was formed by former Pickwick vice president Ira Heilicher and he's already opened three good-sized stores in a market that is ripe for expansion").

All this activity bodes well for the future of record and tape sales in the midwest. "Even though the population seems to be shrinking in the region, there's still a growth factor for recorded music," contends Van Gorp. "One area of particular growth will be a pick-up of black music sales. We already have some of the largest black markets in the country in Detroit, Chicago, Cleveland and the lower portion of Ohio: Cincinnati; Columbus; and Dayton. Now, black retailers are emerging with stronger financial bases, which will enable us to gain more exposure for black product in solid retail stores keyed to the black consumer. In Chicago, the Record World chain and in Detroit, Bad Records and Detroit Audio are solid retail organizations aimed at the black consumer. But, that's just a beginning. The future is very much in front of us."



Columbia artist Boz Scaggs

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# CBS RECORDS

## Jack Craigo

(Continued from page 20)

different audience, that doesn't limit that artist to be advertised and promoted and marketed to a sameness level; it allows us to broaden. Very possibly, that artist is no longer selling up to a 25-year-old age group; that age group could be now 32 or 35, depending on the demographics of the listening audience."

To test these hypotheses, Craigo utilizes various vehicles. "We have a consumer panel that varies between seven and eight thousand members," he reveals. "They really telegraph a lot of information with a particular artist, both our artists and competitive artists. For a specific artist image, we would then move to a smaller focus group. We employ these focus groups not only for artists, but we use them for packaging, price sensitivity, and various consumer attitude studies: what is the consumer saying; and how does the consumer feel about certain situations. Frequently, consumer attendees are expansive, less intense, and more reasonable than professionals within the industry suspect they are."

One of the by-products of testing that illustrated that very point was the discovery that word-of-mouth is a very powerful component of the record buying process. "We knew it was very high for pre-teens and low-teens," Craigo states, "but it goes beyond that. There is very important word-of-mouth activity that surrounds an album the first time an artist really breaks through to 750,000 or a million units. Boz Scaggs was an example. Word-of-mouth followed Boz all the way up. New consumers heard from the consumer who had already purchased the album ('Silk Degrees'). That goes on frequently. The confirmation from a friend that an album is great, often times is the final motivating factor that triggers that consumer to go into a record store and buy the album. What surprised me was that when an artist sells a million units, you would assume that word-of-mouth contribution to the closing sale is not that high, but it is."

One of the factors that sets CBS Records and Jack Craigo apart from the rest of the industry is the comprehensiveness of the

record operation they run. Not only is Craigo concerned with the artists on his rosters, but he also monitors the rest of the industry in a manner that no other company does. This aspect of involvement is not casual; research, for example, is conducted on many artists on competing labels.

"When an artist starts to break through the 200,000 or 300,000 units sales level, demographics show up," he contends. "What we're interested in, is matching some of those demographics with existing artists on our label and competitive artists. Why? I think artists on other labels love to talk to a record company that has a major interest in where they've been, what they're doing, and what may happen in the future. The more we know about an artist, the easier it is for us to take that first album to the street, and market it properly. Look at James Taylor; that's a perfect example. We knew a hell of a lot about James before he ever signed with us, and when we brought his first Columbia album to the street, we really knew the proper course to go with it. Was he surprised? At two million units, yeah, I think he was."

For Craigo, these procedures are vital if Columbia, or any record company for that matter, is to do its job properly in an expanding marketplace. "We're selling more units on the superstars; there's no question about that," he declares, "but, we also have considerably more artists who are selling in the 500,000-one million range. When you talk about three

and four million sellers, that's where we're coming up with some of the terrific figures that the industry is seeing. But, in addition, we're getting our units, because we're selling more individual albums, and we're bringing more artists to the half-million and three-quarter-million unit levels.

"It's interesting," he reflects. "We did a considerable study about the total industry, which detailed where artists on CBS were five years ago, who today, may be selling a million units or two million units. A lot of those artists were with us, but they were not at the million unit level; then, they were maybe at 350,000 or 400,000 units."

There are many reasons for this growth, and one of the more important ones has been the expansion of the record buying season to a full, year-round activity. "The tradition of summer being slow is no longer a factor, because we have now reached a new level of consumer awareness of music in the industry," Craigo states. "The super-tours and the super-concerts that have taken place in the last few summers functioned as catalysts, and potential record buyers are out to see their artists perform. To capitalize on this phenomenon, the industry is releasing albums around these tours, and the results have been exceptional.

"Besides the resurrection of summer business, we also added another month to the year," Craigo notes. "We used to have an 11-month record business, because everybody gave up on Jan-

uary. January was time to pack up your returns, and send them back. However, with the Bob Dylan release of 'Blood On The Tracks' and a number of other acts that came out in January, we were able to keep stimulating the consumer to come back into the retail stores.

"Consumers get two things at Christmas," he points out. "They get phonographs and new stereo equipment, and they get money. Why close up the retail stores in January? We're not in the 'white goods' business. So, we have had tremendous programs stimulated by advertising blitzes in January and February, just to take advantage of those conditions. That's something that we've worked on very diligently over a period of about four years now; but, the result is, we now have a 12-month industry."

As Columbia prepares for the future, one of Craigo's priorities will be the utilization of media in mixes that, perhaps, have not been tried before. "We're not locked into radio or newspapers or magazines," he says. "We'll be utilizing all of the available media, but, maybe, in a little different type of mix. We think that part of the answer is to move that media mix into smaller, secondary and tertiary markets, because it builds a momentum.

"But, that's not all," he adds. "As this industry grows, and we can sell more units, we will be able to reach out into, and use more frequently, certain television. And, we will be able to reach out to other mediums that have been discarded in our marketing plans now, because we haven't had enough money to do it. These mediums are not new to other industries, but are new to us, because of the limitation of the available advertising dollars generated by a \$4.00 wholesale price. The only way we can increase that is by selling more units, and that's what we're vitally interested in.

"You're beginning to see that now," he claims. "It's due to the onward movement of various age groups. Consumers who were 25-year-olds 10 years ago, have decidedly different record buying habits than consumers who were

(Continued on page 127)



Columbia group Chicago

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## Don Dempsey

(Continued from page 21)

worked today at that format almost as if they were single records. That's because there is a cross-collaboration of ideas and successes between Top 40 and FM radio. So, it's necessary to be that much more singles conscious. And, remember, all the multi-platinum albums we've seen in recent years had a number of hit single records on them, which points us clearly in the direction I've outlined."

In assessing the various components of E/P/A, Dempsey identifies the same singular desire to be successful that characterizes his overall objectives for the company as a whole. And, likewise, the changes inherent in achieving that broad goal are interesting, if not always pronounced. "My wish is that each one (of the label group components) develops a personality and a unique proposition in the marketplace," he says. "For example, we are currently re-designing the Epic label logo. I find that there's a certain ambience and feeling and style, if you will, in what record labels look like, and many of the artists I've spoken with recently feel that way too.

"I want more sensitivity and more understanding in the E/P/A group," he continues, "so that people can see more about what it is we say we are. And, I want the artist to know that we can reflect the same artistic considerations in terms of the product that we're selling in the marketplace, as the artist does in the recording. I want excitement. Now, in the case with Epic, people may ask, 'How do you get excitement on a record label?' When they see what we're working on, they'll understand. These are little things, but they're indicative of the approach you take to running your business. They may be little, but they're important, because the label's image must be as closely in synch as their artists' image. There must be a continuous application of that process from both ends. We expect an artist to grow in a creative sense, so it's important that his label home reflect a similar commitment."

Equally important are staffing

considerations. "I want to provide proper staffing in the E/P/A structure, so that I am able to hold each label head directly responsible for his activity," Dempsey declares. "I don't want someone to have half of what he needs if I agree that is, in fact, what he needs to succeed. Then, I can say, 'You got what you wanted; now make something happen!' And, I do expect something to happen.

"I'm very supportive of our west coast base of the Portrait label, headed up by Larry Harris," Dempsey relates. "The label has had its initial successes with established acts, and that success has been considerable, but there is an erroneous impression, however slight, that I'd like to dispel immediately, and that is that all Portrait would deal with were acts with pre-existing track records. There isn't a single record company in the industry that can operate that way. You have to take chances, while at the same time, you have to be able to take chances. As a result, we've increased the Portrait a&r and promotion staffs, which has made a dramatic change in the opportunities that label competitively has to represent itself in the marketplace. I take that label seriously."

The Associated Labels, under the aegis of Tony Martell, have enjoyed, as a unit, success in recent years, with results in 1978

continuing that trend. During the first six months of the year, the Associated Labels scored platinum albums for Teddy Pendergrass, The O'Jays and The Isley Brothers. That, in addition to four gold albums and two gold singles, provides an indication of the contribution made by this key component to E/P/A. "The Associated Labels are independent companies whose labels and success we are responsible for," declares Dempsey, "and I show them no less concern to see that they enjoy the success that they're entitled to, than I do to Epic and Portrait. Billing-wise, we are having a tremendous year with the Associated Labels, and expect that very positive trend to continue to accelerate into the future."

That future looks very rosy for E/P/A, but to Dempsey, the future is very much a part of the present. "I am going to present to the personnel in our company, a challenge of growth for each of the label areas," he states. "As I said, I don't know how much bigger Columbia can get, but I do know that Epic and

Portrait have a long way to go growth-wise. If our sales and promotion people in the field, in conjunction with our headquarters personnel, would extend themselves to make these label groupings more successful by bringing home a greater percentage of new artists, a number of things will happen. That increased success will create more new executive opportunities in many areas than are available anywhere else in CBS Records for our people to strive toward.

"At E/P/A, people feel that their involvement with the success of a number of artists is something they can identify with, with a good deal of realism. That's due in large part to the sense of intimacy that each of the component parts of E/P/A enjoys, and I'm going to see that these labels continue to grow and develop in an autonomous manner. The E/P/A marketing structure, operating as an umbrella, is able to effectively address itself to each label's understanding of its identi-

(Continued on page 76)



Epic group REO Speedwagon

## Bobby Colomby Puts His Talent To Work For Epic A&R

■ When Bobby Colomby came to the Epic a&r staff last year, he had already realized many of his goals as a musician. As drummer and one of the founding members of Blood, Sweat and Tears—as well as that group's principal spokesman—he'd enjoyed both commercial and aesthetic success, selling lots of records and helping inaugurate a whole new style of pop music that combined sophisticated brass arrangements with the rock sensibility.

Yet Colomby, despite his musical accomplishments, finds an even greater challenge in his position at Epic. "The feeling of having a hit record that you're part of is a terrific feeling, of course," he admits. "But you

know what I think is even better? I think it would be better to be involved from the beginning with a band that you believe in and that no one knows about yet. It's the same as being in the band—it's like having a baby. That's how I feel I can change the course of music in my own little way. It's important to me to be part of a larger movement that brings a higher quality of music to the forefront. I have the freedom to do that here."

To the uninitiated, having an a&r job means spending hours in smoky nightclubs and funky bars, searching for untapped new talent. But for Colomby, that part of his work is far less vital than maintaining the careers of those

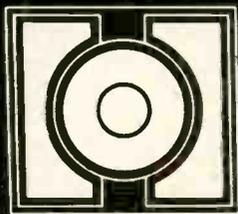
artists who are already signed. "To me, there's a great deal of importance that has to be put on the groups that you have already made a commitment to. You can't ignore an artist because you've already signed him, or ignore him because he's selling so many records that you figure everything will be okay on its own."

Colomby feels that his own experience as a working musician can help him keep that very ball in motion. "Suppose you're done with your first album," he says. "I learned that now's the time you should be writing for the next one, not when you're on the road and the record is out and panic sets in."

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# CBS RECORDS

## Paul Smith

(Continued from page 22)

the company's trend setting sales campaigns in recent years, most notably "Sale-A-Thon" and "The Winning Season," were the key determinants in exploding the myth that the summer was not a good season for record and tape retailers.

"Summer sales have certainly increased dramatically," observes Smith. "In fact, July and August now figure in the top four sales months of the year. We had always run campaigns, but the recent ones provided us with a handle that we could use with our accounts, aimed at the consumer, to draw attention to the fact that there was something special going on that they should take advantage of.

"What we did is not unlike what other industries have done with 'white sales', anniversary sales and the like," he continues. "But, we're not locked in to that approach or any approach for that matter. In the future, we may take a different tack. We may go to campaigns of shorter duration or for different reasons. For example, as an industry, we've never fully utilized the opportunity of gift giving for records, and we feel that's one factor that we can take better advantage of. Perhaps, the only season we really exploit now is Christmas. But, there's no reason why we couldn't do the same for Mother's Day, Father's Day or any other such day during the course of the year. There are many mothers and fathers, after all, who are in their 20s and 30s, and very much into music."

If CBS Records is to explore these myriad alternatives and successfully develop strategies to exploit the lucrative alternatives, then the company's commitment to field merchandising and its field merchandising department in particular, will play a pivotal role. "It probably will," agrees Smith. "Our field merchandising staff has already been instrumental in our accomplishing what we have in the past two years, and their role should increase even more over time. The competitive battle, after all, is no longer fought exclusively at the radio station or in the buyer's office. It's now been taken right to

where the consumer shops. So, getting proper exposure and a share of that available space is a key element in increasing share of market, and, eventually, record and tape sales.

"Point of purchase has become more important than ever," he notes. "And, it points to another example of an opportunity that we've taken advantage of over the last couple of years, in conjunction with our customers. Another is in-store airplay which can powerfully influence a radio programmer's decision to go on a record. Now, with the development of audio/visual capabilities in stores, another opportunity is before us. It's still in its early stages, but in some 200 or more stores nationally that have served as a test base, it's proven to be a successful sales tool. It clearly sells more records than when it's not available. Consequently, we see a great future for that particular avenue of exposure."

With so many developments, both recently evidenced and those still in the planning stages, portending substantial growth for the record industry and CBS Records, it is no wonder that the company has had to seriously examine its existing structures with an eye toward expansion. Earlier this year, a new branch was opened in Memphis, bringing the total of CBS-owned distributors to 21, and Smith does not discount the possibility of further additions. "That possibility certainly exists, but," he cautions, "we will never open branches or regional offices or even sales offices, just to have more. Where we find a tremendous growth area, where we have more and more resident people located because of the need in the marketplace, we may decide to open a full-fledged branch or a satellite office of another branch in that area. The purpose of any expansion is to give us the kind of concentration at both radio and retail that we need."

Seemingly, more and more record companies are acknowledging that very same need and are following an appropriately logical tack. The result? Scores of manufacturers have approached CBS for the purpose of securing the

services of the industry's most effective distribution system for their product. Already in 1978, CBS has negotiated distribution arrangements with Nemperor, Tabu, and Jet Records, with announcements of additional deals expected shortly. Other major manufacturers, most notably Polygram, but including Warner Bros., Capitol and RCA, have also managed to attract a number of independent record companies to their distribution networks. However, Smith does not see this consolidation of participants in the distribution of records and tapes as a real trend.

"Each individual label has to make a choice based on its own specialized needs," he says. "We've relied on a branch system for well over 20 years, because for a company the size of ours, branch distribution is the best. But, I can't necessarily say that branches will become the exclusive vehicle for distribution in the future. I don't see any wholesale change in that direction. Look at ABC, for example. They foresook their branch operation to return to independents.

"Certain major distributors have taken on more labels, that's true, but I think there are more labels available than ever before,"

## Don Dempsey

(Continued from page 74)

company. Each label must feel that it is enjoying the same creative contribution from the E/P/A marketing structure that it would enjoy if that structure were their very own, which it is, in fact. And, I've made that clear to everybody working here."

The very sense of cooperation that such a degree of intimacy breeds ultimately decides the future success of a label. Since any organization is basically a function of the people who operate it, the sensitivity that Dempsey displays to his various staffs provides a real harbinger of things to come. "I'm a people surfer," he says, "and I will surface people at E/P/A in a manner that they will get the respect and credibility for which their talent entitles them. That can only lead to a further coming together of E/P/A as a

he adds. "From our perspective, we feel we have an awful lot to offer Associated Labels that come to us; and, our track record in that area has proven the contention to be true. But, again, that consideration must be decided upon by each individual label.

"Our method of distribution gives us more control over our product and more coordinated, national distribution and support, because our own people know what we can expect at every level right to the consumer. We know that the national plans we develop will be implemented through every one of our branches in every market we cover. For us, that's the best system there is."

### Pride

Since any system is a function of the people that operate it, the CBS commitment to total professionalism in the context of its unmatched core marketing approach essentially outlines what the company is all about. "We talk a lot about professionalism here, because that's the standard we set," explains Smith. "The people here are very proud of that recognition, and that sense of pride is what creates the family of music concept that, perhaps, sets us apart from our competition."

company.

"My door has been open since I've been here," he notes, and that fact will serve as an indication as to how E/P/A will operate. This is a first-rate group of labels, with extremely creative artists and top-rated record executives, and the future cannot even be contemplated now, in terms of what I feel the eventual success of these labels will be. The staff at E/P/A want to be successful, and I'm going to see that they get that opportunity. At that point, they can take the credit for making E/P/A as formidable a group of labels as there is in the industry, and my satisfaction will come from having attempted to provide the 'space' required for artist and staff alike to flourish in a creative, a professional, and a humanistic atmosphere."

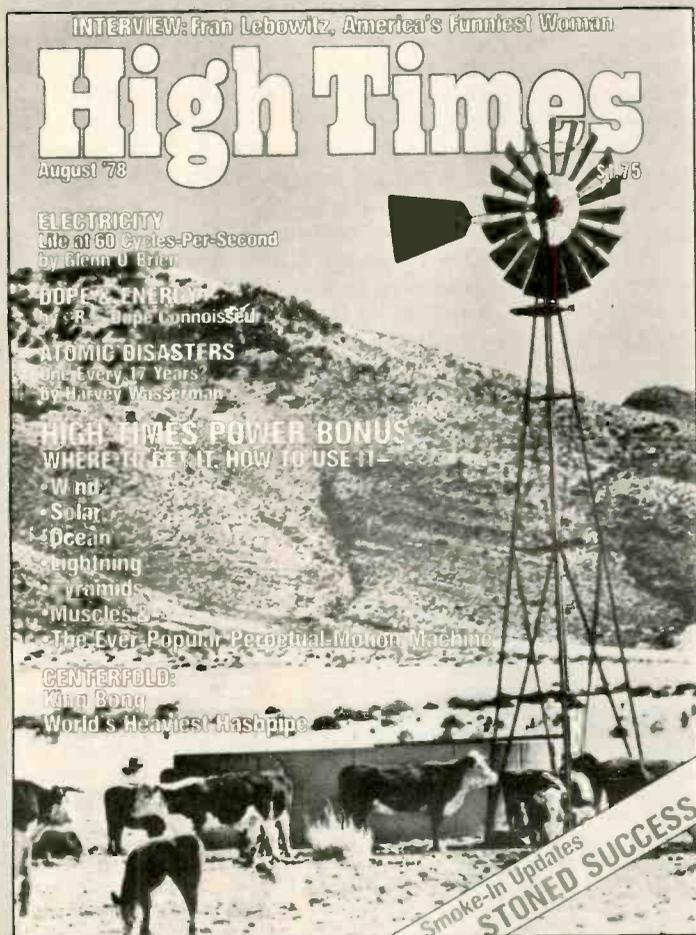
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# CBS RECORDS

## Mike Martinovich on CBS Merchandising Techniques

■ There are many factors that have contributed to the current business boom the record industry is enjoying. However, none has had a more pronounced impact or for that matter, more far-reaching implications than the refinement and implementation of certain merchandising concepts. With the entire community of record manufacturers focusing very attentively on this suddenly critical component of the record marketing process, CBS is moving to the forefront with its merchandising programs.

"Our approach to merchandising is somewhat unique," offers Mike Martinovich, vice president, merchandising, CBS Records, "in that we're involved in much more than point of purchase. Our concept more nearly resembles an umbrella, under which we're able to monitor and coordinate key specialized areas that are a very real part of the overall merchandising of records and tapes to the consumer."

Two very important departments in that regard are packaging, headed by vice president John Berg, and creative services, headed by vice president Arnold Levine. "John's creative expertise, as evidenced by the numerous awards he's won, is reflective of the quality that his department brings to each and every album package released on the CBS family of labels," says Martinovich. "And, the contribution made by Arnold and his staff is equally amazing, especially when you think of the number of advertisements and other creative services required in a single week to sustain a level of awareness that's necessary for our artists and their music."

The college department, under the direction of Dan Blaylock, is another specialized area that falls under the auspices of merchandising. "We were the first record company to have a college program," notes Martinovich, "and it's been invaluable to our operation from a number of vantage points. Our college reps oversee artist appearances on campus and they generate local airplay at college radio stations. They are also involved at the store level, engaging in-store merchandising and airplay op-



Mike Martinovich, VP, merchandising, CBS Records

portunities when available."

The college department, in addition serves as a very significant developer of talent for CBS Records. "Our college reps are very involved individuals, and they take their responsibilities very seriously," Martinovich says. "As a result, over time, they become seasoned record professionals, and are likely candidates to join CBS Records on a full-time basis." Just how successful this program has been is evident in the number of CBS executives who graduated from the ranks of college representatives. Among them are: Ron McCarrell, vice president, merchandising, Columbia; Vernon Slaughter, director, jazz and progressive music marketing, CBS; Greg Rogers, director, merchandising, Portrait; and Debi Gould, LPM, Hartford branch, E/P/A.

Linda Barton, vice president, advertising planning, provides still further input to the CBS merchandising umbrella. She serves as the head of Gotham Advertising, the only totally in-house agency in the record industry. "Gotham's expertise confirms for us that ad campaigns are well thought-out," declares Martinovich, "and that is due, in large part, to Linda's involve-



Linda Barton, VP, advertising planning, CBS Records

ment. Her department is also charged with the evaluation of new media," he adds, "and is very involved with research and testing."

One tangible by-product of that responsibility is that CBS has begun testing video cassettes in commercial movie theatres as short features. Pilot screenings are scheduled to feature Meatloaf, Heatwave and the recently released "War Of The Worlds" soundtrack. "We'll be very heavily into this avenue," Martinovich predicts, "because the opportunities are so strong. Obviously, the demographics are there, since we've matched our films with movies of similar demographic appeal. Then, when an act is visually attractive, like Meatloaf, the situation becomes that much more advantageous."

Other key components of merchandising at CBS are marketing services (Joe Norton, director), which schedules and coordinates all new releases for every CBS label, and merchandising planning and administration (Roz Blanch, managing director). Blanch is responsible for the administration of all departments that report to Martinovich. In addition, the following sub-specialists report to her: Ina Marra, whose department creates and produces all advertising material that goes to the field; Art Yernian, who handles the production of national advertising; and Victor Fiorillo, whose function is the trafficking and coordination of all advertising.

"Each of these specialists contributes to CBS merchandising, and makes our approach one that is a true, industry trend-setter," declares Martinovich. "What makes this mode of operation dif-

ferent is our ability to respond to the immediacy of the business. By that, I mean we have so much control in-house, that we are able to get things done the same day, whether it involves the creation of an advertising spot, the coordination of a particular program on a regional or national basis, or the implementation of a specific merchandising support piece on a given release. The nature of this business demands immediate decisions on a variety of matters in order to maximize the potential of each and every artist, and each and every release. And that's precisely what we are able to do."

All this preparation, planning and attention to detail manifest itself at the store level with an in-store merchandising commitment that is unmatched in the industry. "The most important thing that our merchandisers are engaged in is artist development," Martinovich emphasizes. "And that includes not only the people whose official position is field merchandiser, but everyone within the CBS Records organization. Having recently come from the field (where he was the company's branch manager in Cincinnati), I can tell you that everybody in the field, regardless of title, is a merchandiser. Field merchandisers, obviously, have the responsibility for coordinating the various functions, but we have branch managers, sales representatives, promotion managers and inventory specialists who are also engaged in merchandising. You need to be that involved, and that, to a large extent, is what sets us apart."

Another unique component of the CBS approach to merchandising is its commitment to innovation in the field. The company, for one, is spearheading a movement to break artists at the retail level via in-store video cassette presentations. "This is probably the biggest thing that's happened in merchandising in the past year," declares Martinovich, "and it's something we've developed here at CBS." Video cassettes of various artists performing in a concert setting are prepared and sent to the 21 CBS branches, which they make them available to accounts that have playback

(Continued on page 125)



Roz Blanch, managing director, merchandising planning and administration, CBS Records

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# CBS RECORDS

## Walter Yetnikoff

(Continued from page 50)

brought him back to a superstar times two, or mega-star because he's got a double platinum record. What I am trying to say is that in addition to the established superstars we have all these potential superstars underneath who are just on the verge of breaking through. That's what I meant by the quality of the roster.

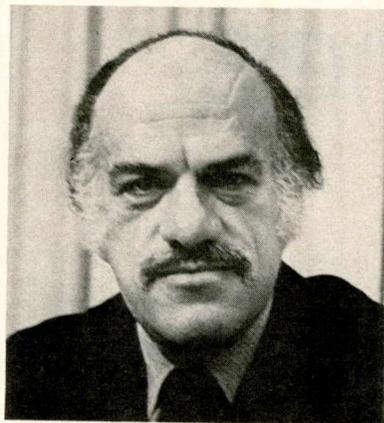
Someone criticized us a couple of months ago, saying that the big companies sign a lot of artists and they break one or two and they think they are doing a marvelous job, but if we get the rundown and we look at who's been broken or who obviously is in the superstar category, I think you'll find that one or two—at least in this company—is kind of a facetious understatement.

**RW:** But when do you know that you've broken an act?

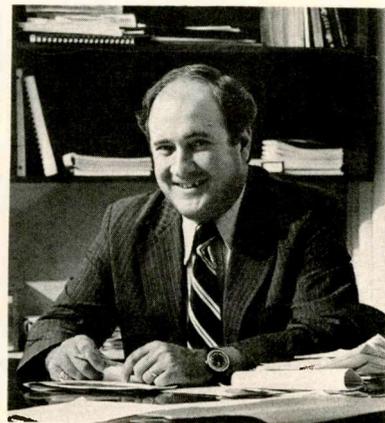
**Yetnikoff:** I think you can say an artist is broken when their next album, not the current one out, is going to go platinum. We're looking at the platinum standard here. Obviously, if you go more than that, then you're surely broken. Boston broke the day their first record was released, but that's unusual. I think when you believe that an artist's next record will go platinum, then you feel that the artist has broken. But platinum is a very high standard, perhaps too high. Maybe I ought to lower that to when you think the artist's next album is going to go gold, then the artist is broken. Someone once said that "Ah, but man's reach should exceed his grasp." Well, I want to be able to grasp some of the things I reach for. I think when you feel an artist's next record will go gold or above, then you feel that artist is broken.

**RW:** Certainly the tool for breaking records historically has been radio, but with the homogenization of format, radio has made it tougher and tougher to break a lot of types of acts. CBS has been actively seeking alternatives as part of a process of artist development. What are they exactly?

**Yetnikoff:** There are a lot of ways that acts are broken. With radio, you are talking about either play off the album which will break it or the hit single vehicle to break an artist. But, there are other alternatives to breaking an act such as a monster tour where the act is so compelling that it will break or you can talk about music which is so in the groove of what people want that it's going to break no matter what. The Bee Gees' time arrived. They were just going to break. Obviously radio plays them, sometimes too much. They even kid about it. 99X (New York City) sometimes will joke and say: "We're going to have a 'Bee Gees-free weekend,'" but I think sometimes music can be so compelling in terms of what people want that it's just going to happen, regardless. Word of mouth can break an artist—surprisingly in this business. Boston didn't have a platinum hit single, but the act sold more than 6,000,000 albums. It was just that their music was so compelling in terms of what people wanted. Yes, of course radio played the record, but I think Boston broke because of



Bob Altshuler, VP, press and public affairs, CBS/Records Group



John Dolan, vice president, CBS Records Group

word of mouth. People talk about tight playlists and how difficult it is to get new artists played on radio.

**RW:** You feel that that's not so now?

**Yetnikoff:** I think radio is more amenable to new sounds and is looking for them. I'm not one of those people who bemoan the alleged tight playlists. Obviously you could bemoan when you want a record played on a station whose format doesn't coincide with the record you want played. You would prefer a more open format. Or obviously, you could bemoan if you think you have a hit single and it's lost because you couldn't get it played. That's normal. But I think radio as a whole is more receptive to a lot of different things today.

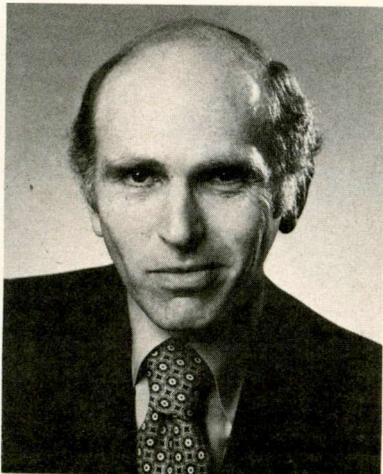
**RW:** Is it as important a vehicle as it was, say, 10 years ago?

**Yetnikoff:** Maybe more. I think if you look at the number of new artists that have broken across the industry last year, you find a significant number of new artists and in very different bags. You know, different categories of music. Radio is somewhat more open today because of the variety of formats, and it's still very crucial. The other factors are television and movies, in addition to being a great live act. I don't only mean television appearances by artists, I'm talking about television advertising also. Movies are obviously a big vehicle today. I'll give myself some credit: I predicted a year and a half ago that film would be a vehicle for the merger of the music and movie communities, and you're obviously seeing that today in a big way, aside from "Saturday Night Fever." But, getting back to television, television advertising is going to play a bigger and bigger role too. I think the record business is still learning how to use television. I'm talking about front-line, non-compilation product. Obviously Proctor and Gamble knows TV very well as an advertising medium, and we have to learn some more about it. I don't think you can start an artist on television. I think it has to be started by tour, or word of mouth, hit single, great record, another way. But television can take an artist to new sales heights. I think some of the television advertising has been quite effective.

**RW:** Are these other vehicles, other than the traditional promotional vehicles, significantly contributing to the success that you've had in breaking and establishing acts?

**Yetnikoff:** I think all of them have in different ways. To my mind, CBS has by far the best marketing and sales team in the business—we are the most sophisticated in market research, in targeting our consumer advertising to the audience we and the artist are trying to reach, in merchandising and in the use of in-store devices, etc., and I think the industry recognizes our leadership in these areas. Yes, I'd say each one of them has been a factor. It's been multi-faceted. I would like to stress one thing—a hit single draws people's attention to a record, but if you don't have a quality album ready to utilize the device of the hit single, the single isn't going to help you very much. Consumers are quite sophisticated today, about what they like and

(Continued on page 105)



Joe Dash, director, business development, CBS Records



Bill Fox, VP, finance administration, CBS Records Division

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# CBS RECORDS

## Columbia *(Continued from page 62)*

draw attention to a hit single.

"Point of purchase is another important element in merchandising any album," McCarrell continues. "Both myself and the product managers work closely with Bob Gordon and the customer merchandising department. Among all manufacturers, we've probably printed enough posters to cover the state of Texas," he jokes. "We depend very heavily on the efforts of our field merchandiser staff to get the in-store display space and window space we need to expose our artists. We're all competing for the same space, and we just have to be a little faster, and more aggressive than the next guy. If we can accomplish that, we know we'll sell more records, and make the careers of our artists successful."

That is, of course, assuming that Columbia is able to break through at radio with the same consistency that has characterized past years' operations. "It's definitely a different marketplace now," says Sherwood. "Radio does a better job of what it does. It's a business at radio first, and radio is running less by the seat of its pants."

"They've become so scientific, and I hate it, because we've left a measure of that excitement behind," he says, "but, it's a reality that we have to live with." The cause of that reality is passive research. "There's different research tailored for different markets," the vice president explains, "because certain programmers believe in their own systems. After all, this is a young science, and the key to research really is interpretation anyway. But, it's all research, and I hate to belabor it, because it's essentially not a positive thing."

"What this new element of radio programming has done, is that it causes an adjustment in what we do. Things we used to do don't carry as much weight, so it's become important that we understand what radio is doing with the research it does."

How do you overcome the constraints that arise as a result of radio's research orientation? "Our artist roster is extraordinary," Sherwood declares. "We have the broadest based roster in

the industry. No doubt about that. Nobody has the airplay at every format of radio that we do. That comes from two things. One, we have a very complete artist roster and, two, we have the best people."

That ability of people at Columbia to effectively manage such a large roster of artists with such a degree of personal involvement, is truly remarkable. "Artists don't get lost here," remarks Antman. "Each artist gets individual attention, because we're dealing with them as people, not as commodities."

"What works, varies from case to case, and it's our job to find out what makes each artist different, interesting or unique," she explains. "Sure, a hook is important, but there are an infinite variety. We're not limited at all, in that regard. Sometimes, our hooks are tied into what other departments are doing. If, for example, artist development has arranged a low-ticket-price concert with a radio station, we find that that's a very useful tool in getting local press covering the artist that's playing."

"In terms of media consumer identification, we make people famous, so as there is increasing competition, what we do becomes increasingly more important. So far, we've been quite successful in gaining the exposure that our artists need. What accounts for that is due to several factors. There is a science to what we do, and we have a very good idea of who the readers are at each publication we're dealing with. Add to that an instinct for being able to make someone sound interesting on a repeated basis. Then, part of our success has to be attributable to the relationship we have with the artists on the roster. The fact that our tour publicists are out there makes for an enormous amount of good will. An artist will continue to do interviews long after it might otherwise be expected. But, that's because the artists know that we're with them every step of the way. And, also, in terms of dealing with the press, writers and publications know that we're staffed to serve them, and help them with whatever they might need."

As activity in the marketplace has accelerated in tempo, Andon has, likewise, seen a need for increased staffing to adequately service the Columbia roster. "Five years ago, this department was one person and a secretary," he recalls. "Now, we have 10 people on staff, including specialists in charge of itineraries, television, and convention activities."

"Artists need a lot of attention, more so than ever," he contends, "because of the nature of the competition which is so fierce. It's harder to find dates, venues are harder to come by, and the number of good, hard-working managers has not grown proportionately with the number of bands that we've signed. One of 10 artists we sign, comes to us without a manager, which, given the size of our roster, is a fairly large number. Until we make that connection, it's our responsibility to actively administer their careers. So, we've literally had to expand our operation. However, our commitment has remained constant over the years."

"We're not album-oriented; we're career-oriented," he declares. "Our responsibility is to see that there's always excitement generated on behalf of our artists. We've invested a lot of time and money and effort in bands and artists whose airplay excitement had disappeared, but we felt it was important to get that artist back in the marketplace, and working in those markets where the album was originally well-received. What we're doing is setting up the next record, but in a broader sense, we're backing up the commitment we've made."

"If the quality of the music is there, we'll be successful. We know it's going to take time—two or three albums, perhaps—and our plans are formulated with that in mind. And, we're the only company that does that. That's what the managers and agents tell us."

What that translates to is a string of major success stories for Columbia so far in 1978. "Breaking Eddie Money has to be one of the highlights of the year," says Sherwood. "Likewise, with Journey. And, with Billy Joel, we finally got an album with all the

Billy Joel, Boz Scaggs or Bruce commercial ingredients, and now, he's at the superstar level. DFK represents an enormous belief on our part. There's no reason why they can't be superstars real soon. And, Dave Mason is that close away from superstardom."

"They'll be more platinum and multi-platinum in our immediate future," Mansfield adds. "Making these artists happen is part of Columbia's future. That's because we believe in the artists we sign, and it's more than a gratuity. We stick with our artists over a period of time, and because of that, we've been able to reap the benefits of career artists with long-range potential. We'll continue to search for other artists who meet these considerable standards, and we'll stand by them, too. Even if the sales are 50,000-100,000 or more units for a cou-

*(Continued on page 102)*

## CBS Records

*(Continued from page 8)*

rest of the industry combined. That's because, overall, they plan for more than today. It's always, what will happen tomorrow and next month and next year."

"They're the finest record company in the world," declares Russ Solomon, president of the Tower Records chain of superstores headquartered in California. "The company is run by bright, often brilliant people, with dedication to elements of the musical literature that should be made available, like no other company in the world. They commit themselves to every area of music that's available. They're an all-encompassing company, and there's no one like them in the industry."

That very point is echoed by David Lieberman of Lieberman Enterprises, one of the nation's largest rack jobbing concerns. "Their name is consistent with the very best in recorded music. There is a tradition of excellence, diversity and commitment to artists, to a total gamut of music, and to a totally professional organization that is in the top rank, both in marketing and the quality of the product they market."

Excellence. Commitment. Professionalism. That, more than anything else, is CBS Records.

# CBS RECORDS

## E/P/A (Continued from page 48)

for an artist's career, and work with an artist and his management."

Currently, one of the projects that the E/P/A marketing team is working on is the re-establishment of Dion as a major record seller, "We've just completed a crucial five day city tour with Dion, where we hit the key music room in each of five markets," notes DeMarino. "We utilized one low-price concert along the way, and we tied in our branches with simulcasts, also. We've had a similar situation with David Johansen, who I believe will be a rock 'n' roll star. In each case, what we're trying to do is capture the moment, tying in our branches to best effect, bringing in radio along the way, with one thing in mind—to make things happen.

"You've got to get the artist in front of the consumer," he emphasizes. "Concerts sell albums.

Live appearances sell albums. It's that simple. If an artist can hold his own on stage, he's going to encourage that radio station programmer or key store employee in attendance. But, most of all, he's going to encourage the consumer to go out and buy his record. To me, that's very basic. That's why so many artists are out on tour at any given moment.

"Meatloaf is a wonderful example of that need for contact in the marketplace," DeMarino says. "It's no secret that when 'Bat Out Of Hell' came out, it met resistance at AOR, where it was initially geared. So, I helped devise a very basic game plan. Meatloaf is a very visually dynamic, unique rock 'n' roll act. Because of that, I reasoned that if this act was shown to an average rock consumer, there was no doubt that the act would grow, become a star, and sell a lot of

albums in the process.

"What I did, as a consequence, was choose what I felt were key rock 'n' roll areas, and important venues in those markets for Meatloaf to appear at. In the process, we catalyzed the company and ignited the consumer. As the Meatloaf phenomenon grew, Susan Blond's staff was right there, reinforcing the buzz, and turning on more people through exposure in key publications."

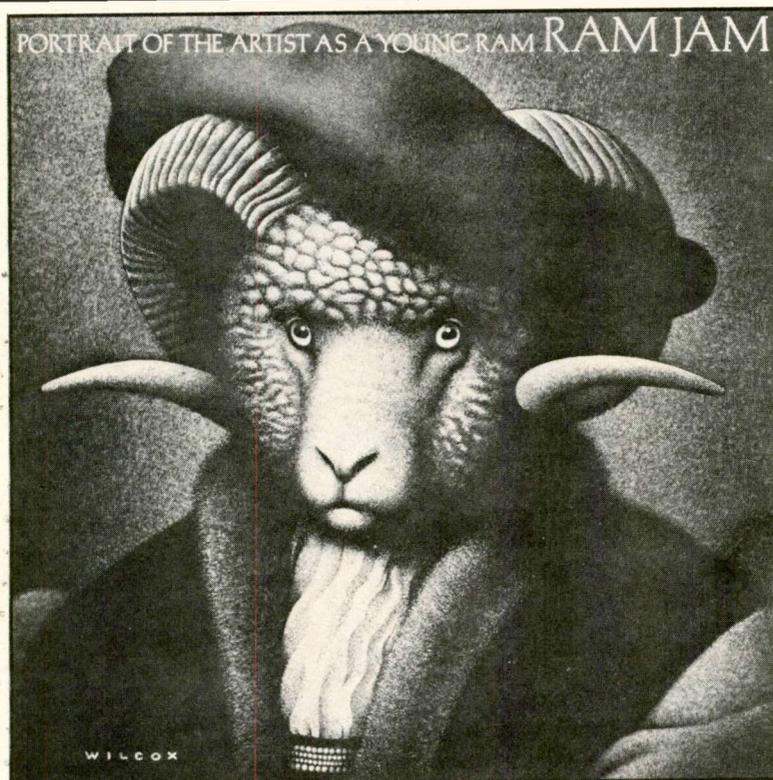
"If an artist is interesting, and with a defined image, then we can be very effective," explains Blond. "Something very definite comes to mind when you mention Meatloaf or Ted Nugent. And, they're interesting too. After talking to them once, you want to talk to them again.

"But, there is an art to successfully getting an artist across," she adds. "The art isn't servicing writers with records and information;

any efficient person can do that. The art is getting a feel and knowing what you can approach who with, and that's accomplished by building a relationship based on trust and honesty, because you haven't hyped anybody.

"One thing about E/P/A artists is that they are cooperative, and most of the time, they understand that we're trying to do something for their careers. Most of our Associated Labels heads are well-aware of what publicity can do. For example, Steve Paul (president, Blue Sky Records) was a press agent years ago. He knows many of the publishers and editors himself. And, Don Kirshner (president, Kirshner Records) is like that too. He's always looking for additional press exposure for his artists. But, it has to be part of what the artist is. You can't manufacture it. Look at Cheap

*(Continued on page 96)*



## Thanks Again, CBS

**Ed Kleven Enterprises**

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**Ram Jam**



## Bruce Lundvall

(Continued from page 52)

Most people go into stores today and end up browsing and buying more than a record. When you see a multiple purchase, it's very interesting to see what that guy has under his arm, walking out the door. Unfortunately, there aren't as many stations in this country as there should be that are like WBLS in New York. They're really programming to the demographics of the city which I think is brilliant, and thus, their high ratings. They're playing Barbra Streisand; they're playing Latin American music; they're playing jazz and black music; they're playing some rock and roll. Most stations do tend to narrow and categorize what they play. You have the same problem at retail. That's one of the sophistications that's become necessary in this business to do the job properly. If I have a new album by Willie Nelson, I don't want to see that album only in the country section of the store. I want to see it in the front, also, with the brand new pop releases. If I have a new album by Herbie Hancock the desire is similar. I want it displayed with new releases in addition to its more familiar position among jazz records. This is one of the big problems that we still have. That's why we have in-store merchandising. We have about 40 people who work for us, that do nothing but set up displays and try to position records within the store. Shelf space is very, very important, and up-front space positioning of new artists and artists in all categories of music, if the potential for broad acceptance is there, is really very important. So you still have all those barriers to break down. You have press barriers as well. Although the press is far more into the avant garde, when it comes to reviewing

a record, they still tend to categorize to a certain degree. So do all these middle men within our business, and it includes our own people by the way, not just in this company, but in any record company. That's why I refuse to ever create a jazz label in this company. I hear every year, "Why don't we do a jazz label; look at this great roster we have." I don't want that. I don't want that identity. Let the consumer decide whether he likes it or not. Don't try and create another barrier. You don't want the consumer to say, "I don't really like jazz so I wouldn't like that." Let him hear the music and decide for himself. You have to start that conditioning within your own company, and we've done that very effectively. Every album and single has to be listened to on the basis of what the potential is for the consumer. What is the potential for radio? Because it's Earth, Wind & Fire, does that mean it has to go to black radio only, before you bring it to Top 40? Absolutely not. If it's Willie Nelson does that mean we have to go through country radio first and get a base? Well, we have to do that unfortunately, but at the same time we've got to run to Top 40 radio and we've got to run with the album to FM radio and make them listen to it. But, those barriers are still there. About two years ago, I remember when we put out Weather Report's "Heavy Weather" album, Mike Pilot, (then director, album promotion, Columbia Records) went to the Midwest where all the stations wanted to play was rock and roll; they didn't want to hear any artist connected with jazz. He put the new Weather Report album in a Dave Mason album jacket and took

(Continued on page 98)

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**IVY HILL**

## Associated Labels

(Continued from page 28)

of July. "Don is one of the best in the business at picking songs and matching them with an artist," says Martell. "There's no one who has access to more songs than Don, and he's really picked some great songs for Sarah. She's going to really surprise a lot of people with this album. Don Kirshner has a list of credentials in our industry as long as both arms. He is now totally involved in his label, and this can only mean successful growth."

T-Neck Records has only one group recording for them, but what a group. The Isley Brothers, last year, scored double Platinum with "Go For Your Guns," the biggest success in their more-than-20 year career. Now, their current album, "Showdown," is on the way to double platinum, and will more than surpass that milestone. "The Isley Brothers have their own style of music," declares Martell. "It's called The Isley Brothers."

These three labels, alone, would give one cause for wild celebration and self-congratulation, but Martell emphasizes, "Each and every one of our labels is important to me and the company and the industry. They are all, very much, a part of our current operation, and, even more so, a part of our future plans."

"We've had good success with Blue Sky Records," he states. "Rick Derringer's album is looking real strong, and David Johansen has a very interesting album. I have never seen such great press and rave reviews on behalf of an artist. Wherever he appears, its five and six encores, and standing ovations. So, we're looking for big things from the great rock impresario Steve Paul and his label."

The same holds true for Nempere Records. "We're beginning to make a good penetration with the likes of Stanley Clarke," offers Martell. "In addition, the label has signed several new acts I'm excited about, among them, Steve Forbert, who has already begun receiving rave press reviews, one of which was from The New York Times. But, that's not surprising when you consider that Nat Weiss is involved. He's a very astute record man along with being a highly suc-



Gordon Anderson, director, national promotion, CBS Associated Labels

cessful lawyer; he's very tasty. When Nat puts out a record, there's a good reason for it, and it's done extremely well."

At Caribou, James Guercio has recently signed Matthew Moore to a long-term contract. "We're excited about this new, young artist," says Martell. "James has an exceptional track record (he's produced all of Chicago's albums), and for him to be this excited, well . . . the enthusiasm just spreads."

Earlier this year, Martell welcomed Clarence Avant and Tabu Records into the Associated Labels family, and, already, that arrangement is paying dividends. "We've stayed with Brainstorm," the vice president and general manager notes, "and it looks like we are going to break them. We've just released a single by Sharon Ridley who has a great voice, and reminds me a lot of Minnie Riperton. Lalo Schifrin will have an album out in August on Tabu, and it looks to be very strong. He's got a lot of motion picture and television credits (writing the themes for the TV shows 'Mannix' and 'Mission Impossible' and, most recently, scoring the soundtrack to the motion picture 'Nunzio'). The album could go in almost any direction—jazz, R&B, AOR; Lalo is a giant musician, and we'll have to see which area looks most promising. Clarence, in addition, has signed four new acts: Lamont Johnson; a band called ManFredo Fest; Jim Gold; and Anacostia, a group.

"With Lifesong Records, we're currently in the throes of breaking Dion with his new album, 'Return Of The Wanderer', which is very aptly titled. It is one of the strongest albums I've heard in a long time," declares Martell, "and everybody in the company is crazy about it. We're working to reestablish him as the very potent force he can be. Also, there's a new Dean Friedman album out, which is a very, very enjoyable listening experience, and we expect to have a new Henry Gross album by late Fall. Henry, by the way, has recently completed a song for the upcoming motion picture, 'Brighton Beach'. And, Terry Cashman and Tommy West, two of the great producers of our time, have just signed Gary Burr and country singer Gail Davies to Lifesong. So, we expect big things from them in the near future."

Recently, CBS created big news, by announcing that Don Arden's Jet Records had joined the Associated Labels family, bringing with them superstars the Electric Light Orchestra. "While ELO is the locomotive, so to speak, we signed a Jet Records deal," notes Martell, "and we've made a commitment to the whole roster. We know we'll sell more ELO albums than they've ever sold before, but our aim is to break the rest of the artist roster and any other acts Don Arden may sign."

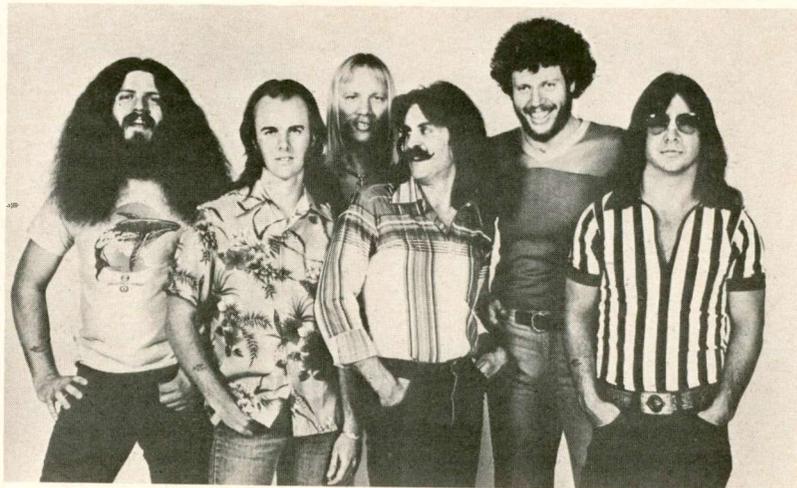
For now, that includes: Trickster, a new band which will open for ELO on their current tour; Kingfish, who will have an album released in July ("They remind me of The Eagles; they have that kind of sound," says Martell); the leg-

endary Carl Perkins, whose new album, 'Old Blue Suede Is Back' was produced by Elvis Presley and producer Felton Jarvis; and ex-Animal Alan Price, who is currently working on a new album. As for ELO, current plans call for the release of a new studio album at the beginning of next year. "There is no question in my mind," comments Martell, "that Don Arden and Jet Records will soon take their rightful spot as one of most successful Associated Labels."

By then, the newest member of the Associated Labels should be fully operational. Martell has just completed negotiations that make Barry White and his Unlimited Gold Records the latest addition to this very special family. "We're delighted to welcome Barry," he commented. "I've always been a big fan of his, and now, I'm delighted to be associated with him as an artist, and have his company associated with CBS as well. His reputation and stature in the business are considerable, and his popularity, as witnessed by the string of gold and platinum records he's recorded, is immense. In addition to Barry as an artist, Unlimited Gold will record Love Unlimited and three or four new acts that Barry will bring to his label."

This newest label marks the third addition to the Associated Labels in 1978. But, Martell eschews the notion that label acquisition is primarily responsible for the growth of his division. "We're not keying our growth to acquiring record companies," he declares. "The key to our growth

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# Concern and Skill Set Masterworks Apart

■ The #1 selling classical record company in the United States is the Masterworks division of Columbia Records. Obviously, the name is well-chosen, but the meaning of Masterworks extends far deeper than sales leadership. It, perhaps, best reveals why Masterworks has attained such unparalleled stature in the field of classical music.

"There is no question that Masterworks is a profit center; however, even more important is our obligation to society," explains Marvin Saines, vice president, Masterworks USA. "We're looking to do things that are prestigious. And, we have an obligation, as CBS, in education. It's very important. A contemporary composer has very few outlets for his music. He may have live performance by a symphony orchestra, which is very, very limited, and one of the other vehicles he has is a record. We owe it to the contemporary composer to give people a chance to listen to and study his work. We do have that obligation as part of the culture of this country."

What sets Columbia apart in terms of its commitment to classical music? According to Saines, the answer lies in the historic context of CBS as a company. "We've always dealt in new ideas and taking new paths, especially under the leadership of Goddard (Lieberson, past president of the CBS Records Group). We recorded the complete works of Copland with Copland conducting. We have a Contemporary Music Series which is very large, and gives an opportunity to many lesser known composers to have their works recorded so that people can study them and they can be in libraries around the world. We have a Black Composers Series to show people around the world, music by composers that have, in many cases, never been performed."

Add that perspective to the concern and involvement of the various levels of staff and management on behalf of the music, and it becomes apparent why Masterworks enjoys its leadership position. "People always make the difference," Saines remarks. "It's a factor that sets us apart."

Key executive personnel re-



Marvin Saines, VP, Columbia Masterworks

sponsible for the direction of Masterworks include: Mike Kelman, director of marketing; Ernie Gilbert, who manages publicity; Larry Golinski, responsible for sales; and Paul Meyers, vice president, a&r. However, that's only part of the commitment.

CBS Records, as a company, has an attachment to classical music that is ingrained in the very fibre of its organization. This manifests itself, for example, at each and every convention that CBS holds for its worldwide staffs. Whenever there are product presentations or announcements of upcoming releases, classical music is represented to a degree that far surpasses that of any other record manufacturer. "Yes, there are more product presentations," Saines says, "and that's a function of a greater level of interest. Classical music plugs in at all our conventions, absolutely. After all, we utilize the same field force. So, what we try to do is excite everybody connected with the company to enjoy themselves and be interested in the sale of classical product."

Business has been good at Masterworks over the past several years with the division growing at the rate of about 12% per year. "We've been fortunate," notes Saines, but, he adds that that's in the comparative context of a market in which 40,000 units of a symphonic recording in the first year is considered a good sale. For operas, it's, perhaps, 30,000 units.

"You must remember," he offers, "that one artist or one record can make a significant difference in our volume. There's no question about it. For example, when we put out a flute record, we would sell three or four thousand copies. Then, about two years ago, we put out 'Suite For



Paul Meyers, vice president, a&r, Masterworks

Flute And Jazz Piano,' which is not a classical piece; it's a contemporary piece by French composer Claude Bolling. Well, we sold over 300,000 units in this country.

"Now, that particular record, although not a classical record, stimulated the interest of a lot of people in not only that kind of music, but in Jean-Pierre Rampal, and because of that, a lot of his classical records doubled and tripled in sales. Certainly, the rise in this particular artist and in flute music was tremendous. Similarly, a movie can be the catalyst. A movie like 'Elvira Madigan,' which had as background music a Mozart piano concerto, stimulated interest in that piece. It became a hot piece, and sold a lot of records. And, there are numerous examples of that: the Kubrick films, 'A Clockwork Orange' and '2001.' Look at what happened to 'Also Sprach Zarathustra.' So, you never know.

#### Interpretation

"What we're trying to do is get into a medium which will attract more people. Like with Rampal. That's the job of every classical record division, the Masterworks vice president notes. "If everybody depends on the limited audience it has now, and you start cutting the pie up, well . . . for example, you have 35 recordings of Beethoven's Fifth Symphony. The average person will only buy one. A real collector may buy five or 10, but you're cutting up the pie 35 ways if you have 35 recordings of the same work. It's unlike pop music where each record is a new experience. In classical music it's just an interpretation of a composer's work which was written a long, long time ago, and that's a problem with classical music."

Selling classical records, though,

is not a problem. Or, rather, it's not any more of a problem than selling any other kind of record. "The concepts of merchandising and marketing should be the same," Saines declares. "We do have to be imaginative, and we have to market and merchandise a record, the way the pop people do, to take fullest advantage of potential sales. After all, we just don't make records to give them away.

"It's been a little different now, but only because the potential isn't as great as for a pop record, and we can't spend the kind of money that's spent on promoting a pop record. So we have to use different kinds of vehicles. We'll use more college papers, for example, than we will the New York Times, because of the dollar costs. The same thing with radio. Specifically, we will use classical music stations and FM stations which are cheaper than conventional radio buys. On a crossover item, we may try pop stations to see if we can gather a much bigger audience."

How much bigger can the current audience become? Saines, for one, isn't sure, and he believes no one really knows. "A piece of music can become popular, popular in terms of record sales, an artist can become popular, and through that, the number of classical records sold can increase dramatically. That's why I think the important thing for now, and for the next 20 years, is to educate, to get people to have the opportunity to hear classical music. That's the only way to increase your audience and your potential record buyers. They have to become familiar with the music."

Consequently, Saines places particular emphasis at the retail level. "I'm always going into record stores to get trends and feelings. It's the most important thing. First of all, you can tell what customers are buying; you can tell what the record clerks are featuring; and you can see what other record companies are doing. I think it's important to observe any trend to get ideas, and that's the best way.

"When I was a record clerk in a store (which is how the vice president started in the record business), I used to love to talk to

(Continued on page 104)

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# CBS Boasts a Rich Broadway Heritage

■ There is probably no segment of the record industry that is so utterly dominated by one record company as the field of original cast recordings is by CBS Records. When one thinks of transferring the magic of Broadway to vinyl, CBS, and particularly Columbia Records, immediately comes to mind. The two seem almost synonymous in that regard.

A quick review of the most talked about Broadway musicals and Broadway recordings over the past two years bears out the point. "A Chorus Line." "Annie." "On The Twentieth Century." "Runaway." All on Columbia Records.

But, this phenomenon is not a recent one. Almost since the invention of the long-playing record, CBS and Broadway have enjoyed the happiest of marriages. The relationship dates back to the epoch collaborations of Rogers and Hammerstein, Lerner and Lowe, and Bernstein and Sondheim, which produced "My Fair Lady," "The Sound Of Music," "West Side Story" and a host of other important works. Success, it seems, breeds success.

"We get first choice, almost always," notes Jo Greenfield, who is manager of original cast acquisitions for Columbia Records, as she attempts to identify the roots of that success. "Almost every show comes here first, partially due to (past CBS Records Group president) Goddard Lieberson and what he built here. Then, there are the people who are currently in charge: Mickey Eichner (vice president, east coast a&r), Bruce Lundvall (president, CBS Records Division), Walter Dean (executive vice president, CBS Records Division), and Don Ellis (vice president, national a&r). Broadway shows and, of course, they're very good at picking winners."

The process of acquiring the rights to record a Broadway show is a collaborative one that begins with Ms. Greenfield, whose job it is to examine properties for possible consideration. Quite naturally, she sees virtually every musical that reaches Broadway, but her real responsibility begins much earlier. "I 'see' a play first usually in tape form or script form or something," she says. "If I feel it's worthwhile (maybe one per-



Jo Greenfield, mgr., original cast acquisition, Columbia Records

cent of the shows I see qualify), then we set up an audition so that everyone in the company who will be involved in the signing sees it."

At that audition, the composer and lyricist perform the songs that will appear in the show. If a script has been finished, the narration accompanies the songs. This scenario is precisely the same one that the creative principals involved in the show stage for prospective investors. It is called a backer's audition, and in the case of CBS it is appropriate because the entertainment conglomerate is a frequent, albeit minimal, investor in the shows it records.

That investment used to be fairly substantial, particularly in the 1950s and 1960s. The company, for example, owned a 90 per cent interest in "My Fair Lady" when it opened more than 20 years ago. This conformed to Goddard Lieberson's abiding belief in the cultural responsibilities of the organization he ran. Then again, investing in a hit show was, and is, good business. Now though, the CBS investment strategy has shifted. With the spiraling costs of mounting a Broadway musical, the total dollars invested in the theatre may be similar to those expended during the Lieberson years, but the percentage is obviously reduced. Now, the commitment is more nearly one of good faith.

"After the audition," continues Ms. Greenfield, "all it takes is Mickey Eichner from an a&r standpoint, and Walter Dean for the money, and the deal is closed. Most of the time we agree, sometimes for different reasons, but we agree. Of course, if you have good music and good book, chances are it will work."

But nothing is left to chance. As with every album released on a

CBS Records label, original cast recordings receive the same specialized marketing expertise that has become a CBS trademark.

As with every other area of music at CBS, the marketing plans of original cast albums have become much more research oriented. In addition, they are now funded through the pop marketing and merchandising budget as opposed to the classical music budget, even though original cast albums still carry the Masterworks label.

The first album to benefit from the increased commitment was "A Chorus Line" which recently earned a gold record award. Jim Brown, director of product management, pop product, for Columbia Records, who is responsible for the total marketing and merchandising plans for cast albums as well as movie soundtracks, notes that the new approach was more than partially responsible for Columbia's first gold record awarded to a cast album since "Mame" in 1966. "We treated 'A Chorus Line' almost as a pop album, because of its appeal, and the strategy certainly paid off," he explains. "Obviously, the pop side has more money for show albums than the classical side does."

Brown predicts that "Annie" will probably be the next cast album to receive a gold record. After that, the crystal ball clouds up. The reason is that a successful cast album usually sells between 85,000 and 100,000 units. Gold, therefore, is quite an achievement.

"The reason our sales expectations are what they are, is that our buying population is limited," offers Brown. "There are not that many avid theatregoers out there comparable to a mass appeal artist. Basically, they're located in what we call show cities: Boston; Philadelphia; Washington, D.C.; Los Angeles; San Francisco; Chicago; Miami; Minneapolis; and, naturally, New York. The audience for a show album must actually, physically, see the show or see an ad for that album in print, because we rarely get a cast album played on radio, which is normally the greatest avenue of exposure for a record.

"Radio finds it difficult to play



Jim Brown, product manager, Columbia Records

a single cut off a cast album and remain within the context of its pop format. So, we concentrate our exposure in print, radio, and, in some cases, television, by tagging a show's commercial. It's not hard to promote an album like this," he states. "It just takes a little ingenuity."

One way that radio does help sell a cast album is if the show contains a song that becomes a hit single. Consequently, Brown emphasizes, "We're always trying to get our a&r people to get our (CBS) artists to record show tunes." Recently, Johnny Mathis recorded "Tomorrow" from "Annie." Barbra Streisand's newest release, "Songbird," also includes a version of "Tomorrow." And Andre Kostelanetz has devoted an entire side of one album to songs from "Annie."

"Otherwise," Brown notes, "our standard procedure is to follow a show on the road and support the show and cast album with radio, spots, print ads, and parties for press, and radio and dealers. And, we'll supplement that with ads in theatre publications."

For the remainder of 1978 and into 1979, both Brown and Greenfield see great promise for extending the presence of CBS Records into the original cast recording market. "It looks good for next season," offers Ms. Greenfield, "because there are a lot of people with good shows—at least five or six."

Part of it is tangible. "We do the little extras that nobody else does," explains Brown. "Our promotion, merchandising, even our packaging is more elaborate, classier, and that makes a difference."

Part of it is intangible. "When we see something we like, something clicks," adds Ms. Greenfield. "I don't know how else to describe it. It just happens."

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## CBS Business Affairs:

# Big Label Efficiency, Small Label Style

By PAT BAIRD

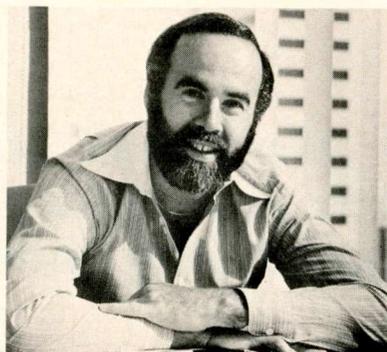
■ The business affairs department of the CBS Records division is often the most mysterious, and yet possible the most pivotal, in an artists' career with the company.

While most artists and producers understand the functions of the a&r, publicity, and lately the marketing operations, the business affairs activities are often left to the understanding of managers and lawyers. However, it is this department that finally cements an artist's, a label's, or a production company's relationship with the CBS family.

According to Marvin Cohn, vice president, business affairs, "80 percent of our business affairs activities concern itself with the contract work of the records division, starting with the basic negotiations of a contract for talent or material. In some instances, the major points have already been discussed before we role up our sleeves and have that long chat with that attorney or manager and hash out all the terms. We then outline to our law department the type of document to be prepared and review any questions. When the papers are done, we again run through the draft with the outside attorney, and, after some major surgery is done on the English language, we have the document ready for signature."

The negotiation of contracts may be the major activity of the department but certainly not the only one. Business affairs continues to take part in the development of CBS contractual relationships from that point on.

"From then on," Cohn said, "we—together with our a&r administration department—supervise payments, oversee creative controls and budgeting for the recording projects and make sure all licenses and attendant matters are taken care of. As the contractual relationship progresses, questions as to interpretation and intent will crop up. If they involve legal complexity, we immediately bring our law department into it. Often though, it's not that the contract is unclear,



Marvin Cohn, VP, business affairs, CBS Records

but that there are times when, contract or no contract, an artist relationship or a peculiar problem faced by an artist requires us to proceed with caution."

From the contractual vantage point, business affairs must deal with an enormous number of artists and management/production executives and give each the individual attention they expect. Because of the vast resources at the CBS Records Division, Cohn feels his operation's function is made somewhat easier.

"The fact that so many of the different functions are handled by different staffs and departments allows for more concentration in your particular area," Cohn said. "There is also a supportive quality to it all, a comfort in knowing that not everything rises or falls because of one person, or one deal, or one month's sales. This, I think, is a relief not just to us but to the people we deal with as well. Now you might naturally assume that, on the negative side, we lose a feeling of individuality or of closeness with the talent. I don't think anyone in the company feels that way. Certainly, in business affairs, each negotiation is a one-on-one affair—between me, let us say, and the representative for the other side. If problems come up, I may have to get information from someone else or refer a question to someone else to solve the problem, but that representative will be dealing with me and he knows where I live. So, as far as any negatives in that area, business affairs should not be different for a large company than for a small company.

"Something we now and then have to face in our dealings with talent is the insecurity of an artist or producer, or even promoter or manager, who is put off by the big corporate image or by the thought that he might only be a small part of the overall operation. While we feel this is far from the truth, as long as that person reacts that way, it can be uncomfortable—for him and us. In a negotiation, this may make itself shown in that person's asking for more contractual safeguards than it's possible to give. Afterward, we face the continual hand-holding problem. For example, if we are late getting something through, whether it's money or information or whatever, the accusation comes back that we put a bigger artist's problems first or that we have too many projects on the burners at one time. So one of us gets an urgent phone call and we rush whatever it is through. I always smile when I think that someone doing the same job for a smaller company is getting a similar call at that moment, and the complaint there is that the company is probably too small to handle business speedily. You can't win.

### No Pressure

"Ironically, the one thing I have found we do not use—and it's something everyone stands ready to accuse us of—is big company pressure. I mean, we treat every negotiation on its own merits. This is by no means a 'buyer's' market, and I don't think it can be, since money alone can't corner the market. It doesn't cost more to make a record album that goes platinum than it does to make one that sells zero. Anyone can compete with us in bidding for product, especially for new groups. A major artist might not want to throw in his lot with a small company (although often doing just that), but a new artist won't think about that so much. So, if a good group comes along there are many ready buyers. I think part of the trick is to be there fast and first. If there is bidding, we have to bid what is reasonable to get that act. What we have as selling

points are CBS' strengths in distribution, marketing, promotion, advertising, manufacturing, etc. Those strengths are not a monopoly of a large company," he concluded.

### Standard Formula

"In signing artists we are still after the standard formula of an initial contract period of one year with four individual one-year options," he explained. "The more substantial the artist, then (arguably) the less risk involved in signing him to a longer fixed term, let us say two years or three or longer with equally long option periods. But time is only one aspect. Obviously, we want as much product as possible spaced evenly over the contract. As for money—without getting into how I pull my abacus out and compute profit and loss to the nearest nickel—the money basically relates to the bankability of the artist. The better the artist has sold or the more we are willing to bet on his future, the more the purse strings relax. For artists who have had prior releases on other labels, we have the services of a market research department, which supplies us with valuable past sales data.

"In terms of creative input, the contract will vary, too, but not necessarily in accordance with the stature of an artist. In fact, there are times when the bigger the artist and, consequently, the bigger the risk dollars, then the more say we want in the make-up of the final product, even if it's only veto power over something we feel is wrong. Although this is very often a key contractual point, we have found that no matter what the contract says, the artists generally respect our creative people enough to discuss problems with them as they arise and our people have certainly shown equal flexibility."

Over the years, CBS executives have been quick to point to their Associated Label and logo-bearing production deals as one of the main factors in the corporation's success in the record field. Once again, it is business affairs that is responsible for negotiating

(Continued on page 116)

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## Bob Sherwood on The Nuts & Bolts of Promotion

■ "The record business is just that—it's a business," declares Bob Sherwood, vice president, promotion, Columbia Records, "but, there has to be room for the excitement that makes this business what it is. After all, we are entertainment, and promotion in particular, has to be excitement. If you can create a buzz from the top, then you can carry that buzz to the street. It doesn't necessarily have to be bizarre things that you do, but, once in a while, well . . . I guess it's part of my nature."

That nature was developed during Sherwood's career as a radio station program director, music director and disc jockey in markets mostly in California, then in Milwaukee, Buffalo and Cleveland. "Radio is entertainment," he notes, "and I come from that background. When I was on the other side, I loved being turned on by the music and the excitement. Every station I programmed was entertainment. Now, I want to do the turning on, and I want our people involved."

"Based on the fact that radio is entertainment, and we're supplying that entertainment, the excitement we generate, especially at conventions, is vital," he continues. "When we leave a convention with the total game plans and assaults on our targets that we build on a business-like base, that red-hot, turned-on feeling is part of every one of our promotion people as they return to the street."

Sherwood's belief in maximizing that feeling in his entire staff of promotion people, coupled with that rather peculiar part of his nature, has led to some of the most memorable episodes in the recent history of Columbia Records promotion.

"It all started at one of our year-beginning conventions," he recalls. "Our meetings are as structured as can be, because we have a commitment to finding a home for every piece of music we release. That's a heavy burden to carry, because it taxes the creativity of our people, often to the limit. They have to get the juices flowing, in order to get records on the radio, and if national promotion can serve as the catalyst, that's great. My feeling

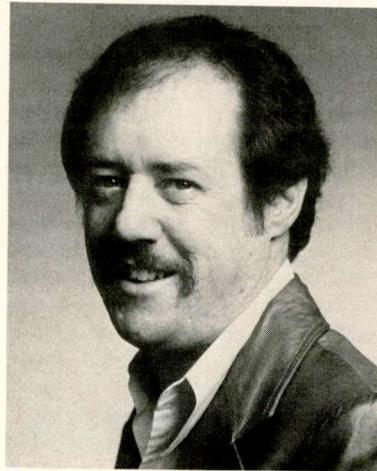
is, if you can successfully entertain in a meeting situation, and make it a real treat for the people in attendance, then you can get your message across that much better."

That feeling was put to its first test at Sherwood's first year-beginning convention as a member of the Columbia Records national promotion staff. "It was in Nashville, in January of 1974," he remembers. "Steve Popovich (then head of the label's promotion department) said to me, 'Get 'em crazy!', so that was our target. The carefully structured Earth, Wind & Fire introduction, including cape and smoke bomb, came apart when the smoke bomb misfired, and we nearly lost a member of the staff. Maybe the timing wasn't perfect, but everybody enjoyed it. Of course, the stickers all over my body announcing Chicago's new record was an added, and somewhat unique, twist."

The initial reaction to this novel approach to generating interest and excitement on behalf of records was considerable, however, what is considered by many people in the company to be the ultimate stunt, occurred some time later. "We were doing a presentation on a whole radio theme based on James Bond," Sherwood explains. "Radio was evil Dr. No, and we showed examples of carefully thought-out, super-secret plans to thwart the activities of SMIRSH, and get records on the radio. The entire field staff dressed up in Bondian costumes, complete with Baretas, Lambourghinis and Sean Connery-type companions. The Goldfinger tie-in was so obvious, it was frightening."

"We were in a Toronto theatre at the time," he continues. "The room was dark, and to the awesome strains of 'Goldfinger,' I hit the spotlight attired in gold paint. Incidentally, I'm still trying to get it off, and I never paid for the carpet I dripped on. The entire presentation got a huge reception, and I firmly believe that everyone left the room thoroughly entertained, but more importantly, fully aware of the points we were trying to make."

Because of the fact that promotion is a year-round task, and those points need to be made on



Bob Sherwood, VP, national promotion, Columbia Records

a constant basis, Sherwood found that conventions, although an indispensable vehicle, were not sufficient to translate all the excitement that was, and is necessary to accommodate Columbia's impressive, and large, roster of artists. So, one day, he showed up at the industry's trade magazines clad only in a rain barrel. "My reasoning was, 'If you don't start charting some of our records, this is what I'll be wearing soon.'" Then, there was the visit to the trade dressed in Wombles suits, to promote the group of the same name. "That was interesting," he notes. "Here we were walking down the streets of New York City in these outfits with beaks and all, and no one gave us a second glance. I guess New Yorkers are used to seeing stranger sights. The point is, it is essential to take that extra step, on a one-to-one basis, to get records exposed, and hopefully played."

That factor is true on the road as well. "As I said," Sherwood says, "that level of commitment,

intensity and, yes, 'do the bizarre if necessary,' is a key element in doing a complete job, wherever you happen to be. About two years ago, I was in San Diego with our local and regional men assigned to that territory. We were working on a record, and trying to tie it to sailing vessels somehow. Well, a PD in the market suggested that if I climbed the mast of the legendary Star Of India moored in San Diego harbor, he'd add the record. Now, that ship is locked up at night, and patrolled by guards, and to add to that, it was raining pretty heavily. But, the challenge was all I needed. It was touch-and-go for a while, as far as the status of my life was concerned, but I think we did get the message across.

"This is a craft," he explains, "and like any craft, there is a need for a significant amount of dedication to be successful. The gimmicks and the games have their place, to a certain degree, with every professional promotion man, but there must be a perspective. They function as sparks to light the fire of imagination to let everyone's creativity run as far and as well as it can. On a day-to-day basis, gimmicks won't do the job. That's why our business meetings are business. Radio has gotten better at what it does, and we have to become better at what we do, if we're going to maintain our stature as a company. There is a wealth of information relating to every record we work, and the best promotion men go into every radio station they call on with information and a thought-out sales pitch that puts records on the radio. Of course, that is only the beginning, but that is why we

(Continued on page 176)



Columbia group The Emotions



# CBS' Packaging Look: Simple But Elegant

■ Packaging the hundreds of albums released by CBS Records annually presents a curious problem. Though the product is always the same—it's a flat disc—the appearance of each package must reflect a distinction that satisfies the myriad tastes of artist, manager and consumer, while retaining a "look" that conforms to the company's objectives. At any record company, the task is a formidable one; at CBS Records, it is truly monumental, and entrusted to John Berg, vice president, packaging.

What Berg does, actually, is graphically design a flat surface, and therein lies an initial problem. He is a visual specialist functioning in an aural medium. With so much speculation as to what actually contributes to the success of a record, the obvious question arises as to how crucial a determinant album graphics are.

"There are two ways to look at

whether what we do sells records. Yes. And no," he says in mock seriousness. "Our consumer surveys say consumers are apparently not concerned with the package and graphics at all. However, they say they like to have it once they get it home. They like to read the lyrics, for example, but they're not influenced by the covers. Pretty much everybody says that, and we tend to believe it and not believe it.

"It's true that when people go into a store to buy a record, they usually know the record they want, especially with the large youth audience. However," he adds, "there is a lot of browsing done, and a lot of impulse sales are generated once they're in the store. After they've picked up what they're after, they often see something else."

Berg believes that these unplanned purchases can be a considerable part of total record



John Berg, vice president, art packaging design, CBS Records

sales. "I spend a lot of time in stores watching," he notes, "and my feeling is there is a lot of impulse buying. Consumers won't always admit it in surveys, because they are embarrassed that they can't control their buying patterns. But, all you have to do is observe in-store behavior and you'll see it happening.

"For these types of purchases,

graphics will have some kind of effect. The impact it makes is in drawing attention, which is a major purpose. And it's got to create a feeling supplemental to the music that gives the consumer some type of warmth. Still, there's no way we've devised yet to assure it or measure it."

What has been developed to achieve those desired results is a style that is informally referred to as the "CBS look." It is more nearly type-oriented than concerned with images, and tends to be less decorative, or as Berg explains, "It's a different kind of decorative: simple but elegant.

"We've tended to be rather unelaborate and more classically graphic," he explains. "In a way, it's journalism we're involved in and I've always been a journalistic designer. That's my background. Then again, most of the covers are done on the east coast,

(Continued on page 125)

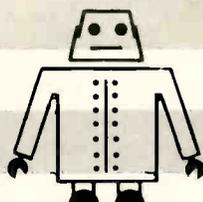
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## Gurewitz Keeps His Street Smarts

■ Al Gurewitz may be vice president, promotion, E/P/A, but his heart still belongs on the street, where he learned all about promoting records. "Once you spend all those years on the street as I did, you just don't lose that feeling," he declares. "It's not something you forget. You still keep that understanding, and, after all, things happen on the street."

For Gurewitz, it all started more than 12 years ago, when he took a job as Columbia's local promotion manager in Hartford. After four years in the northeast, he moved to Cleveland as regional promotion manager of Epic and the Custom Labels (which was the forerunner of the present-day Associated Labels) just after the CBS branch system had absorbed Epic into its fold. It was his first real taste of rock 'n' roll heaven.

"The midwest was amazing," he notes. "Here was an act like Kansas headlining 5000 seat auditoriums, and no one outside of the region knew of them. And, not only Kansas. I'd go to a Ted Nugent concert, and see 5000 people screaming their heads off for a headline act that virtually never sold a record in any other part of the country. The same was true with REO and Starcastle, among others.

"They were acts that only the midwest knew about, which is probably why the midwest became famous, or notorious, whichever you prefer, as a haven for rock 'n' rollers," he continues. "They were all big in St. Louis, Milwaukee and Chicago, places like that."

And, in 1973, Chicago became home to Al Gurewitz. As the new regional promotion manager for

Epic and the Custom Labels in Chicago, Gurewitz took on the added responsibilities of the Chicago and Minneapolis marketing areas in addition to the Cleveland/Pittsburgh, Cincinnati and Detroit areas he had serviced while in Cleveland.

Then, one year later, his title was changed to regional promotion marketing manager with responsibility for marketing as well as promotion. "At that time, the company did very well with black music," he recalls. "You know, Sly (& the Family Stone) was huge then. And, country was a big thing with acts like Charlie Rich. We also did well with Bobby Vinton and Donovan, music like that." Everything sold well for Epic and the Custom Labels, it seems, except rock 'n' roll, the very music that was so popular in the region where Gurewitz lived and worked.

To give you an idea of how well rock 'n' roll did not sell, in November of 1976, Kirshner Records issued a press release shortly after the debut of Kansas' fourth album, 'Leftoverture,' announcing that the group had finally sold the one millionth album of its career to date. To put that in perspective, in the ensuing 18 months, Kansas has sold nearly six million units of 'Leftoverture' and 'Point Of Know Return.'

"Sure, it was disappointing to see such excitement at these midwestern concert dates and have it stop there," Gurewitz remembers, "but, it didn't make my job as a promotion man any tougher. The feeling was, you just go out and promote the records to radio: you just do it. Radio in the midwest loved that music, and it sold well there. That's all I cared about."

However, in 1976, Gurewitz was transferred to New York City as the director of sales, Epic and the Associated Labels, which then became E/P/A, and the whole country became his concern. Coincidentally, shortly after his move, the bands he had worked with for so long—Kansas, Ted Nugent, REO—broke out of their home bases, and have since emerged as bonafide superstars.

For Gurewitz, there is a great deal of personal satisfaction at-



Al Gurewitz, VP, promotion, Epic, Portrait & Associated Labels

tached to these success stories, but now, as vice president of

promotion, he is involved more with personnel, training and directing of the E/P/A promotion field staffs. Still, there is that link to the streets, and Gurewitz feels the attachment he retains has worked to his advantage. "The fact that I'm a street person gives me a better rapport with the people I deal with, because the street is where radio, the accounts, the RVPs, the branch managers, and our promotion people are. All these people know that I was once one of them, and I still am."



Philadelphia Intl. group The O'Jays

## E/P/A

(Continued from page 83)

Trick. You see a live show, and listen to the records, and it's there. They have a great sense of humor, and what they present is something very definite. You see something when you think of Cheap Trick. And, it's so definite, that in Japan, they can now sell out 18,000 seat halls. There's an excitement there, and that can only become more magnified as we grow together as a company."

That future looks particularly bright as far as DeMarino is concerned. "I look forward to being able to reach out and try new things," he says. "I can see us helping to package TV specials and having a dynamic relationship with young filmmakers as we expand our media potential, while still maintaining our ties to vital management concerns and vital agencies. The net result will be our coming up with more diverse ideas for expanding an artist's career. It will be like having more tentacles out there to touch more ideas and concepts."

"We're especially excited about the future of E/P/A as it affects a number of important artists on

the 12 labels we service," comments Tyrrell. "A number of these acts seem to be right on the horizon of grabbing a lot of attention, and are developing success stories. They include Nantucket, Crawler, Dion, David Johansen, Mtume, and The McCrary's. Then, we're looking forward to first albums by Jerry Butler, Kingfish, Sharon Ridley, Melba Moore, Trickster, Sarah Dash, The Futures, Matthew Moore, The Jerry-Kelley Band, Livingston Taylor, Free Life, Molly Hatchet and The Boyzz. Also, interesting developmental projects that we have ongoing with Brainstorm, Russ Ballard, and Starcastle are an exciting portion of E/P/A.

"In each of these cases, the artist is either relatively unknown to the marketplace, or at a level of market acceptance that we feel is below the level which their talent entitles them to be. But, they are the future of E/P/A, along with our growing roster of stars and superstars, and we've made a commitment to each and every one of them. We don't take that responsibility lightly."

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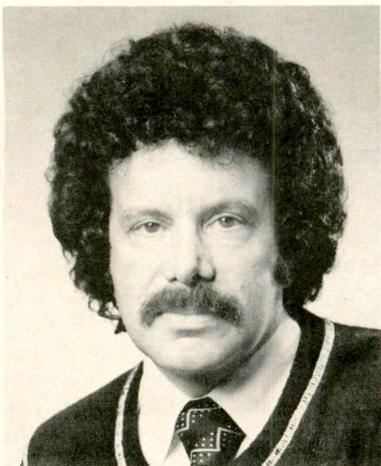
## Bruce Lundvall

(Continued from page 98)

We're not ever going to say we have enough. That's the most dangerous thing a record company can do. You have to always be as selective as possible, whether it's a major artist or a new signee. You never say, 'Hey we have too many female singers' or 'Hey, we have too many rock and roll acts,' or 'We have too many r&b acts.' You can't ever do that. You can't ever pass on an artist who you really believe you should have because you have too many of those kind of artists. First of all, if they're artists, they're really one of a kind.

**RW:** One of the things that struck me as intriguing is something you said prior to the New Orleans meetings. In looking at a potential artist in terms of signing that artist, you said a consideration is if the artist is in a repertoire area where CBS needs strengthening. Is there that sense of battle planning?

**Lundvall:** I hope I didn't say that. I mean, obviously, that's always a question, and the answer to that is simple. I think you should only sign an artist if you believe the artist is a career artist and has a potential to grow over a long period of time as a unique career artist. And, secondly, you must feel passionately about the uniqueness of the artist. I don't think you should ever sign an artist because the artist has had success before, if say, you think 'I don't feel very strongly about him, but he sells well enough.' I don't think you should ever sign an artist on that basis. Or if say, you think, the deal is pretty good. 'We can live with the deal, and, therefore, we should have his name.' Nor should it be the answer that we really could use another country artist because the roster needs building. It should only be based on what we believe the commercial potential and the musicality and the uniqueness of the artist is, no matter what the deal. The determination has to be made about the artist and that artist only. Do you want that artist; do you believe that artist can be a long-term artist; is that artist unique; does he have charisma, and whatever else are the elements that intrigue you. But, there should be a passion to signing artists. It should never be done on a pure business basis, even though business aspects are always important. There is kind of an old saying in the business that says 'It's just as important to have great management and a great booking agency as it is to have a particular artist.' I think that's a lot of garbage. It's obviously important to have a good manager or a good booking agency, but if the the music is there and there's no manager involved, or a second-rate one, the artist and the music are what really matters. You can train the manager. I know a lot of managers who are very good in this business who started out being sisters and brothers and friends of the family. So the sole factor really has to be the artist. If you say, 'Well, I really love this artist but I don't think I'm going to sign him because the management is really kind of terrible.' Well that's really nonsense. Maybe then you're not making the evaluation of the music itself.



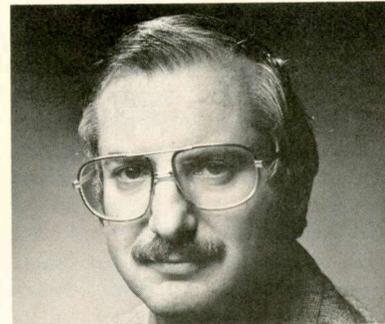
Ernest Gilbert, director, artist development, Columbia Masterworks



Mike Kellman, director, product management, Columbia Masterworks



Walter Dean, executive vice president, CBS Records



Myron Roth, VP, business affairs, west coast, CBS Records

**RW:** CBS has finally made a commitment to a fourth pressing plant. How is that additional capacity going to affect your projections in the business that CBS Records does?

**Lundvall:** Well, it's going to affect a number of things. The industry is, in effect, up to capacity right now, and it probably will be for the next several years. There will be capacity, but we're going to be straining as an industry. Looking at the way marketing is growing, and looking at the way our sales have been growing, it's going to be quite difficult until that plant is on stream. We'll have the capacity, but it's going to be tough. And it's going to be even tougher for other companies that may not have their own facilities. The capacity is just absolutely a necessity. It's catching up, as much as it is planning for the future. And, it does take time to build a plant. So I would assume, if our projections are correct, by the time that plant is built we are going to be utilizing it at full capacity.

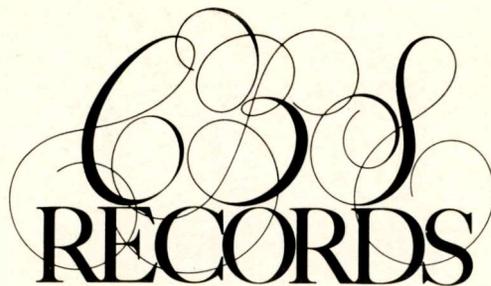
**RW:** April Blackwood has been going through a period of change and consolidation. What is the present status of the publishing company? Where does April Blackwood fit in the plans of CBS?

**Lundvall:** We're very aggressive about its growth potential. It's a business that we have not fully involved ourselves in to the extent that we should have, but we've made a total serious commitment to become a major publishing company. I want it to be the #1 publishing company in the world; that's got to be the goal. Otherwise, why do it at all. It's not just a collection agency. It's going to be a full, creative publishing operation, and, it's growing right now. It's becoming more successful and more visible.

**RW:** With all of these superlatives, how much bigger can CBS grow as a record company?

**Lundvall:** The company, in order to grow as large as it can, also has to become smaller. Let me explain that statement. This is a highly personalized business and one has to understand you cannot be in this business and not listen to all of the music all of the time. You have to understand what an artist is about, what his record is all about. You have to know how to market the record. You have to know how to deal on a one-to-one basis with the artist, the artist's manager, the attorney. You have to have a highly developed degree of interest in that artist and in that artist's career. You can't do that, if you're just a big machine. So you have to structure your company, and you have to have people who will act in such a way, and this required tremendous sacrifices on the part of people who work here. You have got to be here and be at one-on-one meetings with the artists and all the people that represent them on a daily basis. You have to be able to accept phone calls at home; you have to go out and see them in performance. It's not holding hands, it's being involved with what the artist is involved in, being where he is appearing live, when he's there. It's a very, very difficult task, but so long as we're able to establish that one-to-one relationship with our artists, we'll continue to be successful and we'll continue to grow. There's not much limit as to how far you can grow. No, you can't have an artist roster of a thousand artists very easily, but you can continue to grow in all areas of music. You have to have people who

(Continued on page 110)



# CBS Record Sales: Campaigns, Incentives, Results

■ As with every other aspect of the CBS Records operation, the company's approach to the sale of records and tapes to its accounts, and ultimately the consumer, has become more sophisticated as the complexion of the marketplace has warranted a more detailed involvement. Essentially, the role of the sales department is to provide direction to the numerous staffs located in offices throughout the United States and at the company's national headquarters, with the objective of attaining the considerable goals established for the CBS Records domestic division.

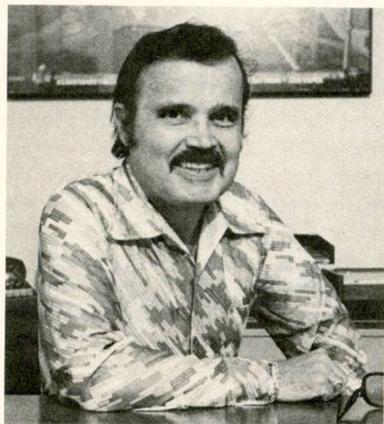
## New Releases

That direction, according to Tom McGuinness, vice president, sales, CBS Records, comes initially in the form of marketing plans on new releases. "We're looking for answers to when and how we can take advantage of specific opportunities to increase the sale of a particular selection by an artist," he explains. "But, we're also very aware of situations that present themselves so that we can exploit an entire artist's catalogue or a category of music. When an opportunity surfaces, where we can capitalize on something to boost our sales, we'll do it."

## Sales Campaigns

One vehicle that has proven to be most successful in this regard is the use of sales campaigns. During the past two years, "Sale-A-Thon" and "The Winning Season" were particularly instrumental in helping CBS achieve the record shattering results it has registered during that time. Currently, the company is in the midst of another summer-long campaign — "Star Power." "We utilize programs throughout the year," McGuinness notes, "to maximize sales based on specific retail conditions. Our summer campaigns have received a great deal of industry-wide attention, because during the summer, school is out, and people are in cars and at the beach. Music, at these times, is a constant companion, and the increased interest and the resultant increased business has been considerable."

"Star Power," like its predeces-

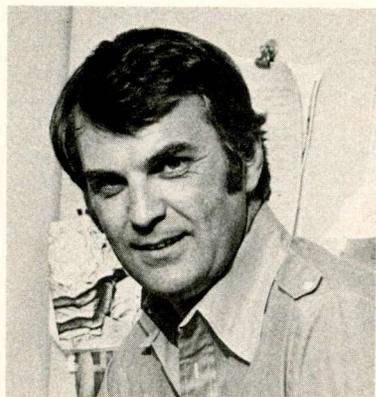


Tom McGuinness, VP, sales, branch distribution, CBS Records

sors, is based on an umbrella concept, whereby various elements from displays to advertising to the inclusion of certain releases can be brought in as specific market opportunities develop. "Star Power," per se, doesn't relate to a given list of releases," offers the vice president. "It provides us with a broad banner under which we can include any number of concentrated efforts. It's an in-store merchandising concept actually."

## Hynes

"When people see 'Star Power' displays, we want them to think about artist names," added Ed Hynes, director, sales and artist development, Columbia Records. "We're not concerned about whether the consumer actually focuses on 'Star Power.' What we do want, though, is for the display material relating to the campaign to trigger a response to an artist, like, 'Oh, I meant to buy the new Barbra Streisand album. I think I'll get it now.' The campaigns are designed to draw the consumer into the store



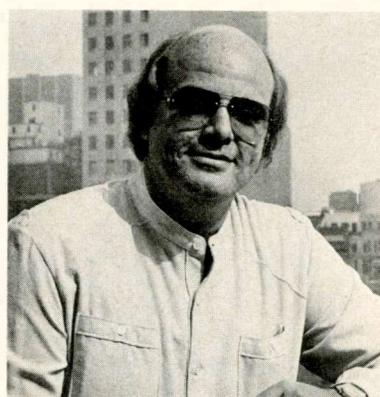
Ed Hynes, director, sales/artist development, Columbia Records.

by developing that store into the theme of whatever it is we're featuring."

## Douglas

According to Ron Douglas, director, sales and artist development, E/P/A Records, campaigns like 'Star Power' have another important function. "They help us draw parallels of hit status between a monster act and a mid-range act," he says, "If a consumer is exposed to an advertising spot and sees or hears Crawler mentioned with Boston, Bob Dylan and Ted Nugent, then that consumer is liable to think, 'Hey, I must have missed something.' It seems to work pretty well, because we sell more units of mid-developmental acts than we ordinarily might, by extending the life of a given release. Then, too, we're able to sustain an act's name in the minds of consumers, and that's very important to an eventual sale."

These sales programs have proven to be so successful, that they now account for a substantial portion of the catalogue business that CBS does. "That's their function," explains McGuinness. "They are essentially catalogue-oriented, and, as such, they enable us to maximize the sales for any given artist. That's a tribute, I think, to the concern for artist development at CBS, because, by developing careers, we find that we're dealing with artists who have an enormous amount of staying power. Then, again, if you look at any artist who has a catalogue that sells well, you must remember that at one time that meaningful artist was a new artist, so artist development is that much more



Ron Douglas, director, sales/artist development, Epic/Portrait/Associated Labels.

important." "The artist rosters we deal with have a hell of a lot to do with that," adds Hynes. "If you examine them, you find that so many of our artists retain their strength in the marketplace, and continue to sell and sell."

## Catalogue Expansion

That factor can be attributed to several key considerations made by the sales and marketing executives at CBS. "An artist's catalogue is built one release at a time," McGuinness points out, "so our major emphasis is on new releases. Our primary thrust is just that—to continue to penetrate the marketplace with our superstars and developing artists on a release-by-release basis. That's the future. And, if we're able to achieve what we want to in that respect, then our catalogues will expand naturally."

"To insure that it does," he continues, "our approach is to create a well-thought-out, carefully developed plan behind every single piece of product we release. The objective is to maximize sales, while developing careers."

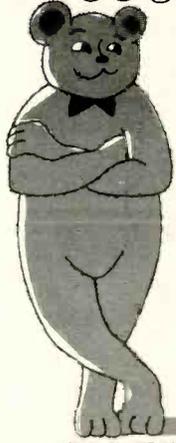
That integration of artist development directly into a sales structure is a unique concept pioneered at CBS Records. But for Hynes, it is a natural marriage. "Artist development plugs into sales in a ton of ways," he says. "It all starts with airplay and the people who go out and get exposure on the radio, which helps create a retail demand. Then, you take other steps. As airplay is developed, we get involved with tour support, publicity, merchandising, working with retailers to our mutual benefit. It's a whole conglomeration of things. With new acts, for example, retailers are eager to work with us, because they know we're backing them."

## Other Projects

No other record manufacturer has had the level of success in establishing new and emerging acts at retail than CBS Records. There are many reasons for that success, but none is more indicative of the ability of the company to create and implement marketing ideas unique to the industry than the developing artist campaign on relatively unknown acts

(Continued on page 127)

**TEDDY**



WORLD TOUR  
1978

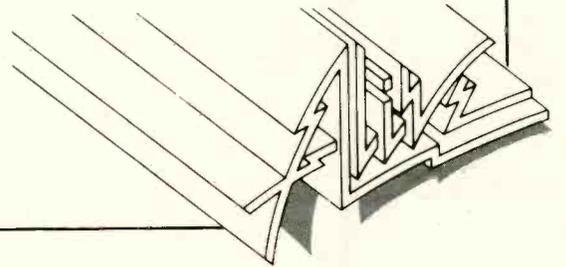
# Congratulations to Phili International & Epic Records.

## Keep Up the Good Work

*Teddy Pendergrass*

*Life Is  
A Song  
Worth  
Singing*

including:  
Close The Door  
Get Up, Get Down,  
Get Funky, Get Loose  
It Don't  
Hurt Now  
When Somebody  
Loves You Back



# CONGRATULATIONS CBS IT'S A PRIVILEGE TO WORK WITH PROFESSIONALS



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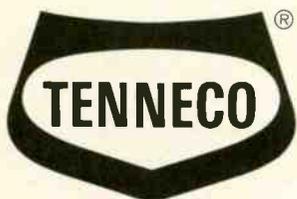
6430 VARIEL AVENUE, SUITE 107, WOODLAND HILLS, CALIFORNIA 91367



**THE  
SWEET  
SOUNDS  
OF  
CBS  
RECORDS'  
SUCCESS  
BEGIN  
WITH  
TENNECO  
PVC  
RECORD  
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**Granny White: Goodwill Ambassador**

■ In an industry that measures itself by current fashion, and prides itself on newness, there is a truly remarkable individual who has been with CBS Records for 32 years. His name is Granville White, Granny to his many friends and admirers, and he holds the position of associate director, national promotion, black music marketing, CBS Records.

White joined the CBS Records family in 1946 as a warehouse employee for one of Columbia Records' independent distributors, which in those days, handled only Columbia product. From there he graduated to the sales department, where he worked for a while, before settling into promotion.

"It was a ticklish situation working with records in 1946," White recalls. "The 78 (rpm record) was what we dealt with then, and they were very bulky. It took three or four records to make up a set, and if you dropped a record, it broke very easily—



Granville White, associate director, national promotion, black music marketing

then, it might take several weeks before we could get a replacement and get the whole set back together so that we could sell it. So, you might say it was very hectic."

Artists that were particularly big for Columbia in the 1940s, included Frank Sinatra, and The Charioteers, who made some recordings with Sinatra. "Of course, classical music was very big," adds White. "And, another area we had good success with was foreign language records. There were

ten or 12 different language series that we had, and they covered just about every nationality."

The 1950s followed, with the two most significant developments in the history of CBS Records, according to White. One was the introduction of the 33 1/3 long-playing record, and the other was the creation of a branch distribution operation wholly owned and operated in-house. "The lp certainly made a major contribution to the change of the record industry," he declares. "It cut down the need for a lot of multi-record sets, and the product itself was more durable. Then, in 1958, came the introduction of the branch structure, which was equally important, because it gave the company control of its product."

What transpired musically at Columbia during that time, were the sounds of Johnny Mathis, Tony Bennett, Doris Day, Sarah Vaughn and Erroll Garner, who

(Continued on page 175)

**Columbia**

(Continued from page 82)

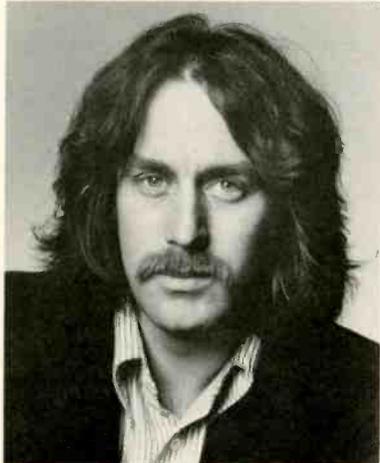
ple of years, as was the case with Springsteen. It's an ongoing commitment that Columbia has always made."

**Movie Tie-Ins**

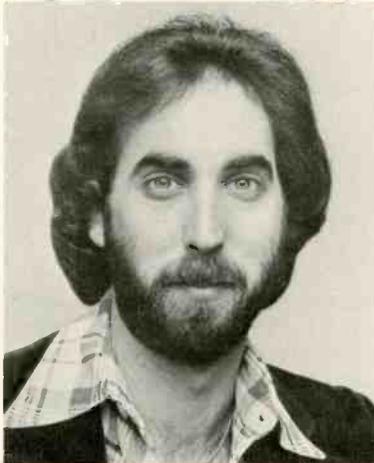
Presently, the company has made a commitment to capitalize on the trend toward tying together hit movies and hit albums. "We just signed an arrangement with Ray Stark Productions," notes McCarrell, "which will

give us an option to release soundtrack albums to Ray Stark's films. In addition, we will release the soundtrack to the film 'The Eyes Of Laura Mars' through an arrangement with Jon Peters. Barbra Streisand sings the theme, 'Love Theme From 'The Eyes Of Laura Mars' (Prisoner),' and based on her track record with film theme songs (she sang the themes for 'The Way We Were' and 'A Star Is Born'), we feel we have a #1 record.

"This is a company that is constantly breaking new groups on a variety of fronts," he says. "We're constantly changing. When 1978 ends, you will have seen the development of a number of new artists at Columbia to very successful sales levels. You'll also see consistent platinum and multi-platinum sales on our established artists. In short, you will see the most successful year in the history of Columbia Records."



Jack McLean, director artist development, east coast, Columbia Records



Frank Shargo, director artist development, west coast, Columbia Records



Jonathan Coffino, director artist development, east coast, Columbia Records

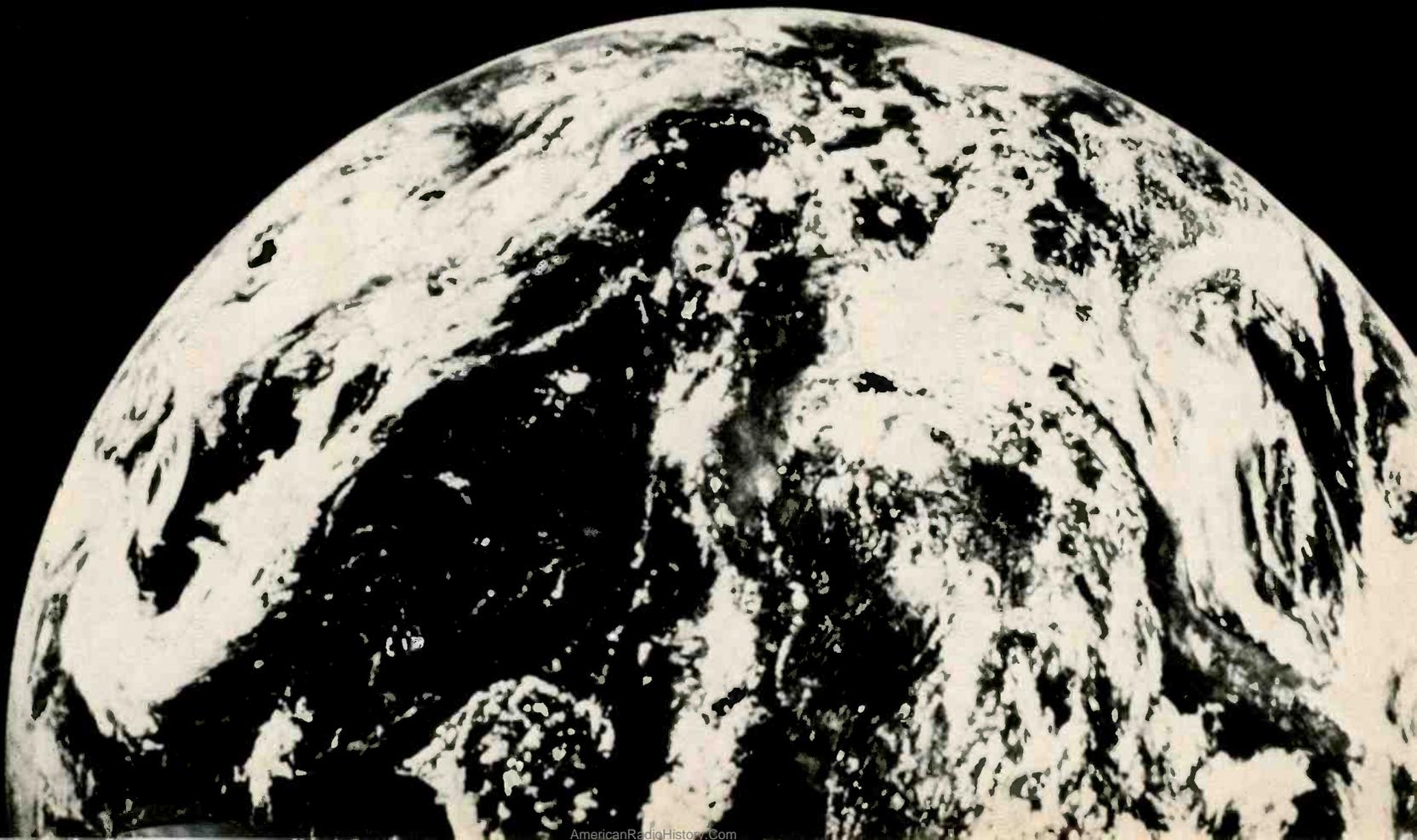
# **K-TEL**

**THE WORLD'S LARGEST  
TV MERCHANDISED  
RECORD COMPANY**

**SALUTES**

# **CBS**

**THE WORLD'S LARGEST  
RECORD COMPANY**



# For Samuel Burger, A Busy Time

■ NEW YORK — For Sam Burger, the new CBS Records plant in Carrollton, Georgia, is now almost a full-time job in itself. When completed, in the early 1980s, it will be the "largest, most integrated facility of its kind in the world," and even though the groundbreaking is still a month or more away, Burger has been working on the project for many months.

The senior vice president and general manager of all CBS Records' manufacturing and engineering operations is a 32-year veteran with the company, having joined in 1946 as a chemist in CBS' Bridgeport, Connecticut labs. He rose to division superintendent and plant manager of the Bridgeport facility before being promoted to various managerial positions with CBS' manufacturing and engineering division.

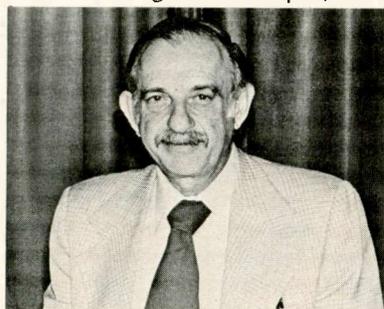
Now based in Milford, Connecticut, where CBS maintains its research and development administrative offices, Burger has eight plants to oversee, with the ninth — in Carrollton — on the way.

Also within Burger's purview are CBS' three main record manufacturing facilities — in Terre Haute, Indiana (the largest record pressing plant in the country), Santa Maria, California and Pitman, New Jersey; tape duplication and ejection molding operations in Terre Haute; a printing plant for jackets and such in Hawthorne, New Jersey; a magnetic tape manufacturing plant in Danbury, Connecticut; and the Milford engineering and r&d operation.

Burger is responsible for improving the quality of the products CBS Records manufactures, and for increasing the speed and efficiency with which CBS can make those products. And, he stresses, the former is just as important to him and his company as the latter, with 25 percent of his manufacturing staff assigned to quality control—"Well above the industry average," Burger asserts.

Among Burger's current projects is the development of a fully-automated tape assembly unit, for which the company has al-

ready created two prototypes. In recent years, Burger and his staff have improved the quality of the plastic casings used for cassette and eight-track tapes, and



Samuel Burger, Sr. VP, manufacturing operations, CBS Records

upgraded the sensitivity and durability of the magnetic tape used in those two configurations.

Cassette and eight-track are the only tape configurations currently manufactured by CBS, and while "Cassettes are growing at great strides," according to Burger, "eight tracks have been growing too," with eight-tracks maintaining a sales lead of approximately three to one over cassettes. "The wave of the future might be cassettes," Burger says, "but it's still too early to tell." The technical quality of the two configurations, he says, "is very comparable at this point."

These are ongoing concerns for Sam Burger. The Carrollton plant is an extraordinary, and challenging, job that will certainly occupy him even after the first facility there, a tape manufacturing operation, is set in motion (around June, 1980, according to CBS' timetable). The new plant will combine the four major recording configurations under one roof for the first time—12 and 7-inch discs, eight-tracks and cassettes, as well as magnetic tape manufacturing, injection molding for plastic parts, and a warehousing and distribution outlet for records and tapes.

## Masterworks

(Continued from page 88)

other people about a new record or a new piece of music I had discovered," he recalls. "That enthusiasm, and the love of the product, will extend over to the consumer, and that's the best way to sell a record. Now, it's different, with mass merchandising. One doesn't have the time to talk to everybody, but in the classical area, it's still encouraging and worthwhile to be able to talk to a consumer. That care and special attention remains in the selling of classical music, to an extent, and it's effective."

Another key component leading to a heightened retail awareness of classical music is the inherent nature of the product itself. "Remember," Saines points out, "a classical record doesn't go out of style within three or six months. It has a very, very long life. So, an item like that can remain on the shelf two years and it's not something you're losing money on. You can always sell it. Too, in the era of using hot product as loss-leaders, retailers look for other things to make a profit, steady sellers, and classical records are one of these things."

Based on the success enjoyed by Masterworks, retailers and consumers alike seem to agree with Saines, and in ever-increasing numbers. Though no one may know the potential depth of the classical record buying audience, one fact is fairly well established. That buyer can be almost anyone

in the population: old; rich; not-so-rich; and of any ethnic or racial background.

"The stereotype of the classical music buyer is not necessarily true," declares Saines. "People have created it, but it's not true. Remember, we're talking about something which has had a long history. In the days when money was not as available as it is today, it was the middle-class adult who was buying classical music. And that conception still has held over. That's why people think the middle-class professional or the middle-class wage earner is the sole buyer of classical records. But, when I was in the retail business, college kids bought a tremendous amount of classical music, and they still do."

To capitalize on this vital and growing market, the vice president plans an aggressive posture for Masterworks as the company points toward 1980. "First of all, we're looking to strengthen our vocal catalogue," he states. "We've placed an emphasis on opera, which is one of the biggest selling segments of our business for the past 20 years, and it's only in the past two years that we've started to really get back in that area. It's a very big part of the business—it always has been—so we're enjoying a lot of notoriety now, because we're doing a lot of operas."

But, he adds, that commitment to vocal music will extend to other areas. Alternatives include

religious cantatas, madrigals, ballads, and even folk songs. "Vocal music sells quite well," Saines emphasizes. "The things that the Metropolitan Opera has done recently on television with productions of Rigoletto and La Boheme have made opera much more popular. The more people that see it, the more people will be interested in buying records. One televised program of Rigoletto is seen by more people in this country than the accumulated audience of every performance of this opera in the United States in the last 10 years. Television is very important, and that importance is going to increase."

Another area of concern is what Saines terms the standard repertoire. "One of the tracks we're on is to bolster our basic catalogue. We will have completed the Beethoven symphonies with Loren Maazel and the Cleveland Orchestra. Coming soon will be the Tchaikovsky suites with Michael Thomas conducting, and the Brahms symphonies with Zubin Mehta conducting.

Artist development is also a high priority. "We're continually on the watch for important established classical artists around the world; in addition we're looking for exciting, new artists, because we do depend on the charisma they radiate," Saines says. "Unlike pop, if they make it, they'll last much, much longer. Look at Leopold Stokowski. We signed him to a six-year contract when he was 94. The longevity is there."

## Walter Yetnikoff

(Continued from page 80)

what they don't like. If you have a hit single and nothing else, you're not going to sell a lot of albums. A hit single and little else gives you perhaps 200,000 albums. It draws people's attention to the album, but if they don't like it, they don't like it.

I've mentioned touring earlier as a vehicle toward breaking an artist and sustaining a career. There are so many obvious examples of the artist who uses this successfully—who has the magnetic, charismatic personality and the great show, in addition to the music itself, to come across to the audience and catapult record sales. Bruce Springsteen, for example.

**RW:** One of the phenomenons in the record business now is the free agent market which is very similar to baseball's. In a number of your addresses, both formally and informally, you made not-so-veiled references to some of the big names in the industry whose contracts are either up soon or will be up in the next year or two. Are you interested in those superstars for Columbia Records and Epic Records?

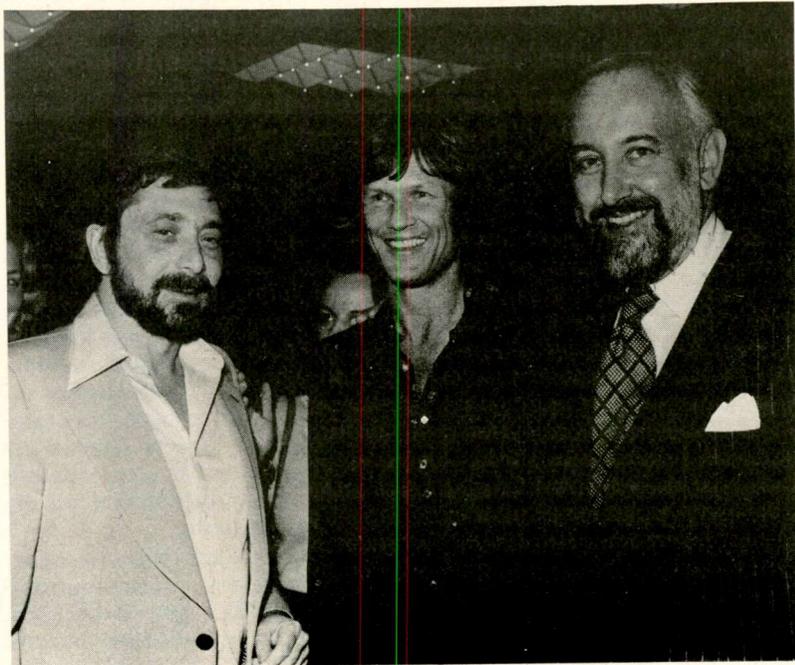
**Yetnikoff:** We certainly proved our interest in the past and have gotten some and not gotten others. You have to be interested in a major artist whose contract is expiring. I don't know of too many major artists whose contracts are expiring now, by the way.

**RW:** One that obviously is . . .

**Yetnikoff:** Is Paul McCartney. Paul McCartney's contract has already expired to the best of my knowledge. Yeah—we have to be interested in major artists on other labels whose contracts are expiring. There was a point when, I think, I myself, maybe more than most, made an aggressive pitch in that direction. Sometimes we were successful and sometimes we weren't. I don't think we're adopting that kind of thing now—that we're going to chase artists at this point as we did then. I think now in many cases when a major artist contract expires, he or she is going to come by here. I'm not saying they're going to stick or we are going to sign them but they are going to be by. They're not going to ignore CBS. So we don't have to chase it in that same sense. Yes, of course we're interested in the major artist we believe in, assuming we believe that the artist is either going to maintain his or her or their current plateau or going to climb, what we really want is the major artist who still has more to go as far as his or her career is concerned and you think your company can add something to it. That's what we're really interested in; that's the James Taylor situation. We are interested in such situations, yes. We are not running around like before, aggressively pursuing it; we don't have to at this point. McCartney, I've said the same thing 400 times, we would like to sign Paul McCartney. We'd love to sign Paul McCartney. Like everybody else of my generation, I was a Beatles fan. He's a class, quality act—among the top. I think we can do much better with him than Capitol has done with him, frankly. I know what the sales figures are, and I don't think they've done that well with an artist of his stature. But we've had no serious discussion about it. Paul's representatives know that we're interested. There has been no deal and no money talked about. Nor do I know if Paul McCartney wants to sign with us.

**RW:** Now, you've got a reputation as a very canny negotiator. Most of the CBS superstars and established acts are contracted to CBS for a long time. What about long-term contracts? Are they a way to hedge against this free agent market?

**Yetnikoff:** We re-negotiated a number of contracts in midstream. To be honest, I wasn't so canny as I may have been given credit for. A lot of those were re-negotiated because I felt, and because people impressed on me, that the business had changed and the terms that had existed in the past were not right for those artists at this time, even though there was product to go. You know, under the contract we can just sit back and say, okay, I'll wait to the end. Of course, it costs you less immediately to do that but you pay for it later on. I guess it was a combination of two things. One was a sense of equity and fairness. I suppose I myself, more than anyone else, stepped in and re-negotiated a lot of those contracts, with part to go, on a fairness basis. In the back of my mind also was the theory, which was obviously correct, that it's easier to do now than later. If you



Walter Yetnikoff and Bruce Lundvall surround Kris Kirstofferson

have two records to go, three records to go and you say to the artist, 'Okay, I'll give you more now,' you obviously can make an easier deal for the records you tack on the end than if you wait to the very end. If you take it in your head that even though the contract is not fair and you're going to wait to the very end and stick the artist with that unfairness during this period of time, then if that artist is hot and his contract expires, you're going to pay for it then, because you're going to want the new product and you have to make up for the past so you might as well do it now. I suppose it's a combination of what you term canny and, I hope, a sense of fairness. It has worked out well. You still may lose an artist or two, but not too many. Most of our contracts have been re-negotiated for lengthy periods of time. Also I suppose that we were lucky or smart or whatever, in that the business picked up as an entire industry. So while we re-negotiated what we thought were heavy terms, they didn't turn out to be because all of a sudden, we were in a mega-platinum era. I think it's nice if artists on our labels are successful and get rich. I like rich friends and it's wrong to stick an artist with very unfair terms hanging over his head. We re-negotiated the Billy Joel contract just prior to "The Stranger" being released. I think we had six or seven albums to go. We didn't have to do it, but the contract he had did not seem fair at the time and I think Elizabeth Joel (his manager) or Billy would confirm that he's got a respectable deal at this point which I could have refused to negotiate. I could have said, 'This is the contract.' They would have abided by the contract. Why? Why shouldn't the artist get his fair desserts, particularly someone like Billy who has worked so hard at it. So we re-negotiated the contract. I don't think we added any product, but "The Stranger" broke afterwards. Billy got a better deal and we got a better deal out of it. We conveyed not only to the artist, but to the industry, a sense of fairness. So it's not so terrible. I don't mean to play God or whatever but I have to make my own determination as to whether a particular contract is unfair. If I don't think it's unfair, then I'll be just as difficult as anyone else. I say, 'You're stuck with it. That's it. Comply with your contract.'

**RW:** You're very involved with artists at the performance level. You're at a lot of concerts; you're at a lot of functions. Does this help in negotiations?

**Yetnikoff:** No. Maybe it hurts. If you like the artist, you tend to

(Continued on page 118)

# CBS RECORDS

## John Kotecki: Coordinating CBS Sales Activities

■ The national accounts marketing department at CBS Records is responsible for the coordination and implementation of the company's sales activities with accounts that are serviced by more than one CBS branch in more than one marketing area. What that represents is a further reflection of the commitment made by CBS to do whatever is necessary to facilitate the exposure of more music in the marketplace, and eventually, the sale of more records and tapes to the consumer.

Currently, 27 accounts fall under the auspices of national accounts marketing, and they account for a whopping 45% of the company's national sales. The reason? The sheer size of the operations involved. Pickwick, for example, has 16 branch locations, and Handleman has 13. In addition, the number of stores opened by such retailers as Peaches, Warehouse, Stark and Record Bar, in the last several years, has served to increase the volume significantly.

"The reason for creating the department was, initially, due to certain rack jobber accounts, like Lieberman, Handleman and Pickwick, that cover the whole country," recalls John Kotecki, vice president, national accounts marketing, CBS Records. "They can be regional in scope, but if they have buying offices in two of our locations, they are considered a national account, and my job, along with Randy Brown's (director, sales, national accounts) is to coordinate activities with these accounts and our branch locations." Although the actual follow-through on individual programs, selling assignments, and advertising is accomplished at the appropriate branch locations, the initial programs are presented to the national accounts' headquarters by Kotecki and Brown, and any problems that may arise in these areas are handled by his office.

"The accounts prefer to do it this way," he notes. "That's because they have one source to go through if there are any problems to solve or opportunities to exploit. Much of the advertising that's done through national accounts is for customers that cover very large portions of the coun-

try, and it would be impossible to try to coordinate every one of their activities through individual branch managers. Incidentally, our competition has found this out, and recently, many of them have emulated us and opened their own national accounts offices."

### Clearing House

Essentially, then, Kotecki serves as a liaison between the CBS branch operation and the nation's largest retailers and rack jobbers. "We're an information clearing house," he says. "The flow of information that comes from and through this office is digested by us, and then fed to our branches and to the headquarters of the national accounts."

That puts a premium on constant, efficient communication within the CBS organization. "The communication between us and our branches is substantial," Kotecki declares. "I can't overstate the role our branch managers play in this coordination of activities. They are in constant touch with us on sales progress, return flow and advertising opportunities, on a daily basis. That's very characteristic of the CBS approach to sales."

With the current state of record and tape retailing at an all-time high in terms of dollar volume and growth potential, those considerations will likely assume even greater importance. "We're certainly in the midst of a retail explosion," Kotecki agrees, "and because of that, our involvement has had to become more acute in order to deal with this growth properly. The recent take-over of ABC's racks by Lieberman is an example. That move enabled Lieberman to get into a number of additional markets, and, as a result, a central coordinating point was necessary for us to deal with them effectively during this period. In addition, the expansion of general merchandisers like K-mart, Penneys, Wards and Sears, means there will be more record outlets being handled by rack concerns, so their business will grow automatically, and the need for more effective coordination and information planning will become apparent."

Still, the biggest factor for retail growth in the record industry has been the proliferation of



John Kotecki, VP, national accounts, CBS Records

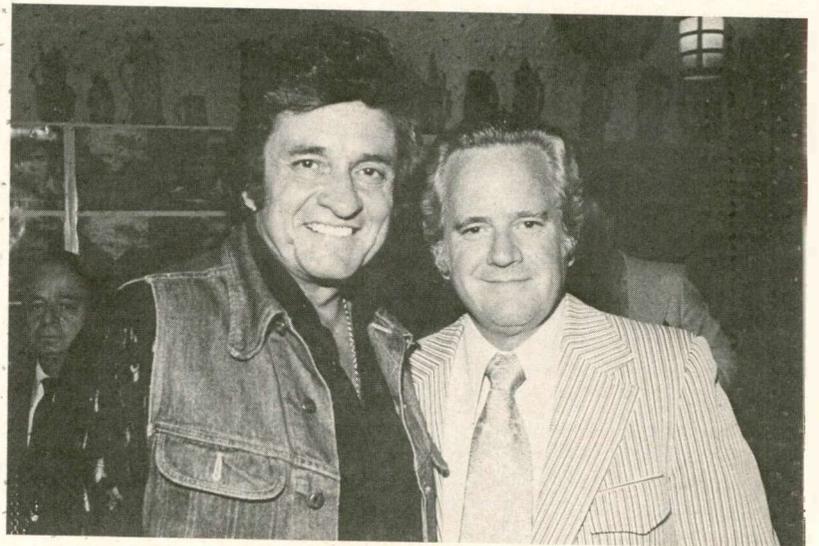
record stores throughout the country. "The expansion of major chains in virtually every market has been substantial," Kotecki confirms, "and I see the possibility for even more, but it's got to be deliberate. Serious considerations must be made as to the location, size and demographics of each market. The acceptance in the market that an account starts in is always a gauge that must be used. If they're successful in one market, then the chances are they can carry that success to another market. There must be that initial acceptance, though, in your own backyard, so to speak.

"Those retailers that we've seen expand greatly in the last few years seem to follow just that approach," he continues. "Look at Stark, Record Bar, Peaches, Warehouse, Disc and Odyssey, to name a few. All of them seem to have their finger on the pulse of where they can market records best, whether it be exclusively in one region, in medium sized cities or in major metropolitan areas. They each know

what they do best, and they know how to capitalize on their strengths."

One market that all of those retailers have chosen to by-pass is New York, and the reasons, according to Kotecki, are pronounced. "It's difficult to come into the New York market with one or two locations, because, for one, advertising costs are tremendously high, and the cost per location becomes exorbitant. With five or 10 locations, costs can be amortized amongst locations, as Goody, Korvettes, Record World and King Karol do, and that cuts advertising costs per unit way down. There has been expansion into New York," he asserts, "and that has come from people who have proven to be successful. It's a matter of the aggressiveness they display in intelligently building and running their businesses."

That joint sense of intelligence and aggressiveness will create further expansion opportunities says Kotecki, but the vice president does not see these growing retail giants dominating the marketplace. "There's always room for aggressive, local retailers as well as smaller racks and one-stops who confine their operations to doing a good job in the market that they start in. I don't see where these independent retailers or sub-distributors will be threatened. Their need is too great. They, in addition to our national accounts customers, will always account for a significant portion of the industry's business."



Columbia artist Johnny Cash with Paul Smith

Congratulations!  
Glad to be a part of the  
CBS family for a wonderful 17 years!  
Love -  
Ordy



## Don Ellis

(Continued from page 38)

the last few years, and I'm really extremely proud of what we've got. On the west coast, Jack Gold produced the Mathis record, Bruce Botnick produced the Eddie Money record, and Joe Wissert produced Boz. On the east coast, Bert DeCouteaux has produced a number of contemporary artists and had some success there, and George Butler is producing most of our jazz acts. We're quite happy with both of them. Incidentally, Don DeVito, our vice president, talent acquisition, east coast, produced the Dylan record. If the opportunity came along to acquire other in-house producers of equal stature, I'm sure we'd be happy to do so. But, we've also made a number of basically exclusive independent production deals with people who might not necessarily be logical for staff positions, but who we want to have work closely with us on as much of an everyday basis as is possible. Those have worked out well for us. Roy Thomas Baker did the Journey record, and we now have such an arrangement with Ken Scott. We had that arrangement with Lambert and Potter, who are now in the studio with Santana, and they will also produce a new act called Rock Rose. Again, there's no trend there; I think we have a pretty decent balance. We didn't have staff producers for a while, and now we do, and they are successful; that's what counts.

**RW:** How does Columbia's a&r department differ from those of other labels?

**Ellis:** I don't think anybody has an a&r department that's quite the same as ours. Warner Bros. has some really incredible producers, but they don't do much administration, per se. That's the nature of the way they work. We have a number of really first-rate producers.

In addition to that, we have a number of people who just look for talent, and who also oversee the day-to-day activities of the artists that aren't being produced in-house, and I think that's an important service that only Columbia seems to have. A&R at most of the other companies is really far more restricted in terms of the size of the department, and I think at most of the other companies it's not unfair to say that the presidents really are the a&r departments.

**RW:** Regarding that approach, as well as your emphasis on scouting for talent, do you feel competition is stiffer? Are you going further afield to locate new acts?

**Ellis:** I'd have to say yes. At Columbia, I've never seen as much activity as the level we're at now. We're inundated with tapes, and we're hearing quite a bit more than in the past—virtually everything. We're now hearing just about every artist that's up for singing. There are very few artists that show up all of a sudden on another label with a record complete that we didn't have some opportunity to either hear or be involved in during the signing process. So we're looking at a lot more. Competitive? Sure. It's competitive all the way around, because the a&r man here doesn't just compete with other a&r men; he competes with other labels' presidents. It's conceivable that a member of our a&r staff in a fast situation may be standing in the same room with Mo (Ostin, chairman of Warner Bros.) and Joe (Smith, chairman of Elektra/Asylum). He has to be able to face that situation and hold his own. The real coup, of course, is for our guy to beat the competition to the punch. The best example would be Peter Philbin seeing Karla Bonoff and just picking her out. No one else had the opportunity to sign Karla, because no one else was there when Peter was.

(Continued on page 109)

## Eichner Stresses A&R Professionalism

■ Mickey Eichner's arrival at Columbia Records proved the culmination of a career that began in the mail room at Jubilee Records and saw Eichner rise through a succession of promotion and later a&r posts to become executive vice president of that company prior to joining CBS.

### Praises Staff

Today, Eichner is part of Columbia's closely-knit national a&r staff, supervising east coast a&r as a vice president in the department. As proud as Eichner is of the label's artist roster and successful recent signings, he emphasizes the professionalism of Columbia's overall a&r effort first. "I think we have a very strong staff in New York, where Gregg Geller is director of east coast a&r, Don DeVito is vice president in charge of talent acquisition, Paul Atkinson is director of contemporary music, and Jim Fishel is a&r manager." Eichner cites those staffers, along with Columbia's production staff—including in-house producers like Bert DeCouteaux, and Dr. George Butler, now heading up a cross-section



Mickey Eichner, VP, east coast a&r, Columbia Records

of jazz and progressive projects—as keys to Columbia's strength.

"We all interact," says Eichner of the interplay between staff members in New York and Columbia's other key offices. "We're somewhat autonomous on the east coast, but we work very closely with Don Ellis, as well as with the staff there."

The range of styles covered by Columbia's east coast a&r sector is broad, and Eichner feels evidence of Columbia's musical versatility is the label's ability to attract acts as diverse as Tyrone Davis, Laura Nyro, Bruce Springsteen, Billy Joel, Aerosmith, Ram-

(Continued on page 109)

## Dilbeck: Committed To Artists' Success

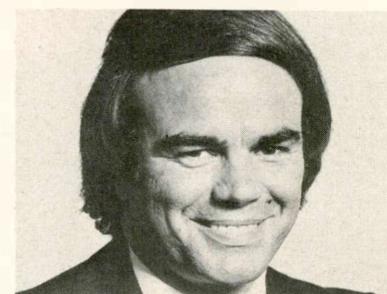
■ Michael Dilbeck, vice president of west coast a&r for Columbia Records, began his interest in artistic development while still in college, where he formed his own concert promotion firm, West Coast Promotions. The firm sponsored concerts in California, the greater western states and Hawaii. Later he began his CBS career under the tutelage of Jack Gold, joining the label in 1972.

"I credit Gold with being one of my best teachers, along with Don Ellis," said Dilbeck, "and they gave me a particular style of education in the music business, based on their own significant experience."

### Initial Exposure

The executive also stated that this initial exposure to the label side of the music business convinced him that his former aims to enter marketing in a general manufacturer field were wrong for him. "At this point," said Dilbeck, "I can't imagine working for IBM or Sylvania."

One of the things which Dilbeck finds most interesting about



Mike Dilbeck, VP, west coast a&r, Columbia Records

CBS is what he terms a long reach commitment to artist development and success. Because of this I enjoy working with managers because they know we're behind them as far as long ranged goals are concerned."

### Jazz

Although Dilbeck has taken more than normal interest in his position, one of the things that especially fascinates him is the interface with jazz artists on the CBS label. "There are a number of intriguing aspects of the a&r position when you work with a jazz act. In the case of Weather Report, for instance, you can't

(Continued on page 109)

# CBS RECORDS

## Mickey Eichner *(Continued from page 108)*

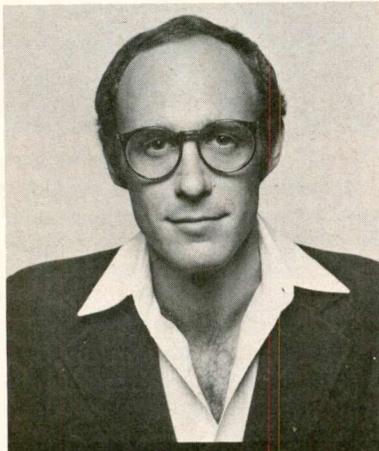
sey Lewis, Maynard Ferguson and Elvis Costello.

Still, Eichner also brings personal pride to his work. "I'm probably most excited right now about the success of Jane Olivor," he admits, "who I brought to the label, and whose career is truly blooming now. Her stage and television exposure is continuing to spread dramatically, and I really feel her new single, 'Stay The Night,' could take her up the charts. I honestly think that record could break the album at the gold, and even platinum level."

Yet Eichner, whose other signings include such acts as The Manhattans, "who consistently achieve the gold level with every release," is equally proud of other staffers' signings, and cites Gregg Geller's efforts in bringing Nick Lowe and Elvis Costello to Columbia as typifying the strengths of Columbia's a&r style. "The strength of the department typifies what a good a&r effort

must have: ears, with the experience and knowledge to back them up, and the courage of your convictions necessary to carry each project all the way through.

"I think we have a bunch of guys and ladies here who've got those ears, and the commitment to prove it."



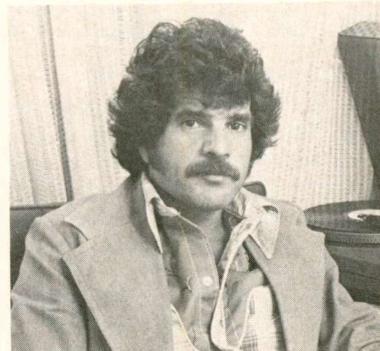
Gregg Geller, director, east coast a&r, Columbia Records

## Mike Dilbeck

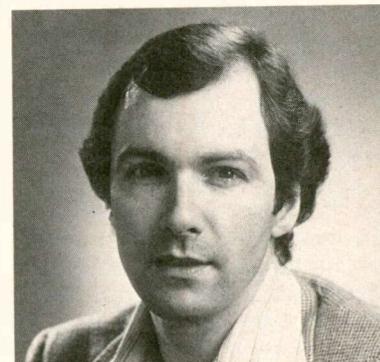
*(Continued from page 108)*

very well approach the manager and say 'Hey, I've got a tune for you.'" According to Dilbeck it is much more involved in that jazz artists have to be supported in a more non-traditional manner because of the high degree of sell reliance in music selection. "That makes it a real challenge," said Dilbeck, "because you are helping them trade on ideas and conceptions which also bear various degrees of relevance to the current music market and hardly do these ideas, which are in the jazz musicians mind coincide neatly with the prevailing commercial music writers as far as sales are concerned. It's a delicate balance and it employs maintaining and improving it."

Future projects which will involve Dilbeck include a number of film score soundtrack possibilities and a continuing concern with developing artists to their full potential.



Don DeVito, VP talent acquisition, Columbia Records



Paul Atkinson, director, contemporary a&r, Columbia Records

*(Continued from page 108)*

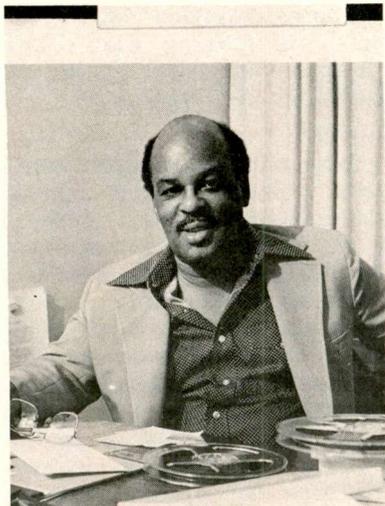
**RW:** How do you see the market potential for recorded music in the coming years, as other entertainment technologies emerge?

**Ellis:** I think that the industry's going to grow. I hate to sound like another market research man, but we do a lot of it here, and our research told us two or three years ago what Warner's just released a couple of months back, which was that the average age of the buyer was getting older. But, the part of that that really counts for me is that those buyers are people who bought phonograph records at a time when records were considered an essential part of their lives, and they've kept that feeling in their life. That's a big difference now. The people aren't bailing out. They don't buy records while they're teenagers and then stop when they're 20. They keep buying records right on up through the family years, the child-bearing years. The industry's going to keep getting larger, because people are going

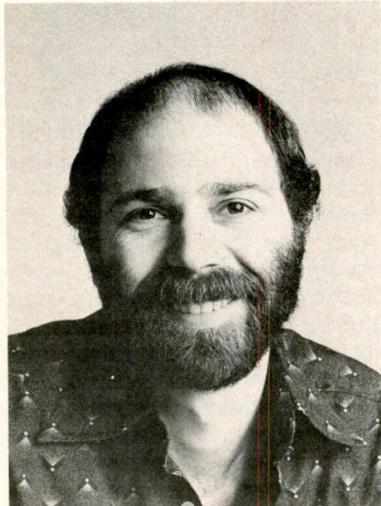
to keep buying records. They aren't going to stop.

**RW:** When you assumed the post of national a&r head, you chose to retain your west coast base in response to CBS' significant growth there. How are the two coast a&r operations conducted, and how do they interface?

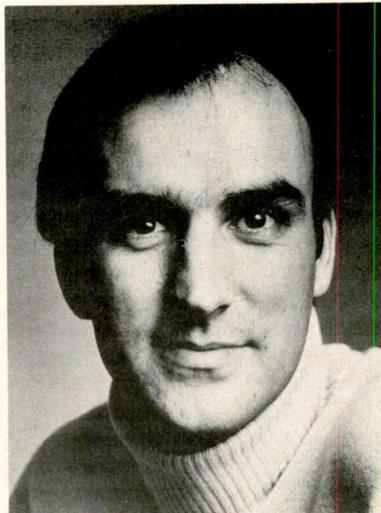
**Ellis:** The west coast vice president, a&r, is Michael Dilbeck, and he has Terry Powell reporting to him as west coast director; then, on the east coast, Mickey Eichner is vice president and east coast head there, with Gregg Geller the director of east coast a&r. Each coast operation is basically fairly autonomous; they interface through my activities as national head. While they of course work with the roster based in each of those areas, I may, for example, want them to work together on a particular project. If one of our east coast-based artists chooses to record out here on the west coast, then I would probably want staff here involved with that phase.



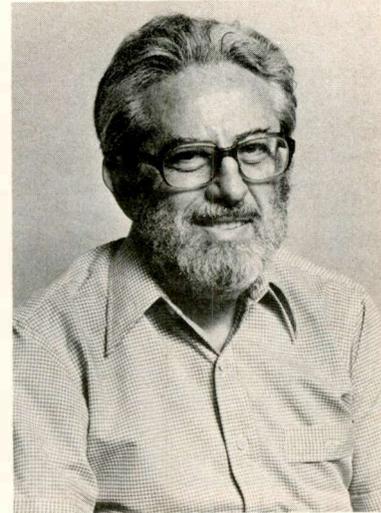
Bert DeCouteaux, staff producer, Columbia Records



Bruce Botnick, staff producer, Columbia west coast a&r



Joe Wissert, staff producer, Columbia west coast a&r



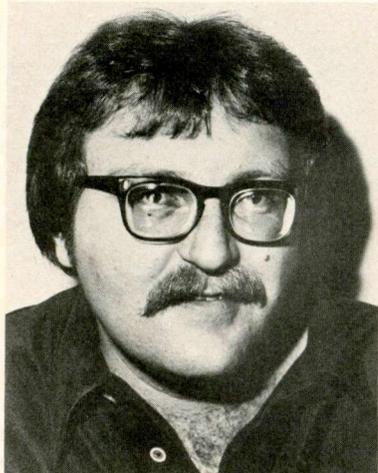
Jack Gold, staff producer, Columbia west coast a&r

## Bruce Lundvall

(Continued from page 99)

are specialists, and you have to have generalists in a company this size. The generalists have to know how to sell and to promote, and they have to understand the music also, because they're dealing with classical, jazz, pop, rock and roll. Specialists have to know more than anyone about a particular field of music. They have to direct the artists if they are in a&r. They have to market the artists if they are in marketing, and there are specialists in marketing. So you have to have more specialists and more generalists and you have to be able to deal on a one-to-one basis with all of the artists that are in your charge. It's pretty unique about this company, particularly in the last four or five years, that we have been able to do exactly that. There was a time when most artists dealt with very few people in the company. That doesn't happen anymore. Artists today are much more business-oriented than they've ever been before. There was a time in the '60s when artists perhaps had a very aloof view of their relationship with a record company. The artist was all-powerful. He didn't want to deal with the record company in the business community; he was creating his own world, and he was being a bit of a renegade. Today, I think the artists have a much sounder view of the business aspects of their career. They want to know what the best marketing approaches are. They want to understand why certain radio stations play records and others do not. They want to know exactly what a press department does. They want to know what they're doing on an in-store level for their product. They are very much more involved than they were in the past. That's a very healthy thing. Of course, they shouldn't be overly involved because their real job is to be creative to people and to produce records. But for them to do that as effectively as possible, they need to have honest answers from people in their record companies. That's another thing that we have encouraged here. We have told artists that a record is not strong enough and to go back into the studio. That's what a real a&r department is about. I'm talking about studio artists, too. We have spent many, many hours searching for material for certain artists that don't always write their own material. We have told certain artists who do write their own material that they also should do outside songs. We've told artists that the album was good, but perhaps if they went back in, there are two or three things here that aren't as strong as they could be, and why don't you improve them or why don't you do some additional material. The a&r department is as much artist development as the marketing department. It starts in the studio with the product itself. That's what I'm talking about. To grow larger in this business, you have to always maintain the attitude of being a personalized, readily accessible operation to artists.

**RW:** What trends do you see as we approach the 1980s? How is the industry going to look?



Bob Feineigle, director, natl. album promotion, E/P/A



Tom Frost, a&r development, Columbia Masterworks



Columbia group Earth, Wind & Fire

**Lundvall:** Predictions would run across a lot of different areas. I can see the continuing growth of full-line retail stores with the continued building of an exciting environment within stores that will attract more consumers to records and tapes. I see the rack-jobbers surviving in much the same way by developing expanded departments. If you look at the way the market for records has grown—30 percent growth last year and 20 percent or whatever the year before, and the projection is running about the same through the '80s—there's more opportunity for everyone. People who may not be active record buyers going into a full-line store, may be going into a department store to buy something else and go by the record department. If that record department is going to draw them in, it had better be attractive to the consumer to make him stop and look and say, 'Oh, I don't have this record, I'd like to have it. Here's something I should have.' I see the rackjobber continuing to grow; I don't see him going out of business at all. In the area of technological innovation, I think that every record company had better have their eyes tuned in very, very sharply on what's going to happen in the audio/visual world with AV cassettes and/or discs and with the original discs also.

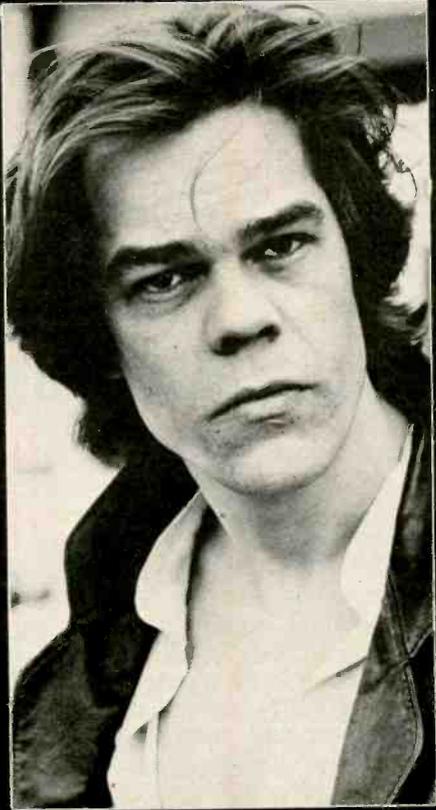
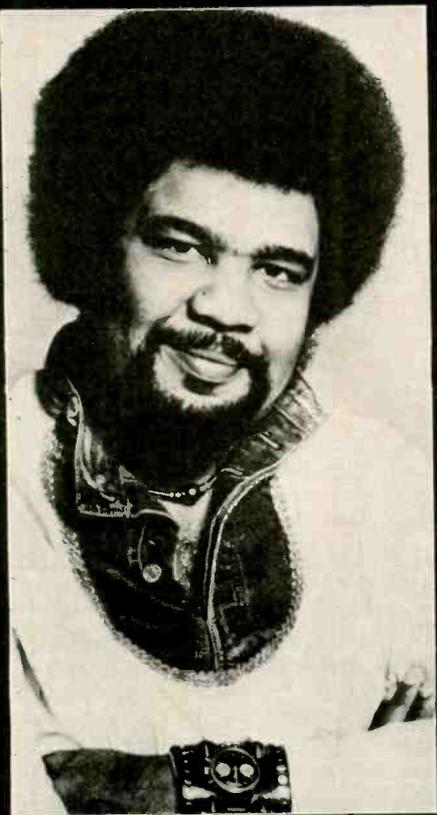
**RW:** You've talked about CBS taking a real serious look at its tape business.

**Lundvall:** Well, that's another area. I see tapes continuing to grow much more rapidly, because it's going to come out from under lock and key now. There will be tape packaging that will allow the retailer to put the tape out and display it in a larger format so it's attractive and eye-catching to the consumer, and so he can touch it, but not steal it, because the packaging will be such a size that it can't be slipped into a pocket. That's certainly going to happen. The cassette market has been growing much more quickly than 8-tracks but the 8-track market is still extremely big. Don't let there ever be question about that; it's the biggest part of the tape market and continues to grow. But cassettes, at the moment, are growing even faster, although it's still the smaller base. I think that perhaps as we get closer to 1990, the cassette mode may replace the 8-track mode.

**RW:** Do you think it will take that long?

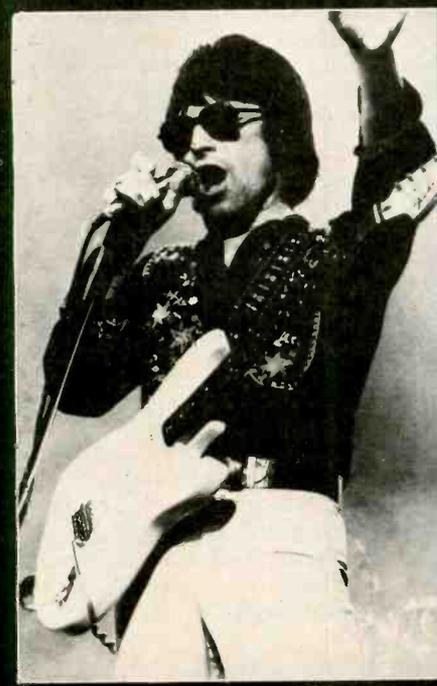
**Lundvall:** Maybe 1985, but I don't think much before that. There's a lot of 8-track equipment and software, so it will continue to grow. Cassettes I think eventually will probably overtake 8-track or maybe some new type technology will be developed, who knows. I see the different categories of music continuing to expand. I see television becoming more aggressively active in programming music. One of the things that no one ever talks about, which I think is extremely key to where music is going to go, is the development of new technology in terms of musical instruments which is happening all the time. Artists today like to explore, and more of these companies in the Boston area that are involved in electronics, are coming up with innovative instruments. I hear there's a stringless guitar that's played with push-buttons that will soon be marketed. Herbie

(Continued on page 174)



# Stars on E/P/A

Top row, from left: George Duke and Patti Labelle (Epic) and David Johansen (Blue Sky); second row, left, Dion (Lifesong) and, right, Stanley Clarke (Nemperor); third row, from left, Russ Ballard (Epic), Engelbert Humperdinck (Epic), Dan Fogelberg (Epic/Full Moon), top, and bottom, Cheap Trick, Epic.





## Black Marketing

(Continued from page 54)

know those basics in terms of reaching any consumer, and particularly, the black consumer."

That very fact is apparent in the creation and implementation of customer merchandising aids at the retail level. "The basics are important because you have to think in terms of what the mall and department stores have in terms of space," explains Paris Eley, director of merchandising, black music marketing. "Consequently, we don't make it a practice of doing oversized extravagant pieces that wind up becoming more of a hindrance to the store owner than an aid. There are practical considerations.

"With a major artist of the stature of Lou Rawls, Teddy Pendergrass, The Isley Brothers or Heatwave, when we get into a full-line retail store that has the space, we make available super-posters (measuring four feet by four feet) and the like," he adds. "But, even in those cases, we don't want to get too fancy and defeat our purpose. What we're trying to do is be as efficient with the creation and distribution of material so that it's really used. We know that we should be in the marketplace with our black point-of-purchase material highly visible, and practically with every album that comes out, there is a pop piece."

Lately, Eley's department has utilized what the director calls personality posters to gain increased exposure for CBS artists in the marketplace. "These posters show our artists in a generic setting," he explains. "They're not tied into a particular album. They're very visual—just a good black and white photograph—and we think they will do a lot to enhance our visibility. It's like having a poster of your favorite artist; that's what it comes down to.

"What we're doing is reemphasizing the basics," Eley reiterates, echoing Taylor's remarks, "but we can't be afraid to step out and be innovative. It's important to do things as efficiently as possible, but we're doing things that are meaningful. That's important, because the record business has become more sophisticated, and the consumer has become more aware."

Taylor agrees, "Any marketing person must know his market, and

react to the changes. That's a prerequisite to be able to maximize your ability to reach the black consumer. We've identified those situations, and we will be testing certain advertising concepts and additional mediums. We're doing quite well, and I expect to continue in that vein. That's because we make sure that before we do anything new, we've established our excellence in all the basics. That applies to each and every one of our departments."

Certainly, Win Wilford, who administers the press information and artist affairs department, would not disagree. "Our primary purpose is to secure as much editorial space in black publications as possible," he explains. "We also set up local television appearances for our artists in local markets when they're on tour. We look at our role as a support tool to airplay, and in some instances, the coverage we get is very important to artists prior to receiving airplay. We're able to generate interest, while establishing the record at radio."

If the notion of basics is central to black music marketing in general, then Wilford would characterize his particular department and its approach to the marketplace as aggressive. "We're not afraid to go out there and try to get the coverage that we're looking for on our artists," he emphasizes. Many of the publications we deal with are understaffed, so we prepare a lot of canned features, because we want to be able to supply these publications with everything they need. People enjoy reading about recording artists, and the black audience is very receptive. Toward that end, we also prepare our own newsletter ('Truth Of The Matter') to further accommodate the nation's newspapers and magazines, and, ultimately, their audiences. This department is very young, and I'm excited about its future prospects."

One prospect that has Taylor less than excited is the trend toward fewer and fewer black records crossing to the pop sector. "Crossover is still a difficult problem," the vice president concedes, "and it's more acute now than it was in 1977, which, in itself, was a bad year.

"We're finding a number of major Top 40 and pop radio sta-

tions that are deeply involved in passive research," he laments, "and I think it's working as a detriment to black music. Each year, black records are occupying fewer and fewer positions on the national charts, so there's no question that black music is on the decline in terms of chart action. Yet, ironically, it's not on the decline in terms of sales—far from it. You might say it's sort of paradoxical."

To counter this increasingly problematic condition, Taylor's promotion staffs, headed by Eddie Sims (Columbia) and Don Eason (E/P/A) have resorted to different alternatives for exposure. "Discos are playing an important part in several areas of the country," Taylor states. "And, on the west coast, there are a couple of retailers that are heavily into in-store airplay. We're also looking to video cassettes for further exposure. Because so many records are bought on impulse (one in three, claims Taylor), there's a battle now centering around in-store POP space. We're literally fighting for display space; it's a critical problem. But, I maintain that radio remains paramount. You can't sell records in any large quantities without airplay. It's always been that way, and it will continue that way."

Just how radio responds to changing musical styles and market conditions, will determine precisely how successful CBS Records will be in the field of black music marketing. "Black radio is becoming more sophisticated," Taylor asserts, "and it's getting tougher to secure the airplay we need. Musically, I see an increase in the jazz/fusion area, and I also see a softening of the sound. Look at how successful the Johnny Mathis/Deniece Williams collaboration has been.

"We'll have problems with hard, soul sounds, because many of our radio stations are into this passive research also. It's a shame," he laments, "because that music is part of our heritage, and needs exposure. Unfortunately, though, harder sounds won't be as accepted as they were a few years ago."

An examination of the various CBS artist rosters reveals that they are replete with artists whose music closely parallels the emerging trends Taylor foresees develop-

ing. "I have to give credit to our a&r departments," he marvels. "They're right on top of the situation."

That situation currently includes a heavy emphasis on what is known as progressive music. "The thing about progressive music is that it moves over different categories of music," says Vernon Slaughter, director, jazz and progressive music marketing. "What exactly is it? It's Jean Carn, and Marlena Shaw, and Benny Golson now. I would describe it as being special, because, after all, being special is being something you can't categorize."

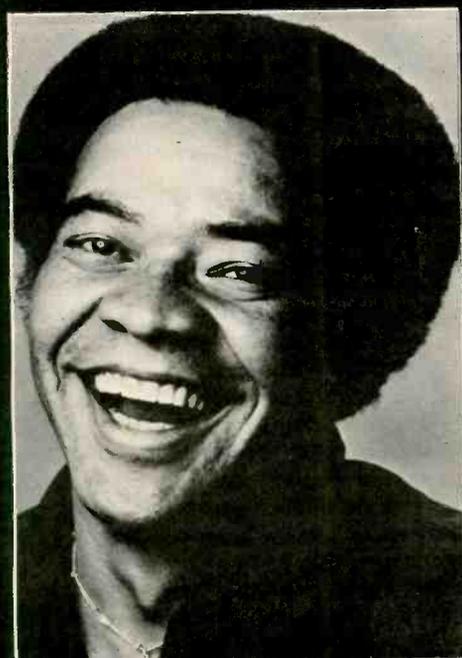
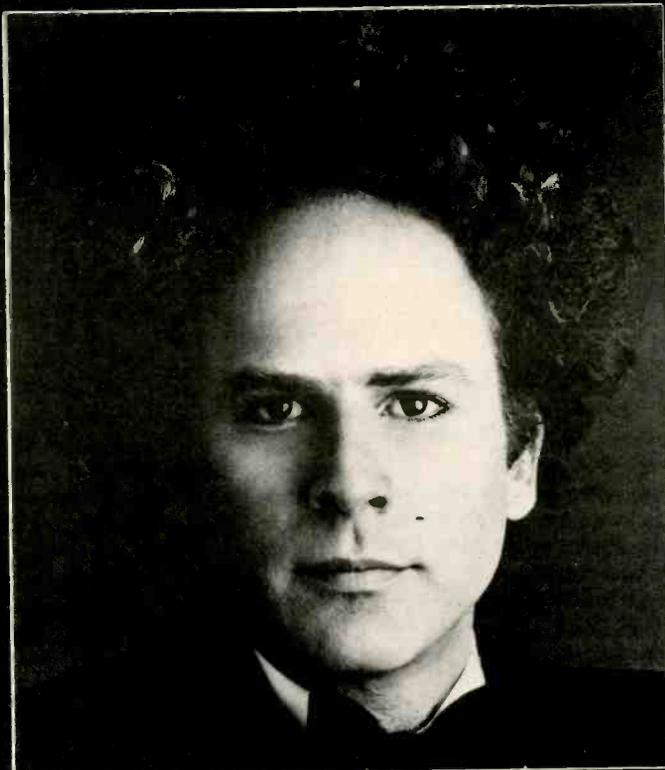
There is another element of black music marketing that is hard to categorize, and that is the degree of community involvement to which CBS Records is involved. "I believe community relations is an element of marketing," Taylor states emphatically. "If you take 'X' amount of dollars out of the black community, or any community for that matter, you should put something back, and we've been actively involved as a result.

"The black consumer is different," he explains. "His loyalties lie with people who are trying to enhance his position. He is aware of a company which takes money out, and doesn't do anything. There's no question about that. And, he's loyal to the people who are trying to help him, and help his life, particularly in the inner-city.

"The fall-out in public relations is just incredible," he says. "But, of course, we're not doing it for pr; we're doing it, because we really want to do it. In fact, we normally don't publicize three-quarters of the things we do."

Taylor, for his part, spends a good deal of time with grassroots organizations, as well as many of the national organizations, including PUSH, EXCEL, the NAACP, the National Urban Coalition, the Congressional Black Caucus and the United Black Fund. In addition, many of the top-echelon executives of CBS Records get involved as well, attending conferences in Washington, D.C. when they arise. "It's an internal function of CBS's business," Taylor relates. "As such, we have a definite edge with the black community. Everyone is impressed with

(Continued on page 122)



## Stars on Columbia

Top row, from left: Carlos "Devadip" Santana, Art Garfunkel and The Manhattan; second row, left, Bill Withers and, right, Blue Oyster Cult; third row, from left Eddie Money, Deniece Williams, Weather Report (top) and Maynard Ferguson (bottom).



# CBS RECORDS

## Epic A&R

(Continued from page 40)

action seemingly happen constantly, and often informally. In fact, as Petze talked, Jim Charne, director, east coast product management, walked into the a&r vice president's office to discuss merchandising strategies for Cheap Trick's newest album. "It's a common thing here," says Petze. "You can take it for granted, but you see how it works. It has to happen."

Several factors, above and beyond the level of artistry and the quality of the music, seem to indicate that the company is pointed in the right direction. Recently, Don Dempsey was named senior vice president, E/P/A, and Petze fairly bubbles with enthusiasm over the man who will guide Epic through the coming years. "I can already feel the new leadership," he says. "His marketing expertise is going to play an important role in the development of this label. He's the kind of guy you want to kill for."

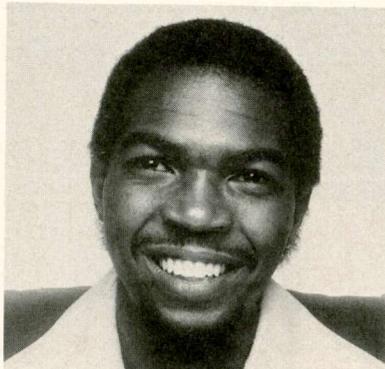
But, the highest praise is reserved for his own staff, the a&r executives who are initially responsible for the Epic roster of artists. "My staff is the best in the business," he boasts with an obvious sense of pride. "I recently did an interview in Los Angeles, and the interviewer couldn't believe that our people are on the road three to four days per week looking at acts. We get calls from managers, attorneys, groups themselves, saying the same thing. They're out there, and the staff is, in fact, growing with additions on both coasts."

One reason for the growth is to accommodate an open door policy which is a trademark of Epic Records. "We listen to everything," Petze declares, "whether or not it is solicited. At certain companies, if tapes come in the mail, they're returned with a letter saying, 'We don't listen to unsolicited tapes.' Frankly, I hope those companies continue the practice."

Whether it's that extra attention to the music, or some other, mysterious something, the Epic a&r staffs seem to enjoy a decided edge in the process of discovering 'diamonds in the rough.' Boston was passed over by at least one record company for

each one million units CBS Records has sold of the now-legendary "Boston album" (in case you've lost count, that disc has soared past the six million mark). And, Meatloaf has left more than a handful of competitive record company executives who said no, wishing they had seen what was apparently clear to everyone at Epic.

All this bodes well for Epic Records as it continues its alchemic ways. "I'm pleased, absolutely, with the transition we've made toward developing a super-heavyweight roster," beams Petze. "What our job is is to make sure that a group's next album is a progressive career step. That's what a&r is all about. So that we can deliver to marketing and promotion the best possible LP from that group. Regardless of the units sold, every step you take toward fulfillment of a group means something to you. If you take a new act the first time to 150,000 units, you've accomplished something. The next album, if you get to 250,000 or 300,000, that's another level."



Russell Timmons, director progressive a&r, Epic



Frank Rand, director independent productions, Epic

This will be a very busy middle of the year for Epic, and again, a look at the upcoming releases reveals a number of new acts with first-ever albums. "That's the life-blood of the industry," declares Petze. "Sure it's hard to break new acts, but it's been our history that we can do it. Our national staff, field people, and especially our promotion men, love that challenge."

"Listen, it's real easy to go out and buy talent. All you have to do is spend. But, the homegrown act is the one you'll have the relationship with. And the dollar profit is more. That's why Epic is so committed to breaking new acts every year."

An examination of the upcoming prospects, with parenthetical comments by Petze, leaves one with a single, unanswered question. Is the challenge greater or is it the excitement? The answer ultimately will lie with the artists themselves, whose albums are being readied for release.

They are: The Boyzz, a new act from Chicago by way of Cleveland International and its principals Steve Popovich and Stan



Bruce Harris, director east coast a&r, Epic



Steve Slutzah, director, product management, E/P/A

Snyder; Ellen Foley, another Cleveland International signing ("she's the one who sings on Meatloaf's 'Bat Out Of Hell' album and she's tremendous. I think she's a future superstar"); Champion, a new group from England, produced by Gary Lyons, who's also readying Crawler's second album and an album by Horizon, a Chicago-based group ("all three Gary Lyons projects are very exciting"); Network's second album; Bill Champlin, ex-Sons of Champlin founder, through Irv Azoff's Full Moon Productions; Tonio K., another Full Moon artist ("the kid writes lyrics like Springsteen and Dylan"); Pages, a west coast group produced by Bobby Colomby; Molly Hatchet, a rock 'n' roll band from Jacksonville, Florida, with Tom Werman producing; the long-awaited Dan Fogelberg/Tim Weisberg collaboration ("that'll be a real interesting album"); Mother's Finest's third album ("we're hoping this is the one"); Jerry-Kelly, the first album through a recently signed production arrangement with Chicago drummer Danny Seraphine; newly-signed Melba Moore; Gabriel, a new group from the Seattle area, through the involvement with Sweet City; Russ Ballard, produced by Keith Olsen ("Russ has been with us a long time through his associations with The Zombies and Argent, and he's finally come into his own with a most brilliant album"); Bonnie Koloc's second album, produced by Joel Dorn ("This one shows the true artistry of Bonnie"); and Lynda Carter, television's "Wonder Woman," produced by Vini Poncia ("Lynda's singing voice is gonna surprise a lot of people").

"I think after the year is over, we'll be sitting with a number of new acts that are broken," Petze predicts confidently. "And we'll also sustain the acts we've already broken, like Boston, Heatwave, Ted Nugent, George Duke, Meatloaf and REO."

"We have tremendous goals here, and we never put a number on it. If we love an act and we believe in that act, we're going to sign that act. And, if we believe in the music, we're going to break that music."

# CBS MEMORANDUM

TO: All the folks at Columbia, Epic, Portrait, CBS Associated Labels, CBS Records  
Branch Distribution, and CBS Records International

FROM: Your Friends at April-Blackwood Music

DATE: July 24, 1978

From one member of the family to another...

Our heartiest congratulations on the super job you've done—and are still doing—on  
artists and songs we publish...

Billy Joel  
Dave Mason  
The Manhattans  
Les Dudek  
Jim Krueger  
Laura Nyro

Russ Ballard  
Starcastle  
Contraband  
Dragon  
"War of the Worlds"

The Miracles  
Z. Z. Hill  
Crawler  
Vibrators  
Lone Star

Assuming you survive the convention, we're sure you'll deliver the goods on  
current releases and upcoming albums that feature our songs, such as...

Mathis & Williams  
"Cal Jam"  
"Runaways"  
Pierce Arrow  
Mike Finnigan  
Dave Loggins

Lynn Anderson  
Tammy Wynette  
Thelma Jones  
"Working"  
Kaptain Kool & the Kongs  
Bobby Scott

Willie Nelson  
Johnny Cash  
Engelbert  
Lynda Carter  
Steve Khan  
Sailor  
Johnny Winter

A toast to the team that turns vinyl into gold and platinum! WE LUV YA!!  
See you all in L.A. ...

## APRIL • BLACKWOOD THE TOTAL MUSIC COMPANY

April Music Inc.  
April • Blackwood Publications

Blackwood Music Inc.  
April • Blackwood Productions

Frank Music Corp.  
Cinmusic Recorded Library

# April/Blackwood Makes Its Own Publishing Boom

By PAT BAIRD

■ April/Blackwood Music, the domestic publishing division of CBS Records, is one of the fastest growing record company affiliated publishers in the industry.

Originally set up as a copyright administration department for the music used in CBS-TV programming, the company can now claim control of some 15, to 20 thousand copyrights.

According to Rick Smith, vice president and general manager, April/Blackwood is a full service publisher involved in several different types of copyright control as well as the recently inaugurated print division.

While April/Blackwood functions as a part of the Records Division, the relationship is somewhat different than that which the corporation maintains with other departments.

"Organizationally, I report to Bruce Lundvall and, in an accounting sense, we operate just any other department in CRU," Smith explained. "We have the additional strangeness, however, for reasons that are legal and technical, of having to maintain separate identities because of our affiliations with ASCAP and BMI. Aside from the technicalities, we really do function as a department of Records.

"However, unlike some of the departments in Records, we do a lot of business with people outside CBS. The bulk of our success with cover records and the like really comes from competitors with the CBS Records labels. We are also physically located outside the CBS building. In Nashville we have a little house that's a separate building and in Los Angeles we are located with CBS Records but we will soon be moving out."

Many of the cover record activities and relationships with writers and producers may be completely outside the CBS family but many of the company's most successful writers are directly affiliated with the Record Division. Among the most successful are Billy Joel, Laura Nyro (both Columbia), Kenny Gamble, Leon Huff and Thom Bell's Mighty Three Music and affiliated companies, Russ Ballard (Epic), Manhattans (Col), Dave Mason,



Rick Smith, vice president & general manager, April/Blackwood Music Publishing  
 Jim Kreuger, Les Dudek, Pierce Arrow, The Miracles (all Col), Crawler, The Vibrators, Lone Star (all from the U.K.), Albert Hammond, Dragon, Contraband and FDR (all Portrait) and Andy Pratt (Nemperor). Other writers signed to April/Blackwood are Melanie (Midson), Good Rats (Arista), Harvel Scales (Casablanca), Dottie West, Phil Hurtt (Fantasy), Jerry Willis (Warner Bros.), Ralph Graham (RCA) and Blue Magic (Atlantic). April/Blackwood also owns the Frank Music catalogue, one of the biggest Broadway show score publishers in the business.

During 1977, April/Blackwood expanded the size of its catalogue considerably and, at the same time, more than tripled staff size.

"There's been a very dramatic growth in staff over the past two years," Smith said. "This growth has come in the two offices that were operating two years ago, namely New York and Los Angeles. Additionally, during the last year we have opened an office in Nashville. We have a staff of three employees and one staff writer. It's a re-entry for us there because April/Blackwood had been there many years ago and, for whatever reason, chose to close it. We now re-entered Nashville which is very important to us for both Nashville-based music as well as covering pop songs."

As to the print division, launched in January of this year, Smith stated it has "far exceeded our expectations, helped by the current success of Billy Joel. We have now issued matching folios

on all three of Joel's albums and three sheet music products this year on his three singles, plus additional instrumental books on Billy. The operation is off and running with a bang."

According to Smith the print division was originally established to facilitate full exploitation of their controlled copyrights and they are now just beginning to release print material on outside writers such as a matching folio on Dan Fogelberg's "Netherlands" album.

While there are many different kinds of corporate structures in the publishing field Smith feels there are strong advantages to the company's affiliation with CBS.

"There are several advantages," Smith said. "Obviously, being a part of CBS, one is with a very well-managed, well-financed parent. To the extent that April/

Blackwood's strategy is a strategy towards growth, one needs capital funding to do that. As part of CBS there is certainly sufficient money available to us to make sensible deals without having to worry about having enough money in the till to pay for them.

## New Talent

"The second thing is, being a part of a family with a labels operation, there's a lot of natural adjunct overlaps in the business. Obviously a lot of recording artists are writing their own material instead of recording other people's songs. So when CBS Records, their a&r people, come up with some new talent, performers as well as writers, we hear about it. We're in constant contact with the people in a&r. Working together with a label, there are many things we can do for an artist or a songwriter's career in a number of dimensions."

## Marvin Cohn

(Continued from page 92)

us, what we consider label deals are those made with autonomous companies, companies equipped to bring us finished product and supervise the creative needs surrounding that product and the artists and producers involved. The production/logo deals were intended to fulfill a different purpose. Over the years, we have come across people who are perhaps excellent finders of talent or promoters or managers or producers, who can contribute much to an artist's career, but who really can't or don't want to run their own operations. These deals allow them to find and sign talent and bring them to us, with some basic coverage of their expenses for the year and a royalty sufficient to reward them on a successful find after payment of artist and producer royalties. For this conversation, I'll call them all label deals.

### Label Deals

"If we in business affairs try to be cautious anywhere, it is in the making of label deals. The justification for these deals must be strong. In a sense, by having these deals we are competing with ourselves. If one of our a&r people signs an act, it will obviously cost us much less than if

the independent label does—there will be no additional royalty for the label. Also, from the creative and the contractual standpoints, there will be one less cook for the broth, one less opinion regulating an artist's career. So, you might ask, why do it? Why have label deals? The answer is, that when you get the right kind of people working labels for you, they are not only looking for talent, they are supposed to keep us with that talent and guide it through. We expect them to give the act their individual touch, help them with material, advise them on the live performances, give them all the benefits of their expertise. They also form a communication link between us and the act. So, on balance, we have to ask ourselves, first, is what we are getting worth the extra cost? Second, knowing that the independent label will have much input in the artist's career, can we work together, or will it turn out to be an extra burden for both of us? If the principal behind the label is the right kind of person, the answer to the first question will be, yes, it's worth it, and the answer to the second question will be—burden, no—it's a blessing."

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WHEN THE LIGHT IS SEEN BY ALL  
IT'S SO SIMPLE.  
LET IT SHINE UPON ALL WHO MAKE IT  
LOOK SO EASY.

FOR ALL MY FRIENDS AT CBS  
SINCERELY,  
PHIL RAMONE

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# CBS RECORDS

## Walter Yetnikoff

(Continued from page 105)

want to be easier. If you establish a personal relationship, you can't very well bank on the table. If anything, when you get turned on by a concert or by a person, you tend to become a friend in various degrees. I don't think any one person at CBS is a friend of everyone on the roster. You have different friendly relationships with different artists. Some are personal friends, some are business friends, some are warm and cordial, but not really friends; some you don't socialize with and some you don't get along with. But, if anything, when you're really turned on, you tend to open up a little more and say, 'Well, let me give this guy something. I don't want him to be mad at me in a sense.' The reason for this running around is, if we're going to be in the record business then if my kid is going to the concert, and he knows what's going on, then I'd better go and I'd better know what's going on too. We talked earlier about live appearances, the charisma of the artist, the show, as a very important ingredient. Years ago, the record company used to say we're not interested in other aspects of the artist's career. We're a record company, television is television, live is live, and movies are movies. But this just doesn't hold up. You have to take the artist on a holistic basis, because all the career elements are tied together and when we don't help the television future or the movie future or the live gig future, we're not doing our job. Often we are managers without portfolio, particularly with the new artists. We are certainly bankers without portfolio in terms of new artists that you believe in—tour support, etc. You've got to keep them going if you believe. And if you're right it comes back. If not, you lose money. We have spent a lot of money maintaining artists who we believed in. Back to the matter of personal contact, one of the reasons we do it is that a few years ago when I first got this job, I asked people what they thought was the problem with the company.

**RW:** What was the problem?

**Yetnikoff:** Going back about four years let's say, a lot of people said, 'Well, this seems to be a cold, monolithic organization. Hard to get into, hard to establish a relationship with, hard for an artist to hang out.' I don't believe in the walking on the beach theory of running a record company. With some artists fine, you walk on the beach, because you're a friend. That's not going to help his career, walking on the beach by itself. I don't subscribe to that theory. We do our job when we upgrade an artist's career, when we sell a lot of records. But there was this feeling then that the company was very monolithic, very big and very cold and very hard to get into, and since we are dealing not only with business relationships but with



Bev Bevan • Jeff Lynne • Hugh McDowell • Melvyn Gale • Mik Kaminski • Richard Tandy • Kelly Groucutt

Jet group ELO



Epic group Boston

feelings—with the magic part of the record business—I wanted to open up the company. I try to have either myself or other people have a relationship with everybody we deal with. I try to have as many personal relationships as I can and that's very time consuming because you end up as priest, psychiatrist, banker, rabbi, whatever, but I think it's necessary to have that open feeling. This building at first was a turn-off. Black Rock. People were afraid to come in. I don't think they are today. I'm answering in a very long way your question as to why I go to concerts and see a lot of people. There are two reasons. First, I want to know, and that's where to find out. Two, a record company must be involved in a very personal way in the music and show business part of the business and try to have an open type of relationship, so it's twofold and it's time consuming.

**RW:** One of the problems that you have identified over the last couple of years is CBS as a rock and roll company. Is that a problem any more?

**Yetnikoff:** No, are you kidding? Come to the convention that you're writing about and I'm sure you will see. Last year at the convention it was obvious that CBS was a rock and roll company. No question about that. Yes, there was a period of time we didn't have our rock and roll bands, but any look at the roster today and there's not even a question.

**RW:** Let's talk about a couple of future considerations. One is the \$7.98 suggested list price standard. At what point does the industry go \$7.98 on a uniform basis? At what point does CBS? Is it a year away?

**Yetnikoff:** It's basically at \$7.98 now for standard single pocket albums. Of course, not everything is \$7.98 and nothing sells at \$7.98, but that's the basic suggested list price.

**RW:** Does it stay at \$7.98 for a while or are you looking to go higher? I know that certain people have talked about \$7.98 list as an intermediate step to an imminent \$8.98 standard.

**Yetnikoff:** I don't think you're going to see a rise by CBS in that suggested list price this year. Beyond that I can't tell you.

**RW:** How much of that increase is used to cover costs and how much of it is profit?

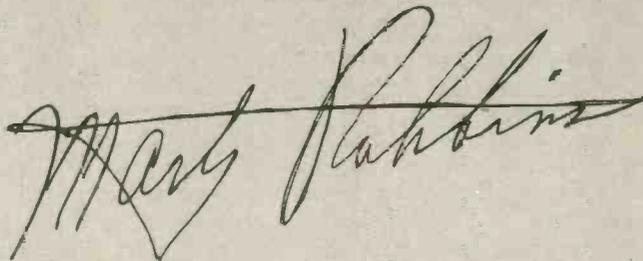
**Yetnikoff:** A good portion of it is used to cover increased costs. Don't forget when you go to \$7.98, when you have a higher suggested list, it's more important what the wholesale price is, what the revenue is. Costs, though, have gone up quite dramatically in the record business and a large part of that increase does go to cover increased costs.

(Continued on page 123)

**With all respect to every record sales force in the world, I want to say a grateful and special thank you to the one that I believe to be the greatest. I want to say thanks to Columbia Records sales force and everyone connected with Columbia Records for everything they have done for me.**

**All my success has been due to their efforts. I want to congratulate you and hope that you have the greatest convention ever.**

**With sincere appreciation, I remain a grateful recording artist.**

A handwritten signature in cursive script, appearing to read "Mary Pickford". The signature is written in dark ink on a light-colored background.



## Jazz and Progressive

(Continued from page 60)

has enabled CBS Records to develop a jazz roster that is, quite literally, the envy of every major record operation in the world. Nearly every jazz artist is enjoying a level of sales success that exceeds 100,000 units sold per release. Quite naturally, that places a heavy burden on the acumen and ability of Butler to sign and develop artists who can reach such lofty plateaus.

"100,000 units? I try to think in grander figures," Butler declares. "When I sign an act, I'm really thinking in excess of 100,000. Yes, there is a great deal of pressure, but the whole business is predicated on a calculated risk. And, I rather enjoy the pressure, because it makes me a little more rigid in my demands for a new, young artist. If I sign an artist, I believe he can do these things. If a new act has something I feel will be appealing to that audience that buys a lot of records, I will think in terms of big numbers saleswise."

So far, in the year that Butler has been with Columbia, he has signed five acts which he feels are in the mainstream of what's happening with commercial jazz. They are: Ronnie Foster, keyboardist with George Benson; Hillary, who plays flute and soprano saxophone; keyboardist Rodney Franklin; Jaroslav Jakobovic, who plays reed instruments; and bassist John Lee and drummer Gerry Brown, who are the focal point of a jazz/rock band.

In addition, Butler has signed veterans Cedar Walton, vibist Bobby Hutcherson ("He's recorded the best album he's ever done, accompanied by Freddie Hubbard and Hubert Laws," says Butler), and the Heath brothers, ex-MJQ bassist Percy, Jimmy and Albert. "What I've tried to do is sign new, young acts balanced by veteran acts who have reputations, but who, I believe, have followings and can sell more records than they've ever sold before. Like with Dexter Gordon and Woody Shaw, as regards marketing, merchandising and promotion, we can do a bit more than the companies they had been with."

There is no question that CBS Records enjoys a share of the

jazz market that is far larger than any other record company's. In fact, not only does its sales volume place CBS far ahead of its nearest competitor, but its growth rate is also unmatched in the industry.

"It's a challenge to be with the #1 company," remarks Butler, "but I believe it's just the beginning. We're now the trendsetter as to what's to come. Other labels watch what we're doing very carefully, stylistically, artist-wise, and they're watching how we market, merchandise and promote the artists."

Traditionally, that has been the single strongest asset of CBS Records. The company is unparalleled at maximizing the impact of records in the marketplace. Now, that core marketing system has been fine-tuned to accommodate the specialized attention that Slaughter's staff administers. "What I do is oversee the advertising and merchandising budgets for these artists," he explains. "We have two product managers and a jazz publicist whose job is to take these artists and reach for the general market. For example, our publicist, Peter Keepnews, is looking for coverage in publications like Time and People and Rolling Stone, in addition to space in Downbeat and Sabin's. We want to get the largest possible audiences."

One of the reasons CBS has been so successful at reaching these expanded audiences is that Slaughter and his staff are able to adjust to the peculiarities of marketing jazz music. "There are a lot of differences in advertising and merchandising jazz records," Slaughter confirms. "Some are subtle, some are overt, but they're real, nevertheless."

"First, we're dealing with a smaller base when you talk about a jazz core audience. There's a need to solidify that base, and then open up new avenues of exposure. There may be 200-300 AOR stations and 100 r&b stations in the country, but unless a record sounds like an r&b hit, I don't know how many stations I'll get to start off with. So, college stations and a handful of loyal jazz stations are critical. They've held jazz together over the years, up until it began to break out.

... We don't want to talk down to the listener, because he's much more sophisticated than the average record consumer.

"The jazz buyer is a very intelligent buyer," he continues. "He's heavily into information, and he knows what he wants. Approach-wise, we don't want to talk down to the listener, because he's much more sophisticated than the average record consumer. Consequently, you have to be different in your approach. It's a challenge that way."

Tactically, CBS has increased its emphasis at the store level. "Particularly for jazz, in-store play is crucial," says Slaughter. Also, we rely heavily on samplers, posters and album cover blow-ups. In conjunction with that, we're on radio at the right time in the right markets to blow records out of the stores."

This strategy is supplemented by a print approach that is characteristically unique in the marketing of jazz. "We're not only relying on traditional jazz periodicals with our advertising, but we're experimenting to reach that wider audience. We've run an occasional ad in Jet magazine; recently we ran a two-page spread in the June issue highlighting a number of current releases. Also, we've utilized Soul magazine."

"This works hand-in-hand with our promotion efforts which is the bottom line," Slaughter explains. "They're going after black progressive radio along with jazz radio. Musically, if it fits, we'll even get it on AM radio. Does it work? Take a look at the current George Duke album (Gold), or Stanley Clarke or Hubert Laws, who's enjoying the biggest success of his career album-wise, or Lonnie Liston Smith, Maynard Ferguson, or Eric Gale."

"We know it works, but we're looking for a further refinement, and even more sophistication of the marketing approach of this department. We always have a few surprises, and the key is excitement, not hype, but excitement. Because the music is going to be there."

A look at the list of upcoming releases confirms that very fact. Among the more prominent names are: Freddie Hubbard ("His 'Super Blue' album has the entire company excited," says Butler. "Session men include Hubert Laws, Joe Henderson, Jack DeJohnette and Ron Carter. It's an incredible album and where Freddie belongs"); Herbie Hancock; Weather Report; Maynard Ferguson; Ramsey Lewis ("an interesting album," says Butler. "On one side is Ramsey in a symphonic setting, backed by 66 pieces. On the other side, he plays in an ensemble setting similar to those with which he's had such enormous success"); Steve Khan; and Billy Cobham ("Billy has finally surfaced in terms of his individuality," says Butler. "This is an extremely creative album, and generated excitement throughout.") In addition, all of Butler's new signings will have albums out by October.

"I'm very optimistic," declares Butler. "There's a very young, enthusiastic audience, and they're becoming much more intelligent about what jazz is all about, and this is responsible for the area being so fertile. There is a viable market out there, and an enduring one."

"As a result, we'll continue our efforts, but at a more concentrated level. Our department has been formalized in this past year with product managers (Rita Roberts on the east coast and Sky Traugher on the west coast) and an a&r coordinator (Jim Fishel). You'll continue to see our involvement with this music, doing whatever possible to make it more successful. We'll be spending more money to promote, market and merchandise these artists, and, on the strength of what we're coming with, I suspect our market share will increase. My gut feeling is we'll do all right."

## Creative Services

(Continued from page 64)

unique specialization approach within an overall marketing program that has a proven record of effectiveness which is unequalled in the industry. A marketing plan is constructed well in front of the release of any album detailing what the company will do. Then, appropriate departments are plugged in to add specialization during the life of that record and the growth of that artist. "These specialists are brought in during the career of an artist to add new, vital dimensions," adds Levine, "and what they do, they do better than anyone else. There are opportunities for executives to bring their expertise to various situations and try out their ideas. There's always someone to bounce a concept or an idea off of. I guess the ability in the company to listen all the time is the key."

### Interchange

It is precisely this constant interchange among staff at every level of management that has made the notion of artist development so operationally successful. Certainly, nowhere is it addressed more seriously than in Levine's domain. "Artist development is a very important function to this company, and one factor that separates us from the others," he concurs. "Here, it means not only new acts, but developing acts, stars, even superstars. The question is 'What's the next step?' How can we take this artist to the next furthest extension of his career?"

One by-product of this thinking which may illustrate the essence of artist development is the development and use of two-page, four-color trade announcements which CBS introduced to notify the industry that a particular album has gone platinum indicating sales in excess of one million units. As Levine recalls, "When the industry adopted a platinum standard, the company asked us to create an ad to herald the platinum status of an album which would be novel and creative." The first such advertisement was on behalf of "Chicago X," the 'chocolate bar album.'

"We didn't anticipate the reaction we would get," he continues. "We understood the piece of communication (it was visually

innovative), but it started to take on another proportion, another sense of advertising. What separates CBS from others in the pack? Well, the concept behind the platinum spreads started this."

The concept was to take some aspect of an artist's life attached to the record certified platinum and find another creative way of dealing with it in a high contrast, four-color spread — without directly showing the album cover or the artist's face. The problem facing Levine was how to stimulate the reader by taking a known quantity and extending it to a further dimension. "What we made people do was to look at these spreads and see other things in them.

"The artist is a very creative human being, and that artist began to recognize (at CBS) a group of people who understood the creative process that the artist deals with. This was something not seen in many other companies. Here, the artist sees people with a feeling of how to deal with the creativity and sensitivity and the administration of all of that, whether it be to the consumer of the trades or whether it be taking his creative product and doing something equally as creative with it. His senses become aroused."

### Nugent

Ted Nugent, for one, identified this very point in a recent interview with a national magazine. Asked to discuss the relationship he has with his record company, Nugent responded, "I got a bunch of people working with me who know what I'm about and are doing all the right things, finally . . . Like the Halloween ad (the great trick or treat ad for "Cat Scratch Fever" with the kids wearing Nugent masks) or the one with the little girl and her two-headed Ted Nugent doll (both the joint brainchild of assistant art director Ohler and copywriter Mark Levitt). I didn't even know about those 'til after they were done. But, it's perfect. They've got the pulse."

A serious consequence of such sustained creativity is the need for staffers who can cope with the enormous demands inherent in the release of more than 500 albums per year. As a result, Levine has surrounded himself with what

he calls concept-thinkers. "I believe in people who are thinkers," he declares. "You can train people to decorate a page well, but I'm looking for people who think well. The concept is all, and that's what separates us from the next guy. You stay fresh by hiring concept-thinkers, people with the freshness and versatility that allows them to flow from one (release) to the next. Technique has a way of repeating itself, ideas don't. And you want to give them freedom. We always want to be open to somebody who comes in and says listen to this idea."

### 'Machine'

Thus, it is this sense of concept-thinkers working within a well-oiled 'machine' ("the most sophisticated marketing organization in any corporation I've seen" says Levine) that accounts for the enviable track record enjoyed by Levine's staff. Add in the characteristic versatility and mobility, and the pictures becomes much clearer.

"Anybody who is germane to the project that we're working on is tapped regardless of who they are. If they have information they can give us that is going to make a better product, I need that. If we have to talk to the artists, the company has no problem with that. With managers, there's no problem with that either, because they realize when they turn us loose, that is the best free-form you can get."

The only real problems stem from the increased volume of product and the time releases of product. Levine estimates that his

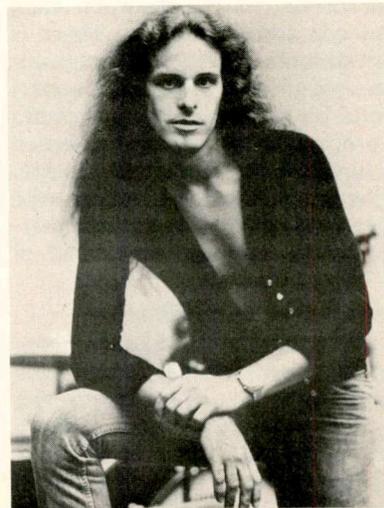
department's work-load has grown at the rate of 30% each year, and that's the number of jobs, not a dollar figure. "You don't always have the time to sit down and create exactly what you'd like to create," he laments. Because we run at such an enormous pace, sometimes we're forced to move quickly, but our decisions are based on what we've done before. And, I don't sit alone and make a Solomon-like decision. There are a variety of people I bounce those things off, and if they agree that's the way to go, we go."

Apparently, the going has been good, and not only quantitatively, but qualitatively as well. Recently, Levine's staff was honored by the prestigious Art Director's Club Of New York with an incredible 15 awards, unprecedented in the record industry, and enviable by any standard. The awards, in a variety of categories including trade, consumer and television advertising, were won in competition with every major ad agency and account in New York. That fact, according to Levine, points to an awareness and recognition of the competition that he outlined earlier. "The gratifying part was that these citations indicate excellence in advertising, recognized not by the industry, but by professional advertising people."

### Artist Development

For his part, the creative services vice president has been involving himself more and more in varied ways to bring artists to the marketplace. "We're getting more involved in the career of an artist," he states. "The career of an artist is as important as his record. Exposure is very important. Is the concert the only way? Is the radio the only way? No. There are other ways and we keep experimenting with a variety of other techniques to bring more awareness of an artist. The record is not enough."

Where will that lead? "The industry seems to be heading more toward the visual medium," he offers, "and not just as a fulfillment of media, but a bringing of innovative techniques to bring more awareness to the consumer. Whatever it takes, you have to be there . . . and we are."



**TED NUGENT** | *TO/NE* | **LEBER-KREBS INC.**  
Epic artist Ted Nugent



## Frank Mooney

(Continued from page 44)

either on radio or seen it on television, or in print. He may not have been to a concert, either. So, the concept of in-store merchandising offers another restatement of who the artist is and what the product is that's available. The interesting part of it is that that particular area, what we call field merchandising, is probably the source of one of the greatest body count growths within the record industry. We made a commitment a couple of years ago to this area, and have approximately forty people in it. Following that, all the major labels have added people, and are also in the process of adding more. What makes it interesting is that the size of the stores hasn't changed, but the number of merchandisers has grown, and the amount of material to be used in the stores has increased. So, the dilemma of it is that competition tends to make what we do become better. We've gone from simple posters to neon signs to four by fours and six by six boards. We've become much more elaborate in order to gain increased acceptance by our accounts, and also to turn the consumer on to what we're featuring and make it stand out from anything else in the store.

**RW:** In-store merchandising seems to have really come to the forefront in light of the campaigns that CBS has launched: first "Sale-A-Thon;" then, "The Winning Season;" and, now, "Star Power." How vital are these sales campaigns?

**Mooney:** The theme campaigns really are the focal point in terms of what the title implies. It's something to relate the overall program to. What it does, is it enables us to take a concept and to promote it nationally at the same time. It also allows us to provide the accounts with certain means to help merchandise CBS product over and above what would be considered individual product support. We're talking about a variety of artists all merchandised at the same time. Part of that is accomplished with unusual or unique display material associated with whatever the caption is, be it "Sale-A-Thon" or "Winning Season" or "Star Power." It also enables us to create a situation whereby the stores can do things with their own employees to a greater degree, because these are more long-term promotions and as such, can feature clerk contests and store contests, for example. The merchandising goes beyond just our label people. There are prizes awarded to clerks or merchandisers who are part of the store itself, who creatively add to or embellish our generic pieces. During "Sale-A-Thon" for example, we had our display pieces and our dump displays, but certain accounts added sailboats and beach balls among other things, over and beyond that which we provided, to help make their display a little bit more unique.

**RW:** "Star Power" is the current campaign. How is it different, in the summer of 1978, then its predecessors?

**Mooney:** Part of the difference has to do with timing. The campaign is broken into three phases with an interim period between each phase. In the past, we tended to run one long campaign. There is more of an emphasis now, as we insert different artists with emphasis during the three different periods of the program. The waves of advertising that are running, are each, a little bit different than the phase before it. And, if anything, with the previous successes of our broad campaigns, we have been able to fine tune the mechanism even more, and work out whatever problems there were. At this point, the accounts have had some practical experience in running a summer-long promotion; they've done it before. So, the operational part of all of this is a little easier to implement.

**RW:** How will Frank Mooney affect the branch operation?

**Mooney:** At this point my intention, of course, is to affect it positively. As strong as our branch structure is, I tend to question why we do things. An example of that is a recent new branch which we just opened in Memphis. When I was in the southwest region, I saw a representation in that area to not only take care of that basic Memphis area, but it also helps the expansion of the Atlanta, the Houston and the Dallas markets by better distributing account and radio structures in the southwest. As we put the Memphis branch into operation, it's

not just for today's needs, but it's on a five-year projection of both population, account growth and basic proper coverage of our product in those markets. All those major markets in the southwest have strong bases for development, and they have shown dramatic growth, which I expect will continue into the future.

**RW:** What are your goals for the remainder of 1978?

**Mooney:** My immediate goals are to reach the specific company objectives, which are quite substantial. And, I feel that we will. Personally, what I'd like to do is to create a better communication within the branch structure, in terms of action and reaction. I'm not in a position to criticize the existing structure and communications system that we have, but in reality, I would hate to think that either myself or the company did not have a chance to grow beyond what it is. I think the input has to be ongoing from everybody at all levels; it's really a refinement of existing systems and practices. It's interesting that you mention my own particular track record. The track record of the gentlemen I'm following (Paul Smith) is quite substantial, and that probably provides really my biggest challenge. I look at that as probably the most exciting challenge that I face.

**RW:** Which, again, amplifies what you said earlier about that characteristic total sense of professionalism.

**Mooney:** Yes, it does. As large a company, as this is in terms of its artist roster and its general market share, CBS Records is still able to deal with people beyond what anyone would anticipate. Comments from artists and artist managements are quite repetitious. They all say it in their own way, but they notice as a consistent thing that no matter what city or market they happen to be in, it amazes them how many of our people are at their concerts, how many people talk to them, and, how many people provide time to be with them. In the very broad description of CBS Records, I think that it is probably the most consistent company in the industry. As an account's business goes up or down, whatever, we become the one company that people rely on in the sense that if we say we will do it, or this or that will happen, the follow-through is there at all levels. That day-to-day type of consistency is the magic thing that goes on that produces the kind of numbers for us when each year ends.

**RW:** That consistency then is what's reflected in the branch operation.

**Mooney:** Yes, it is. In fact, in our system the way that our meetings are structured, we now have greater involvement from the individual branch managers in national meetings and not just at conventions. They are brought into New York, and are part of the overall marketing plans. So, it's not a case of the New York home office dictating a plan for them to implement; they are also part of the plan in terms of creating it. As a result, there's a better understanding, and their voice is heard, so the awareness is much better.

## Black Music Marketing

(Continued from page 112)

our community relations involvement and what we've done over the past few years. This is key in the marketing of black product as far as we're concerned."

Nothing, though, is more important to Taylor than what he calls human resource development. "We're spending a lot of time and effort and money to develop our people, to make sure we keep that edge," he says. "They're already considered the finest group of marketing professionals in the business, and we

want to stay there.

"We have an excellent balance in all our levels of management. We have the people who seem to come up with the right strategies, and they do a fine job. It may look easy, but there is a lot of thought that goes into what we do. Before we roll the dice, we do a lot of research, and we know the alternatives that face us. Add that thoroughness and preparation to the professionalism of our people, and the result is, we just don't get surprised."

## Walter Yetnikoff

(Continued from page 118)

Manufacturing costs have been going up and I think they are going to go up even more, mechanical copyright is up and of course so are talent costs and marketing costs. This industry is out of capacity. When you're out of capacity, it costs you more money to press, not less. Some of the increase does drop to the bottom but our thinking was really to cover a large part of our additional costs.

**RW:** In a number of your speeches you highlighted the contention that this company has the best executive talent in the entire industry. Where does that notion stem from?

**Yetnikoff:** Why does everyone want to hire our people if we don't have the best executive talent? This is a small business in many, many ways. Not small in terms of money. We're a big money business, maybe the biggest money business in show business, bigger than movies, and I think close to network television if you take out local television. Worldwide, there's no question in my mind that records are the biggest form of entertainment.

**RW:** How does this relate to your executive talent?

**Yetnikoff:** Okay, this business has grown from tiny to this great big thing and it's still a relatively small business in terms of people. It grew so fast and so dramatically. There are very, very few good executives. There have been companies that have gone around that I don't have to name, looking for top executives and they couldn't get them. They have tried to hire the people here, myself included. Lately someone was successful at it with Ronnie Alexenburg, (former senior vice president, E/P/A) forming his own label with MCA. There is a dearth of good executives in this business and very few good ones at the very, very top job levels. I think we've got most of them. Generally, I don't want to walk around and get anyone from another company, I'd rather give the people here a chance to grow, which we've certainly done.

**RW:** How many good executives are there?

**Yetnikoff:** As soon as my computer is fixed, I'll tell you. My point is that I think our second and third tier managers are more qualified to run record companies than many of the other guys out there running them today.

**RW:** As you grow, do you foresee the formation of an independent sales/distribution company to facilitate your product as WEA has done?

**Yetnikoff:** No. I don't think that that's the way to go. I think we're far better than they are doing that job so why should I copy that. I think they have been in many ways trying to copy us. Our people are much better than theirs and therefore I don't see any reason to copy that separateness. They also have three labels. Atlantic will bid against Warner Bros.—you know that's true—and Warner will bid against Elektra. We'll see Mo (Ostin, Warner Bros. chairman) and Joe (Smith, Elektra/Asylum chairman) fighting over an artist. You won't find that here. Columbia and Epic may go after the same artist, but they are not going to fight with each other over it. They are not



Portrait group Heart

going to outbid each other and they are not going to fight. I don't think that's a very sensible structure. WEA does what it does, I think, because of the personalities of the people involved. They have no choice. I don't think they want it that way. It doesn't make sense for one label to outbid another and we won't have that here. I think the distribution organization should be very close to the other parts of the company, and not a separate entity unto itself. What happens if Atlantic wants to push a record, do they call Henry Droz (WEA president) and plead with him because Mo has also decided that he has a #1 priority or Joe has decided that he needs a record pushed at that time? Not that Columbia, Epic, Portrait and the Associated Labels don't do separate marketing and merchandising. They do, but as a company, we work together, and we schedule releases so they make the most sense for the whole company. We don't have Epic and Columbia banging heads. If you have three totally separate labels and a separate marketing company which is also totally autonomous, then you are just going to be banging heads. We are not going to do that. Our labels will give advice and help each other out. Also, marketing is a very important part of this company. That organization is integral and works hand and glove with a&r. I want it totally part of the company, not a separate monolithic thing by itself.

**RW:** How much more can you grow? How much bigger can CBS Records get?

**Yetnikoff:** When we get our new factory going, I'll give you a better answer to that.

**RW:** When is that scheduled to be operative?

**Yetnikoff:** 1980 or 1981. I think that if the business keeps up the way it is, this industry is going to run shorter and shorter on capacity. Last Fall, there was a real capacity crunch in this business, because too many records were scheduled as an industry at the same time, and we are guilty of the same thing. You like an artist to finish a record when you want it, and he finishes it when he wants it. Okay, that's the creative process. You can't push it. An artist will ask you, 'You want the record now or would you rather have it three months from now and it will be a great record?' We'll take the great record any time. But going back to last year's situation, a lot was scheduled to take advantage of the Christmas cycle and it was wild because records all came at the same time. Remember, we have a custom pressing business and we have a great responsibility to our clients that we don't take lightly. We have to give them a lot of consideration, as much as we give ourselves actually, if not more. It was terrible because the industry was just out of capacity. The easy answer, easier said than done, is—to have the most hits out of the fewest releases. That's the game we're going to be playing, the so-called rifle approach rather than the shotgun approach. We'll grow, but I don't think you're going to see great expansion of artist rosters for some time now. We're going to grow even more and more qualitatively,—more selectively—not that we haven't already been doing that. If you have five records, let's have three hits instead of one.

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Cleveland Intl. act Meatloaf

## Walter Yetnikoff

(Continued from page 123)

**RW:** You talked in New Orleans about being 50% ahead of your next American competitors. Can and will that gap widen?

**Yetnikoff:** I hope so. That statement was just right off the numbers reported by CBS and reported by Warner Communications on a worldwide basis. I am certainly pushing for the gap to grow but even though I kid around sometimes, WEA is certainly a worthy competitor. They haven't exactly gone under in the face of my tirades. I think things are on our side now though. Some of the growth is going to be international and there, we're much bigger than they are. Again they don't have the same type of facilities or logistical set-up overseas or in this country. Also, if you look at new acts broken in the past year, you are going to see it's much more CBS than WEA in my opinion. I think we are going to grow faster than they are. The numbers show that we picked up some market share on them. A few points in market share is a lot in this business and we picked up a few points in market share on WEA.

**RW:** What's your market share now?

**Yetnikoff:** I would prefer not to give it, because I don't think the numbers are that accurate and it changes month by month: Look at what Polydor's market share is. In the first quarter of the year, maybe it's as big as ours, due to RSO. I have certain new ideas not in terms of raiding artists, but measures which will help us grow which are premature to get into. I think there are certain areas where we could do better and I would hope to focus on that because I think it will make a bigger difference.



Columbia Group Journey

**RW:** What about the industry as a whole. Can it sustain itself?

**Yetnikoff:** We're betting on it. We're building a \$50,000,000-plus factory in Georgia based on our prediction of the record boom. We're spending a lot of money on advertising and artist support, on logistical and computer technology, and it all means we're betting on the record boom. If it doesn't happen, a lot of wrong bets have been made. Obviously, we think it will. You may see a blip here and there, because while we always said in the past that we were recession-proof as an industry, we weren't. We had an elaborate theory constructed: 'We're like the liquor companies. We sell good in the good times and we sell good in the bad times. Records are the cheapest form of entertainment when times are bad and it's still a very good buy when times are good.' It all sounded nice but it didn't hold up, because we were hit by the recession. So if we have a severe recession you are going to see a downward blip. Less so than last time. Everyone is tuned into music and into records and you're not going to see any long-range downturn. I think you're going to see long-range growth and, in fact, I think we're going to see long-range accelerated growth, even faster than it's been before. I have a great deal of confidence in this business. You may turn off for a short period with a bad economy, but long-range, we are not only betting on the boom to continue but we are betting on the boom to accelerate. Look at what happens when you go to a concert. You see everybody up on their feet—assuming the right artist, of course—and everyone is wild and excited, getting a big charge out of the thing. People are turned on. Other than crowds knocking down the soccer stands in Brazil or cheering at the World Series, where do you find this kind of excitement, this kind of high on a consistent basis, except in the music business? You get all these people standing up and cheering for 20 minutes saying they

(Continued on page 176)

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Columbia artists Bob Dylan (left) and Billy Joel

# CBS' Packaging Look: Simple But Elegant

(Continued from page 95)

and that has a lot to do with the look we've created and developed."

That 'look' appears on nearly 500 albums annually that are released by the CBS family of labels, and nearly every project is completed in-house. "We do everything that's given us," declares Berg in a voice that reflects an obvious sense of accomplishment. "That's everything except the artists who have it in their contracts to produce their own. With those, we have approval."

To facilitate such an enormous undertaking, the vice president relies on a staff of key executives who operate in New York City, Los Angeles and Nashville. Ed Lee concentrates on Custom Label product, those albums released under the Associated Labels banner. Henrietta Condak is the art director for Masterworks, the company's classical division. Paula Schur is east coast art director. On the west coast, Tony Lane and Nancy Donald handle pop product from Los Angeles-based acts. And, in Nashville, Virginia Tean oversees country releases.

Immediately, one is struck by the extensiveness of the commitment CBS/Packaging makes to the various rosters of artists with which it deals. In fact, no other record company is so firmly entrenched in this regard in the three major American centers. "We have to be in three cities to service the artists," Berg states. "That's the name of the game."

As a consequence, the CBS packaging staff is very, very involved in artist relations. "We are," Berg declares, "because it's the right way to work and it's a salubrious way to be. We need to be involved in artist relations because in one way our customers are the recording artists, and they have to be satisfied, whether or not they have cover approval written into their contracts. It's a fact of life.

"Because there's a deep, abiding concern on the artist's part for what the album looks like, there's a tremendous amount of direct contact between the artist and the art department. We're involved very, very early. Often, we know about an album before

anyone else in the company does, simply because the artist comes directly to us.

"I remember early in Barbra Streisand's career, for example, if anyone wanted to know what Streisand was doing they had to come to me, because I was the first person she would talk to. That kind of feeling still holds true although we're a much bigger department now. That's why we opened an art department on the west coast—to facilitate contact with our artists. And, we're the only company that has an art department on both coasts."

This increasing attention to specializing of function is important, because there are peculiarities that exist among the various major categories of music. And, as Berg notes, different categories

## Martinovich (Continued from page 78)

equipment. Says the merchandising vice president, "Probably every major account in the country has either bought equipment or is mulling over the possibilities of getting it."

That's because the filmed packages afford accounts the opportunity of offering their customers something unique in the overall experience of shopping in a record store; and, the films, themselves, are so striking that they serve as a powerful motivator to the customer to buy the featured artists' records. "In-store video screenings have become so important to certain retailers that they're advertising screenings to be held in their stores on six-foot Advent units, in their newspaper ads," Martinovich says. "And, everyone benefits: the consumer; the retailer; and the rack jobber—not to mention our artists!" In fact, the elevation of a number of artists to star status, including Journey and Meatloaf, has been credited, in part, to the excitement spawned by video performances of each in concert. "Some competitors are dabbling in this area," notes Martinovich. "Some are taking a wait-and-see attitude. We, however, are moving ahead, and our leadership position in this regard is clear. Our philosophy of merchandising is to do whatever is necessary to sell more records and tapes."

That intention has led CBS

present different problems. "Classic covers cost less to make than pop as an average, so there's got to be a pervasive influence, but we don't know what it is. We can do covers for virtually any artist that cost next to nothing (Bob Dylan's "John Wesley Harding" cover cost the price of a pack of Polaroid film), then turn around and spend \$20,000 on something else. We're not reluctant to spend on classics, but for some reason, they average out less."

Still, despite the existence of general musical categories and the peculiarities inherent to each, Berg adds, "We try to overcome the strictures, barriers if you will. We'd like to be more catholic in our taste and see the public more catholic in its tastes, but obviously, these are conditions that take

time to alter."

Until then, it is business as usual, and lately that translates to qualitative as well as quantitative leadership. "Sure I wish our best work could be multiplied by the 500 or so albums we do yearly, but overall, we're doing well," Berg emphasizes. "We've won plenty of awards which is one benchmark. (Berg, alone, has won four Grammys (21 nominations), three Gold Medals from the New York Art Directors Club, two Gold Medals from the Society of Illustrators, an "Andy" from the Advertising Club of New York, and numerous other graphic arts awards and citations.) And, we like to think that at the same time, we're creating meaningful graphics. Something that means something to the music."



Bob Gordon, director, field merchandising, CBS Records

Records to examine very seriously the potential of cross-merchandising opportunities with manufacturers of compatible consumer products. "The demographics that the record business enjoys is something that many manufacturers are desirous of capturing," offers the vice president. "These manufacturers look at the record business in general, but when they discover that CBS has the best distribution system worldwide, they sort of gravitate to us. It becomes a natural tie-in."

### Cross-Merchandising

Industry observers believe that cross-merchandising will become the next major trend in the process of merchandising records and tapes to the consumer. Martinovich, for his part, agrees. "It will become very important," he predicts, "and we'll get involved, most definitely." Currently, CBS is working with Wrangler Jeans

in Atlanta and the Clark Candy Co. in a number of markets. CBS has also run successful promotions with Coca-Cola, Levis, Dr. Pepper and Budweiser.

With studies indicating that one of every three records and tapes purchased by consumers is done so on impulse as a result of some type of POP display or other audio/visual aid in the retail establishment, speculation naturally arises that that 33% figure could increase dramatically. "It could increase, sure," Martinovich states, "That's what we're striving for. We've already proven that what we do is a viable force in the marketing of records, and, because of that, other companies are catching on. It's gotten to the point that securing in-store space is practically as competitive as getting records played on radio. In fact, we do run into situations where a store owner says, 'I won't display this or that, because it's not my store's image.'

"We've been able to capitalize on these opportunities largely because of our umbrella concept that emanates from national headquarters. We know we have the most skilled in-store merchandising people in the field, and the excellent direction and total perspective provided by Bob Gordon (director, field merchandising) and John Czosnyka (manager, Customer Merchandising) gives us an even greater edge."

## Nashville

(Continued from page 56)

The key to country success, crossover or otherwise, is radio. And although a few signs of gradual change may be appearing on the horizon, the crucial element is the single. "It may be different in 1998, but at least in the next two to four years, the emphasis is still going to be on the single record," Blackburn observed. So working and cooperating with radio is one key. "People's appetite for country music is being satisfied by country radio. The number of stations that have changed format to country in the last three or four years has just amazed me, particularly in the northern markets. And they're all doing well; that tells you a lot."

Promotion, working with the recently expanded CBS Nashville artist development department, and publicity efforts have worked recently in increasing the visibility

of artists like Johnny Paycheck, capitalizing on the popularity of "Take This Job And Shove It," Janie Fricke with a United Airlines promotional program, and Bobby Bare with a "Bare Tracks Across The Country" tour.

Merchandising is also important, particularly with country product. CBS market studies have shown that purchase decisions are often on impulse with country consumers, so an emphasis is put on in-store displays. One such display, the Music City Music Train, was the fall marketing campaign launched by CBS this past year.

Cross-merchandising has proven effective as well. "We did a program with the Kawasaki snowmobile division in about 20 markets up north," Blackburn said. "If you can find a company whose product parallels the country consumer from a demographic stand-

point, you've got a winner. As it turned out, the snowmobile buyer parallels the country consumer in a lot of ways. So with the CBS-sponsored contests with Kawasaki snowmobiles for the prizes, we matched them up. It worked well for both us and Kawasaki."

Other steps taken in working with accounts include divider card concepts and making sure the product—singles, albums and tapes—are all available on location.

Although the quality of songs are crucial for an artist's success, CBS Records Nashville is putting special efforts into developing that artist in other ways. "We're a service agency here in marketing," notes Blackburn. "We're here to develop careers, to perpetuate careers. Theoretically everything that an act needs to further a career should be and is here within CBS marketing."

Putting an artist with the right booking agency, showcasing him or her in the right venues, working with television, and more is included in CBS Nashville's marketing operation. Johnny Paycheck, after recent hits, was exposed in a series of 13 showcases in major venues in strategic cities. A massive television campaign has also been included.

"Country music buyers are sometimes loyal to artists for life, unlike rock buyers," said Blackburn. "If you create the right image, it is possible to retain that buyer for the life of the artist's career."

One Epic artist in the process of an image-building campaign is Charly McClain, who has had several chart records.

Through the efforts of CBS Nashville's artist development department, she has been placed with CMI for bookings. A publicity campaign is underway. "This is all part of an image-building effort," says Blackburn. "It all fits together toward the goal of building her ultimately into an lp seller. But you've got to plug all the components at the right time to really convey the image with effectiveness."

As for an artist such as Johnny Cash, who already has an image as a celebrity, the main key, as Sherrill pointed out, is good material. Although image is still very important, most of the ground-

work has already been accomplished.

The real continuing success story for CBS country product, along with other labels, is the crossover phenomenon. The potential for opening up new markets is constantly explored at CBS.

"That's really where the explosion takes place," notes Blackburn, "because a country album per se that does not cross is limited. Once you can cross and open up what we call the crossover market, from a sales standpoint you've really got a crack at gold for sure and ultimately platinum. And we're gearing our operation more and more to deal with that on a national basis. The key once again is radio. The music will dictate the demographic. The demographics for Willie Nelson, Johnny Paycheck, Tom Jones and Johnny Duncan are all different. The music dictates that."

Another CBS artist aiming for new markets is George Jones, who has recorded an album with a number of different artists, all with appeal broader than country. "When Waylon Jennings tells the world that George Jones is his favorite singer, it's got to help," said Sherrill, who produced the album. "We did duets with Linda Ronstadt, Emmylou Harris, Kenny Rogers, even Elvis Costello. George is their favorite singer. But he may never reach the same people they will reach and vice versa. With this he will help them, and they will help him."

As for the future of CBS and Nashville, "I see nothing but growth," predicts Blackburn. "The fact that artists like Willie Nelson can play Nassau Coliseum in New York and sell out 17,000 seats is a real credit to the explosion that has taken place off this whole thing. Country music is a market segment, but one which is expanding. The act that is appealing to that segment plus the younger demographic is the future of country music."

"We're starting to reach some people now who didn't dream of buying country music five years ago," Sherrill observed. "There will always be the country music you hear on the juke box in bars with your beer—but the whole new thing with all that and more is the added future."

Best Wishes  
&  
Continued Success  
CBS

Al Gallico  
music corporation

## Sales

(Continued from page 100)  
that was introduced nearly two years ago.

"What we did," recalls Douglas, "was to establish selling assignments for all our branches, and then offer to our accounts extended dating and other enticements to participate in the program. We also guaranteed the accounts that if at the end of the dating period, the albums didn't happen, we would then take back the unsold product with no questions asked. It was a very good idea, because we found that our selling assignments were usually met, and, as a result, we've been successful in establishing a number of new acts. Cheap Trick and Meatloaf were part of earlier programs, and now, we're working with David Johansen and Nantucket among others." Adds Hynes, "We have a good chance of breaking three or four more artists before the end of the year."

That commitment to innovation goes a long way toward defining the approach CBS Records takes to the marketplace. It also, in another sense, hints at why CBS has been able to establish and sustain its leadership position in the marketing of recorded music. "We want accounts to notice our new releases, especially by unknown acts," declares Douglas, "and creative marketing, like a developing artist campaign, achieves precisely that."

"But," he adds, "artist development is not just for new acts. As far as mid-developmental acts are concerned, our marketing plans go beyond the initial stages we have for emerging acts. There's more advertising, merchandising pieces may be more unique, and certainly, we're interested in placing more product. Once we've done that, and we get radio acceptance, then we're able to get the results we do get. One reason is because we're very heavily merchandising oriented, but you need to be. You have to show the consumer what you've got, and whether it's advertising on television, radio or in print or whether it's a large poster or a series of posters, our job is to get the record in front of the consumer. That's extremely critical to our success."

Communication is, likewise, a

key element. "In a company that's this large and in as many geographic locations as we're in, the level of interaction that we maintain is incredible," marvels Hynes. "Everyone is constantly in touch, and everyone involved knows what's happening. They know what to do with radio feedback, and they know how to handle the retail sell-off from that." "The field force is like an intelligence network that feeds us information that enables us to take advantage of every opportunity," adds McGuinness, "and, we have the ability to maximize those opportunities on a local, regional or national level. If something is happening in

### Billy Sherrill (Continued from page 58)

out of Nashville with increasing frequency on CBS and other labels, Sherrill himself prefers to stay with country, "whatever that is. It's strange, though. They call it country until it sells three million albums and then it's called pop. So what is country? I'm not sure I know. It's a state of mind. And country music is lyric, something that the American middle class, and hopefully more, can relate to."

With his emphasis on songs and lyrics, Sherrill's success can

Boston, we concentrate our efforts in Boston. If it spreads to Detroit, we react accordingly.

"Our rapport with accounts is, as a result, the best," Douglas contends. "They respect our total involvement and our marketing ideas which are sometimes unique and sometimes done a little differently, with a twist. They know that we take care of business in every way we can. If we make a promise, we keep it."

"We cover all the bases," McGuinness agrees. "And that sense of cooperation and thoroughness, coupled with meticulously prepared plans, is what characterizes our operation. We'll

continue to break and develop new artists like Eddie Money, Meatloaf, Karla Bonoff and dozens who will contribute more and more to the already extensive catalogue we now have. The new standards we establish in the industry will be reflected in the artists that continue to grow and enjoy success as part of the CBS Records family of music."

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## Jack Craigo

(Continued from page 72)

35 and 40, 10 years ago. As buying groups move forward, their record buying habits will continue. There's no question about this. But, we still have to keep advertising enough for them, and keep the excitement level of music appealing for them, so they'll continue to buy. As the new teen groups move into their early 20s, and the early 20s move into their 30s, the total potential audience will increase, perhaps by 50% or 60% each generation through.

Chicago, for example, continues to hold and expand its audience. Craigo notes that many of the consumers who purchased a Chicago album 10 years ago are still Chicago fans today, and still buying the group's new releases. "And, when you see them in concert," he adds, "there is a new wave of teenagers who are in the audience, alongside fans who are 30. This, by the way, is not an isolated phenomenon. I fully expect artists to maintain their audiences for much longer periods of time. I don't think you're going to see an act dissipate as quickly."

"Why? Because pre-recorded music has become not just a fad to generations that move on to other entertainment mediums, but records and tapes have become a necessity within their developing lifestyles. Records are as important to these new generations as any other entertainment medium that is available to them. What we see, based on our market research today, and in our focus groups, is that consumers trust their recording artists to consistently deliver quality entertainment. We have the most diversified artist rosters in the business, and we know our artists will continually deliver that quality music to us. From there, it's up to us to get that music to the consumer."

I think the best prerequisite to being  
a good producer is being able to think  
like the public.

be attributed to creativity and the ability to recognize good creative results. But there is a more practical side in his viewpoint: "I go in and try to record what's commercial and to sell phonograph records. That's why they pay my salary. You have to try to put on the public's ears. I think the best prerequisite to being a good producer is being able to think like the public. There are a lot of tremendously successful producers that can't even carry a tune. Then there are a lot of producers that are great musicians. And I don't think either one has anything to do with them being good producers."

As for the future, Sherrill sees continued improvement in qual-

ity which will result in increased acceptance of country music. "I see it becoming more intricate, too, which is harder, but will make it fun," he said. Most of the CBS country records have been produced by Sherrill in the past, but that is changing.

### Independent Producers

"What we're doing now that's starting to really pay off is using the talents of independent producers," Sherrill said, "people like Larry Butler, Allen Reynolds,

Eddie Kilroy and Ray Baker. We're not picking them because some guy just stuck up a sign saying he's an independent producer, but we know who cuts good records. Not many producers want to be staff producers any more, so you find the real winners and lay a couple of good artists on them and they give you good stuff. Using the services of really class independent guys is really beginning to pay off. Look what happened with Willie Nelson and Booker T. Jones." If most producers don't want to be staff producers any more, why is Sherrill with CBS? "It's a good record company. I believe it's the best record company or I wouldn't be here."



## Associated Labels

(Continued from page 86)

is developing and establishing the artists we have on our labels. As many labels as we do have, we don't have that many artists; (we have) about 60 in total. So, to achieve the success we've had with so few artists, is really a tribute to the creative judgments of each of our label's a&r staffs coupled with the marketing expertise of our key support groups at E/P/A."

Probably no single factor is responsible for that success more than the concept of artist development, which, at this point, is almost synonymous with CBS Records. "Artist development is one of the keys to establishing an artist in today's marketplace," Martell observes. "Today, with radio as tight as it is, we have to take other avenues in aiding and abetting the development of an artist. One of the key ways is in the area of personal appearance tours, which we help set up in conjunction with the individual labels. Constructing the right bill, for example, is crucial. One of our biggest tours, currently on the road, is the Isley Brothers tour with Teddy Pendergrass as special guest. The opening act is Brainstorm.

"We're vitally involved with artist development, and we back that commitment with the largest artist development department of any company in the industry. Our belief is so strong that we're constantly adding people to our staff.

"Does it work?" he asks rhetorically. "It's unquestionably proven its worth, and as we continue to be the largest and fastest growing company in the industry, it's more important than ever. I think the artists who we've established, and in some cases, reestablished, would attest to that. Look at our track record: Lou Rawls—his first album was platinum-plus, followed by two gold albums; The O'Jays have never done anything less than gold; we established Kansas as mega-platinum sellers; we took Teddy Pendergrass' first solo lp past platinum; we made the Isley Brothers one of the world's biggest recording stars; and, I could go on, but I feel the point has been made."

To accommodate this unprecedented growth, the Associated Labels have utilized the various

E/P/A marketing support groups, but, because of the burgeoning volume, Martell and other senior-level CBS Records executives have begun to think of alternative structures. "The support groups are still adequate," Martell admits, "but in the not-too-distant future, I believe we'll have our own marketing and merchandising staffs. We'll have to, just to keep up with the flow of product, and do what has to be done, and maintain and enhance our 'Big enough to serve you, small enough to know you' image."

Already, the Associated Labels division has begun to develop its own promotion staff, under the direction of Gordon Anderson, national promotion director. "It's what you have to do to really develop artists," offers Anderson. "A great deal of it starts with airplay, and deals with other elements of promotion—creative thought and ideas—which fall under the priorities of what a promotion staff does, both on a national level, and through the direction to your local staff."

Initially, Anderson has placed five individuals in key markets—Cleveland, Detroit, Atlanta, Los Angeles, and Baltimore/Washington, D.C.—who work only Associated Labels product. "They aren't here to be the thrust of establishing a base, and test for us with a deeper priority than the E/P/A promotion people can go. If it develops in these key markets, then, in turn, we can take it to the rest of the country."

These five markets were chosen, because, as Anderson explains, they are strong crossover, strong FM, and strong rock markets. "They've always been leaders in breaking either singles or breaking artists through FM radio. They are the premier break-out markets in the U.S. Certainly, Los Angeles has become one of the largest record selling markets in the country. We sell more records in Los Angeles than we do anyplace else, and with the concentration we have there now, it only enhances our sales."

The five promotion people under Anderson are local people, and they are so, for a reason. "The local promotion man is still the bottom line for getting records played, and developing what happens on the street," declares

Anderson. "You need warriors, and these guys are warriors. They develop the core of airplay and artist development, and we need that concentration in specific markets, to find out if there is something there, rather than putting in regional people, and spreading ourselves so thin that we're not sure. We want them to be in a market where they can develop relationships and put together a game-plan on a concentrated level, so that we can really see sales, and we can really see a breakthrough on an artist or a record."

But, there is an equally important consideration. "A promotion staff exclusively working Associated Labels product offers us the opportunity of creating a separate identity to those artists on the Associated Labels rosters," Anderson adds, "separate from what Epic is doing, or separate from what Portrait is doing. I know that the E/P/A promotion staff works my product with the same vigor and the same priorities as the other two labels they're responsible for, but any one individual is only capable of working, on a total development basis, so many artists at a time. Sure, you can work a lot of records at radio at one time, but there is a substantial amount of time and effort necessary to become involved in all the elements of promotion: working with the artist when he's on tour; putting together special promotions at radio; making sure that the strategies employed to develop that artist with his airplay are taking place."

That need is made more acute by the fact that the approximately 60 artists who are part of the Associated Labels family, represent such a wide diversity of sent such a wide diversity of music. However, Anderson doesn't see that as a problem at all. "I look at it this way," he says. "Each of our 10 a&r staffs reflects an individual taste, and what music is to them. The variety of music is great. I love it that I have some of the hardest r&b product; and some of the strongest rock product in the industry. It only enhances what we're doing on the street that I can go into a radio station and offer them the best product at all levels.

"Jet Records is a perfect example. That label gives us some-

thing this company has always needed, and I think it's a very important, very exciting situation, because British music has always played a big part in American rock during the past 15 years. There's been a gap in our ability to be on top of it for a long time, and this is certainly going to bring us to the forefront. So, you see, there are no problems, only opportunities."

The exploitation of those opportunities is what creates growth, and growth implies expansion. "I've just hired an associate director (Steve Rudolph)," notes Anderson, "because the responsibility of handling 10 labels has increased dramatically. The sheer amount of time needed to fulfill our obligations to them, and the time needed for maintaining the rapport with radio at a national level, has multiplied several times."

Next on the expansion agenda is to place a promotion man in every major market, but Anderson cautions that will take time. "We will be adding additional people, and it will be a full staff, but it will be done very deliberately. When we feel the need in other markets to spread records beyond what we're capable of doing now, then additional people will be put on."

That time is likely to be not far off, if Martell's substantial goals are achieved. "We have a goal in our heads to do at least \$10 million in business with each of our Associated Labels within three years," he reveals. "That's a minimal guideline we would like to see met. Of course, with some of our labels, we've far surpassed that already.

"Consequently, I would be very disappointed if each label didn't contribute gold to our totals. We don't consider an act broken unless they've topped the 300,000 unit mark, and if we've broken the act, then there's no reason why we can't go all the way, and, at least, achieve gold. Just look at the quality of our Associated Labels. Surely, there is gold and platinum in the future of every one of them."

Logically, Martell is more than a little optimistic for the remainder of 1978. "We'll see many artists achieving substantially higher sales figures before the year is out," he predicts.

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## M. Richard Asher

(Continued from page 16)

CRI and CRU are working on together. This is extremely encouraging to us. It's also a very good thing for our business all over the world, because international artists know that they are getting a fair shot here in the United States. International artists are always interested in the United States, because it represents such a large part of the world's market. I think this helps us to attract artists, and as a result, I think CRI artists are developing more and more their talents for the international and especially U.S. markets. One of the other nice things that has continued to happen is our ability to maintain artists' careers in various places of the world over a long period of time. The staying power and the durability of these artists is really a tribute to the artist's inherent quality and creative talent, but also it is a tribute to our people who continue to stay with them and continually creatively market them and keep them before the public. This applies to U.S. and international artists. We seem to be able to do this, despite what you might call the vagaries of the U.S. market where artists go up and down on peaks of popularity at a faster pace than usually happens in our international markets. Of course, the Johnny Mathis story is a prime example: John is now enjoying a marvelous success with Deniece Williams with "Too Much, Too Little, Too Late" all over the world, but he's been consistently selling a lot of records for us year in and year out, and we've been having hit singles at a much more frequent rate in various parts of the world than the United States has had. With a million selling single and a top five TV album, he has sold more in England in the last year than ever before. Ray Conniff made a Latin American album "Exitos Latinos" for us as a sort of specialty item in appreciation for all of the things the Latin Americans have accomplished with him through the years, and also because he likes the music. That album is over 200,000 units in a few months in Latin America and the long-term projections are multiples of that because Latin America is a place where things sell over a very extended period. You don't get all your sales in the first month or two in Latin America—yet their appreciation for an artist and his music is often a steadier, long-term appreciation that builds and remains over years.

**RW:** According to published reports, CRI enjoyed a spectacular first quarter. With the second quarter nearly ended, how does 1978 look so far?

**Asher:** Well, it's been quite good so far. Sales are up 30%, and profits are up 15% over last year. We're over budget and we're considerably ahead of last year. Incidentally, our year starts November 1



Pictured from left: Tony Martell, VP and general manager, CBS Associated Labels; Harry Coombs of Philadelphia International Records; Dick Asher, president, CBS Records International, and Lou Rawls receiving a gold record plaque for "When You Hear Lou, You've Heard It All."

Overall, we've continued basically above budget, because the good things have more than offset the bad things.

and ends October 31. We are not on the calendar year as our first quarter involves November and December for budgeting purposes. Those are two very heavy months and they are very heavy in our budget, so if we're over budget in those months, we're doing well. Pretty much all over the world, our business was very good through the end of the calendar year, which really means the first quarter for us. Obviously, November and December are the biggest part of our first quarter, but January, which is also in there, was decent. However, as soon as the dust began to settle after the beginning of the calendar year, and even in some areas before that, there were some rumblings that November and December were not as good as they should have been. Since the beginning of the year, business has not been particularly good in Europe for anyone. When I say for anyone, in some cases we have noticed our companies under budget two and three months in a row and yet we've still been picking up percentages of market share versus the competition. A good example of that is Sweden, where they get monthly statistics. A record company knows what its market share is every month. If we're picking up market share despite being under budget in sales or profit, obviously the record business is soft, which it has been. The industry-wide surge which I was hoping would follow the boom that occurred in the U.S. at the end of 1977 really didn't take effect in Europe. In several places, where we've been doing well, like Latin America, Japan and Canada, we've been breaking records. In other places, we're doing well but not as significantly. Generally, we've been affected by business conditions to a degree. In some of the places where our business has been good, it hasn't been as good as it should have been because of business conditions. For example, we continue to do well in England. If you look, our English company has done extremely well on the album charts. They have had ten in the top 30 lp's several times. Our English company normally runs with a market share below 33% so it is doing well, relative to the market as a whole. What it means is that the British financial results have been merely good rather than spectacular, because top 30 lp's are now selling less in the UK than a year ago. Overall, though, despite the soft market situation in Europe, business there has been as good as we could expect and any lessening of overall CRI growth there has been made up for by the fact that Latin America and other places have continued to post very solid gains. Japan and Canada have been strong, and Australia has been good profit-wise. In Australia, our profits have been up even though the sales have not improved dramatically. Overall, we've continued basically above budget, because the good things have more than offset the bad things. Although there have been some brilliant records, there has not been the usual number of super strong U.S. releases in the first six months of 1978 due in part to the strike in our major pressing plant in the States, but we are looking for a strong end of year. We have, for example, a Dylan release going out now. Just on shipout alone of the Dylan release, there's several million dollars in volume in Europe. That's a lot of volume at one clip, and will certainly make a difference in the second half of the year. But there has been some product slippage (releases we thought we might get earlier in the year) which affected the first-half performance somewhat in Europe because the Europeans are more sensitive to U.S. product than, say, the Latin Americans who sell less U.S. product as a percentage of their sales. It's an

(Continued on page 148)

# CBS RECORDS

## At CBS Intl., The Commitment Is To Music

■ "The operational word governing everything we do here in New York in our various regional offices and in our subsidiaries around the world is 'coordination,'" Bunny Freidus, vice president, marketing services, CRI explained. "Coordination is the name of the game, the thing that probably makes our operation unique among international record companies. There is a constant day to day interdepartmental dialogue in New York as well as an international dialogue from New York to our counterparts throughout our various territories around the world. We're constantly informing them to what is happening to their artists' careers in the U.S. as well as providing them with the tools they need to sell our artists in their territories."

Coordination of CRI creative activities under M. Richard Asher is implemented by several departments headed by Bunny Freidus: Joe Senkiewicz, head of artist development; which includes Peter Karpin, director of a&r; Steve Pritchitt, director of product management; Perri Chasin, director of press; and Phil Midiri, director of marketing administration.

"My area," Freidus explained, "encompasses the area we call creative operations. I'm responsible for everything having to do with the marketing, promotion and publicizing of product going from the U.S. overseas. In addition, I'm responsible for all product coming in from overseas and how it's handled by the U.S. company," she added. "That includes records produced by our various overseas subsidiaries coming into the U.S. and made available to our domestic company by our a&r department. It's



Bunny Freidus, VP, marketing, CBS Records International

a two-way street with the U.S. product going out to all the far reaches of the world and international product from around the world coming in to us."

CBS product from around the world is funneled to the domestic company through Peter Karpin's a&r office. Karpin, who was named to his a&r post three months ago, comes from the CBS offices in Australia where he held a position in artist development and a&r.

"I have two people working with me, a secretary and an assistant," Karpin said. "We receive product that CBS has recorded for our companies from all over the world in places like England, Australia, Japan, South Africa, South America and Europe. It's our job here to evaluate that product and decide what is relevant to the U.S. market. Then we take it to Columbia, Epic or Portrait and try to entuse them to the point where they are interested enough to release it domestically. It is basically a matter of sorting out the product to find out what is suitable for the American market. Most of

the success so far has come from England, Australia and Canada. Once a record is released here we follow it up and that runs into the promotion department, but we are also involved with the mechanicals, making sure we get all the parts from the countries—we're like a liaison between company A and company B. In addition, I work with artists signed directly to CRI New York and various U.S. artists to develop recordings for international territories."

In addition to overseeing the activities of international a&r, Joe Senkiewicz represents the promotion department for CRI product released in the U.S. "CRI deals with about 40 different countries," he explained. "I work for CRI representing the product to whatever label it is released on whether it is Columbia, Epic or Portrait. The idea is to give our artists the best possible test and exposure that would benefit them and truly give us an idea of what their maximum capabilities are in this country. My work is strictly domestic," he emphasized, "I work with the U.S. staff as well as the independents."

"After the a&r department decides they want to take a chance on an act, it is my job to give the act the best possible shot. Because of my experience in promotion, I've made a lot of contacts and feel as though I'm in the position to hook these artists up with the right people. Also, I have to hire the right independents as a supplement. After all, we're often dealing with a totally unknown artist in the beginning," Senkiewicz continued, "... I don't know whether anyone in the industry has this type of division, but in terms of personality, I would say we're

very open-minded. Everyone here is trying to investigate what product is out there—say for example, an album is doing really well in other countries, selling millions and for some reason it isn't doing well here—we won't give up. The only way to find out if an album is saleable is through promotion. So, if something appears to be saleable, we'll try to expose it.

"I think we have an image of having a varied repertoire," Senkiewicz went on, "If you consider that CRI has 40 countries, and if each country submits 10 acts, you get 400 artists to choose from. Even if we only pick ten percent, there's 40 good acts right there."

According to Karpin, the unique set-up of CRI is an advantage in that it is large enough to canvas the world for talent. "I really can't speak with any definite knowledge of what other companies are up to, but I think we've probably got the strongest international division inasmuch as the way we service companies around the world. In the past, product would just come in and land on the desk of the domestic a&r people. Naturally, when you get 10 things a week from around the world that look totally unsuitable for the American market, they'd just throw the whole thing away and there just happens to be one in the middle that could be something good. I feel we have a good set-up here.

"An obvious example of something that might have slipped by another a&r department is Heatwave," Karpin explained. "They're a band that came out of GTO

(Continued on page 166)



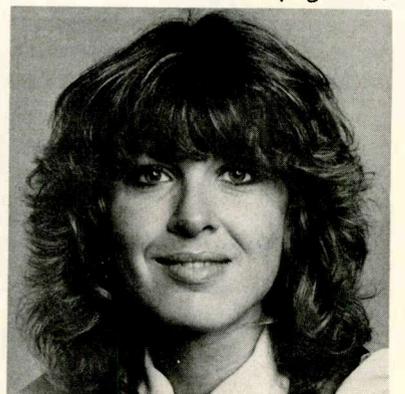
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Joe Senkiewicz, director of artist development, CBS Records International



Steve Pritchitt, director, product management, CBS Records International



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## Peter de Rougemont:

# Executive Expertise for CBS European Operations

By PHILIP PALMER

■ From offices near the Champs-Élysées in Paris, Peter de Rougemont, senior vice president, European operations, CBS Records International, with his executive team, directs the CBS Records International, with his executive team, directs the CBS Records operation throughout Europe and parts of the Middle East and Africa.

de Rougemont's management expertise in the field is backed up by his team, which consists of Alain Levy, vice president, creative operations; Patrick Hurley, vice president, operations; Jeremy Carter, financial controller; Jeremy Pearce, director of business affairs and administration; Pierre Hébrard, director of publishing; Jorgen Larsen, area vice president; Simon Schmidt, area



Peter de Rougemont, senior VP, European operations, CBS Records International

vice president, and Jacques Ferrari, currently in charge of France and Italy.

"Our regional headquarters in Europe is a dynamic organization fulfilling a mixture of staff and line functions," explained de Rougemont. "It binds together our subsidiaries in 15 different countries, all reporting to the

central Paris office, formulates short and long-term policies covering adjustments needed to keep up with changing business environments, provides international a&r and marketing direction, is responsible for supervision of the manufacturing operations field, and is deeply concerned with management resources."

de Rougemont does not regard the current state of the record industry in Europe as easy, but he says: "Although, since the oil crisis, the European consumer continues to spend with restraint, music business is fortunate to be amongst the sectors which have continued to grow—leisure, communications and health. CBS is not only taking advantage of that, but plans aggressively to increase its market share." He be-

lieves there are market segments where CBS will penetrate to a fuller extent—particularly in the local recording area.

de Rougemont is confident in the future of CBS Records International operations in Europe. "Our 1975 sales will have about doubled in 1978 if we include the activities of new subsidiaries in Iran and Italy." However, he goes on to say that competition is much tougher and this era of profit requires great professional acumen which will be demanded of our executives."

He points out that various factors have adversely affected business in different parts of Europe. For instance, manufacturers selling prices to dealers have been eroded 30 percent in Germany over the last five years (measured  
*(Continued on page 144)*

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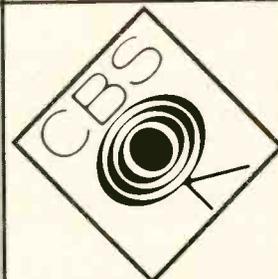
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# CBS/Sony: A Ten Year Partnership

By MIKE YUASA

■ Ten years ago CBS Records International and the Sony Corporation of Japan entered into an equal partnership for manufacturing and distribution in that country. Since then the company has grown to become one of, if not the largest, records operation in Japan.

According to Norio Ohga, president of CBS/Sony, "CBS/Sony annual record and tape sales for 1977 totaled 31,900 million yen and we are now the #1 company in Japan in terms of total production. According to 'Original Confidence Chart Action Analysis' of June 12, CBS/Sony also ranks #1 in terms of chart action.

"The CBS/Sony Group companies wholly owned by CBS/Sony, Inc. include: 1) CBS/Sony Family Club, direct mail business and door to door sales; 2) April Music, publishing and production of master tapes; 3) CBS/Sony Records, records and tapes and plant, and 4) CBS/Sony California Inc., citrus products. In addition we are involved in a 50/50 joint venture with Warner-Pioneer Corp., called Japan Records Distribution. Also, we established a new joint venture called CBS/Sony Hong Kong for the Hong Kong market."

Ohga recently announced the establishment of a new CBS/Sony joint record operation that will disperse the company's artist roster between two individual companies.

## Management Strength

"Since CBS/Sony was formed 10 years ago," Ohga explained, "we've been extremely successful and the Japanese music industry has taken note of our management strength. The success has been great but we were afraid of becoming too big to concentrate on all our artist rosters, so we feel that dividing our activities between two companies may help alleviate this problem. By artist roster, I'm speaking of both our international and domestic acts. For example, we will assign the Epic label roster and European artists to our new company. Also, since we have been so successful with our domestic roster, many new artists want to sign with us. In order to handle this influx we will split our domestic



Norio Ohga, president CBS/Sony

roster between the two companies."

Asked if he felt the CBS/Sony operation was actually too large, Ohga explained: "We feel that we've reached the limit to which a Japanese record company can expand. I think Toshiba-EMI and Victor Musical Industries have also reached this point and we find ourselves competing on the same level. No one company will be able to expand more than these big ones have, so the way to increase our share of the market will be to develop this new company to the same degree."

CBS/Sony, like the other large record operations, is facing a recent stagnation in record sales.

"After 15 years of steady increases in sales, the rate became stagnant in 1977," Ohga said. "There is no easy solution to this problem. All the record companies must make efforts to cooperate in changing this trend. Fortunately, although we are competitors, the relationships between Japanese record companies are especially good — and I think this is something unique to the Japanese industry. The results of the first half of 1978 are encouraging, so with the cooperation of all record companies, perhaps we will soon return to a trend of increased sales."

## Population

Although the population of Japan is one-half that of the U.S., multi-million selling records are still a rarity there.

"America is affluent," Ohga said. "To an American, buying a record is no different than buying a pack of chewing gum, but to the Japanese consumer records are still considered to be items of luxury. The record business in America has a much larger history than that in Japan. Maybe in the future, the Japanese market

and consumer attitudes will become the same as those in the U.S. Although there was a big hit which sold over four million in Japan two years ago, our biggest hits to date have sold only one million copies, but even this is very rare. The thought of selling four million units of one record scares me. I'd rather see several hits of one million each than one or two of four million. I'd rather have about seven of the Top 20 on the Confidence charts than only the #1 position. This is more important to me from a management point of view: to have a big successful artist roster. One problem we have at CBS/Sony now is that we have so many big domestic artists that we find it difficult to put much energy into our new artists. That's one of the main reasons for forming the new company."

Ohga credits much of the company's success to consumer insight and marketing strength.

"We try to know what the consumer wants and give it to him," he explained. "This, of course, is much more difficult in practice than in theory. To be an a&r man at CBS/Sony, one must be able to comprehend thoroughly the thinking of the average record buyer."

Asked what he felt was the most important factor in Sony's partnership with CBS, Ohga replied: "Mainly, that they realized we had a good understanding of the Japanese market and left the marketing techniques almost entirely up to us. Unlike other joint ventures, there is no foreign representative assigned to CBS/Sony from the partner company. We've had a very good relationship with CBS and this has been a big factor in our success."



Hiroshi Kanai, general manager, international a&r, CBS/Sony

# A Strong Contribution From CBS Argentina

■ Hecio Cuomo, general manager of CBS Records Argentina, sees his company continuing to make a strong contribution to CBS Records' performance in Latin America. Argentina's showing has also been impressive.

According to Cuomo, his sales gains "were contributed to mainly by a better local product. A very important factor was Daniel Magal who so far has sold 400,000 singles in Argentina and 650,000 around the world as well as additional sales by Helvio Marin, one of our new artists. At the same time, the good quality and quantity of the U.S. product released in our country contributed to our sales gains."

Cuomo's projections for the rest of this year and for 1979 are rosy.

"I see Argentina and especially



Hecio Cuomo, CBS/Argentina

our company as a natural producer for the rest of Latin American countries. This makes us also receptive to all the product released throughout Latin America."

"Crossovers" from other Spanish-speaking countries will continue to play an important part in the Argentinian market, Cuomo believes, and records by Argentinian artists should continue to sell well abroad.

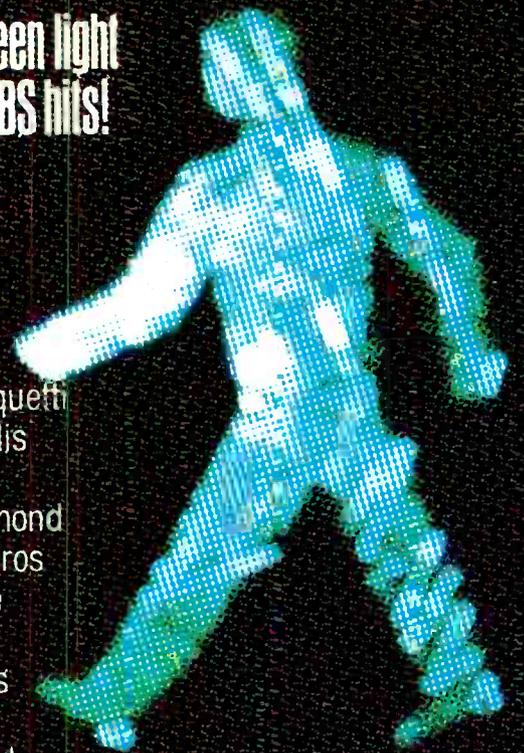
"We don't have any problems selling productions made in other Spanish-speaking countries with the exception of Spain," he says. "Their lyrics are sometimes impossible to reproduce because of the new Spanish policy towards sex and other delicate matters. We are trying to solve this problem by recording our own versions. This way we can release the good tunes. As far as the U.S. product is concerned, its penetration in our country is increasing rapidly. We could say an increase of 25 percent in our company."



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## Rudy Wolpert and The German-U.S. Connection

By JIM SAMPSON

■ FRANKFURT — Approaching the dark, modern skyscraper in downtown Frankfurt, one notices the striking resemblance between CBS's German headquarters and its American counterpart, "Black Rock." The similarity is more than skin deep, reaching into all departments of a progressive organization now celebrating its 15th anniversary. Under the leadership of Rudy Wolpert, CBS Schallplatten GmbH has developed a highly profitable two-way connection between Germany and United States.

This connection means more than providing local marketing and distribution for the company's worldwide artist roster. CBS Germany now has six artists (Wolf Biermann, Costa Cordalis, Fredl Fesl, Ricky King, Lake and Vicky Leandros) averaging sales of over 50,000 per album. Last year, Tina Rainford became the first German female singer to hit the RW Country Singles Chart. And Lake has achieved unique success on the RW Album Chart.

The CBS story in Germany started in 1963, when CBS acquired half ownership of a Frankfurt record importer. Two years later, CBS Schallplatten became a wholly-owned subsidiary. Rudolf Wolpert, a young banker with a passion for jazz, joined the team in 1965 as accounting and manufacturing assistant. In 1967, he became director of administration, in 1968 sales and marketing director, and in 1969 managing director. Since then, CBS Germany has consistently improved its market share, last year reporting a substantial sales jump with record income.

The West German market presents many challenges which CBS Schallplatten has met with unique solutions. For example, Germany does not have a cultural or economic capital. The media centers are Berlin, Hamburg, Cologne, Frankfurt and Munich. Most record companies have a centralized promotion office with one or two people in the field. CBS is the only firm with a complete promotion staff in all five major cities.

Sales and marketing director Gerhard L. Maurer: "We've got a



Rudolf Wolpert, managing director, CBS/Germany

big promotion team because we consider promotion not just an extension of a&r but a key marketing instrument, just like print or broadcast advertising. This is the main area where we're different from our competition. It means greatly increased personnel costs, of course. But it pays off in radio airplay, feature articles or TV appearances which we get for our artists, all of which are out of proportion with our market share. It also means much better support for concert tours."

Germany's state-funded television stations offer limited opportunity for domestic pop singers to get prime time exposure. So CBS has actively entered the television production field, producing showcase specials with its artists for the national networks. Notes managing director Rudy Wolpert, "I think it is a record company's obligation to help the government television produce the best programs possible."

CBS also places great emphasis on market research, an area rather new to many German record companies. Exhaustive tests have preceded the Ricky King instrumental album scheduled for television merchandising this fall.

Market research is an example of how Wolpert, perhaps more than any other German managing director, follows American music business management practices. He was the first to use the concept of product management here. He makes the most of his annual conventions, featuring extensive A/V and live artist presentations. Following the lead of the Scandinavian company, CBS

Schallplatten is installing a new computerized on-line order processing system with visual readout, providing instantaneous overview of the inventory situation. From the computer, Wolpert and Maurer can quickly obtain a detailed breakdown of marketing activities. Terminals will be at the Frankfurt headquarters, at all field offices and at the new Dietzenbach distribution center.

Some typically European problems plague CBS in Germany. Parallel imports, for example, have a major impact on pop record sales. To stay competitive with the imports, German pressings are priced lower than ever, putting profits in a squeeze. Trade with Common Market nations like England and Italy cannot be restricted, though.

Piracy and bootlegging also abound, despite a strong German law which protects domestic manufacturers. Wolpert points to a bootleg of last year's Supertramp concert, estimating unauthorized sales at around 10,000 units of that album alone. He claims he could sell 20 to 30% more pop albums without piracy and import competition.

A major challenge has been the expansion of CBS Germany's a&r activities, expansion crippled by the sudden deaths of two successive a&r directors in the mid '70s. But in Jochen Leuschner, Wolpert has found an a&r chief who is actively involved in the development of artists and repertoire.

The CBS domestic roster has developed healthily in the last two years. Costa Cordalis has been a consistently popular recording and concert artist. His band's guitarist, Ricky King, parlayed a couple of single hits into star status as Germany's top instrumental soloist. Eviction from his native East Germany turned protest singer Wolf Biermann into both a household name and a top recording act. Bavarian folk troubadour Fredl Fesl's career has blossomed, thanks to positive press notices and effective television exposure. Lake's second album sold an unprecedented 100,000 units in the first two months of release, making the

group Germany's biggest selling native rock group. Lake is also one of the top European acts in the United States. A new star of CBS Germany, Vicky Leandros, tops music polls every year as the nation's leading female vocalist.

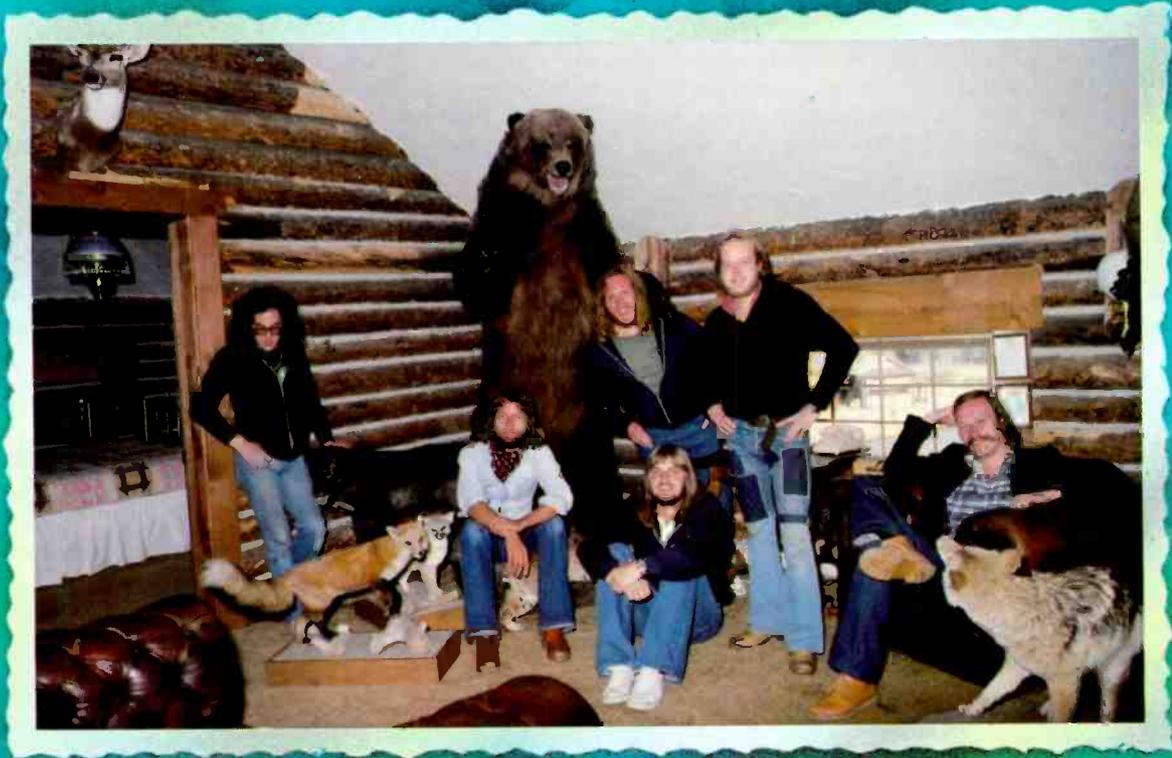
Behind this potent lineup is the CBS international repertoire, led by platinum bestsellers Santana and Simon & Garfunkel. Several U.S. artists, including Santana and Leonard Cohen, are probably bigger attractions in Germany than at home. Albums by Heart and Boston quickly climbed the German charts. The English group Sailor broke first in Germany. Supertramp's wildly successful tour last year pushed two of their A&M albums into the top ten. Neil Diamond, Johnny Cash, Chicago, Joan Baez and most recently Bob Dylan packed the country's biggest concert arenas.

Wolpert expects to improve his market share with a balanced catalog in all musical categories. "We know that we can become one of the giants in Germany only if we're active in all major repertoire segments. We've got to be stronger in our classical department, and with children's records, which are enormously popular."

Leuschner notes that different markets have different tastes, different "mentalities" as he puts it. "R&B is hard to sell here, at least harder than in other European markets, as is a lot of the U.S. country & western catalog. But there are a lot of similarities between many European pop productions and the more pop-oriented American country songs. That's why Tina Rainford, for example, had such success with 'Silver Bird.'"

Analyzing the company's outlook for the future, Rudy Wolpert comments: "We now have a splendid organization and an excellent international and local artist roster. But our primary task will remain to find more new talent and bring it all the way to the top."

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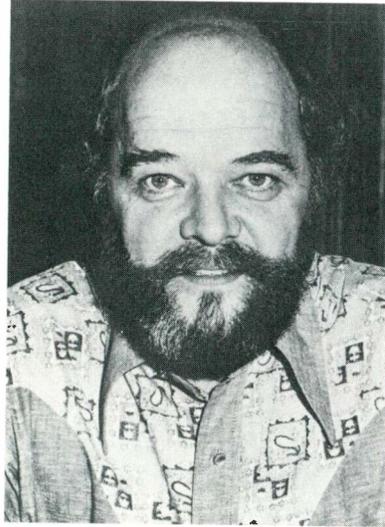
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# CBS RECORDS

## CBS Holland Seeks to 'Maximize the Hits'

By JIM SAMPSON

■ The managing director of CBS Grammofoonplaten B.V., Allen Davis, is typical of a new breed of international executive—constantly on the move, familiar with many world markets, able to fill in whenever and wherever needed. In his five years with CBS International, Davis has worked as marketing and sales director in England, European marketing operations chief based in Paris, and most recently VP, creative operations at the New York headquarters. He packed for Holland on relatively short notice when John Vis left the Dutch CBS last month to become more active as European creative consultant for CBS International. By this time next year, Davis expects to have found a Dutch successor as managing director and be on his way to a new assignment in some other corner of the world.



Allen Davis, acting general manager, CBS/Holland

Davis was already familiar with the Dutch market before he took over the company, needing only an update from his new associ-

ates. There is heavy retail discounting in Holland, according to marketing director Paul Tesselaaar, who also notes that manufacturer's pricing is becoming a sales tool. Multiple shops and department stores with large record sections are expanding rapidly, as are clubs with their retail subsidiaries. But the explosion of pirated product is outpacing legit record company sales in some areas. There have been several crackdowns on the counterfeiters this year, nabbing thousands of copies of Neil Diamond's "Beautiful Noise" album, among others. Still, the legal picture in the Netherlands is clouded by lack of anti-piracy laws or clear legal precedent. (The country has not signed the Treaty of Rome, which means the manufacturer is not protected here.) Davis thinks most retailers would cooperate

in tracking down the sources of bogus product if they could only identify the real thing from the fake. "I've looked at pirated product since I've been here, and the quality of it in terms of graphics is superb," says Davis. "I don't think you'd notice any difference by looking at the covers."

### Fighting Piracy

Estimates by Davis and by the Dutch mechanical rights society STEMRA suggest what inroads illegal recordings have made in this market: 7-10 percent of pop sales from bootlegs, 40 percent of cassettes and 25 percent of discs illegally manufactured. CBS is working with STEMRA and with the Dutch IFPI group NVPI to form a united industry front against illegal recordings.

(Continued on page 162)

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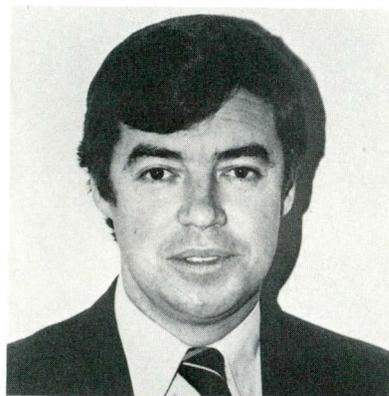
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## Patrick Hurley: Growth and Expansion in Europe

■ Patrick Hurley, vice president, operations, Europe, joined CRI's Paris office seven years ago as European financial controller and for the last two years has been responsible for the key areas of operations planning and personnel.



Patrick Hurley, VP, operations, Europe

"By 'operations' is meant the manufacture and distribution of our product and the determination of intercompany pricing in our region," said Hurley. "As the bulk of our business is done in the western continental area, embracing Germany, France and Benelux, we have our biggest continental plant, together with our central warehouse and distribution center, in Haarlem, in the Netherlands. This set up enables us to supply our major markets overnight—a service we believe to be second to none in

continental Europe. We also have plants in Spain and Israel supplying local markets with records and cassettes and have a singles factory in Germany.

"The rapid growth of our business has meant that our facilities have been continually expanded

and we have now reached the stage in Europe when we must implement our manufacturing strategies for the 1980s. The first step has been taken in Britain where work is well under way on our new plant in Aylesbury. This plant will serve as a back-up to Haarlem in supplying continental needs until our new continental manufacturing facilities are ready. You will now see where 'planning' comes in," continued Hurley. "We've got to be able to predict with reasonable accuracy how many singles, albums and cassettes the public will buy during the next ten years and our share of that market if we are to size our manufacturing and warehousing facilities right. We've also got to cope with the impact new technology will have on the marketplace."

Hurley explained that his responsibility for personnel was a carryover from his previous position in which he had developed salary guidelines and productivity ratios for affiliate and regional management and become involved in the development of CRI's personnel and benefits policies for the region. "However," he continued, "my most important task in this area at the moment is to find an executive capable of taking over these responsibilities. It's not inappropriate to conclude on the topic of personnel," said Hurley, "as our ability to attract and develop the right people in this business is the key to our being able to attract and develop artistic talent and make their work available to the wildest possible audience."

## Maurice Oberstein Puts His Experience To Work

■ If it wasn't for the fact that he is managing director of CBS Records United Kingdom, Maurice Oberstein could earn a fair living as a stand up comic. Oberstein's dry wit, edged with sarcasm, hides years of experience and expertise in the business of selling records.

Oberstein has been managing director of the CBS Records operation for over three years and during this time with the company has been mainly responsible for the continuing growth pattern initiated by his former managing director, Dick Asher.

"I have put together a new team of people to carry on the success of the company enabling CBS U.K. to be one of the most highly regarded record companies in the marketplace."

Oberstein is quick to point out the team effort of CBS citing factors from the varied CBS talent roster to the expertise of all departments of the company: artists & repertoire headed by Muff Winwood and Peter Robinson; marketing headed by Tony Woollcott; sales headed by John Mair; and the like.

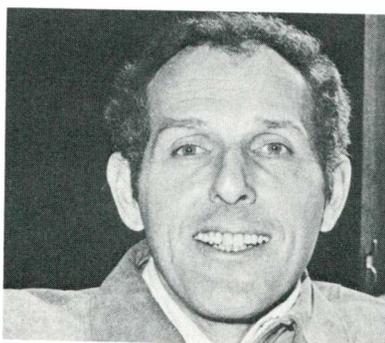
CBS has always been a talent oriented company and Oberstein believes that one of CBS' strengths is getting talent shown throughout the market. "We concentrate very heavily on exposure

via radio, TV and the like and we are very fortunate in having artists who can travel freely throughout the U.K. and Europe in concerts; the recent Bob Dylan appearances is an excellent example which has converted into enormous chart success. Another recent example of the company's abilities is the rapid rise of Jeff Wayne's "War of the Worlds" to the top spot on the U.K. chart.

"Our strength lies in our ability to build and sustain catalogue artists like Tina Charles, Neil Diamond and ABBA, yet at the same time to develop newer artists like Crawler, Cafe Jacques, Meatloaf, Billy Joel, etc. The success lies in the blend, it's like a football team and this is why we have enjoyed a healthy growth over the last five years."

It is the tremendous success of the CBS U.K. operation which prompted CBS Inc. to invest in the new multi million dollar manufacturing plant in Aylesbury, Buckinghamshire which is currently being built. The plant should be ready for record production by July 1979.

The CBS Records expansion program has included the switch of the recording studios to 24-track facilities, the tape component plant in Bridge End and the major build up of its music publishing company, April Music.



Maurice Oberstein, managing director, CBS/UK

"We are confident that we can build April Music to become one of the top music publishing companies in the U.K."

Adds Oberstein, "The big problem in the music industry at the moment is how to build a bigger and better record industry in the U.K. All the original music industry leaders are nearing retirement and it was these men who brought the industry to the level it is today. The industry has not grown in terms of unit sales. This has been because of rapid inflation, unemployment, the economy has been stagnant.

"I believe that there will soon be a growth in regional warehouses and one stops and they will expand the business into non-traditional outlets, there will be more records in racks in places like grocery stores. Rec-



Norman Stollman, senior director, CBS/UK

ords will sell if they are properly displayed and marketed. We sold one million copies of the ABBA album before we decided to advertise it on television, and the result was we sold another million copies.

"I believe that this is the dawning of the rack era, there will be a terrific explosion of racks in areas of high traffic."

Oberstein feels that CBS' main weakness has been its failure in building a first division British act which can sell in quantity throughout the world.

"At CBS we have built a diversified record company and we have the flexibility to sign all comers. We must not allow other companies to have an area of the market to themselves, we have the facility to sign all kinds of talent, and we do."

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## Simon Schmidt: Covering Israel and Other Countries

By PHILIP PALMER

■ As area vice president, Simon Schmidt is responsible for the activities of the CRI companies in Israel, Iran, Greece, Cyprus and West Africa.

Apart from the Israeli record company, which has been established for 16 years, all of the companies under Schmidt's direction are relatively new. The Iranian company is one year old, Cyprus has been going for seven years, while the Greek company is two years old. A company is in the process of being registered in Nigeria.

Without question the Israel company, which is managed by his wife, Shirley Schmidt, is the most successful.

The breakdown of product in Israel is 35 percent local and 65 percent international. The major artists in this territory are



Simon Schmidt, regional director, European operations

Chava Alberstein and Yehoram Gaon, which both sell considerable quantities on singles and albums.

The Israeli company has around 70 percent of the market and this impressive figure is regardless of devaluations and tensions of war which have affected the country over the past few years.

Schmidt estimates that 90 per-

cent of the product available in Iran is locally recorded, the rest is pirated. In addition 25 million cassettes are sold a year.

"Iran is traditional pirate market," explained Schmidt.

Tape piracy is a great bone of contention for Schmidt in these territories and he is ever on the look out for new ways to introduce combat measures.

Schmidt sees his role as that of a supervisor for the countries under his control and undertakes regular visits to the companies

concerned to ensure that the operations are running smoothly.

He is ever on the lookout for new territories to establish a CRI operation, "and this is preceded by in depth market and economic and legal studies of the areas involved. For instance, we have far more African countries on our lists, but the main problem is that of executive manpower. Israel is a fully integrated company and several people have been sent there for management training."

**Peter de Rougemont** (Continued from page 134)

in local currency). Also, appreciation of the Swiss franc has exposed the Swiss market to imports from neighboring countries and de Rougemont says, "Our Swiss company recently had to take a cut of 20 percent in prices. The result for CBS has been in-

creased volume."

**Spanish Company**

de Rougemont is justly proud of the Spanish company, which is one of the most successful in the CRI division, and probably holds the No. 1 position in the Spanish market.



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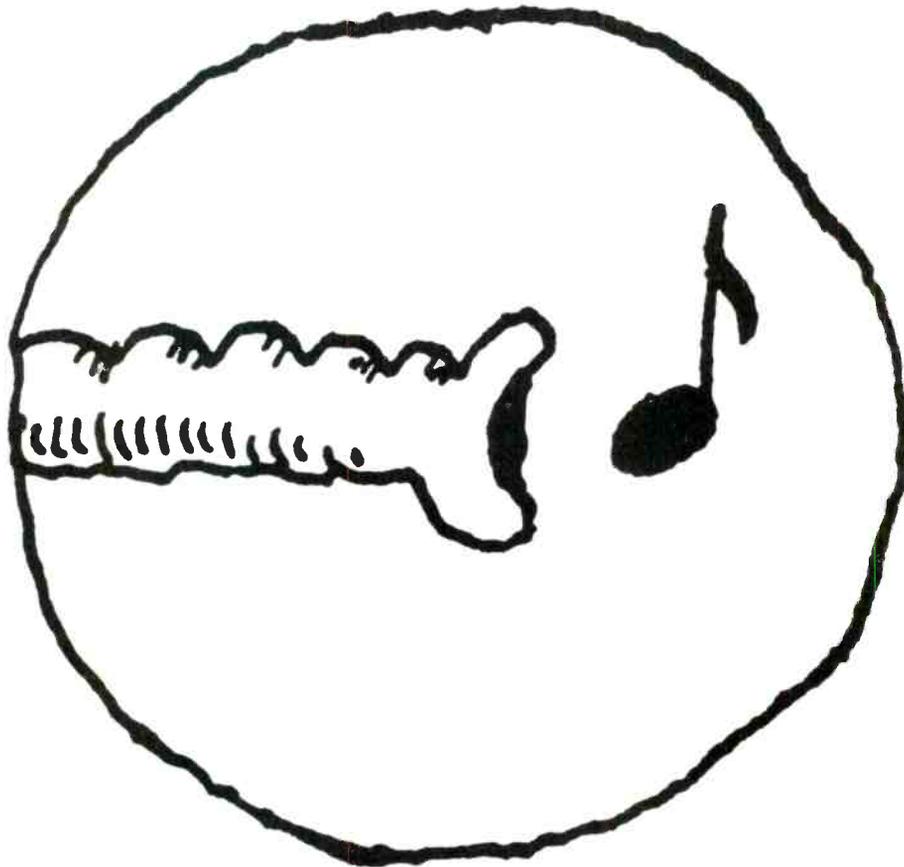
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## Alain Levy:

# Sophisticated Strategies For the European Market

■ In his post as vice president, creative operations, Europe, Alain Levy, along with his staff of 13, is responsible for all of CBS Records International's marketing activities throughout Europe. Apart from signing acts on an international basis, Levy initiates marketing campaigns, although each CRI company in each territory will take up with its own particular approach suitable for the market area.

Levy reports that CBS has the most sophisticated marketing approach and that several acts have been broken via this most important medium. He cited Kansas and Earth, Wind And Fire as prime examples.

"We sent around 20 European journalists to America to see Kansas in concert to generate

media interest and we sold 40,000 albums as a solid base in Europe to coincide with a European tour in March. We are now close to 200,000 units," he indicated.

Levy has four heads of departments working with him, David Rossiter, who is responsible for classical product on a centralized basis from Paris; Richard Thomas, who looks after American and UK pop repertoire, coordinating and initiating artists tours and releases; Susie Glespen and Manolo Diaz, who look after European artists development.

Levy stresses the importance of CRI's international acts which have broken throughout Europe in recent months, namely Raffaela Carra and Umberto Tozzi. The first singer is fast approaching a million singles sales with "Do It,



Alain Levy, vice president, creative operations, Europe

Do It Again," and Italy's Umberto Tozzi, signed to CGD, who after scoring in his local Italian charts soon broke in France and Ger-

many with two million sales to his credit.

From his Paris offices, Levy and his team will gauge market trends in each European territory; the disco market is still very strong with other European product gaining strength over American product.

Levy sees the Paris operation as an important and integral part of the entire European network. "Most merchandising material on U.S. acts, biographies, and photo sessions on European acts will come out of the Paris office and will then be distributed to the various companies in the group."

Levy and his team have just finished a major European campaign built around the new Bob Dylan and Bruce Springsteen albums.

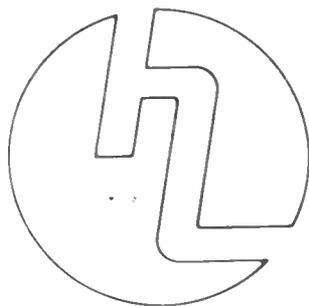
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## M. Richard Asher

(Continued from page 131)

industry-wide slippage really, which does not affect the non-U.S. artists as strongly. European artists have been delivering product more on schedule: that's contributing to our good performance with their album and single sales. But you could say that the second quarter has been a bit of a hodge podge in terms of business: in some places it has been very good for us; in some places not as good. We look for an excellent third and fourth quarter.

**RW:** Have the market conditions, that you identified earlier, affected the balance of domestic artists versus international artists that are enjoying success overseas? You identified that percentage at about 50/50 in January.

**Asher:** We don't have a scorecard on that month-to-month, and the 50/50 number involves some 90/10's, some 80/20's and some 20/80's. For example, the Canadian company obviously relies on U.S. product to account for much more than 50% of its total sales. For the Mexican company, that reliance is much less. Yet, these are two countries which border the United States. When I give you a 50/50 number, it's a compilation from all over the world, and it's a fairly rough figure.

**RW:** How has the soft market that you've described affected new artist development?

**Asher:** For new artists, it's much more important that they have hits than sales numbers. If the market in a given country is seriously depressed, and only selling half the number of units that it sells in normal times, then with a new artist it's still a fight to get into that country's Top 10 or Top 50 or just to get on the charts at all. But, initially, that recognition is what we're looking for. Ultimately, the units and the dollar volumes are very important because, after all, CBS is interested in what the bottom line is. But, in terms of breaking new artists, we're not looking to make money the first shot. We're looking to break the artist, and get this initial success rolling. Sometimes, when the market is a little soft it pays to increase your efforts on new artists because the other companies are pulling in their horns and giving you a better shot. For example, in the first six calendar months of 1978, we have broken some big new artists. For one, Meatloaf is an international star now. He's knocked "Saturday Night Fever" out of the number one spot in Australia. He's triple platinum in Canada, high on the charts in England and he's selling well in most of the European markets. Eddie Money is breaking in a lot of places. His first album is already gold in Canada and he's beginning to break other places too. Billy Joel, of course, was known before, but really reached star status in a tremendous number of markets since the beginning of the year. Umberto Tozzi, an Italian artist, is exploding in Europe. Raffaella Carra, another Italian artist, has done tremendously well throughout Europe, including the UK. Lake has broken through in Germany now, after they broke here.

Kansas is now starting in England and throughout Europe, Japan and Australia. Cheap Trick has gone through the roof in Japan generating a superstar craziness there, and they're breaking in a number of countries overseas. And, Mother's Finest is now breaking throughout Europe, starting in Holland and Germany.

**RW:** What accounts for this level of success?

**Asher:** In some of these markets, if you get things going your way, they'll happen much faster. There is probably no program today on U.S. television where you can showcase an artist via film footage on, say, a Sunday, and by the following Tuesday, you're selling a lot of records. It happened like that with the Ed Sullivan Show, years ago. The Beatles were on Ed Sullivan and the next day they were selling through the roof. We don't have any television show like that in the U.S. anymore, but there are still some shows in various overseas markets that can create that direct effect. The Meatloaf film was striking: it went on television in England and Australia, and the album just started selling. When I say just started selling, there were a lot of other things being done at the same time, but the response to television was absolutely measurable. It was on one night, and the following day, dealers were ordering. Things can happen faster in Europe. Mother's Finest made a knockout appearance at the Pink Pop Festival in Holland which is a very visual event as festivals are. At festivals, there are a number of acts on the bill; they all do reasonably well, but somehow one happens to catch the public. That's what happened with Mother's Finest. Eddie Money was the result of a lot of hard work by the Canadians, who really believed. They just kept slogging at it, and finally brought the record home. Now, none of this is done without good records and good artists. Given good talent, things can happen quickly, if you work hard at it. Some happen faster than others. Cheap Trick is the result of a combination of factors. The group was building in Japan for a long time. The Japanese thought that Cheap Trick would be a good artist for their market. As far back as a year or a year-and-a-half ago; they were already thinking about it and working on it. They were doing fan magazine stories and things like that. The Cheap Trick story in Japan was a true press triumph. This illustrates how important the international music press can be. After the press build-up, we set up, and arranged, a Cheap Trick tour in Japan. Frankly, at the time this was arranged, Cheap Trick still hadn't made it big any place else including the United States. They were doing well, but when this tour was set up, they were still slogging everywhere. It took a certain amount of foresight, and, I guess, big international thinking on the part of their management to even consider going to Japan. The trip required a tremendous amount of preparation. But, when they got to Japan, the preparation paid off. Their arrival was like setting a match to a tinder box. The groundwork had been laid.

(Continued on page 154)



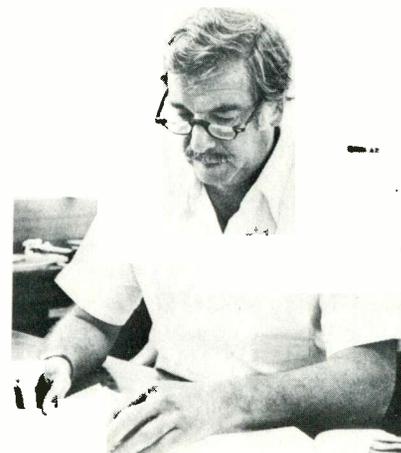
Percy Galendo, managing director, South Africa



J. A. McCready, general manager, CBS Records, New Zealand



Jaroslav Sevcik, managing director, CBS/Austria



Sol Rabinowitz, managing director, CBS/Greece

# In Holland, We're CBS's Favorite Shrink

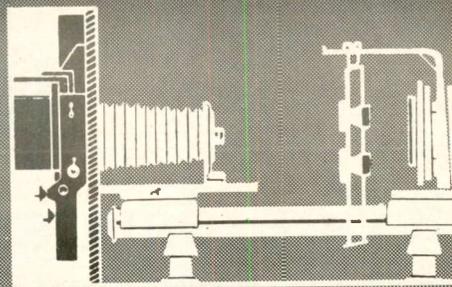
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# Russell Coordinates Creative and Administrative

By DAVID McGEE

■ NEW YORK — Of the many duties that fall to Paul Russell as vice president of administration, CBS Records International, among the most important are music publishing and label negotiations.

In the area of music publishing, Russell defines his function as "making sure that the creative and administrative elements are properly coordinated and that they in turn work closely with our business affairs people so that we run our international music publishing activities as a business and get our priorities right in that area. We've been working very hard trying to get our administrative procedures as streamlined as possible, and I think we've got the administration of our international publishing in very good shape."

Russell is quick to point out, however, that administration is far from the be-all and end-all of his job. Being aggressive in the creative area is equally important. "We go after the things we think are interesting to us internationally in publishing. We try to get them, rather than wait for them to come to us. Also, we're gluing our people together internationally. We're having two days of publishing meetings at the CBS convention, for one. As a unit we're being more aggressive because we're getting together more often and talking and pursuing things together rather than as a lot of separate little units."

When Russell speaks of being creative in music publishing he includes to those extra-administrative duties that make a company attractive to a potential client—such as serving as a sort of reserve promotional force for artists whose songs are not likely to be covered. "If an artist like this goes on tour his publisher should be involved in making sure that that artist is exposed properly and that his records sell as many copies as possible, because that all means more publishing income and more money for the writer."

"And then there's the purely creative side of the business, which is putting the right song with the right person, getting covers when possible and helping writers develop. We've set up

creative systems, basically ways for our publishing companies to get their music exposed. Making sure that everybody hears as much as possible, gets tapes,



Paul Russell, VP, administration, CBS Records International

records, etc."

In recent months CBS has concluded international label deals with A&M and T.K. records. The most recent acquisition, and one Russell worked on, is Jet Records. What was CBS International Records looking for in this case? Mutual trust, for starters. "You've got to start from that position," he explains. "They're placing their label—a valuable financial commodity, but also an emotional commodity—with what is basically a competitor. So there's got to be a lot of mutual trust before you even start out."

"The second thing is you've got to have faith in the people who are running the label, because obviously we want to have

good product from that label. That's what it's all about. We don't want to just add releases, we want to add sales. And ideally what we're looking for is a small number of releases and a high number of hits. Jet is a relatively small label. Out of six artists on its roster at the time the deal was made, three were on the charts—and one of the six didn't even have a record out yet. So actually three out of five acts were on the charts. That's a pretty good start."

And what is Russell's trump card come negotiating time? CBS's impeccable reputation. "Every label owner wants to be sure he's protected in the event the faces change at a company," he says.

## William Smith: Developing the Australian Market

■ While the Australian record market may on the surface appear to be one clouded by geographic isolation, William T. Smith, VP, managing director CBS Records claims that the market is oriented toward rock albums from the United States and the United Kingdom. Key artists currently include acts like Meatloaf, Billy Joel, Neil Diamond, Bob Dylan, ELO and Boz Scaggs along with local talent such as Dragon and Sherbet.

The CBS staff is headed by Smith while other key personnel include Barry Bull, national marketing manager; Bob Eadie, national sales manager; Dennis Handlin, national promotions manager; Alan Galbraith, executive producer in the A&R division; and Bill Hagan, manager of manufacturing operations. In the finance and administration department there is Alf Watts, general manager; Peter Jeyes, financial controller and John Hayes, business affairs manager.

According to Smith, completion of the market is marked by competition between a few major companies. "The wholesale market is largely controlled by subsidiaries of overseas majors such as CBS, EMI, RCA and WEA with competition between them active but not cut-throat. The largest retail outlets being the record departments of the chain stores. The rack jobbing and dis-



A.W.T. Smith, managing director, CBS Records, Australia

counting of retail sales are not confined to isolated record bars."

The problems of the Australian record market, according to Smith are three fold with the most serious being the influx of imported product including unauthorized and pirated material which comprises approximately ten percent of the market. There is also a lack of experienced sales and promotion people at both the wholesale and retail levels, Smith claims, which probably accounts for the fact that there has been no real overall growth in the market during the past four years.

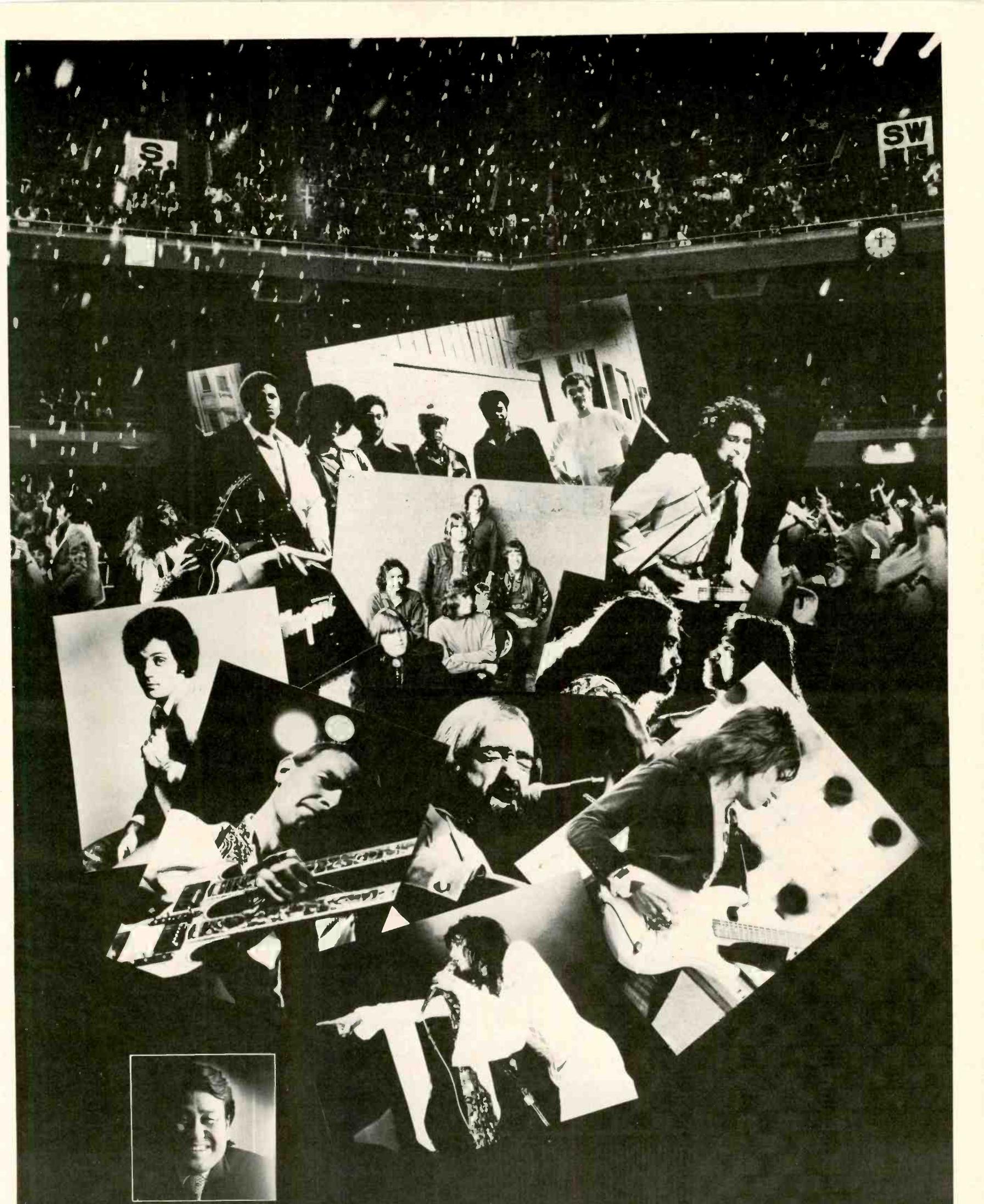
"Opportunities are limited," he says, "but they exist for major promotional campaigns to break artists such as Boz Scaggs (whose

Silk Degrees is 7 times Platinum) and Meatloaf (whose debut lp is four times Platinum) as well as to encourage the acceptance of local artists' product in general."

Despite the fact that the market has not seen much growth of late, Smith points out that CBS growth has continued while it has remained the number one company in the country by being "aggressive with point of sale advertising, product presentation sessions with retailers and promotions directed at consumers through sustained radio and television advertising."

"Artist development is another key factor in CBS' success," according to Smith, with increasing importance and concentration being placed on a "modest number of acts who we believe have not only talent to perform but also to create their own material. We have had great success with Air Supply who recorded and released an album in the U.S. last year, and Dragon and Contraband, both of whom have been impressive overseas where they have been signed by Portrait."

"We have a reputation as the best local artist producer in the market through people like Peter Dawkins, our former executive producer, who was appointed Director of A&R for Portrait in the U.S. recently, and we are confident of maintaining that prestige through his successor, Alan Galbraith."



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## Latin American Operations' Strength

■ In 1977 CBS International moved its Latin American Operations from Mexico to Coral Gables, Florida. Since then, under the vice president, Latin American Operations leadership of Nick Cirillo, the LAO operation has grown to become a key factor in the success of CBS' Latin success, coordinating and directing the activities of the company's six wholly owned subsidiaries and various licensees in Latin America. Reporting to Cirillo are Ron Chaimowitz, director of administration & planning, Fritz Hentschel, director a&r, marketing & controller, Juan Estevez, director of business affairs, also area directors, Manuel Villarreal, Guillermo Lopez and Juan Truden.

This is an all around team. They know our business inside and out, and most important, they recognize the significance of Latin America in today's market.

That significance is increasing, as the across-the-board sales gains made by Latin American countries demonstrate. According to Cirillo, "All Latin American CBS subsidiaries have experienced an incredible year. Roberto Carlos broke all Brazilian sales records this year. Vicente Fernandez is still the most outstanding "ranchero" singer in Latin America. Leo Dan continues to be a success in Mexico and the rest of the continent. Claudia de Colombia, a phenomenal artist in her native country and Daniel Magal, a huge success in Argentina."

And, Cirillo says, Latin artists aren't the only ones enjoying Latin American success.

"No, not only Latin American artists have reached unprecedented sales, but also U.S. artists and top artists from our European subsidiaries have reached new heights this year. From the U.S. we have Barbra Streisand with "A Star is Born," Johnny Mathis with "Too Much Too Little Too Late," Kansas with "Leftoverture" and "Dust in the Wind," James Taylor with "Handy Man," Simon & Garfunkel with their "Greatest Hits," Earth, Wind and Fire with "Fantasy" and "All in All," Billy Paul with "Only the Strong Survive" and, of course, Ray Conniff with a series of steady sellers. From Europe, Tina Charles continues to be the absolute queen in Brazil. The Italian success, Gigliola Cin-



Nick Cirillo, VP, Latin American operations, CBS Records International

quetti, Spain's Julio Iglesias with a magnificent new album, Lolita and Miguel Bose, two new sensations, Colacho Mendoza from Central America and many others have contributed to the success in each country and at the same time helped the growth of each countries' success."

Cirillo also predicts a strong '78 and '79 for the Latin American record market.

"The overall Latin American market's future is possibly more promising than during the last ten years. Political stability, a controlled inflation and reduced devaluation should project an unprecedented growth for the coming years. The previously exclusively national artists are becoming known figures all over Latin America; the amounts of sales per record that are being experienced this year and that we are projecting for 1979 were never before heard of."

According to Cirillo, the cross-marketing of music from one Latin American country to another requires special attention, and CBS has handled this well.

"Music is the international language. Additionally in Latin



Armando Dellano, executive VP & general manager, CBS/Mexico

America we have a language with only one basic root, and the musical heritage is basically Spanish with different rhythmical influences. Music from Argentina is widely accepted in all countries; Daniel Magal is the latest example of such acceptance. Brazil is a continuous producer of new incredible artists like Miss Lene and Claudia Telles, but foremost, Roberto Carlos is the most outstanding Latin American artist. Colombia with its cumbia and vallenatos interpreted by Colacho Mendoza and Heberto López are good sellers in various other countries, and Claudia de Colombia is released by all our subsidiaries. Mexico has been known for its beautiful folklore with well known artists as Vicente Fernandez, Felipe Arriaga, Hermanas Huerta, Cuco Sanchez and many others and outstanding ballad singers such as Manoella Torres and Gualberto Castro. Tropical Music groups such as La Sonora Santanera, are well known too. All these recordings are released all over Latin America and are living proof of the acceptance by all countries of what was produced in all others. In addition Latin America releases productions of our Spanish subsidiary, and at the same time Latin American artists such as Los Panchos, Las Palomas, the late Jorge Cafrune and Josinho de Imperio are well known in Spain. New artists on our label, such as Julio Iglesias, are accepted in all Spanish-speaking countries. This is another example of general acceptance of an artistically valuable product in Latin America.

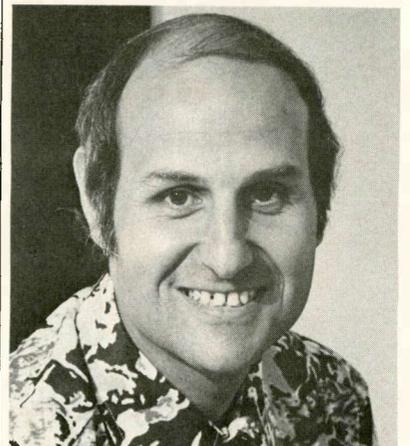
"CBS and Latin America are synonymous. Names such as Roberto Carlos, Vicente Fernandez, Claudia de Colombia, Daniel Magal and success are also synonymous."



Carlos Gutierrez, general manager, CBS/Columbia

## Harvey Shapiro On CRI Publishing

■ NEW YORK—"CBS Records International has no real central publishing company, we're all over the world," says the director of music publishing operations/international Harvey Shapiro who has headed the division since the beginning of the year. CRI's music publishing is a tightly knit structure of about 17 offices around the world which coordinate their work to achieve a goal, set by CRI president M. Richard Asher, and Shapiro, "to be the best international publishing company in the world."



Harvey Shapiro, director, music publishing operations, CBS Records International

The New York office has assumed somewhat of a central position since Shapiro took over, with it carrying on two basic functions. On the creative end there is the constant search for publishers and catalogues for the company to represent. Much of the legwork to secure covers and airplay is done by the company's large international staff. Administrative functions are also taken care of in New York to settle on contracts, administer royalty payments, and deal with contractual obligations. Shapiro emphasizes the importance of "doing the job well administratively and creatively to be effective." The day-to-day functions of the publishing division revolve around this philosophy to spread the relatively small division's reputation and attract new clients.

In the form in which it now exists, CRI Music Publishing has been around for under a year but, Shapiro says, "we have been in existence in one form or another for over a decade." Cur-

(Continued on page 160)

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# CBS RECORDS

## M. Richard Asher

(Continued from page 148)

The group provided the fire by coming. Their trip was a fantastic triumph and the record sales have been commensurate.

**RW:** How integral a portion of your success is CRI Music Publishing?

**Asher:** It's not yet significant in terms of the dollar volume. On a comparative basis with international music publishers, our sales and profits probably rank fairly well. In terms of the overall picture, it's still a fairly small part of our volume, but it's growing, and it's something that we believe in very strongly, and we're working very hard at it. Basically, we've been working hardest at getting our organization together so that it truly functions as an international music publishing operation. We had a feeling before, that we, and most of our competition in the international music publishing business, were really a sort of loose group of national publishing companies whose own interests were paramount, and who really didn't think of the world outside of their own territories that much. We believe that the approach must be to think of music publishing as international, just the way we think of record sales as international, and more importantly, the way we think of artists as international. We look at artists on an international basis and we're continually working on coordinating between the companies to maximize our success, not only in each market, but to spread that success to other markets. We decided to attempt to take the same approach in music publishing. In order to do that, one of the first things we had to do was to try to structure our publishing organization that way. Some of our efforts in the last year and a half have been devoted toward devising the structure and the systems and all the mechanics of making this possible. You can imagine with music publishing that's quite a bit of work. I guess it's been about 12 years since CRI was formed and it's taken that long to get us mechanically to the point we are at now in terms of coordination, information gathering, liaison, etc. for records. In a sense, we are trying to do the same thing, but much more quickly, in the music publishing area. We are still in a growing stage, although our performance is very significant if you compare us with other music publishers. I really believe the best is yet to come as we move now more firmly into the creative arena, having just completed new deals for Billy Joel, Janis Ian and Albert Hammond's publishing.

**RW:** How significant is international publishing in terms of long-term growth potential?

**Asher:** I believe it will prove to be a significant growth area. There are a number of factors that I can see working in that direction, not the least of which is that there are a number of places in the world where the pure rights in music, copyrights, etc. are just being

When a record represents, say, 10% of a month's salary for the average

“man you can see the problems that economics raise.”

established. There are a variety of reasons it's taking so much time, and the reasons vary from place to place. Perhaps, some of the excitement in years to come will stem from the creativity that is beginning to surface now in these newly developing areas of the world. It's going to come in a lot of places in the world that are not generally thought of as creative centers now, but we believe have great potential for musical creativity in the future and we want to be there.

**RW:** You've said repeatedly that CRI will continue to expand in every area of the free world. How are your expansion plans proceeding?

**Asher:** There are at least a half dozen areas in the world presently under study for new CBS companies, but these things are taking time. In Iran, where we've recently formed a company, we're doing extremely well with local repertoire, but we're finding out a lot of things that we didn't know before that make doing business there more difficult than, again using the other end of the spectrum, New Zealand, where we have also just formed a company. For one thing, there's a seasonal nature in Iranian business which is not the same as the seasonal nature of ours. If you start a record business in New Zealand, you expect to have your heavy sales at Christmas like every place else in the "Christian" world. This isn't necessarily true in Iran; there, the peaks and valleys come at a different time of the year. We have some apparently very talented artists in Iran if you listen to the records, although it's totally different music to our ears. This doesn't mean that we're any less bullish about these newly emerging areas; it just means that there are sometimes more problems and you can't operate as quickly. In some, the protection of the rights of record companies and songwriters is really in its infancy—so we prefer not to jump in and start a company but to proceed step by step.

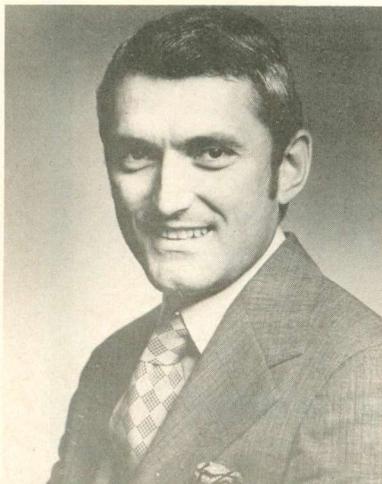
**RW:** Is CBS the first international record company in Iran?

**Asher:** Yes, definitely we are the "pioneers."

**RW:** One of the problems you have identified at CRI is the vagaries of the different economies with which you have to deal. How big a problem is that?

**Asher:** It's a tremendous problem, because we're talking about various places in the world which differ one from the other. It's easy to pick extremes at times, but the problem in picking an extreme is that people get the idea that this is a generality rather than an extreme. Argentina is an extreme. The inflation there is just unbelievable, over 140% in the last year. There have been severe economic problems. We have a very strong company there, and the company continues to pick up market share; we're doing all right. We're making some money there; in fact, we just had a big international hit in Argentina. But, unquestionably, we could make more money and do far better, and sell far more records if the economy was better. In the last year, industry lp sales have fallen off between a third and a half, just in units. Some of it has to do with the fact that they have raised prices a little bit which they hadn't before. But, some of it is just bad economic conditions. When a record represents, say, 10% of a month's salary for the average man, you can see the problems that economics raise. We're not depression-proof. That's a myth. We have an industry which offers low cost

(Continued on page 156)



Norman Block, general manager, Switzerland, CBS Records International



Stig Von Bahr, general manager, CBS/ Sweden



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CBS/COLUMBIA INTERNACIONAL, S.A. (MEXICO)

# CBS RECORDS

## M. Richard Asher

(Continued from page 154)

entertainment, and therefore, is less subject to the effects of a minor recession than the sales of yachts or high ticket items like that. But, to say that we're unaffected by economic conditions is nonsense. Obviously, at some point, everybody is affected. When you reach the extreme such as Argentina has, you are very affected by it.

**RW:** What are some of the particular developments on the consumer front internationally aside from economics?

**Asher:** One of the noteworthy things is that the amount of playback equipment has increased quickly in some of the underdeveloped areas of the world. Obviously, these places have raw materials to trade, and one of the things they get back is cassette players which seem to be multiplying throughout the world in great numbers. It not only increases the number of consumers, but actually provides us with a lot of consumers who skip a generation of hardware. Their first piece of playback equipment is a cassette player rather than a turntable that plays discs. Spain is an example of a country where we have many artists selling more cassettes than discs. In addition, the rate of record consumers is growing much more quickly in Latin America than it is in Europe.

**RW:** In addition to CBS product, you also market A&M Records product in Europe, and TK product throughout the world outside the United States and Canada. How important is that part of your business?

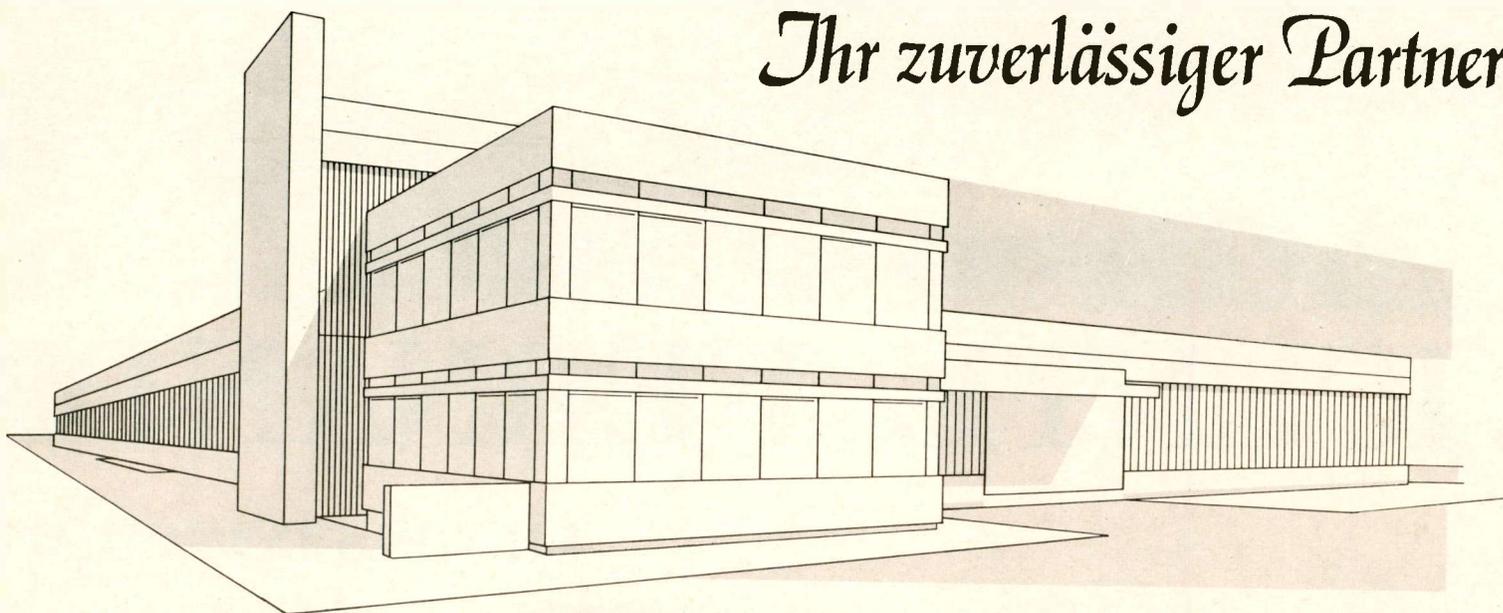
**Asher:** It's very important, because the labels we selected are

particularly known for their creativity and for the uniqueness of their artists. We believe in the creative forces behind these labels and that's what motivated us to make the deals. Both of the deals, though, are much too new to say if they had tremendous financial significance, but I believe time will tell that is, in fact, the case. These are good deals; they are good deals for everyone. We've also made some international deals with artists that perhaps, were a little unusual. They involved multi-company efforts and multi-company pooling in a true sense to acquire international artists whose home base was a fairly small country. A recent example is Julio Iglesias, a Spanish artist. We're doing very well with Julio on the very first album that's out. It's very early on, but already things are going very well, and we're quite pleased. Again, it's this international coordination.

**RW:** Could you elaborate on this sense of coordination?

**Asher:** All of our companies are working together on it. This is really novel in Latin America, where everybody had a tendency to operate as if their particular market was the only place in the world. For years that was all that they needed to do, but now, they are working together and it's showing. We have tremendously beefed up the Latin American staff. We moved the offices to Coral Gables (Florida) because we felt the communications were better there. It's showing, for example, with James Taylor breaking in Brazil and Argentina. And when I say break, I mean break big. That would

(Continued on page 158)



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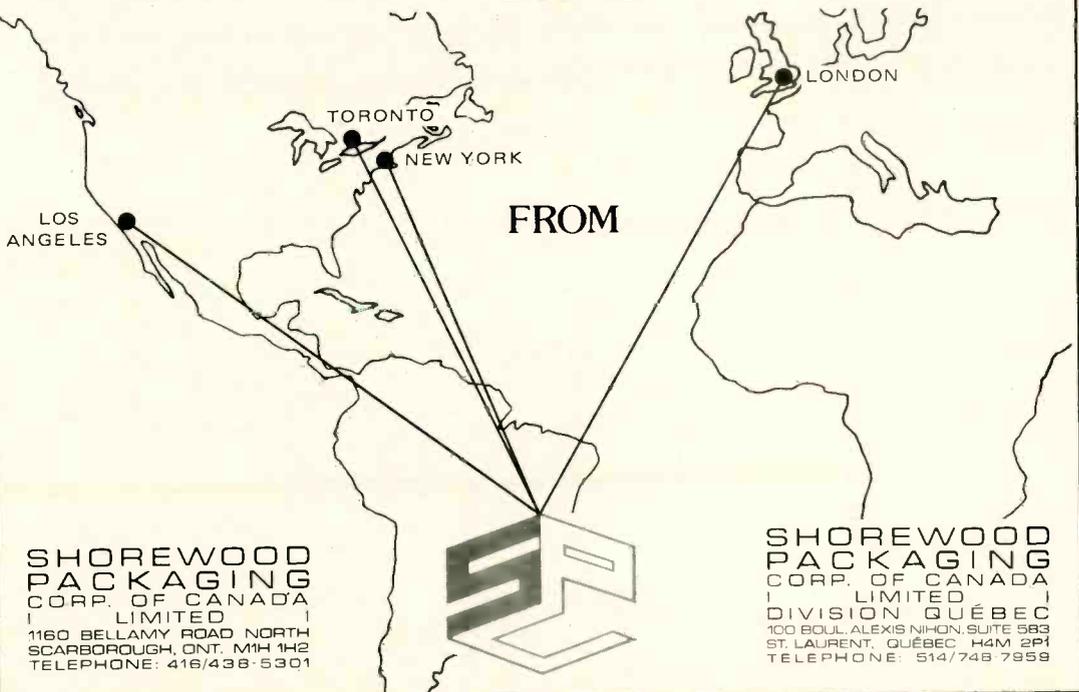
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## M. Richard Asher

(Continued from page 156)

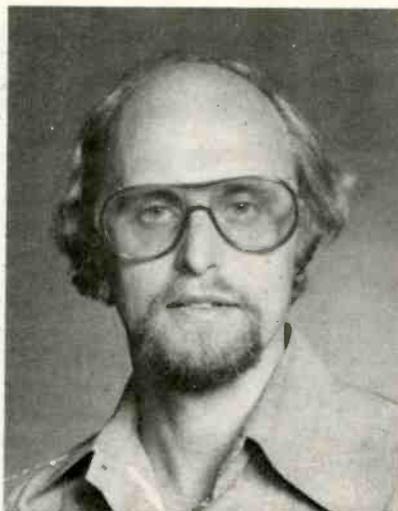
have been a pretty wild possibility a few years back, but now it's a reality. He's a big artist now in Brazil and Argentina, and he's starting in a number of other Latin American places. We think we're on the right track in this continuing push toward greater amounts of coordination, greater amounts of cooperation, greater amounts of discussion between our various companies. A problem created by that is it's taxing on everybody's time; everybody is traveling more and working harder, just because there are more people to talk to. But, that's okay, as long as the effort is showing a commensurate result. We think it does, and we are all very pleased and delighted with the effects of what we have been doing. We look to do more of the same, and see more brilliant results as time goes on, and the things we are doing take greater and greater effect. There's also much more worldwide coordination. The amount of coordination that it takes to send Billy Joel and Bob Dylan and other artists to Australia and Japan on tours, and very successful tours, to make film when people need film to arrange all sorts of support materials or interviews or whatever all over the world, is tremendous, but it's paying off. It all has to do with a supra-national approach to the international business. We always felt that our coordination and machinery were very good and that our people were well tuned to representing international product. I think the experience with A&M has proven that. Their sales are considerably up over previous levels, despite the fact that they had good companies representing them before CBS. It proves that by companies working together, you can achieve more than just the sum of each of their individual efforts. That's been what we have been working on for years, and that looks to be the strength of our operation—the coordination between the various parts. Something such as the A&M situation helps to prove that point to us, and further convince us that we are on the right track.

**RW:** Is this the key component that's enabled you to predict and deliver a growth rate that seems to constantly exceed the industry's expected rate?

**Asher:** The key component is people. We have a lot of good people out there working very hard. That's the key component. If you have good people, you attract good artists and you get the most out of the good records that these good artists give you. We think our overall strategies are very sound and I'm very pleased with the results of all of this coordination. However, I never lose sight of the fact that if there weren't a lot of very good people all over the world these things wouldn't happen for us.

**RW:** CRI seems to be pursuing a strategy of vertical integration. Why?

**Asher:** I think there are two facets to this. The first is that basically every record company makes its greatest profit from developing, discovering, and recording artists and music. That is always the key, and always the biggest area. However, by having control of the  
(Continued on page 159)



Antti Holma, managing director, CBS/Finland



Per A. Jossen, managing director/Norway

# M. Richard Asher

(Continued from page 158)

components that go into getting the product to the marketplace, you're better able to service the people who are trying to find and develop and break the artist. You can have an artist broken by air-play, but if you don't get records into the store you don't keep that artist broken. Vertical integration serves the function of giving us a greater degree of support for the a&r and marketing people who deliver what we would have to always call the most important feature of our business. There is also another factor and that is the cost savings in doing these things yourself. So, the combination of that, and also the ability to give better support to your creative and marketing functions, is what leads us towards vertical integration.

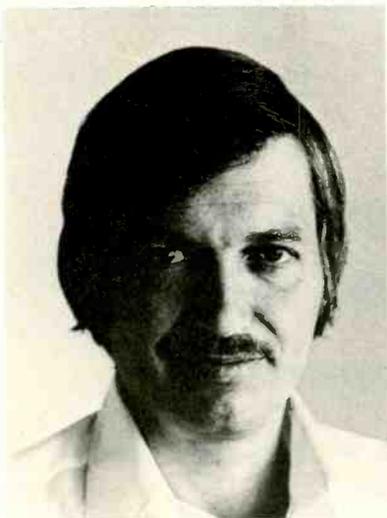
**RW:** Is this directly responsible for your profitability leadership in overseas operations?

**Asher:** I believe it is, but sometimes, these things are very hard to measure. If the fact that we have an excellent factory and a distribution system in Europe means that we break one more artist a year, then it certainly is. This profitability may not show up on the cost of records line, especially since we are pretty nutty about the quality. But, if just having that ability to move a record into place when we want it in place and when we believe it should be in place, breaks one extra artist a year, it pays for itself. Or, at least, we believe it does. It's a little bit hard to separate profitability purely into the components. Theoretically, you could break a certain number of singles records a year if you just mailed them to the radio stations. There are, maybe, one or two a year that would just take off by themselves. Now, we are not proposing to eliminate our promotion departments; if anything we're increasing them. What do they contribute to profitability? Again, the promotion man earns his salary if he gets you one extra hit a year. Or if he breaks one artist for you which can mean big things all over the world for many years. It's a little bit treacherous to break down profitability into components of the business. We're a unit, and we operate as a unit, and the manufacturing people are just as much responsible for our success as anyone else. Certainly, if they don't do their job, it can hurt us badly; and if they do their job well, they can help us a great deal.

**RW:** Looking ahead to the beginning of next year, what will we have seen at CRI as a Division for 1978? What will characterize the year for CRI?

**Asher:** A greater amount of coordination, continual step-up of our marketing ability throughout the world, continual improvement in our people both by acquisition and education/training/experience. Perhaps, with a maturity which we are developing, there will be an inclination to go into more things that surprise people, that we haven't done before, such as some of the international artist deals and label arrangements that we've made recently. An example is the Jet Records deal, which is a major international deal. It brings CRI The Electric Light Orchestra, one of the premier international artists in terms of both quality and sales. I think our competition was surprised a little bit, because in the past, we haven't been as active on these fronts as we are currently. I think this outlook will continue as we develop our organization. We'll have more oppor-

(Continued on page 161)



Sven Nissen, general manager, CBS/Denmark



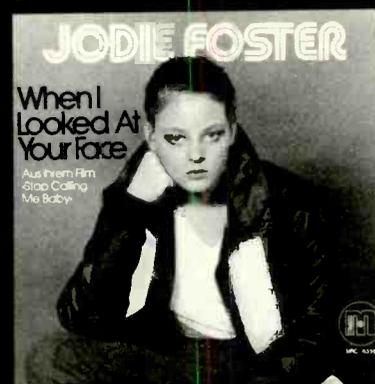
Terrence M. Lynd, president, CBS Records Canada Ltd.

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## DiMatteo's Challenge: Quality Records Worldwide

■ NEW YORK—Suggest to Bernie DiMatteo that he wears many hats in the CBS corporate struc-



Bernard DiMatteo, VP, operations, CBS Records International

ture . . . from policeman to quality control expert to financial advisor, to name but a few . . . and he politely demurs: "I wouldn't say I do all those things." Then he adds, "But within the context of our worldwide manufacturing operations I have the responsibility for them, yes."

Since joining CBS 11 years ago as a financial analyst, DiMatteo has risen steadily through the ranks to vice president of operations for CBS Records International manufacturing operations. "That encompasses a fairly wide range of activities," DiMatteo explains, "from recording operations, through the manufacturing, warehousing and distribution function."

"In the past we were moving so quickly as a division and we were growing so rapidly that at best we were taking a caretaker approach to the business. We tried to make sure that everything was in place and we were covering all the bases, but we really didn't have a large enough New York organization to do any more than that."

"Then before anyone realized, we looked around and we had a

very big, complex, international company on our hands. We've certainly grown up and we now have the capability to make over 300 million lps, singles and tapes annually, excluding the U.S. If we can save but a few pennies a unit along the way, we're dealing with upwards of \$10 million in potential annual savings. The closer we look at it, the more intensely we monitor these activities, the more likely we'll be able to identify the weaknesses and inefficiencies and more effectively institute programs to correct them. This, to me, is an exciting prospect."

"Quality" and "service" are words that occur frequently in DiMatteo's speech, particularly when discussing the manufacture and distribution of records. "We have a commitment, however, to

### Harvey Shapiro

(Continued from page 152)

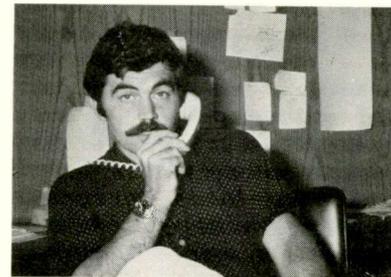
rently in the company's fold are the catalogues of Billy Joel, Weather Report, Albert Hammond, Janis Ian, TK Records' Sherlyn publishing and, recently signed by a local affiliate, Julio Iglesias.

An important aspect of the international publishing is to assist in breaking new and established talent internationally and in doing so to increase its monetary contribution to CBS's yearly revenues. Shapiro views the international structure as a "family network" which will continue to become increasingly effective and profitable as the network solidifies. "The family idea will

(Continued on page 173)

quality and service and will never knowingly sacrifice either for the sake of cost reduction. We've concentrated this year on improving the quality of our product by tightening quality control standards and procedures worldwide. That's not to say we don't have a ways to go yet." He then explained, "We've also been on an extensive campaign to improve our effectiveness at the distribution level around the world, because if we can get the records out the door faster and more efficiently, we can assure ourselves that the stores will rarely be in an out of stock position."

DiMatteo cites the CBS distribution center in England ("one of the more advanced, technically proficient ones in the whole world") and an equally impressive one recently completed in Germany as evidence to the company's commitment to improved service.



In addition to CRI's New York staff, the division has recently added a presence on the west coast. Dennis Killeen (pictured above) is director of creative operations, west coast, and as such is part of CRI's U.S. based staff. He works with the CBS/U.S. organization on behalf of international affiliate activities involving CRU's artists and represents CRI's international artists to the west coast industry.

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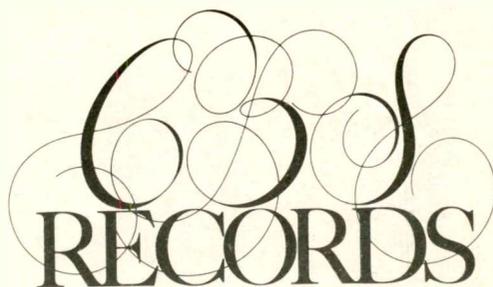
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## M. Richard Asher

(Continued from page 159)

tunity to do things that we haven't done in the past or haven't done on this scale.

**RW:** Do you foresee more of your overseas companies attaining the size and stature of some of your biggest companies, like the ones in Japan or the U.K.?

**Asher:** I keep my eyes on Brazil. I think that's a place where we can really see significant things. Don't ignore Australia, which is also an excellent market. Again, the Australian economy has not been particularly good over the last couple of years. Our company is very much strengthened there, and I can point to a number of objective guidelines to convince me of that. If the Australian company picks up again, it could be extremely good. The Scandinavian market is continually looking better and better for us. The companies, there, work very well together. We're fairly new in Scandinavia, probably the oldest company is only five or six years old. But, the fact is, that the Scandinavians are working together well, and we're seeing very nice results there, especially in market share growth which is important. We can't control the economy. If business is bad, we're not going to do as well as when business is good. But when we improve our market share, we improve our competitive position.

**RW:** So, is market share the key indicator for you?

**Asher:** Well, that's an over-simplification. The answer is yes, we pay a lot of attention to market share. However, you can buy market share without buying profitability or without being a good record company. I think we find a little hard to put on a piece of paper

exactly what our standards are. A feeling for artists and for music, a marketing flair. We say at CRI that our overall desire is to be the best, but the best is not always the biggest. To be the best is our objective in every single part of the world—on an individual country basis. It's also our objective on a regional and total international basis. Market share in various territories is a very good indicator, but it's only a factor.

**RW:** Yet, market share was a serious consideration in forming a new Japanese company.

**Asher:** Yes, in theory, there seems to be a limitation in developed economies on the market share that any record company can achieve and hold over a long term. There just is a sort of natural resistance past a certain point. We're suspicious that our CBS/Sony company in Japan is beginning to fight that barrier. It is extremely successful; it's clearly the #1 company in Japan. But, as a way to get past that barrier, perhaps, as a way to expose more talent in Japan. It will be a joint venture, CBS and Sony. It will be run as a totally separate company from the present CBS/Sony operations. It will have its own Japanese artists and its own international artists and it will be a competing record company.

**RW:** What will be the CRI approach in the future?

**Asher:** Basically, our approach to the business is to do things well with each other, to market the records that we have in the best possible manner, to find artists and create records in the best possible manner and make the best records. Our belief is that if we pursue these objectives, the profits and sales take care of themselves.

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## CBS Holland

(Continued from page 140)

Two other major problems are shared with neighboring countries: parallel imports from several nations with lower wholesale prices than the Netherlands, and a profit squeeze resulting when domestic product is priced low to compete with the imports. NVPI claimed a 15 percent industry growth rate last year, but negligible increase in revenues because of the profit squeeze.

Despite these problems, Davis sees great importance for Holland as an international bell-weather market. "Holland is a much quicker market than other European markets. You get a quicker reaction to product so you know whether you're going to make it or not." The multi-lingual Dutch are quite receptive to foreign productions, making hits out of songs sung in English,

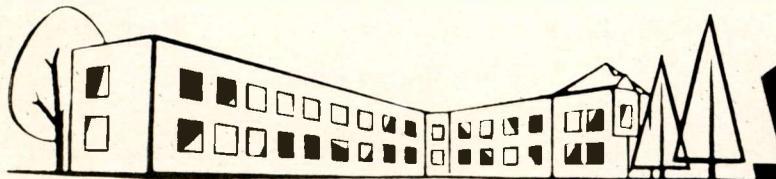
French, German, Italian and Spanish in addition to Dutch.

International a&r chief Guido Weyprecht is particularly pleased that several U.S. artists have won special acceptance by Dutch fans, especially the Three Degrees and most recently Mother's Finest. Santana, Earth, Wind & Fire, Neil Diamond, Supertramp, Kansas, Vicky Leandros and Sailor have all reached high chart positions. Local artists Ruud Hermans, Kimm and Tys van Leer have established solid sales records. Van Leer, the versatile musician behind Focus' greatest successes, has twin CBS careers, recording in Holland for local fans and now in the United States for the international market.

Promotion is a challenging task for CBS Holland's Maggy Smolders, given only one Dutch radio



Pictured during a break in production of the German television special "The Costa Cordalis Show" are (from left): Costa Cordalis, Vicky Leandros, CBS Germany managing director Rudy Wolpert, Ricky King.



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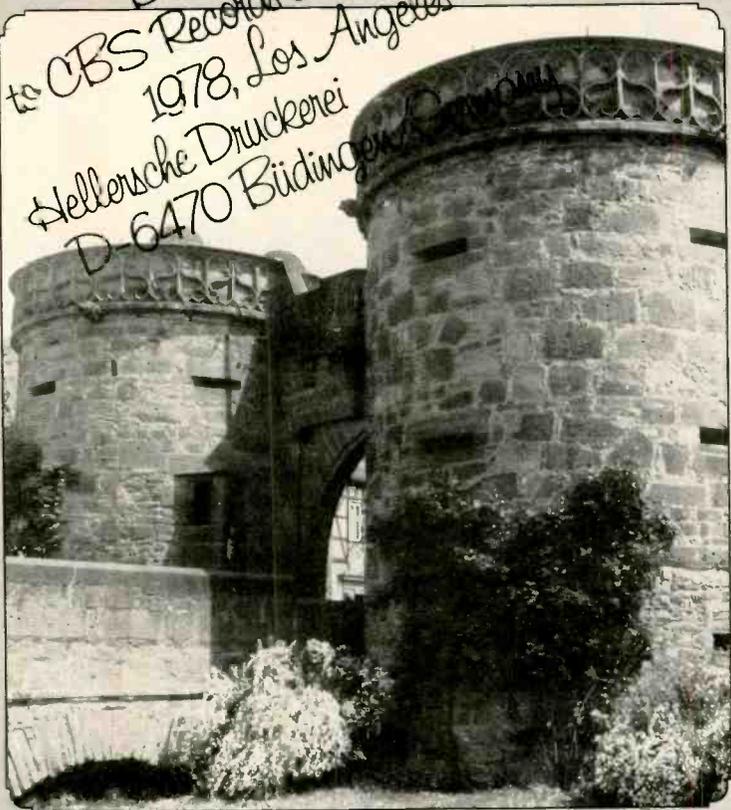
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and television station that's programmed by several independent production companies. Davis says the key to promotion remains artist commitment: "If they work here, they usually break here. If they don't, it takes longer."

### Future

Looking to the future, Allen Davis claims to have one of the two best marketing teams in the Netherlands. It's a relatively small organization that knows the business thoroughly and can react quickly to marketing trends. Davis sees all CBS International companies, including his own uncovering and producing much more local talent with international potential, becoming less dependent on American and English acts. "We'll be flushing out our options, trying to do more with more artists. Maximizing the hits . . . that's what it's all about."

Best wishes  
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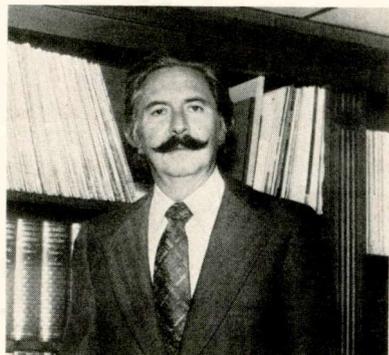
## Manuel Villarreal on The Evolution of CBS Mexico

■ "In Mexico, the price of a record could be considered as the lowest in the world. Our good product and the efficiency of our organization are the reasons why we maintained our sales," said Manuel Villarreal.

Manuel Villarreal, former president of OLA (Latin American Operations) and now president of CBS Mexico, analyzed in detail the evolution of CBS Mexico both nationally and internationally. Villarreal explained how CBS increased its sales even with the recent devaluation in Mexico.

According to figures released by CBS in New York, first quarter figures show all Latin American countries with healthy sales gains, particularly in Brazil and Mexico. Villarreal explained the reasons for this: "During the second half of 1977 and now in 1978, the record business has shown a significant increase. On the other hand, the devaluation in September 1976 has affected the record industry. The government, the industry and even the public thought that the increase in prices would stabilize the companies' income. This did not happen in the record business. In November 1976, CBS increased its prices 10%, which we felt was a reasonable increase. This increase contributed in a small way to the stabilization of our internal economy. During 1977, we did not make any price adjustments. We are continuing working with the same prices which, converted into dollars, makes Mexico one of the countries with the lowest record prices.

"1977 was a very good year for our national product," continued Villarreal. "We had many hits, not only by one artist, but by a group of artists. Radio promotion in general, for all record companies, was not as intense as it should have been, but we feel CBS' was quite good and we still consider it the best and most direct way to promote our product, especially when it is a new release or a new artist. This, together with the efficiency of our organization and our strong catalog, which is the backbone of our company, made 1977 a good year. In addition, we are developing our marketing organization



Manuel Villarreal, president, CBS/Mexico

on a permanent basis. We are always alert to any market moves, and we have taken two things into consideration in developing our marketing techniques: population growth and a bigger participation in the market. With population growth we have determined that the buying public is getting bigger and younger every day. Years ago, the buyer's age bracket was between 25 and 35 years. Now, 65% of our population is 18 years or younger."

Villarreal feels very optimistic about the second half of 1978 and 1979. "We feel that the record industry is on the ascent and we have every intention to participate with our share. We are also acquiring international catalogs for our market which will not be substitutes of our existing catalogs, but rather increase our sales. We are continuing with our 1978 goal, which is the search of new talent, and with the release of a new label in our market, Columbia, on which we will be releasing some of our new artists and to which we will be transferring some of our well known artists previously released on the CBS and Epic labels.

"In the future, we hope Columbia will have an operation independent from the other labels as CBS and Epic. Our first release on the Columbia label was Julio Iglesias and the next project will be the TK Productions product from Florida. We hope to have a separate organization with a&r directors, promotion department, etc., in the future."

Villarreal discussed the area of parallel imports in Latin America: "If we speak about Latin America specifically, there are no sales among these countries. As you

know, the ALAFC (Latin American Association for Free Commerce) does not include records in its list of free commerce. For that reason, there is no import or export of product among Latin American countries. The international exploitation of our repertoire is done on an exchange of master basis. Our subsidiaries and licensees have the right to release the product recorded in Latin America. This means that each country manufactures the product. It does not import. As an example, in Mexico we manufacture and promote all the recordings by Roberto Carlos from Brazil. That includes masters, covers, promotional material, etc."

Discussing the impact of music from one Latin territory to another he said: "Latin America is a region of cultural influence since all of the countries, with the exception of Brazil, are Spanish-speaking. Music should travel from country to country, but even though we have a common denominator when it comes to an artist travelling from country to country, it needs a promo-

tional effort from the company and from the artist as well. In this case, CBS has the advantage of having representatives in all of the countries; it is easier for us to release and promote our records and artists. At one time I had the opportunity to speak at a conference about Latin American music. I said that there is no definition, and there will never be, for Latin American music. Geographically speaking all music created in Latin America is Latin American. There is music from Mexico, Central America, Colombia, Argentina, Peru, Bolivia, Chile, Ecuador. So we would have to define then what is Mexican music, Peruvian, Chilean, etc. At the same time, each country has several types of music. We would have to distribute Latin American music first by country, then by region, etc. It's a long and meticulous process. One could say there are no frontiers, but those of us who have some experience in the record industry, know that is not an easy task. Nevertheless, CBS continues to build its roster cross-culturally throughout Latin America."

### CBS Discos Brazil Broadens Its Horizons

■ The first six months of 1978 have continued the impressive growth of Discos CBS Brazil, according to Juan Truden of that company. In fact Brazil's growth rate has been the largest in the CBS Latin American family in 1977.

"Discos CBS Brazil has made progress in the first six months of this year," Truden says. "We have strengthened our organization in general, but especially our a&r and marketing activities.

"Our dollar sales of the first half of this year have increased substantially over the same period in the year 1977," he continued, "and we are very optimistic as far as the remaining portion of the year."

The latest six-month totals reflect several years of growth, Truden says.

"We have increased our market share. We have been successful in breaking new artists such as James Taylor and Miss Lene and sustaining established artists



Juan Truden, acting manager of Discos CBS Industria, Brazil

like Tina Charles and Roberto Carlos."

Truden is also sanguine about the future strength of the Brazilian market.

"We are expecting a considerable growth of record and tape markets in Brazil for next year. There is no doubt in our mind that the year 1979 will be even better than 1978.

"We have strong confidence in the Brazilian market and we have also strong confidence in the efficiency of our organization."

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## CBS International

(Continued from page 132)

Records in England. Dick Asher was responsible for playing their product to Epic Records and getting them enthused about it. They released the album and the success of the group has been quite apparent to everyone. Their latest album has sold well over one million copies. The figures are amazing. There are two bands from Australia that Portrait has signed, Dragon and Contraband. Portrait is a small label; they only have about nine acts, so it was quite a big thing to get two Australian bands on the label."

Working on the development of the CRI promotion department is Steve Pritchitt's product management department for CRI. "I have three product managers reporting to me: Phil Alexander who works on Columbia acts; Ellen Stolzman who works on E/P/A; and Ray Pitts who has just started who is product manager for jazz and progressive music which is an area that the company is very committed to," he said. "We feel it's time that we made some efforts to really stimulate some action in overseas markets. We also have a film and merchandising coordinator, Roger Erickson, working in this department, which is a very important function. We make a lot of use of this film clips which are very good promotional tools, particularly in places like Australia and many European territories and also merchandising materials.

"In a way, a product manager is like an in-house manager," Pritchitt continued. "He represents his artists in all the territories of the world outside of the United States, so he has to be involved with the artists and their managers, talking to them on a con-

stant basis about their career development in overseas markets. He has to work closely with his American counterparts to establish what kind of direction the American company is taking with those acts; to see if there are things that the American company is doing that we can utilize in overseas markets; to make them aware of the fact that the overseas markets exist, and that they're really worth some attention and some consideration, because I think it's a reasonably true comment that a lot of American artist managers and record companies have traditionally turned a rather blind eye to the rest of the world. I think CRI is certainly well in the lead, as far as American-based companies are concerned with developing United States acts for overseas markets. It's something the company has been actively pursuing for a long time now, and we think we get better at it every year. I think the results show that."

The press department, headed by Perri Chasin, further points to the concept of coordination as it interacts with all of the other divisions of CRI. "We keep in touch with all our departments around the world so that we will know when and where someone will be touring," she explained. "Then we will work with each individual press department and with CRI European operations in Paris. In addition to that we get daily telexes from all the press departments from all over the world indicating what is needed or what is happening in their territories. Basically, we take care of things both ways: internationally we coordinate everything that is happening around the world when it is relevant to the United States and the other way around. We make sure that when anything is about to happen overseas there are pictures and bios out and interviews are set up in advance."

Chasin further explained the tightly knit relationship between press and marketing. "Press and marketing have been divided in such a way that marketing handles all of the media," she said. "We handle all of the press, so if someone from Australia requests an interview, the two

departments would coordinate that together. A good example is when a major international push was put on Earth, Wind & Fire, marketing put together the plan for a film which had to be done in Houston. Publicity followed up by taking foreign press to attend the shooting. In the case of Billy Joel, advance press really helped his European tour a great deal."

"At this point I think we have the most elaborate and heavily staffed international marketing and a&r operation of any of the U.S. record companies," Freidus stated. With a total of 7,000 CRI personnel "scattered around the world," 100 of which are located in the company's New York headquarters alone, she says that the overlying character of CRI, despite the many different personalities and cultures it comprises is one of "professionalism and firmness with a devotion to what we're doing. The commitment is to music."

The advantages of having a very large international division were likewise stressed by Pritchitt. ". . . We make a substantial contribution towards the earnings of CBS/Records Group; CBS has more wholly owned subsidiaries than any other American record company. This is a policy that has been actively pursued for 13 or 14 years now.

"I think the fact that we have a very obvious commitment to our overseas markets through the



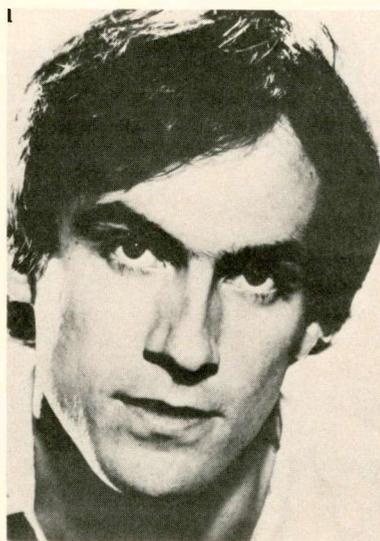
Farrell Bushing, VP, finance, CBS Records International

size of our New York operation—to which we added a regional office in Paris which covers Europe and the Near East, and a regional office in Coral Gables, which coordinates activities in Latin America—this is a substantial investment the company makes."

"CRI is unique in its structure in a sense because things are more clearly defined in covering a wider gamut than any other international operation in America," Freidus said. "The way it relates to its companies overseas is also unique as well as its concept of covering the major territories around the world. The kind of services we can offer to artists giving them a good shot on the U.S. side is also unprecedented. We are set up to deal with promotional tours, performing tours, promotional films, interviews and any other way that could possibly enhance the careers of foreign artists in the U.S. or American artists overseas. We got into the international market earlier than the other companies which has given us an added degree of sophistication.

"You have a great case in point at the moment with the O'Jays, who have a huge hit in America, which is storming up the charts in Britain. Now we have to get everyone else on the case. We obtained a film clip of the band and set up telephone interviews with the group who are on the road at the moment. And obviously, also, one does the basics—make sure everybody's got the record scheduled and released."

(Continued on page 170)



James Taylor

### EMERGE FROM "ROUND THE BACK"

To congratulate **CBS** on their achievements over the years and would like to wish them even greater success in the future.

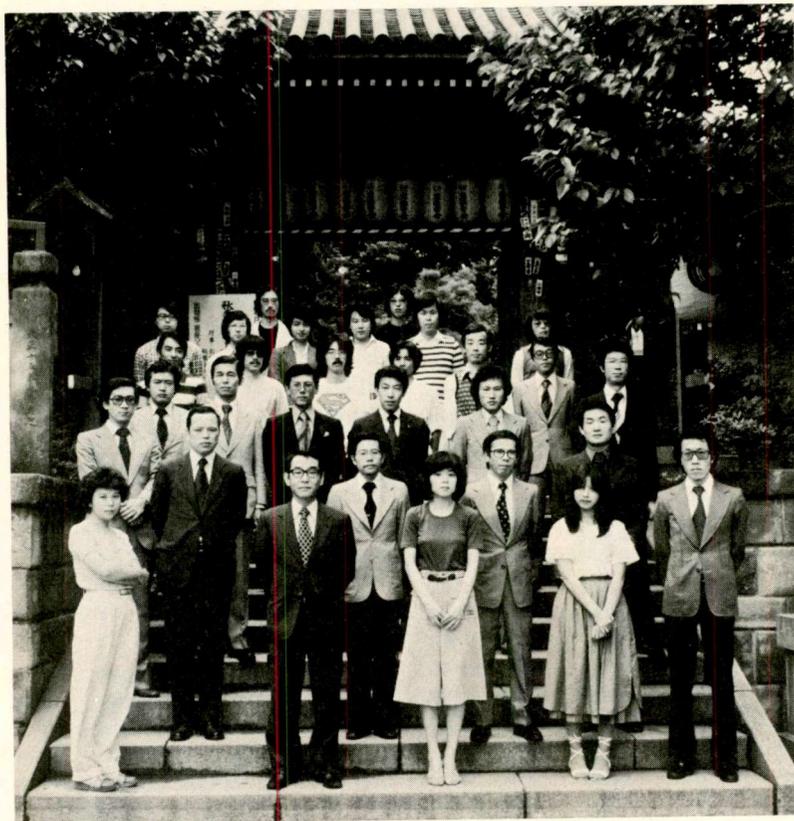
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# CBS RECORDS

## For Jurgen Larsen, Local A&R Is The Key

■ "I see our future strength coming from local a&r and it is our first priority to give each local company a major local presence; we have relied too long on international product," said Jurgen Larsen, area vice president for Germany, Austria, Switzerland and Scandinavia.

Larsen came to Paris from the Swedish company, where he was managing director, in April of this year into the newly created post.

"I work with each of the company managers in order to achieve the objectives we have set, which are reviewed on a regular basis," he said. "I help plan targets, budgets, etc., but the emphasis is on organization, a&r and marketing."

Continued Larsen, "The state of most of my area is pretty difficult; we are not coming out of the recession as fast as we thought.

"The problems are basically



Jurgen Larsen, VP, area director, European operations, CBS Records International

two major ones. There is the transshipment problem where we have exporters selling hits at low prices and secondly the development of new talent to comple-

ment the product coming in from America and the U.K. Tastes are getting farther away from American product. European tastes are fairly conservative with acts like Neil Diamond and Santana, major sellers."

Larsen cites Lake coming from the local German company as the beginning of a major local product boost.

Larsen wants to see a greater integration of product between

the CRI Group companies, especially in the local a&r field. "We must work closely together, in order to reach a higher degree of efficiency."

Larsen wants each of the CRI companies to gain a greater degree of independence and build up their local artists rosters, and states: "Sales of locally made recordings have doubled over the past two years, and are still rising."

### CBS Intl.

(Continued from page 166)

Freidus concluded, "So far 1978 has been a most exciting year for CRI, from both a marketing and a&r standpoint. In the U.S. we've seen major advances by CRI artists such as Heatwave, Lake and Judas Priest. Overseas, we've broken a number of new acts: Meatloaf and Billy Joel everywhere; Kansas in Europe; Cheap

Trick in Japan, James Taylor in Latin America. TK is starting off extremely well with us throughout the world. We've taken established acts like Dylan and Santana to even higher sales plateaus. With the terrific product we expect from both CRI and from our international companies, the rest of the year should be even more exciting."



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99

# CBS RECORDS

## An Aggressive Approach for CBS France

■ The CBS French operation is itself headed by Jacques Ferrari, who ranks the company around fourth in terms of turnover and

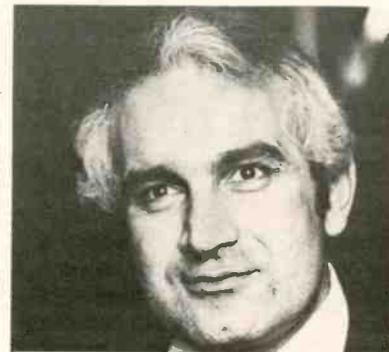
profitability, citing local artists like Jules Dassin, Dave and Anni Cordy and international acts like Neil Diamond, Kansas, Santana

and Art Garfunkel as the major breadwinners.

### Disco Hits

There has been a noted disappearance in the American disco hits and Europe now provides around two thirds, but Ferrari now wants to guide the French company into a more aggressive approach to signing and building local talent. However, Ferrari acknowledges one of the major problems being the lack of exposure of product on French radio, monopolized by Radio RTL and Europe Number One.

The French company is soon to embark on a talent competition with RTL with a promotional tie up with General Foods and "Hollywood Chewing Gum." The competition will be built around concerts in 20 cities culminating in a grand finale at the Paris Olympia



Jacques Ferrari, president & general manager, CBS Records France

with a CRI contract in the offering.

Ferrari admits that the French market is well behind the U.K. market and that creatively Italy, for instance, is far superior to France.

However, Ferrari is confident that all this will soon change.

TO  :

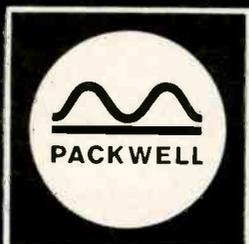
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## Spain Continues Growth

■ Spain continues to grow as an international music market with CBS Records in the lead, according to the principal executives of CBS Spain, Tomás Muñoz, general director, José María Camara, assistant general director, Aurelio Gonzales, promotion director and Antonio Perez Solís, publishing.

Muñoz painted a picture of growth and improvement for his company. "Spain continues to be a market completely open to the international market," he said. "This product has approximately 60 to 70 percent of the national market. The biggest hits we have had this year were Neil Diamond, Santana and Raffaella Carra. We are hoping to have a hit with the new Bob Dylan record, 'Street Legal.' In addition, Daniel Magal from Argentina went to number one in the charts and, of course, our standard catalogue from Latin America which includes Roberto Carlos and others."

Last year was his company's best ever, Muñoz said. "We were the number one record company in Spain in 1977. It looks as if 1978 will be the same or even bigger since we now have the Epic division. Between the two divisions (CBS and Epic) we have as an average 30 percent of the national charts and we are number one in airplay as per the statistics from the SGAE. We are positive we are going to be number one again in 1978 since we have already gone up considerably over last year's sales figures."

Both Spanish and overseas Latin artists have contributed to this success, Muñoz said.

"The volume of local product hasn't gone lower than 40 percent of our total sales in the last years. We can quote, not in chronological order, names such as Ana & Johnny, who were a hit all over Latin America, especially in Argentina where they got to be number one with the tune 'Y te amare.' Other national hits were Elsa Baeza, Miguel Bosé Carlos Mejía Godoy, and, overseas, Lolita in Ecuador and Mexico. Miguel Bosé in those same countries plus Chile and Argentina where sales have gone up tremendously. Artists such as Albert Hammond, Carlos Mejía Godoy and Georgie Dann have



T. Muñoz, managing director, CBS/Spain

travelled throughout North and South America with notable success. Lolita received an award in New York as 'Best Female Singer of the Year' and Miguel Bosé's success in Europe projects him as a very strong international star."

His company's goals, Muñoz said, "include total automation of our manufacturing systems, mechanization of our accounting department, the complete consolidation of our local artists as well as the new Epic division and the continuation of our marketing achievements."

CBS Spain's editorial hits in recent months, according to Perez Solis, have included "El ultimo guateque" by the Group Laredo; "Linda" by Miguel Bosé; "Los Perfumenes" by Carlos Mejía Godoy; "El Credo" by Elsa Baeza; "Fiesta" by Raffaella Carra; "Cara de Gitana" by Daniel Magal and "Te Amo" by Umberto Tozzi.

## Harvey Shapiro

(Continued from page 160)

continue to improve with better international communications and our better image," projects Shapiro who sees future publishing acquisitions coming more rapidly and more easily.

"Our whole approach is different than most publishers," adds Shapiro. "Not only do we do all domestic functions but we protect rights of the U.S. publisher abroad. With all our foreign representation we can protect mechanical, performing and copyrights abroad." With this increasing coordinated ability to keep abreast of foreign occurrences and regulations CRI Music Publishing is set to expand and become a more and more important part of CBS Records International.

## Portrait

(Continued from page 42)

"It goes even further. We've extended our relationship with CBS' Australian company, because one cannot hide from the artists that have come out of Australia, New Zealand and that area in general over the past few years. Two of our new bands, Dragon and Contraband, are from that market. Simply put, there really is a world music market today; with the growth of the record and tape market, and breakthroughs in technology that have radically changed the quality and availability of home equipment, a kid in Europe or New Zealand can have access to the same music we hear within days."

### The View Beyond: Portrait's Future

A year ago, Portrait's chief executive predicted the label would expand its roster to about 10 artists by the end of its second year, a level already reached by the current line-up of nine acts. With its third year of operation about to begin, though, Harris is downplaying specific timetables in projecting Portrait's growth in terms of roster size.

"At this point," he explains, "to talk about roster growth is premature. When we sign an act, the commitment is long-term; it isn't quickly negated or reversed. We're talking to artists we're interested in, but we have no timetable for acquisitions at this point. What's really important is the quality of the acts to be signed. We won't go looking for artists to sign just to increase the size of the roster."

Another comment made by Harris at last year's convention suggested a second, more subjective goal that the Portrait label head feels is already at hand. In London, he had noted that a key label goal was to emerge as one of the six most successful record companies in the U.S. by the end of the company's first three years. With one year remaining, Harris now says, "I feel we're on target. I base that goal on a number of factors: it's not just sales, although that's obviously a key. It's also the quality of the roster, and our ability to attract top talent.

"When an artist sits down to consider labels, and ticks off the companies that he's interested in, that may be the ultimate test. And in that respect, I think we're absolutely on schedule, judging from our experiences with artists like Ringo Starr and Paul Williams."

Thus, while Larry Harris and his lieutenants agree that Portrait's image as a "new company" is fading, the consensus is a new identity, one characterized by professionalism coupled with close ties to its roster, has emerged in its place. Promo chief Larry Douglas echoes his partners when he notes the loss of the "new label" tag has been offset by the stability of the growing Portrait roster. Douglas says the freedom from internal competition, along with the company's enviable depth of staff for its size, are proving at least as important.



Larry Harris with Portrait artist Ringo Starr

# CBS RECORDS

## Bruce Lundvall

(Continued from page 110)

Hancock's album which just came out, is the first album that will demonstrate something called the vo-corder. It's an instrument developed by Sennheiser that attaches to a synthesizer and you sing into a microphone or you can talk into a microphone. As you play the keys on the synthesizer, your voice will come out with your vocal quality, exactly on pitch to the note that you are playing. You can do rather amazing things and a lot of artists will probably begin to use that instrument. That's something that's going to continue to change the direction of music—the musical instruments themselves.

**RW:** Does the CBS involvement in musical instrument hardware put it in an advantageous position vis a vis available technology?

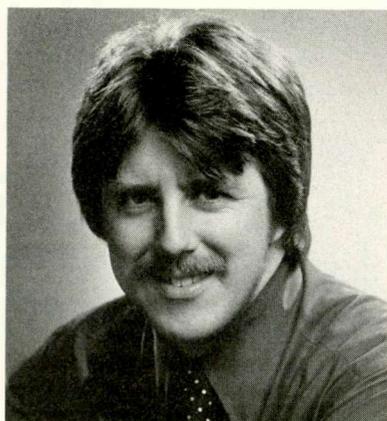
**Lundvall:** That is totally a separate business, and it's a very rapidly growing business year after year, but it doesn't give us any special advantages. There may be new instruments that come along that we will become aware of through our instrument components, but really it's more the small electronics companies in New England that are developing all this stuff. It will always come back to the artist. After all, when you think about it, it was not too many years ago the first synthesizer album came out, and it was really "Switched On Bach" which became the first successful one. At that point, it was quite a revolution. Today, the synthesizer is an extremely common instrument, and now we are on to guitar synthesizers and other instruments.

**RW:** You paint a very attractive picture for CBS Records into the 1980s. Obviously, you are very optimistic about what the company and the industry will look like several years down the line.

**Lundvall:** The point of view that I have for this company is that the most important single thing in terms of where this company is going to go is the creativity and the artistry of our artist rosters and the people who handle them. We may have all the best business systems, distribution systems, computerization and all of the tools and machinery. I often hear people talk about the CBS machinery. Well, it's great. You've got to have the machinery because it's a very complex business, much more complex than the automobile parts business. You're selling thousands and thousands of products. Every record is a new product, so there's a tremendous amount of detail, more so than any other business I can think of. Every tape, every single, every record is a new product, times the number of artists you have. It's a highly detailed business. But, the most essential thing, even though you have that machinery that can cope with this amount of detail, is to have people who are knowledgeable about the music that they are marketing, selling, a&r-ing, or whatever they are doing. The musical point of view is the overriding one. The quality of the artist roster is the overriding priority in the way this company will continue to develop. This company will never become just a great marketing company or just a great distribution company. It will always be a great music company! That's the goal of the company. That's what the company is all about. All those other things go along with it. Of course; it will also be a great merchandising



Nick Gordon, VP, business affairs, New York, CBS Records



Randy Brown, director, national account sales, CBS Records

and advertising company. But, first and foremost, it's got to be a great music company. There will never be an area of music that we won't experiment in and explore in. When we signed Eddie Palmieri or The Fania All-Stars and got into Latin music, or Peter Tosh in reggae, or deeply into jazz, there's a reason for that. That's important music and I want to have the company associated with it. I want us to understand it and know how to market it, and I want to have those kinds of qualitative, exploring artists on this label, this group of labels. That's what the company has always got to be about. And the minute that we're not about that, the minute that we're only about business, not about taking risks, and we're not about creativity, and we're not about taking chances with artists who may not be in the public eye or the source of public popularity at the moment, that's when we are going to start to fall right on our ass. I'm not going to ever let that happen. The image of CBS Records is always that of a very, very professional company at all levels, but there is always that great roster of artists. I can't tell you how many people, who may not even be interested, have said, 'What a great thing for CBS to have signed Dexter Gordon. What a great thing for CBS to have signed Eddie Palmieri. What a great thing for CBS Records to have signed avant garde artists like Arthur Blythe.' A lot of the new music that may be important five or 10 years from now, traditionally has come from a lot of very small record companies that specialize in a very narrow area, that couldn't afford to sign a Santana or a Neil Diamond. That will continue to happen. That's one of the reasons the industry will be healthy for a long time. I don't see the entrepreneur's dream being squelched because of the bigness of the industry. But for us to always be successful, we've got to explore those areas, too. We've got to be first, and actively explore them, and sign artists who may not have tremendous acceptance at first. We can't do that as a main priority, but we always have to do it. That's what the company is about, to set the example for everybody to follow. We're back in the Broadway show area very heavily. We're in the movie soundtrack business very heavily. We're still very active in the classical business, an important growing business for us. And we're still doing experimental things. That's what I want to always be about. I've seen artists come here and admit to me later that they had some fears about coming to a place this big. They thought they might get lost. After they are here a short time, though, they realize that they develop friendships here. People here have an intense interest in what they are doing musically. The artists don't get lost; they get tremendous attention. I'm not saying that every artist on the roster is ecstatic. If the artist doesn't have commercial success, they usually aren't so happy. If they are realists, though, they do understand that there's an intense interest from a&r and marketing to develop their careers.

**RW:** Can you maintain that personal involvement as you grow larger? You personally, and the people around you?

**Lundvall:** Yes, I have to, because I couldn't work any other way. I think the same is true of everyone. We have developed a point of view that's been part of the way we do business for some period of time. It's part of the way we have to work here. You can't be an executive here and shut the door and screen out everybody. To do the job effectively, if you're in an operating situation here on the senior level or on a middle management level, you've got to be responsive. You've got to answer your phone calls; you've got to meet with those artists face to face; you have to be honest with them, and those people become the best executives we have.

Recently, we've created a senior management structure at CBS Records, which bears out my point. These executives blend a creative expertise and managerial ability better than anyone else in the industry, and they are an indispensable component of our growth process. Yet, it's interesting to note that their interaction with the artists, and their involvement with the music has remained at the highest level. That will always be the basic strength of CBS Records. . . . .

**Record World:** Regarding the senior management restructuring that

(Continued on page 175)



## Bruce Lundvall

(Continued from page 174)

you've outlined. How will this specifically affect your role as president of the CBS Records domestic division?

**Bruce Lundvall:** I think my role will be affected in several ways. First, it will give me the opportunity to concentrate on the overview of the company. You must realize that in the past I was acting as the quasi-general manager for the Columbia label, because we did not have someone in that role. That made it somewhat difficult, because I was involved in every bit of the day-to-day detail of running that label as well as performing the other functions I had to perform. Now, I'll have more time to concentrate on the overview of the company, and particularly, to work in the creative areas of the company. I think everyone brings special skills to whatever job they're responsible for, and one of the things that, perhaps, I can contribute most to is in creative areas of the company. Obviously, any president of a company has got to be involved in artist signings and I've been involved in a lot of those. I'll continue very heavily to be involved in that role. Very seldom is an artist signed by one executive in the com-

## Granny White

(Continued from page 102)

recorded the first jazz album ever to be certified gold—"Concert By The Sea," recorded 'live' in Carmel, California.

"The company was very MOR-ish in the '50s," White says, "although there were a few artists dabbling in other facets of music. One of these areas that Columbia was always into was jazz. There was Garner, Lambert Hendricks and Ross, Duke Ellington, whose 'Ellington At Newport,' in 1958, was one of the biggest albums in his career, and Miles Davis, among others. In fact, the very first album Johnny Mathis ever recorded was with J. J. Johnson, Kai Winding, and a whole lot of other jazz musicians, so maybe that's the direction his career was going in. However, his next album was 'Wonderful, Wonderful,' and you know what happened after that."

During the next decade, Columbia established Okeh Records, with Carl Davis (now head of Chi Sound Records) in charge of a&r. "They were instrumental in establishing Columbia in black music," notes White.

"That led us to the '70s, when Columbia really got into the black music business. In 1972, we bowed the first black promotion staff, and it has grown incredibly since then. We couldn't be as successful as we've been without the excellent artists that are now part of the CBS family: The Isley Brothers, the top flight acts of Philadelphia International, and acts like Earth Wind & Fire and Bill Withers. It's just amazing to see the change that's happened."

Talking to Granny White, it becomes apparent that he is involved with the heritage of jazz music at Columbia to a greater extent than anything else. "Some of the real masterpieces in the history of recorded music came from Columbia," he explains. "There was Bessie Smith, Louis Armstrong, Duke, Count Basie, Mahalia Jackson. I got to know most of them personally, and we became close. There's probably a lot of nostalgia in my feeling for an Ellington or an Erroll Garner. It was probably a little different with them."

What has changed over the years, is the nature of White's job. "Years ago, I was a doer; now, I direct people and train them. I help the guys out with problems, because most of the problems they encounter, I've been through."

That very fact has led Granny White to be honored with the unofficial title of Good-Will Ambassador for CBS Records. "I've gotten to know so many people over the years, and have developed such a relationship with a lot of them," he explains. "I've worked different facets of the business, including pop promotion, and I've become sort of well-known, and then, I have a way with people."

"I like being involved with everyone, and that includes myself as well," he continues. "You have to keep upgrading and re-evaluating yourself over the years, and I'm very critical of me. That's how I've maintained myself. I know my job, and to know that and be well-thought-of, is, well . . . I don't know a better combination, do you?"

pany. It happens, but normally you want communications between the parties who are involved. If an a&r person is interested in an artist, you want to be sure that the head of a&r also is familiar with that artist and I also have to be familiar with that artist as well. It's not that we inhibit people or we don't give them autonomy, that's hardly the case, but we have to know and understand what that artist is about before we sign them. You know this is one of the few companies involved in all areas of music. I've said that many times. One of the things that we must always be is a far-sighted and adventurous company. I like the idea of taking this company into new areas of repertoire. I like the idea that we're involved with Eddie Palmieri and with the Fania All-Stars and with Latin music, because once there's a larger market than there is today, which is already substantial, we'll be there first with the strongest roster. I felt exactly that way about the jazz area. It may be close to my heart personally, but it's business and it's an enormous business, and because of our early involvement and the quality of the roster, we have a 30% market share which is unheard of in any area of music. I like the idea that we were the first to go down to Cuba and bring in the first contemporary Cuban group into the United States, a group called Irakere, and have them perform and sign them and record them. That's the kind of company we should be about. I like the idea that early on, we were aware of the music scene in Austin, Texas, and signed Willie Nelson when he was just dropped from a major competitive label and his first album sold 1,000,000 units. This is the kind of company we've got to be about. I've got to concern myself with the creative direction of all of our rosters. That's got to be a key function that I'm going to be involved in the future just as I have been in the past.

**RW:** Do you feel that with the new structure you will be able to become even more involved?

**Lundvall:** It will absolutely allow me more time to become involved. (Continued on page 176)

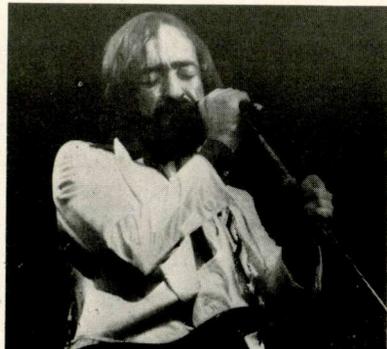
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# CBS RECORDS



Andy Kazdin, director, a&r production, Columbia Masterworks



Columbia artist Dave Mason

## Bruce Lundvall

(Continued from page 175)

That's one of the key benefits now. We will also, of course, be working very closely as a team: the label heads; the heads of A&R; and myself and Walter (Yetnikoff, president, CBS Records Group). The renegotiation of artists' contracts is an important function here, and Walter and I both get involved in that as a very on-going process. The idea that we just re-negotiated Art Garfunkel's contract a year ago, when we were having great difficulties with Dave Mason's career, we re-negotiated his contract and he went on to have the biggest album of his career right after that, are just a couple of outstanding examples. The negotiations for a new artist, the discovery of talent, the re-negotiation of contracts of artists already on the label and the concern with their on-going careers are very key roles that I have to be vitally involved in, and will continue to be.

**RW:** Do you foresee this involvement on your behalf as being instrumental in artists remaining here over longer periods of time?

**Lundvall:** I absolutely hope so.

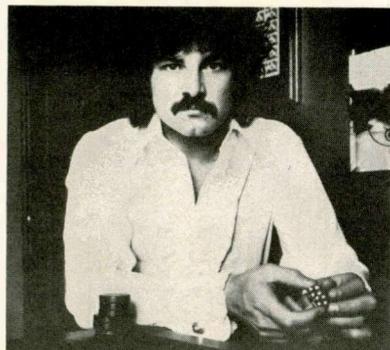
**RW:** Why do you think that artists do, in fact, remain at CBS longer than the industry average of an artist staying with a record company?

**Lundvall:** I think there are several reasons, and the key reason is that we're involved with the careers of artists on a record-by-record basis. Our point of view is always career oriented. I think artists love it here, because we're honest with them. I think we have, for a very large company, strong personal relationships and honest relationships. We can give a&r direction and marketing support to our artists unlike any other company in the business. So it's not just the dollars, it's the expertise; it's the personal relationships; and, it's the keen interest we have in the artists' careers. You can go out, see artists in concert and very frequently, you'll find that their record companies may not be there in attendance. You won't ever find that with a CBS Records artist. There are people at their performances always. Not because they have to be there at all, but because they want to be there.

**RW:** So, then, this personal involvement is vital in your operation.

**Lundvall:** Absolutely. There are no people here who do not take phone calls at home, on the weekends, from artists and artists' representatives. We're that vitally and closely involved. We're not passing the ball on to somebody else to handle it. And that's what makes this company work.

*Congratulations  
from  
The Music People  
in  
Oakland, California*



From left: Portrait artist Burton Cummings, Columbia artist Johnny Mathis, Phila. Intl. artist Teddy Pendergrass

## Walter Yetnikoff

(Continued from page 124)

want to see the end of the movie again? Or if you would run it another two hours, are they going to stay there or light lighters or candles in the theatre? You don't see that no matter how good the movie is. There isn't that kind of charge or excitement. Do you see anyone standing up in front of a television set cheering, I never have, and say I want to see the show again, don't turn it off? You see it somewhat in certain sports events, but I think this is the exciting medium of today. This is pop culture.

**RW:** Can this translate into making CBS Records the biggest group of CBS, Inc. revenue-wise if not income-wise?

**Yetnikoff:** I'd hate to see that happen because life is difficult enough as it is. Seriously, I don't think we're going to get anywhere near the size of broadcasting. Broadcasting has a certain thing to offer. A lot of people watch television and a lot of people listen to radio. I think the broadcasting business is going to continue to be good. They are going to keep growing, too. I don't think you are ever going to see a situation where records predominate at CBS. On the other hand, I don't see any of the other Groups catching us.

## Bob Sherwood

(Continued from page 94)

interface with the other areas of marketing, and why that interfacing is so critical."

Now Sherwood is a vice president, and his role has changed, as has his behavior. In the little more than a year he has been in his present position, his responsibilities have expanded dramatically, and though he hasn't been seen in any bizarre outfits, he still encourages the national, regional and local staffs to get nuts, as he calls it, on records they really believe in. "We are not in the dry goods business," he declares; "we're in the music business, and music is a vital part of everybody's life. If a promotion man has to sleep in front of a radio station all night to create an awareness, then do it."

But, he emphasizes, the music, and the message are all important. "Lately we're going in a different direction," he says. "In London,

our Sherlock Holmes presentation (where the field force was depicted as sleuths in search of the always elusive hit record) was pretty straight, and people have told me it was the best presentation of its kind they'd ever seen.

"Our convention presentations will continue to be entertaining, and there may even be some closet whackos, here, that, given the right inspiration, could do some strange things," he offers. "But, the theme will always be constructed so that we are able to test every record, big or little. We will continue to capsule previous successes, and outline the ingredients that made them work. It takes a well thought-out plan to break records, and, because of that, we will continue to insist that every Columbia promotion man be the best prepared, most professional man to hit any and every radio station in his market."

# CBS RECORDS

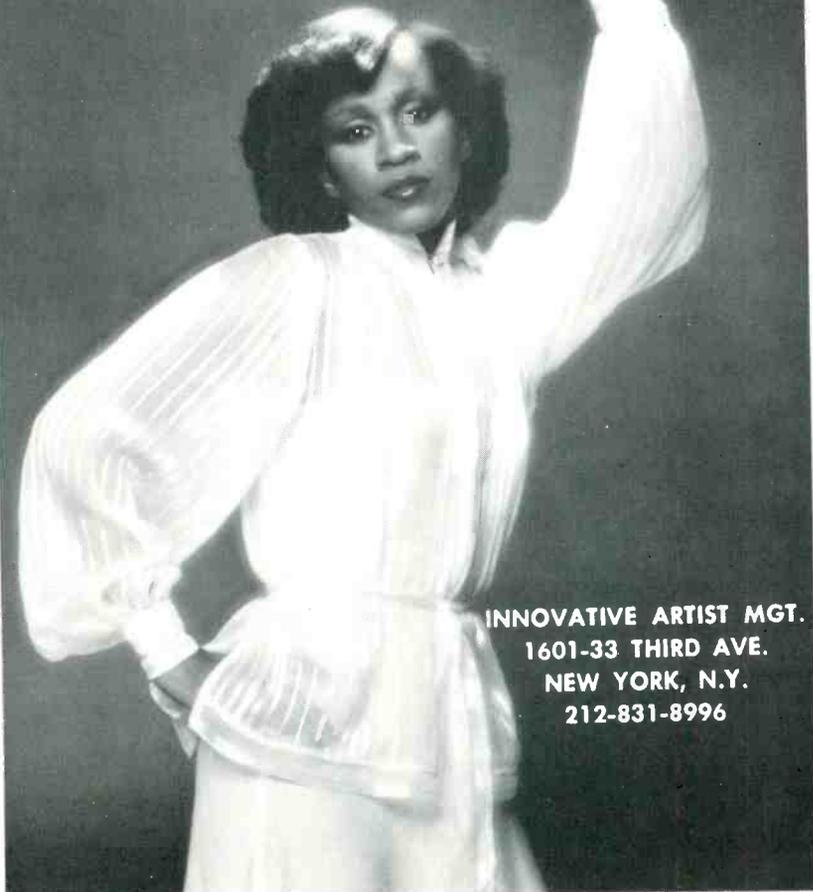
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*To all My Friends at Columbia,*

*Thanks for Backing Me up!*

*Janie Fricke*

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OF THE FAMILY  
**Bobbi Humphrey**

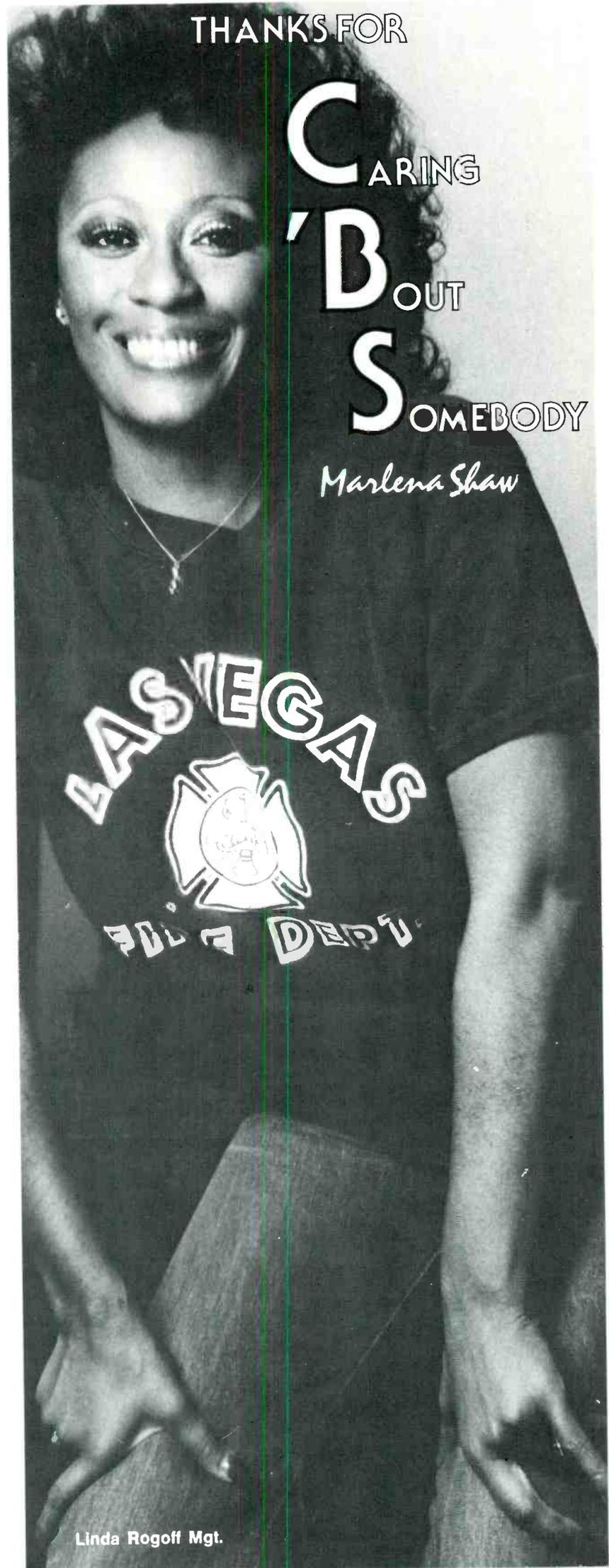


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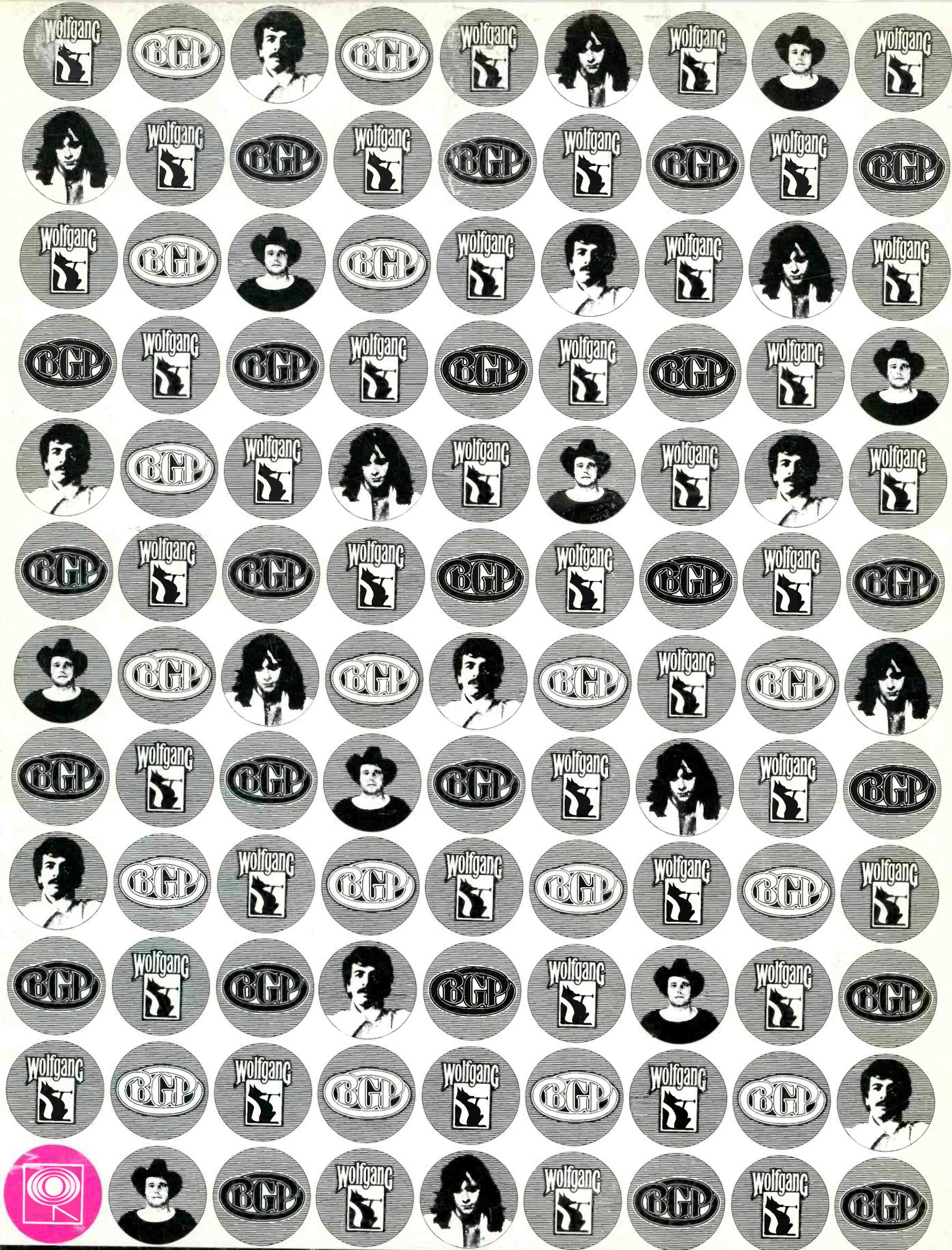
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CARING  
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*Marlena Shaw*



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**Cheers!** Bill Graham, Nick Clainos, Ray Etzler, Jerry Pompill, Mick Brigden, Arnie Pustilnik, Zohn Artman