

## **The Business of Music Publishers is Creativity**

Address of Ralph Peer, II <sup>1</sup> at the 2002 CISAC World Congress, London

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Dear Friends and Colleagues,

I am indeed honored to be here today and I want to express my appreciation to the organizing committee for their kind invitation

The program team has placed me as segue between a thoughtful panel of distinguished creators and our banking sponsors who will next have the floor. Such placement serves as a good metaphor of the role of the Music Publisher in being a bridge between the worlds of creation and commerce. It is not always an easy road to hoe -- but one that is useful and necessary in encouraging and disseminating the precious intellectual realization we call music.

### **Introduction**

According to our files, the peermusic companies have 126 direct membership or affiliation agreements with 43 musical rights organizations that work under the CISAC umbrella. Thus it's with appreciation that I address so many friends and colleagues at this gathering of those responsible for being the guardians of music's inherent value and culture. The work you do in achieving these important goals is much appreciated. May I say that the work of CISAC members in providing licensing, collection and distribution of performing rights is a *sine qua non* of my business?

Permit me also to observe that users are seldom as appreciative of the services provided by CISAC Societies as they should be. They often take the benefits of collective licensing too much for granted. In reality the CISAC structure is a service fully paid for by composers, authors and publishers which is also a *sine qua non* for every large user. Users must be made aware of the value of the role Societies perform as the business interface between rights holders and businesses that depend on the use of music.

### **The Music Publisher as Entrepreneur**

The brief given to me today by CISAC is to discuss music publishing in the context of "the business interface". The model I have chosen is the music publisher as entrepreneur ...

The term entrepreneur is lent to an enterprise that is nimble, that takes risks and is in tune with the contemporary environment. The eminent Oxford English Dictionary advises that the French origins of the English word translate as one who undertakes being a manager, a controller or a champion. These definitions ring true. A music publisher takes risks in a contemporary environment and is certainly a champion of the songs she or he represents.

The music publisher as an entrepreneur and commercial entity is highly motivated to achieve success for its composers. As a basic business practice we strive to maximize the revenue of our compositions. This motivation inures to the direct benefit of our composers as a music publisher's success is invariably and inescapably linked to the success of the composers we have the honor to represent. This is the nexus of the business connection which we are addressing on this panel.

Authors and composers count on publishers for marketing, administrative and financial support and guidance in their professional development. As novel products and exotic distribution channels come online, Music Publishers support their composers by adapting and packaging songs to reach these new markets. One important initiative that publishers are uniquely placed to pursue is the internationalization of songs both through working with local authors to create foreign adaptations and through exploitation of the songwriter's original creation. The range of services provided by publishers is as broad as the different types of music and styles of creative development that are a factor in today's marketplace.

Diversity in the availability of music is assured because of the substantial number of Music Publishers in the market. This allows a broad range of musical tastes to drive investment decisions. Competition for the services of songwriters maximizes the choices available to them. For these reasons, it's important to support a vibrant music publishing community at a national as well as international level.

Publishers take commercial risks with their own resources to nourish and support new composers and composer/artists often during a time in their careers when their only source of income is from publishing. It usually takes many months and, in the case of concert music many years, before their music is brought to the public in any revenue generating form. During that time publishers of concert music, [such as peermusic classical], must undertake the fastidious work of publishing scores, providing press promotion, and maintaining intensive contacts with musical directors of orchestras. Pop publishers face a frighteningly fickle market in which investment is more a matter of faith than of financial analysis. Thus both pop and classical publishers must have a belief – indeed a passion for the composers whose works they have taken on.

Publishers, like composers, believe the strongest vehicle for public acceptance is excellence in song writing. However, what's good is never absolute and always a matter of public taste. We have to make our choices, we have to work with our composers, we have to be professional and yes, we have to be lucky. In the entrepreneurial business relationship, we have to take risks. Many of those risks do not pay off. When there is a grand success we can revel in it and share the joy of our composers. However it would be fantasy to think that every new project turns out that way – it just isn't so.

One method of describing risks is as “capital contributions”. Both songwriters and publishers – each in their own way -- take the entrepreneurial risks that drive our community. Most important to our community is the creative and emotional capital that composers and authors devote to their craft. Without this capital none of us would be here. However, the publisher's capital contribution, including administrative endeavors, financing, marketing and providing

creative opportunities, is a critical part of this equation. Joining these two contributions establishes the principle that Music has more than a mundane value.

### **The CISAC Societies**

As entrepreneurs that carry the weight of monetary investment in musical creation, music publishers have certain well-known and legitimate interests in their business interface with collecting societies. These include fiduciary accountability, transparency, efficiency and collegiate representation. We are interested, also on behalf of our composers, in maximizing the revenues received from the usages we have obtained. While progress has been made, there is still much room to improve common information systems in order to reduce cost and duplication across the international community. We expect societies to focus their activity on providing the highest level of service to their members and to non-members whose repertoire comes under their aegis. In short we look to societies to protect and enhance the value of music through efficient business practices and tough negotiation. Low rates only devalue music in the minds of users and end consumers alike.

Today when certain segments of the music business are showing measurable weakness, it is more important than ever to be able to count on maximum income from our society partners, particularly as a source for capital investment in new talent .

### **Today's Challenges**

As mentioned before, adapting to the evolution of the market is ongoing critical work for the publishing community. Today we recognize the immediate challenge posed by the sharp increase in the availability of unlicensed music. Working with societies and other appropriate institutions, publishers are investing in sustainable solutions – those that maintain the value of music while meeting the needs of those seeking to operate legitimate businesses in the online world.

In some territories, notably in certain markets of Asia-Pacific and Latin America, this plague takes the form of rampant piracy. Working with our colleagues in the recording industry, all of us in the music sector need to rally for the proper and deserved enforcement for our creators in these musically rich territories and to encourage those who make investments in them.

In North America and Europe the dominant form of unlicensed usage is unauthorized online downloads, often leading to unlicensed CD-R sales. Recently, NMPA, the American Music Publishers' trade association in cooperation with individual publishers, composers and the RIAA has been fortunate to terminate the illegal activities of Napster and Aimster. We now have Kazaa and MusicCity/Grokster on our plates. American composers and publishers, including peermusic, have put their copyrights at risk and have invested millions of dollars in litigation as well as legislative efforts to send a clear message to venture capitalists, advertisers and others that there are high penalties for stealing the work of our creators in order to benefit their own ambitious financial goals. Let us hope that such efforts continue to bear fruit.

What is now a scourge on reproduction rights could easily migrate to performance rights if it is not corralled. In short we need to promote practical, proportional and just solutions in law and enforcement to allow all of us to benefit from the real promise of music in the online world – a promise to benefit the creative talent on which we and worldwide audiences who enjoy music depend.

In closing let me say that I am proud to be a part of the worldwide music community. Publishers are in the Business of Creativity. We add significant value to the so-called “value chain” through our investments, our acumen, and our passion for the songs under our aegis. And we are most grateful to CISAC and its members for their crucial role in furthering the advancement of music in today’s society.

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