

# SCOTT BORCHETTA

## Gearing Up For The Revolution

**H**e knows one way to do things – full speed. Whether it's record promotion, running his own label or Super Truck racing, it's pedal to the metal. Get on board or get run over.

**After more than 20 years promoting records independently and as an executive with MTM, MCA, DreamWorks and UMG/Nashville, Borchetta cranked the engine on Big Machine Records in September 2005.**

**The label has run wide-open for two years, and was recently rewarded with a double-platinum certification on Taylor Swift's self-titled debut album. Next to the starting line is Big Machine sister The Valory Music Co., which rolls with the country debut of Jewel as its first release. Borchetta and his team are moving fast. Don't blink.**

**CA: There's been much industry discussion about a new independent business model. What was Big Machine's original model and how has it changed?**

**SB:** The idea was to be as lean and mean as possible. We wanted to have just enough [staff] to be able to compete – and we're still operating with that mentality two years later. But the success we've had with Taylor Swift – and now Trisha and Garth – has allowed us to get bigger. As I look across 19 employees and two labels, I still think we're incredibly lean.

We have to continue to watch every dollar. We've had a great year, but so what? I look around and see major labels trying to figure out how to get smaller. It's up to me and my executive team to make sure we stay small. These are very tough times and we don't take any of this for granted. We've hit on a few things that are really working and we're going to continue this same underdog mentality of being giant-slayers.

**Does Big Machine participate in other areas of revenue – merchandising, publishing, touring – with its artists?**

Every deal is different and they're all partnerships. We do share in all that and in corporate initiatives that we bring to the table. We have to. Our company is a branding and marketing company and we build value in these artists as brands.

I preface every signing with, "If we both do our job properly..." Because if we do that, several years from that first meeting that artist can look me in the eye with their balance sheet in front of them and say, "Okay, my record company income is No. 5. I made more money on touring, merch, songwriting and corporate sponsorships. I'm valuable now. And it started from nothing. You laid this out clearly, and I'm not pissed off like the Dixie Chicks. (Laughs.) I'm not pissed off like Toby Keith. I get it. You told me what it was going to look like. Thank you."

We've hit on some things that make sense in partnership with our artists, but if we want to continue in business together, sometimes there will have to be adjustments. The artists who will stay here will be the ones who want to grow and embrace change. And that's every reason why I've been fired before. People didn't want to continue to grow. I'm not good at sitting still.

**You launched in September 2005. Is Big Machine in the black?**

We broke even our first year and we're very black. We're beautifully black.

**A large vat of that black ink is courtesy of Taylor Swift, whose debut CD was just certified double-platinum. Could you ever have expected to be at this point so soon?**

Putting this together I did three projections – a disaster plan, a survival plan and an aggressive plan. Taylor has hit the aggressive plan – touchdown. We absolutely planned for success. But did I write down that we'd be double-platinum? No. It hasn't totally sunk in that she

just won the CMA Horizon Award, the record's double-platinum, she has a major tour for next year and her next 18 months are done. I'm just happy that we were able to deliver for the artists and label staffers who trusted that we could do this. That's the most gratifying thing.

**What's the hardest thing about running a label?**

Getting respected. Being treated like we're supposed to be here. A lot of our friends at radio knew me, [VP/Promotion] Jack Purcell and some of our other great promotion people, so radio was the first to have a feeling we might have a chance to be successful. The difficult part was at retail and at distribution. We were just another label – and indie labels go under all the time. There wasn't a lot of belief that we would make it, and I could feel that.

But I have to say that the day we opened, [Universal Distribution head] Jim Urie called and said, "I'm glad to be back in business with you. Call me if you need anything." And that first year, I called him – a lot. I know where all the buttons are in promotion; I didn't know where any of them were in distribution.

A big part of my education was understanding what distribution can and can't do. And they can do a lot. But it's one thing for Jim to acknowledge that we're here. It's an entirely different situation for the company to understand – for the CFO to care about us in the sense of making sure things get done, for example. So there were some people within the system who I'd been successful with before, who I helped make a lot of money for at MCA and DreamWorks. But there was a whole other level of uncertainty, and I felt it in a big way.

**Was there an early wake-up call?**

You assume that shipping 100,000 units will enable you to walk into a Borders in Phoenix the day it's released and buy your record with your artist. It was pretty embarrassing when the record wasn't there. And that was just because people didn't know who the hell we were. And they didn't care. They've got a lot of records to put out. Who's Big Machine? Just because we shipped all that product didn't mean it ever made it out of the back room. I had to go back to Jim and say, "Jim, please push the button on this. It's not going to be the biggest record of the year, but I promise you we're going to be clean on it."

Our overall distribution return percentage is single digits, and that's what every label head in town prays for. But it took that extra day and night of pounding it and pounding it and pounding it. We have a lot of great friends now at retail, and Taylor's the reason. We

promised them that this was going to be a big record. I said, "Guys, you don't have any basis to trust me, but trust me." And even though we had enough people who stepped up, we still didn't get enough shipped that first week. But ever since October 24, 2006, there has not been a week where Taylor Swift did not have a reorder. Reorders are beautiful, and they continue to be beautiful.

**Where did you think you could save money that you haven't?**

We thought we could make good, inexpensive videos. The first videos we did on Danielle Peck and Jack Ingram were low-budget videos and they looked low-budget. I learned I can't do that and now I'm not willing to cut corners there. Videos are really important to great-looking artists, so we're spending major-label dollars on our videos because they come back to us. Jack, Danielle and Taylor are video stars.

**Where have you been able to do things differently from a major label and save?**

We make records a lot cheaper. That's an area that producers

and musicians in town are starting to wake up to. We don't do double-scale sessions. I've told musicians who've actually brought it up that my goal is to have them make 50 records for me. If I have to pay them double-scale, I may only be able to make one with them. I'd rather be in business with them for 10 or 15 years, but if I'm not in business I'll just have to hear them on the radio.

I've had a major producer tell me, "Scott, I know what you're doing with your business model. I want to be part of what you're doing. Let's do something together. We'll find a way to make the right record together. Don't let old business practices scare you away from calling me."

**What's another example of doing business differently from the majors?**

Royalty accounting is a nonstop education and it's something we're trying to revolutionize. I'm tired of artists getting ripped off. All the deductions drive me nuts. Labels tell acts, "We'll pay 85% of this, and for packaging we take this deduction, etc." I tell our artists that for each dollar that comes in, I'm going to give them X, and we're going to forget about all these stupid deductions and do better for them by streamlining the deductions. I want to get it to a flat tax!

And, as we move more into a digital world, there are daily revelations about how a record company needs to be paid so we can pay our artists. One of the neatest things is the recent announcement of a portable Internet radio player. Hallelujah! Because the record companies actually did something right, we have a performance fee coming. And the performance fee is going to be coming for terrestrial [radio], too. Broadcasters don't want to talk about it, but, without apology, it's coming. We'll continue to spend millions in creating this content and branding, but there's a value to it.

**You've always wanted to be head a label. Why were you never given the opportunity at a major or start-up, especially after the success you enjoyed as head of promotion at MCA and Dreamworks?**

I was un-hire-able. (Laughs.) I know people thought – heck, they still think I'm crazy! Fortunately, I have other like-minded crazy people around me. The only way this was going to happen was for me to create it. There was a strong opportunity at one moment with Warner Bros., but Universal wouldn't let me out [of my contract] to talk to them. But it just wasn't

happening, so I decided that at the end of my Universal contract, come hell or high water, I was doing this.

**Did the fact you came from promotion and not sales hold you back?**

Oh, yeah. I had a situation where a major label executive was interested in being a partner and his boss said to him, "Well, we know he can get them played, but we don't know if he can sell them. We don't know if he's a good A&R guy." It was another vote of no-confidence. One of my favorite commercials of all time is Michael

COUNTRY RADIO IS STILL KING. BUT THEY MUST UNDERSTAND THAT OTHER MEDIA ARE NIPPING AT THEIR HEELS. DON'T LET 'EM CATCH YOU.

Jordan who says, “Keep telling me I can’t slam.” So keep telling me I can’t do it. It just makes us work harder. But I don’t feel like I have to prove anything to anybody. I don’t do it for that.

**Really?**

No. I just felt I had to do this. People may not believe it, but I don’t care about me. (Laughs.) Sometimes I get mistaken for being arrogant. It’s just confidence. I have no fear of responsibility. I take responsibility for my actions, I cover my employees, I cover my artists. I just needed a little bit of money and support to see if we could do it. And the fact that I don’t have to answer to New York or L.A. is just a dream come true.

**What’s the best thing about heading a label?**

I kind of built my own club. I always wanted to build a label the same way we built promotion departments: No walls, no attitude or prejudice – the best idea wins. We’re all on the same page. Here’s the plan, execute. My responsibility is to hire people who I think are intelligent and hard-working and to sign artists whose music I love that I think can be successful. I’ve got great businesspeople to figure out the business side. But I get to do this thing, and I have people who share and add to the vision.

This isn’t just about me; this is about us. I’m a team builder. One of the things that is a true gift is that I have the capability and the history of building winning teams. One of the things I’m proudest of is being able to find great people, fit them together and have them work in harmony.

**What qualities do you look for in people you hire?**

Truly, a light comes on when I meet somebody, and I park that in the back of my head. I look for individualism. There’s also an intelligence factor and what I call a “now” factor – do they understand what the game is right now? And if they don’t, are they capable of learning it and accepting it? And, is this a good person – someone I want to be around every day? I go mostly on my gut. I hang out with them a little bit, see what they’re about, and decide if they fit in with my team. I’ve met incredibly intelligent people that just didn’t fit here.

**What are your thoughts on the state of Country radio today?**

[Labels] still want Country radio to lead, but they’ve got to get out of this AC mentality. There are so many more things that we can do as brand builders to bring the audience to radio. It’s always hard to make sweeping comments because they are great partners, but I’m amazed at the high level of people who are turning their heads and not embracing the opportunities out there – they’re hurting us.

This is a current-based format, and the more you continue to shrink it, ultimately, the more you’re hurting yourself, because we’re going to find ways to keep this music alive. We’ve been through this before – like in the late ‘80s when you could just feel something was going to pop. I have all the confidence in the world that somebody, whether it’s a Marc Chase or a Charlie Cook or whoever, will someday let programmers go crazy and create great content. They have to. And shame on Marc and Charlie if they don’t.

**If you were the king of Country radio, what would you change?**

I would make every Country radio station in the top 125 or top 150 markets reporters, whether they wanted to be or not. That would force them to deal with what’s happening today. If they wanted to participate in these fabulous artists, whether it’s Garth or Kenny or Taylor or Sugarland or Carrie or whoever, they’d have

to be a participant. This is not one-way. And they’d see the investment pay off. But I fear a lack of investment and a vote of no-confidence in current artists.

There’s going to be a huge battle for the car, especially after XM and Sirius merge. To compete with all the Country channels, five channels of any format, NASCAR, Howard Stern and people’s favorite sports, radio had better be doing something engaging on their terrestrial signal. They have to win the car. If they don’t, all of our attention, all of our media, all the things that we spend a lot of money on to bring this incredible music and these incredible stars to their listeners, will be going somewhere else. And I don’t want to take it anywhere else.

The fact is, we [labels] want to do this with Country radio first. I can’t scream that loud enough. Country radio is still king. But they must understand that other media are nipping at their heels. I would tell radio, “Don’t let ‘em catch you.”

**What do you think made you such an effective record promoter through the years, and why do you have such a good relationship with Country radio?**

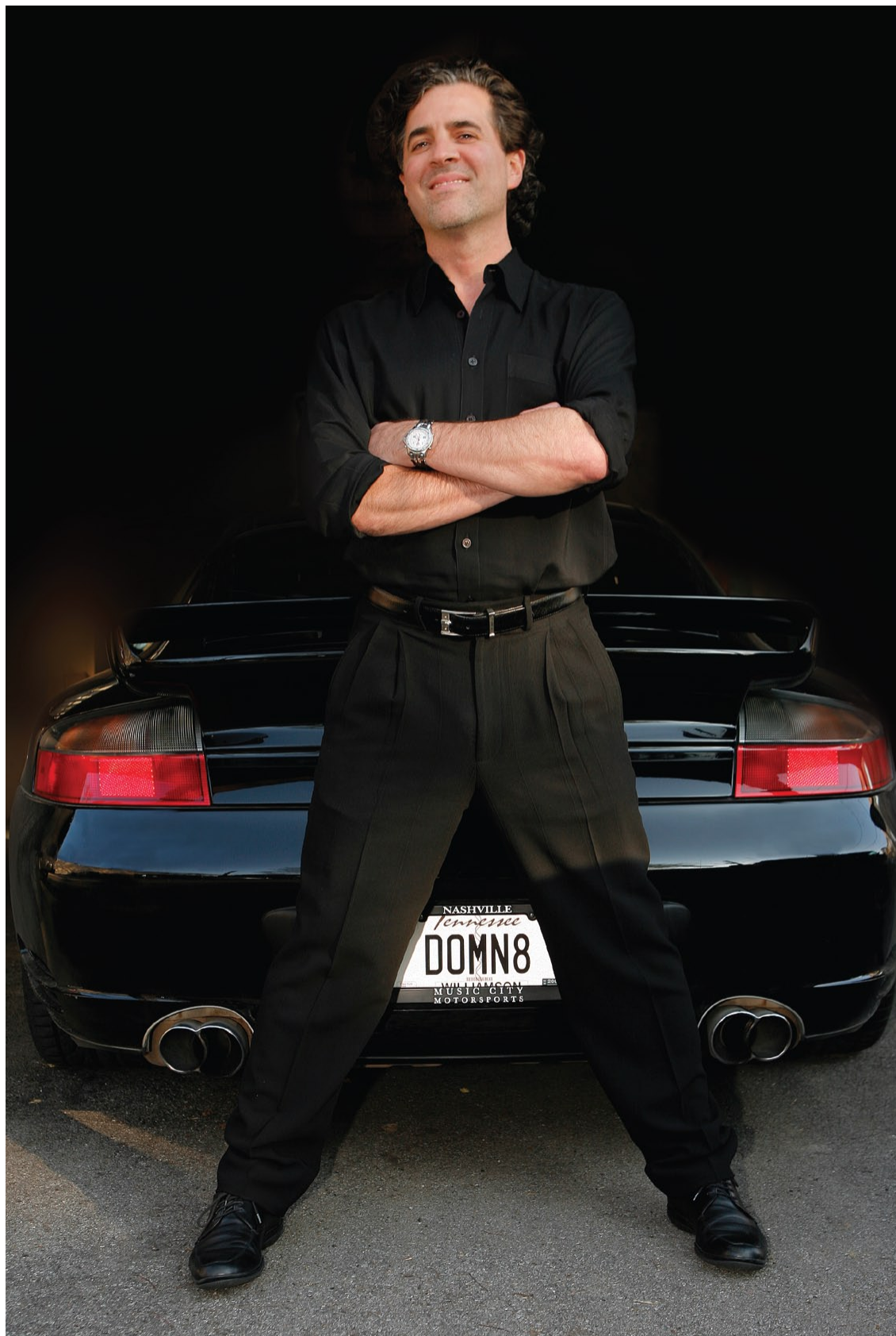
I believe in them and I want to be their best partner. And, we’ve proven that. When I’m presented with a plan, I always try to start with, “OK. How can we do this?” instead of, “Nah, we can’t do that.” I always try to get to the point I can say, “We can make that work. Here are the steps, and if you can do X, Y and Z, and make this happen and that happen, we can deliver our end.” And that’s not airplay-related, it’s market-related.

**Last month you launched The Valory Music Co. When did you first think you needed to add a second imprint?**

About a year ago. It was frustrating to have a couple of artists in development and I couldn’t get their records out. I’m not willing to sign something I really love and put it fifth or sixth in line. It really crystallized when the Garth conversations became very real. It was like, “OK, I gotta do this because it’s the right thing for our company. But who loses? Who’s going to have to sit down and wait even longer?” And then I had a couple of other meetings with artists and thought I either had to stop taking meetings or find a way to put some more music out. Ultimately, it came down to the fact that for not that much more investment and by adding just five more employees we could double our output.

**How did you get together with Garth?**

[Garth’s manager] Bob Doyle first approached me two years ago to work “Good Ride Cowboy.”



At that point we were with Toby [Keith] and there was no way that we could handle both Toby and Garth together. So I very reluctantly and humbly passed, and let them know that I was absolutely honored and disappointed. But they came back, and this time we were ready. We got the business stuff done before Garth and I really ever sat down. And once we sat down, sparks flew. It’s been incredible. And those are fun moments, great conversations, and we’re having a blast.

**What’s been the biggest disappointment of the past two years?**

Anytime you have a record that doesn’t work, it’s a disappointment. I think that I probably misread a couple of things, like putting out a

Jimmy Wayne single without a six-month set-up and thinking we’d have a lot more open arms. It was a real wake-up call to have a really cool single go out that we’d been asked for, and not have it be accepted.

Jimmy believes so much in what we’re doing here and he’s such a great team player, my biggest disappointment is that we haven’t had a chance to get him where I think he needs to be. So I’m thrilled that he’s going to have another great opportunity with Valory.

**What’s your long range plan?**

Right now it’s a three-year plan. We put everything into motion that I had dreamed that we could put into motion for this year. Now it’s about execution. We have Trisha. We’re working with Garth. Taylor Swift is the biggest new thing in the business. We have a real shot with Jack Ingram. We have a wonderful new Danielle record coming in the first quarter. The Jewel record is amazing. The Valory crew is already getting great feedback on Justin Moore. So what’s next for both imprints is execution.

And you’re not going to hear from me for awhile. I’ve been way too visible. I’m going back underground. You won’t see me. I don’t like being this public, to be honest. I like my artists to be public, and I like me and my staff to keep our heads down and continue to be the underdogs that we are and just focus on the job. I want to retire from interviews for awhile. I feel like I’ve been talking too much. I just don’t want to spend my days talking about what we do. I want to spend my days doing it.

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