DEVELOPING A BUSINESS PLAN AND EXECUTING
A MARKETING STRATEGY

A Project
Presented
to the Faculty of
California State University, Chico

In Partial Fulfillment
of the Requirements for the Degree
Master of Arts
in
Interdisciplinary Studies:
Entrepreneurship in Music & Entertainment

by

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Fall 2012
DEVELOPING A BUSINESS PLAN

AND

EXECUTING A MARKETING STRATEGY

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Fall 2012

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Dedication

I dedicate this thesis to my Mom, Renetha L. Foney, and Granny, Lucille Millhouse, for sacrificing and believing in me.
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ABSTRACT

DEVELOPING A BUSINESS PLAN AND EXECUTING
A MARKETING STRATEGY

by

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Master of Arts Interdisciplinary Studies:
Entrepreneurship in Music & Entertainment

California State University, Chico

Fall 2012

The purpose and use of this project is to establish an entrepreneurial business by developing a business plan and implementing a marketing strategy. This project combines years of experience and study in the Music and Entertainment Industries and culmination of the study of entrepreneurship in music and entertainment. An in depth survey and field study was conducted in order to establish efficient and innovative business practices in an effort to prove that a change in the music and entertainment industries is both possible and viable in the independent music marketplace.
CHAPTER I

INTRODUCTION

Background of Soul Real Music Group

Soul Real Music Group started as an idea. Eight years ago, as a recent high school graduate and aspiring music producer and musician, I began to develop an understanding of the music business through first hand experience. My endeavors led me to believe that there was something missing from the Music & Entertainment Industry, as it existed up until that point. The idea was simple; I wanted to change the way artists approached success within the music industry.

The sharing of copyrighted material via the Internet, and the subsequent problems it created for owners of that material, was a major turning point in the development of my career. Being a part of the generation that changed the way the industry did business became a sign of great opportunity. Being the son of a Nigerian immigrant, with hopes of becoming the start of the third generation of successful entrepreneurs, led me to wholeheartedly believe that the industry’s problems would become a gateway for innovation and new opportunities. In essence, the business model needed to evolve with the culture it intended to profit from.

Approaching my career with this intrinsic knowledge, and the aid of my background experience in the Music Industry at such a young age gave me insights into the evolutionary advantages that might serve as advantageous in achieving success.
Imagine my surprise at the irony of my first day of undergraduate studies in Music Industry and Recording arts when I was asked what I thought the future of the music industry would be like. It was evidence that my curiosity had been pointing me in the right direction.

The colloquialism, “If it isn’t broke, don’t fix it” always left me perplexed. I often would sit and wonder how many times I had looked at a problem and its solution and formulate which was actually which. Some problems can have unforeseen benefits that would not or could not be seen until after they’ve taken place. Growing up in the urban environment that is Oakland, California, one is often tested and forced to see the opportunities that obstacles present. This is a more balanced and adaptable approach to seeing things. Adaptation and evolution go hand in hand. Seeing the problems presented to the Music Industry by free, illegal file sharing of copyrighted material, and its response outlined the flaws I had been looking for.

Thus, Soul Real Music Group moved from a simple idea, to a philosophy, and eventually a business model that I’ve been painstakingly bringing to fruition over the past two years, after 6 previous years of direct experience. I intend to establish my business in the Music and Entertainment Industry from the independent entrepreneurs perspective by utilizing my career endeavors, in conjunction with my undergraduate studies in Music Industry and Recording Arts, as well as my graduate studies in Entrepreneurship in Music and Entertainment. This thesis project serves two purposes key to achieving that goal: (1) developing and executing a business plan and marketing strategy; and (2) conducting consumer research to gain insights into current trends and behaviors, in an attempt to
constantly adapt and align the core competencies of Soul Real Music Group with the evolution of not just the market, but the culture as well.

Leveling the Playing Field

The Music & Entertainment Industries’ responses to the cultural and technological changes were met with mixed results. In beginning the process of developing an outline for this project and it’s vital research, I found myself lost in inconclusive data and various findings all in opposition to each other. My already unique perspective and daunting amount of experience in my field up until that point led me to the realization that no one actually knows the full impact of these changes, and anyone purporting to have the answers had an agenda to protect the business interests of themselves and their affiliates. This forced me to make a decision on how I would proceed with my project.

The California State University Education Code clearly states in Title V, Section 40510, p. 473 that “originality, critical and independent thinking” are key evidences of a thesis project. Upon reading that I made the decision to utilize my sizeable experience as the basis for my projects direction, and I would generate new experience opportunities as direct field research, in addition to statistical research, to present my findings. I could easily quote other people’s opinions, and questionable assertions, but as an entrepreneur I have to be able to form my own opinion and deduce conclusions from my own tried and true data, derived from direct experience, in order to take necessary actions from a business perspective. Other people’s data will only get me so far. I still have to reach my own conclusions and rely on and be accountable for them. The application of the
information is what is key, which is something I learned from witnessing the decline of the traditional business model of the Music and Entertainment industry.

The traditional model of the industry is quite simple. Revenue is generated from the sale, distribution, and licensing of copyrighted intellectual property that they own in the form of songs, films, recordings, etc. There is an emphasis on ownership of the rights to said property, even though the creation of the property is key to having anything worth having rights to.

This is where people like me and my associates come into the picture. We create. It’s a skill and a talent that is often undervalued and thus hard to make a living doing without some sort of financial backing to promote the material created in order to sell it and/or license the rights to it. That is what the large labels are capable of doing on a global scale. Companies like Sony and Warner are pieces to a larger corporate structure that extends beyond music and film, which offers more outlets, opportunities, and financial backing for projects. This creates a unique relationship between artists and record labels that often leaves artists in a poor bargaining position in respects to royalties, or percentage of the profits from the sale of intellectual property. The artists normally receive a small percentage of ownership of the rights and are subsequently paid a small percentage of each transaction, while the label takes the majority share to recoup costs and turn a profit (Passman, 2006). This is common practice under the traditional business model, and leaves artists at a disadvantage if sales do not exceed costs. This is hard to do when millions are spent to promote a record in a climate where people are illegally downloading music. Under this model, profit drives the day-to-day focus. Despite music being an art form, the content and caliber of what is being created, presented, and sold are
not usually the most important qualities. This is where Art and business clash and inevitably diverge philosophically. This rift is where Soul Real Music Group began to thrive in my imagination.

I began to wonder why the two had to be separate. I understood why they were in the purely pragmatic business perspective of quarterly profit increases being the primary objective; however, if this was the right aesthetic then why the change in culture? What I had seen first hand as an aspiring, independent, music and entertainment entrepreneur was the proverbial “smoking gun”, or irrefutable evidence.

Being present when downloading first took off in the late nineties I began to experience a change in how I was building my music collection, or library. File sharing allows the user to download entire albums, or individual songs. The industry’s perpetuation of quantity over quality, in terms of records they promoted, led to the degradation of what constituted an album. Before file sharing, when music was distributed on tangible, fixed media, such as CDs, records, cassettes, etc., the consumer had little choice. You could buy the popular single(s) (which is usually the record executives pick of what is the most commercially viable song(s), from an album), or purchase the entire album. If you buy an entire album, chances are the entire project isn’t going to be enjoyable. Recording an entire album as a coherent work can be seen as an art form in and of itself. As the quality of music suffered to make way for higher quantities of output, I myself began to change the way I consumed music.

The quantity over quality approach had an effect on artists as well. I have personally witnessed artists completely change creative directions to follow suit with perceived industry practices. Artists are basically business entities in and of themselves
when you consider contractual obligations and royalties from licensing and publishing. Each artist has a small economy that they are connected to that helps them generate revenue from sales of records, merchandise, performances, and even endorsements. In today’s marketplace it isn’t uncommon to see an artist venture into business opportunities outside of the creation of music, investing in everything from clothing lines, tech companies, restaurants, sports franchises, and soft drinks. This isn’t a new trend, but it has certainly become more prevalent, notably with rappers consistently making various Forbes lists year after year (Greenburg, 2012). The key piece of information to take from this new ground being broken is that additional revenue streams are key to growth and success. Especially in an industry where, under the traditional model, the amount of capital invested in a record is the difference between success and failure. Artists with additional sources of income can afford to take matters into their own hands and have more control over the rights to their music and the quality of it as well.

It all comes down to an availability of resources. From my own adventures in the industry, I know directly how costly it can be to create and market an album. The traditional business model relies heavily on radio and television for marketing and promotion, which can be costly and outside of the budget of an independent artist.

Soul Real Music Group focuses on bridging the gap between what major labels offer and what independent artists can afford to do. Big budget entertainment is still a thriving part of the music industry, and the economy as a whole as indicated by the contributions of the artists on the Forbes lists, as the writer Zack Greenburg (2012) points out. My ultimate goal as an entrepreneur is to create financially feasible, high impact marketing opportunities for artists. The research presented as a part of this project was
designed to identify those marketing opportunities in this tumultuous time in the industry, from the consumers themselves. The real change that I intend to capitalize on is the change in how people are introduced to new artists. Varying from the traditional model completely, the intention is to not define a model but establish multiple tactics, deduced from the research results, that can be catered to each artists career objectives within their means, and help them build their brand, as opposed to using them as a means of gaining profit. Soul Real Music Groups perspective is that building direct relationships with artists that in turn help them establish businesses around themselves is where the profit lies. Instead of everything coming from one direction, it is spread out and profit is accumulated from a network of smaller enterprises, or artists, and the various opportunities we can provide. This is not only a more trustworthy and honest business model, but it virtually eliminates conflicts of interest for all parties involved since everyone is working together and not against each other. The major label has had issues with conflicts of interests in the recent past when attempting to deal with illegal downloading.

For example, the Recording Industry Association of America, or RIAA, the lobbying organization for the major US record companies, led the assault in retaliation to the rise of illegal downloading. In five years of litigation, from 2000 – 2008, roughly 18,000 individuals were sued for infringing on intellectual property protected by the copyrights of major labels, in an effort to scare people who illegally download (Kravets, 2010). From the beginning of their retaliation, or attack, on file sharers I immediately began to wonder how they proposed to catch them all. The Internet is a global network. Logically there is no conceivable way to track down every last file ever shared across the
planet or estimate damages. Despite the impossible, astronomical figures were claimed in damages. The RIAA estimated that 72 Trillion dollars in copyrighted material was stolen via Limewire, a once popular but now defunct file sharing application (Worstall, 2012). The intention was to introduce consequences for copyright infringement, which is fairly rampant in the digital age, but it also brought consequences for record labels as well. In the face of change in the marketplace, attacking the consumers of their commodity did not accomplish what they intended it to. Light was shed on the practices of labels in relation to what artists earn, and it started to become clear that the RIAA wasn’t fighting for the artists, but the labels instead who actually own the bulk share of the copyrights to the material being infringed upon. This really helped build the relationship between fans and artists, and created a power shift that put the artists and the fans back in control (Feinberg). Since then, the lawsuits have left the consumers alone and began to target the service providers and websites that facilitate file sharing, which has lead to more backlash from consumers (Kravets, 2010).

I saw this as the definitive sign of the necessity of change. This is where I began to see the path that would lead to the development of the philosophy and mission of Soul Real Music Group. Instead of owning artists and their works outright, and dictating how their content is marketed and can be used, why don’t we let the artist maintain the majority share of their work, and work with them to present the best possible product. I see longevity and sustainability in this new type of relationship, based on quality over quantity, which I can see leading to a balance of both over time. The aim is to help the artist develop not just artistically and business wise, in conjunction with the creative aspects, in order to build a small business, network based economy.
A New Way of Thinking

Seeing room for opportunities and the necessity of change is the easy part. The complications arise in changing minds already acclimated to the status quo. Having my unique perspective of the industry, via hands on experience in many different areas and aspects of it, gives valuable insight into solving an artist’s problems. Unfortunately, it doesn’t always help me share my accumulated knowledge. The bottom line is, everyone is not business minded, and there are varying levels of understanding and experience that I have to contend with for each artist and their associations when getting started. Learned behaviors can be daunting to work with when striving to create a professional environment and approach to conducting business.

The simple concept of an artist being a business entity is the first difficult task. I can only convey, relate, and empathize so much. Many artists are tied to the big picture that is “the dream” of what success in the music industry is to them, which is mostly formulated by what they see perpetuated by artists established in the mainstream. Something I always tell artists is that their favorite artists’ work and their work ethic were entirely different things pre fame. There is a desire for the rewards or ends, without and understanding of the means to achieve that level of success.

I have had the opportunity to work and communicate with some bigger named artist in my experience thus far, and there is an unparalleled level of focus, drive, and professionalism on that level. The goal of Soul Real Music Group is to help artists develop into what they want to be, but I found through my field studies that some artists can hinder themselves, and subsequently my business as well as the business of others. In
these cases, there is nothing that can really be done. You can not help people who do not desire to help themselves. Such things as punctuality, respect and decorum at events and with affiliated businesses are key to building and maintaining the network of artists, businesses, and fans that Soul Real Music Group tries to sustain. I have established more positive relationships than negative ones, however, there have been issues that have resulted in severed ties and damaged relationships. The outcome of such situations can reverberate throughout the network and is bad for business. It is vital to sever these ties early on to minimize risk and the resulting damage, direct and collateral.

As an example, there was a situation where I had booked an event for an artist at a local venue. Not only was the artist late but they were also inebriated, which led to the exaggeration of underlying, normally subdued, personality traits. Long story short, egos were flaring and myself and the venue were disrespected. The artist refused to take the stage at the agreed upon time, and wanted to wait until an hour and a half later when the crowd would pick up. If they had showed up on time, the crowd would have still been there. The artist’s attitude also put fans off and some left. The venue dropped the cover charge seeing as the artist’s conduct was in violation of the performance agreement. As a result we lost money. The situation also put a rift in my relationship with the venue. I did not get an opportunity to return for quite some time.

This was an artist that I had a very close and lengthy relationship with. Nevertheless, for the sake of preserving my business and the businesses of others that I work with, we went our separate ways. Just to show an example of the negative reverberation throughout the network, Soul Real Music Group had been helping this artist build their brand with other members of the network. There was a merchandising deal
with a local clothing line, and a music video shoot in the works with an up and coming director. Due to the negative events that transpired and the inevitable parting of ways, all those deals and opportunities not only became void, but the work that had already been done by the parties involved went to waste, and they lost not only money, but access to other businesses they were networking with to complete the projects. Lesson learned.

The idea behind Soul Real Music Group is to be a catalyst for change not just in the industry, but also in the lives of independent artists who desire to find success through their creativity. The events I just described elude not only to my efforts to do so, but the extent of what my business offers as well. It is imperative that artists be on the same page, or at least willing to get there. As a sole proprietor it is a lot of work. Sweat equity is the foundation of this business in its infancy. Time is my most precious commodity, especially being in business for myself as a graduate student. The bulk of the business operations are based around my personal knowledge, experience, abilities, contacts, and resources. This project was designed to establish an initial business plan based around services I provide both directly and indirectly. I directly influence the outcome of all the businesses endeavors. Vertical integration is key in this business model. To be able to actually make an impact in an artists’ career, I have to not only be able to identify internal strengths and weakness, and external opportunities and threats, but I also have to be able to implement the solutions directly and build momentum by hand. Managing the network for multiple artists is extremely complex and requires a constant eye on integration of ideas and services both vertically and horizontally, in addition to being able to have an eye on the critical path for multiple projects.
CHAPTER II

BRINGING THE STRATEGY TO FRUITION

Basis of the Study

As stated previously in CHAPTER I, the amount of change transpiring in the Music & Entertainment Industries is extremely rapid. New insights, tips, and tricks to permeate through the clutter created by the influx of new opportunities are impossible to accurately quantify for figures to be truly accurate an unbiased. The earlier example of the RIAA damage claims goes to show how much allegiances and conflicts of interest can affect data.

Many of the books that are available on the music industry from a business perspective begin with a disclaimer describing the content as strictly the opinion of the author as industry professionals. Authors such as Donald Passman, *Everything You Need to Know About the Music Business*, and Jerry Heller, *Ruthless*, undoubtedly each have several decades worth of insider industry knowledge. They both start their books off with their histories, and clearly explain that their knowledge comes from their experience. After seeing that, I realized that right now is my chance to define what will one day be my history, and that their experiences only hold so much similarity in today’s changing industry. I may not have as much experience as they do yet, but as an entrepreneur, I found that it was vital to create my own experiences and opportunities as field research and execution of my strategy from my unique perspective and situation, in addition to my
wealth of experience I already have. There was a need for me to actually get the business off the ground, not just write about it and speculate.

In the spirit of entrepreneurship, I embarked on building my business piece by piece. I sought out a graphic designer to create my logo (Appendix A). I reached out to a member of the network in it’s infancy who was a web designer and bought www.soulrealmusicgroup.com, as well as set up social media pages on Facebook and Twitter in an effort to facilitate promotion and outreach. This also facilitated the market research, by serving as portals for consumers to take surveys directly within the social media sites. The survey was created and administered via Google docs, which is a powerful tool for creating surveys and compiling the data.

I created and administered a two-part market and consumer research survey via Google docs and social media. I utilized these tools in order to reach the demographic of online users in the online environment, where people spend a lot of their time, and where the bulk of music interaction is happening today via various outlets referenced in the survey. The surveys were derived from one designed by my Committee Chair, Jeff Trailer, entitled Financial Strategic Assessment. The concept is to take attributes that define a product and have respondents rank them in importance. My product was music and I gave five attributes to choose from: sound, feel/beat/style, lyrics, originality & personal attributes, and popularity/availability. After the attributes were ranked, I took the responses and averaged them out to get the top responses. From those I created part two of the survey and had them rank the top attributes from survey one in the order of importance in relation to the primary outlets that consumers use to get new music: online purchase, free/illegal downloads, streaming, Youtube, physical purchase, and blogs.
The original survey utilized price as a modifier, however given the free nature of the majority of the popular outlets, I redesigned the survey to use popularity in the place of price. My hypothesis was that by identifying what the popular attributes were for music I could help artists creatively by aligning themselves with what consumers are directly saying they are looking for. As I stated before, a lot of industry readings deal in opinions and beliefs about what consumers are looking for. I find this to be a bit facetious in this day and age. People are on the Internet in droves, day and night, longing to be heard. Why not just ask them what they want and focus on delivering that. The second part of the survey was designed to identify where consumers were looking and eventually finding music that had the attributes they were looking for. This served to be able to design and implement artist specific marketing strategies and opportunities to artists that are optimized for outreach and extremely cost effective as an alternative to the pricey major label way of conducting business. The findings, which are part of the business plan itself in appendix A, generated some priceless information for how Soul Real Music Group should proceed, and directly affected its current course and new found success in new ventures.

What I found was that people were paying more attention to the Internet based outlets for discovering and acquiring new music, rather than the more traditional commercial resources like the radio. This is a key piece of information when trying to build the career of a generally unknown artist with little to no budget. The traditional ways are very costly, and there is no guarantee of their cost effectiveness, only the guarantee of additional costs in the future. A new, less expensive alternative that the artist themselves can be directly in control of is ideal. The results of my research show that
current consumer trends align with this restriction, thus creating an atmosphere of opportunity and growth within the artist’s direct control and budget.

After conducting the surveys, I utilized this information and began to book shows for regional and local artists at LaSalles, one of a local venue that I have a booking arrangement with. Their clientele and status in the nightlife and entertainment scene in downtown Chico, Ca. offered the best chance to be effective, despite my relationships with other venues like Lost and The Blue Room Theater. I contacted Local hip-hop artists who had a prominent following, and could use my research to their benefit. The idea was to gain exposure for them and Soul Real Music group, and further establish the network. Shows and performances are just one small part of the bigger picture, but they are important in generating some immediate income, seeing what an artist actually has to offer, and building awareness.

I booked headlining dates for artists like Chuuwee, Yung Doejah, and D. Willz, to name a few. I allowed them to fill the rest of the bill with other artists. I utilized these opportunities to successfully build the network even farther by establishing relationships with the artists that I had not known of before. We only utilized free promotional tools like social media. Whether the events were successful monetarily or not, there was always something to gain from them like new contacts, exposure, and experience for some of the artists who have yet to perfect their stage presence or have little to no stage experience. Some nights we made $5.00 in profit, others we made $400.00. There were various case specific circumstances to contend with for each show, but the idea was to utilize the data over time to pinpoint the effectiveness of the research for each artist and their specific needs.
CHAPTER III

RESULTS

The results of the data gathered are explained in depth in the actual business plan, found in APPENDIX A. In summation, they show that a majority of consumers are not paying for music. In addition to that, they identify with the more with the feel, beat, and/or style of music as a key factor for stimulating interests. This is vital information for acts looking to create singles and promote their work and build their artistry. These findings give direct feedback and insight to artists, and offers Soul Real Music Group a guide to finding the right acts.

Another piece of valuable information deduced is the popularity of Youtube. This is an outlet for artists to be seen and heard. It’s free, can potentially generate revenue, and puts control in the artists’ hands. After seeing this, I immediately began to develop relationships with artists who had never shot videos before and offered them an affordable opportunity to do so under the new branch of Soul Real Music Group. Soul Reel Productions is the new expansion of my business, established in June, 2012. As of right now we have Four music videos in pre-production that should be finished in the next couple of months. We’ve recently completed our first video for Cam, an artist I’ve booked to headline a few times and help manage. A link to the video and our website can be found in APPENDIX B.
Any further effect of the results will have to be seen at a later date. The business plan and the research included in it have both sparked the interests of a few artists and potential investors. Overall, it has been a success and Soul Real Music Group is fully operational and in a period of sustainable growth. I have outreach that spans California, and goes as far as Seattle, and New York thanks to the data, business plan, and implementation of the strategies derived from therein.
CHAPTER IV

SUMMARY AND CONCLUSIONS

Summary

The major point this project set out to make was that the Music & Entertainment Industries are in a state of constant flux. This is both an obstacle and an opportunity. It presents issues to the old concept of doing business in the industry and creates opportunities in respect to the relationship between artists and fans. The artists have more control, but that is not apparent to artists with their sights set on going to the top. This project’s sole purpose was to create and execute a business plan and marketing strategy, through conducting research in the field in order to get the business off the ground, and conduct technical research to gain insight into consumer trends and preferences to implement the plan and strategy effectively.

Conclusions

The project really has been an overall success. The financial figures presented in the plan are ideal scenario estimates for when everything is fully functional full time, nevertheless, there have been gains made. Multiple revenue streams are key in staying afloat, building relationships, and maximizing outreach. The new business model is working, as it grows I believe this will continue with the only limitations being people sustaining themselves within the network and not having to grow outside of it anymore.
It’s already happened with some artists. All this basically means is that I now have artists that work exclusively with the company and rely solely on me to provide opportunities. It is a full time endeavor that is a labor of love. The additional experience gained as an independent entrepreneur and documenting the process has set me far ahead of the competition. In the end, I didn’t just develop a plan and implement a strategy, I created structure where there was one, and this is how I think this business will strive. The landscape for independent artists in today’s market is not clearly defined. My expertise and specialized perspective and knowledge base has helped a lot of people, which achieved my goal of changing the perspective of the industry even if it’s a small start.
CHAPTER V

RECOMMENDATIONS

Something I would recommend for any entrepreneur is to be prepared. Contingency Planning has saved me time and time again. It has also helped me establish a sixth sense for what’s to be expected. You have to basically obsess over the process with a fine-toothed comb, over and over, to see where risk lies. Micromanaging can a double-edged sword, and not always the best solution, because it brings stress into the situation for all parties involved. I have found that promoting autonomy gets the best results out of people, but something to always remember is that at the end of the day, as the business owner you are ultimately responsible and held accountable for the way things function. I’ve made peace with this by relentlessly being my own devils advocate. Reality is the fine line between optimism and pessimism. That is where I try to stay anchored. I can have the biggest ideas and expectations, but without focusing on the facts required to bring them to fruition, I will fail to execute the ideal time and time again. It’s not realistic to expect for things to be immaculate the first time. I’ve experienced many people who have had that approach be discouraged from trying again after not meeting their lofty goals. It’s easier and more realistic to break one large goal into smaller ones, building confidence along the way. Then failures become apart of the learning process, and not a spotlight on inadequacy or stain to the ego, and a lot of this business is built around peoples’ egos. Speaking of egos, the relationships with artists are a balancing act
as well. You are their friend, boss, confidant, and savior in some cases. It is a big responsibility.

If I can do the study over again, I would utilize my time a little more effectively in other regions. The scope of getting the business off the ground was so big that I had to scale back to get done what needed to be, but if I had the time I would launch my efforts in another city concurrently and travel more to gain more ground and build a more expansive network. I would also set up a digital distribution deal which is the next inevitable step in order to help artists make income from the sale of their intellectual property. I think that that would serve as an excellent indicator of how effective our business efforts together are. Shows aren’t always good indicators because there’re a lot of factors to contend with like competition with other events that night, or if the artist is from out of town they may not have a following in a certain area. Sales in conjunction with youtube and the analytical data it provides would allow me to develop region specific outreach, and sales data would indicate the effectiveness on a more consistent basis. This would help build fans/ customers and begin to build the artists’ business networks for touring in the future.
REFERENCES


APPENDIX A
Isaac Uhunmwuanhgo

Project

December 2012
Business and Marketing Plan

Soul Real Music Group is a new approach to the Music & Entertainment Industries from the independent entrepreneurs perspective.

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December 2012
SOUL.REAL.MUSIC.GROUP.

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Executive Summary

This business and marketing plan has been created to initiate an entry strategy for Soul Real Music Group, a new approach to the traditional business model of an independent record label, based in Northern California. The concept revolves around the management practice of vertical integration and the use of technological advances, in an effort to establish a pattern of growth locally, regionally, and nationally, with additional growth opportunities that have global potential.

Conceived, created, and operated by Isaac Uhunmwuangho, whose 10 years of career experience in the music and entertainment industry is the foundation of the company’s mission: to establish a new approach to the Music & Entertainment Industries from the independent entrepreneurs perspective.

The creator’s unique, hands on working experience provides a 360 degree perspective of the music and entertainment industry. This builds business opportunities, for artists, and businesses, to be created in an effort to provide the artists with the platform they need to develop, and businesses the attraction they need to generate business. Synergy and integration are the keys to establishing a network and maintaining symbiotic relationships.

Working in the areas of music performance, music production, event planning, marketing & promotion, audio recording, and concert booking/talent buying, his relationships with established artists, venues, and other independent industry related businesses serve as an axis for generating business opportunities that rotate throughout a growing network centered around monetizing intellectual property and its subsidiary
revenue streams. Music is an intangible product and a service. It is important to understand this when attempting to discover new, more efficient ways of offering music to consumers and building a career with an artist.

The idea, in its most basic form, is not only to create monetary gains and growth in market share for Soul Real Music Group directly, but indirectly as well via connecting with other businesses and artists to develop growth for every entity involved. Our intention is to work with the artists to develop their business as opposed to the traditional model of the artist working for, and subsequently against, us.

At first glance this approach may seem too good to be true. Blind optimism some would say, however, when taking into account the relationship between the music industry and it’s consumers in today’s tumultuous economic climate, there is an obvious desire for change. This company aims to help influence the industries metamorphosis into the next stage in its life cycle. Through recent, thorough market research and analysis, the company has discovered where this next stage is headed. Use of this information, in combination with attention to current consumer trends in the market begins to establish the perspective required for this attempt to establish alternatives to the status quo.
Music Industry Overview

The recent decline in effectiveness of the past business model can be attributed to what can only be seen as fear of change. Previous success was based on the control of distribution and price of the physical sales of records.

With physical sales in decline, due to the advent of digital technology and peer-to-peer file sharing, other revenue streams are sought to stay afloat. The end result is a hybrid of old and new practices, with an emphasis on the mindset of the old. However, before detailing the current practices today, the events that led to the current state of the industry are key to understanding the current potential opportunities Soul Real Music Group intends to capitalize on.

A record Label generates revenue through the sale, licensing, and distribution of records. A collection of records that a record label owns the copyrights to is referred to as a “Catalogue”. Up until new technological developments encroached on the gatekeeper like control the labels held over their content, a labels catalogue was it’s primary source of revenue. Ownership of the rights to desirable, and popular collections of intellectual property called songs were the bread and butter of the music industry. Licensing, royalties, and sales were the basis of income and residuals for record labels.

File sharing destroyed this business model seemingly overnight. A new anti established market, market was created and, to the dismay of record label executives worldwide, this new market flourished. Utilizing advances in technology, songs, albums, and entire catalogues were available anytime, for free, at the users convenience. Not only was this a revolutionary idea, it was an illegal alternative to the way music was attained.
The illegality was the breach of copyrights owned by the labels. This removed the control the labels once had in the business to consumer relationship.

In any business model, the user vs. customer relationship is the key to success. When all your customers become users overnight there is a sudden enormous outside threat to business as usual. The digital frontier brought change by force. Stereotypically, people avoid change. The labels did. The consumers did not. Record sales declined and downloads increased.

This upset the prosperous balance that the record labels once maintained at the artists expense. In the aforementioned old business model where a label generated revenue from it’s catalogue, artists held little ownership in the works they created. These unfair practices lead to further dissemination of the ideas fostered in the digital music revolution. Soon, former consumers became digital “Pirates” in the eyes of the music industry. Illegal downloaders were subpoenaed and prosecuted for copyright infringement by way of “Sharing” or distributing files on peer-to-peer networks. This not only created anti major record label sentiment, it brought to light the plight of the artist within the industry. Industry ideology with the fact that most artists do not own the records they create and the necessity for a new, artist centric model becomes clear.

This is where the major paradigm shift occurred. Consumers now had some control in the relationship. Companies were now unable to hold onto their once dominant market share and distribution channels. These changes lead to a search. Not for a new model, but for other sources of income.

This search for other sources of income lead record labels to further subject artists to profit sharing with the introduction of what is commonly known as a “360” deal.
This type of record deal entitles a record label to percentages of all of an artist’s income in return for financing the artists endeavors with marketing, promotion, endorsements and touring. This can be seen as progress, however, unless an artist is phenomenally successful there is often a higher risk of that artist not generating enough revenue to be profitable.

There is a common practice in the industry of recouping expenses against an artists earnings. Under this practice, many labels spend exorbitant amounts of money on traditional marketing in an effort to promote records and the artists who create them, often to little avail. Under these circumstances the artists are at risk of not selling enough records to repay operating costs and begin to see a return on royalties, a percentage earned from the sale, licensing, or reproduction of their works.

Low sales subsequently leave an artist in debt to the label. Most major labels practice “cross collateralization”, a process in which the old debt yet to be recouped from one record can be added to new debt accumulated from the process of creating a new record. This means that an artist will see no return on sales until all costs are recouped in total for both records in addition to the labels percentage of sales, which, for new artists with no bargaining power or leverage, is usually a majority share. This leaves the artist at an extreme disadvantage with little or no control. A artist who has a record that sells poorly could be seen as a risk or a loss, and thus never be given the attention necessary to have a chance at turning a profit again. Many artists loose the interest of their labels for not being able to sell well to consumers and are released, (or “dropped”) from the label, or their projects get shelved. The question Soul Real Music
Group raises is, “Why didn’t the artist sell well despite the effort and money spent to insure the contrary result?"  

From what we’ve seen, there appears to be no poignancy on behalf of the record labels, as if they had nothing to do in the process poor sales and are only responsible for high profits. The artist is routinely blamed and it is a mark on their careers much like being fired is a mark on one’s resume. Take into account that the music and entertainment market serves as a public forum, and it becomes clear that after a failure to perform, an artist has little chance at a second, better attempt.  

It is in the opinion of Soul Real Music Group that this may be to a lack of understanding of the new industry climate as far as the consumer is concerned, and how marketing and promotion are applied. Our analysis shows exactly how diversified consumers desires can differ from one distribution channel to another based on attributes of the music and the artists themselves. It is this information, which implicates that the market has changed, but also that old style efforts are proving more and more futile as time progresses. New media and distribution channels are constantly changing and growing in number of alternatives. This takes the power companies have over artists, and distributes it back to the artists themselves in addition to offering consumers more choice and opinion in the process. People have access to artists on a level that is unprecedented. Social media and the power of “viral” Internet sensations have changed the business model once again. Twitter alone allows an artist to reach millions of people in a few seconds and the people can reach right back. Now artists need to generate content outside of their musical talents. This can be seen as both a positive and a negative development within the industry but the state of things is so far on the edge of innovation that it the
true ramifications and/or potential of either is yet to be fully understood, let alone determined. Even basic tools like email changed the way artists are found and how they communicate with potential fans or customers. Capitalizing on these tools optimizes chances for opportunities.

The national landscape is filled with local and regional artists who are in need of services typically provided by a team of industry professionals and record label executives who each specialize in specific areas of the industry i.e. marketing, distribution, management, etc. Most artists lack the knowledge of how to ascertain these professionals and their services, use them to their advantage, or even what it is exactly they do or consist of. Due to this, many talented artists never reach a position where they can monetize their creative efforts and begin to establish business opportunities around their intellectual property. Despite this lack of knowledge and information, there is a huge movement of artists following the mantra of “D.I.Y.” or do it yourself. The changing landscape of the industry has opened up massive amounts of opportunity for new ideas to be fostered by new thinkers who not only embrace change, but the necessity of it as well.
Market Analysis

The music industry has shifted and continues to do so everyday. Everything, from the way music is heard to the way it is purchased, has changed drastically over the last 10 years. Physical sales are in decline and digital sales are up, ironically, along with illegal downloading. A basic observation of this undulating landscape reveals a lack of structure and order from the standpoint of operating a traditional record label. Some, notably the practitioners of the old ways, see this as a serious threat and a unsolvable problem, however, with a little perspective, these obstacles can be seen as opportunities in disguise. It is the opinion of Soul Real Music Group that there is no better time to establish new ways of doing business than in the times of market uncertainty.

Risk is a key concern when starting any new venture even in an ideal industry setting. Risk is everywhere. Often times the low risk high reward approach to navigating the business landscape is seen as ideal, but with little or no risk involved innovation suffers. Change becomes a nuisance or an obligation and not a necessity.

In an effort to share this perspective with potential investors and partners, research into the changes that are happening in the music and entertainment industries was conducted. Consumers were presented with a two part survey aimed to identify and rank what distribution channels they rely on to acquire music, and what attributes they look for in identifying music they enjoy with respect to the distribution channels. The information collected speaks volumes about the changes that are happening and points out where the opportunities lie for emerging artists to be heard and presented to new audiences. The data also suggests key distribution channels that can be utilized by Soul
Real Music Group to circumvent some of the previously unknown and ever changing barriers to entry. This is priceless information when considering a marketing plan for an artist with limited resources and identifying the optimal distribution channels within our means, and potential revenue streams in the hectic environment.

In the first part of the survey, when asked to rank the three most important attributes, the individuals surveyed were allowed to define the attributes themselves. From that data the responses were condensed into five specific aspects of music found to be important to listeners: sound, feel/beat/style, lyrics, originality, and popularity (Table A). The group surveyed identified the feel/beat/style of the music as the first most important factor, and the most mentioned over all. This is an important indication when taking into consideration that the survey group defined their own attributes. It is important to note that the attributes can also be seen as types of music. This information gives a blueprint of what consumers are looking for from their music. This is helpful in the creative process for an artist, as well as in the sale of music and determining what kind of music will sell where when combined with the data from part two of the survey (Table D).
Attribute Graph

Table A

<table>
<thead>
<tr>
<th>Attributes Identified</th>
<th>Importance Ranking 1st Most</th>
<th>Importance Ranking 2nd Most</th>
<th>Importance Ranking 3rd Most</th>
<th>Frequency mentioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sound (yellow)</td>
<td>4</td>
<td>7</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>Feel/ Beat/ Style (green)</td>
<td>14</td>
<td>10</td>
<td>9</td>
<td>33</td>
</tr>
<tr>
<td>Lyrics (blue)</td>
<td>4</td>
<td>5</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Originality &amp; Personal Attributes (red)</td>
<td>7</td>
<td>7</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>Popularity/ Availability (purple)</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>7</td>
</tr>
</tbody>
</table>
### Table B

<table>
<thead>
<tr>
<th>Competitors Identified</th>
<th>Frequency mentioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blogs/ Label website (Yellow)</td>
<td>6</td>
</tr>
<tr>
<td>iTunes (Orange)</td>
<td>17</td>
</tr>
<tr>
<td>Spotify (Dark Green)</td>
<td>3</td>
</tr>
<tr>
<td>Free/ illegal Download (Grey)</td>
<td>24</td>
</tr>
<tr>
<td>Youtube (Teal)</td>
<td>14</td>
</tr>
<tr>
<td>Amazon (brown)</td>
<td>4</td>
</tr>
<tr>
<td>Radio/ Top 40 (sky blue)</td>
<td>3</td>
</tr>
<tr>
<td>Pandora Streaming (Purple)</td>
<td>9</td>
</tr>
<tr>
<td>Other Streaming/ Digital Purchase (White)</td>
<td>4</td>
</tr>
<tr>
<td>Physical Purchase (red)</td>
<td>8</td>
</tr>
</tbody>
</table>

### Table C

<table>
<thead>
<tr>
<th>Competitors (condensed)</th>
<th>Frequency mentioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Purchase (iTunes, Amazon)</td>
<td>21</td>
</tr>
<tr>
<td>Free Downloading</td>
<td>24</td>
</tr>
<tr>
<td>Streaming (Spotify, Pandora, Soundcloud, etc.)</td>
<td>22</td>
</tr>
<tr>
<td>Youtube Videos</td>
<td>14</td>
</tr>
<tr>
<td>Physical Purchase (CD/ Record)</td>
<td>8</td>
</tr>
<tr>
<td>Blogs</td>
<td>6</td>
</tr>
</tbody>
</table>
The second half of part one of the survey asked the group to identify the three businesses, products, services, or places that they consider most when they want to listen to or acquire (purchase and/or download) new music (Table B). This was by far the most important information collected from the data. The answers in actuality are identifying key distribution channels. Again, the survey group was allowed to generate their own responses in order to let them define the trends directly, giving us a more accurate and diverse collection of information. This was done to avoid pre-defining the choices and limiting the possibilities. It would be foolish to assume we know what to offer in terms of choices.

This was a key point of diversion from the traditional record label concept. By defining the attributes for the survey group, the data could not be seen as conclusive if we limited the scope of the possibilities. This is important when considering marketing implications. It’s dangerous to assume knowledge of market characteristics and trends based on opinion. To predefine characteristics for a survey group or consumer base would yield inaccurate results, much like assumptions applied to a promotional campaign for a new release by an artist can have an unfavorable outcome. We simply do not know what consumers have to say unless we ask. It is easy to fall into the trap of making decisions based on gut instinct or opinion but it is unnecessary in today’s society where everyone has an opinion and a strong desire to share it. It is valuable information that is offered for free.

When looking at the traditional spending habits of labels on distribution, marketing, and promotion methods (i.e. commercials, appearances, performances, etc.)
for a new record against our data, it becomes clear that the trends differ from the business practices. Millions are spent on radio promotion, also known as “Payola”. Besides the fact that this practice exists in a legal grey area, it is an enormous barrier to entry for independent record labels and artists with a smaller budget for marketing a release. Our data indicates that radio is literally the last distribution channel that our survey group uses to hear new desirable music. This indicates an immediate disconnect between the old business model and what is happening within the consumer community of music listeners. It is this divergence that Soul Real Music Group aims to capitalize on.

This snapshot of consumer behavior in today’s market shows not only that the traditional sale of physical records is not the main or preferred method of distribution by consumers, but also what attributes of the music itself are deemed most important to listeners. Interestingly enough, the desirable attributes of the music people are listening to shifts from one distribution channel to the next. This juxtaposition offers insight into a wide array of variable perspectives when looking at the data. This is important when determining a strategic plan for artists of different genre’s and talents.

Part two of the survey took the Attributes and competitors, or distribution channels, that the survey group themselves defined, and asked them to rate the importance of those attributes from one (best or most important) to five for each distribution channel. The results give insight into exactly what is happening on the consumer level. Feel/ beat/ style is the most important factor as an attribute and a type of music. Music that aligns with that attribute or type grabs people’s attention first based on the data. From there, you can begin to piece together how certain types of music will sell or be distributed best through the ideal channel.
After gathering all of the data, accumulating the results, and making initial inferences, we took the analysis a step further and charted the information to have direct visual representation of the different perspectives that can be used to interpret the data.

We grouped the attributes in pairs and utilized their rankings from Table D to plot their relationship graphically, using popularity as the modifier, indicated by the size of the bubbles in the chart. The grouping was decided based on the importance ranked by the survey group or each attribute to gather an understanding of the relationships between them. Popularity was used as the modifier since it was the only attribute not directly related to the creative process when viewing the attributes from the perspective of being types of music. The color of the bubbles indicates the distribution channels.

### Table D

<table>
<thead>
<tr>
<th>Competitors</th>
<th>Attributes’ Relative (average) Ratings</th>
<th>Sound (yellow)</th>
<th>Feel/ Boat/ Style (green)</th>
<th>Lyrics (blue)</th>
<th>Originality &amp; Personal Attributes (red)</th>
<th>Popularity/ Availability (purple)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Purchase</td>
<td></td>
<td>2.6</td>
<td>1.9</td>
<td>2.9</td>
<td>3.3</td>
<td>4.4</td>
</tr>
<tr>
<td>(iTunes, Amazon)</td>
<td></td>
<td>2.6</td>
<td>2.3</td>
<td>3.2</td>
<td>3.3</td>
<td>4.0</td>
</tr>
<tr>
<td>Free Downloading</td>
<td></td>
<td>2.6</td>
<td>2.2</td>
<td>3.1</td>
<td>3.0</td>
<td>4.1</td>
</tr>
<tr>
<td>Streaming (Spotify, Pandora, Soundcloud, etc.)</td>
<td></td>
<td>3.1</td>
<td>2.8</td>
<td>3.4</td>
<td>2.8</td>
<td>3.0</td>
</tr>
<tr>
<td>Youtube Videos</td>
<td></td>
<td>2.4</td>
<td>1.9</td>
<td>3.3</td>
<td>3.0</td>
<td>4.2</td>
</tr>
<tr>
<td>Physical Purchase (CD/ Record)</td>
<td></td>
<td>2.6</td>
<td>2.4</td>
<td>3.3</td>
<td>2.7</td>
<td>3.8</td>
</tr>
<tr>
<td>Blogs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Segment Rankings in Primary Competitive Attributes

<table>
<thead>
<tr>
<th>Primary Competitors</th>
<th>Sound</th>
<th>Feel/ Beat/ Style</th>
<th>Lyrics</th>
<th>Originality</th>
<th>Feel/ Beat/ Style</th>
<th>Originality</th>
<th>Popularity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Purchase</td>
<td>2.6</td>
<td>1.9</td>
<td>2.9</td>
<td>3.3</td>
<td>1.9</td>
<td>3.3</td>
<td>4.4</td>
</tr>
<tr>
<td>Free Downloading</td>
<td>2.3</td>
<td>2.3</td>
<td>3.2</td>
<td>3.3</td>
<td>2.3</td>
<td>3.3</td>
<td>4.0</td>
</tr>
<tr>
<td>Streaming</td>
<td>2.6</td>
<td>2.2</td>
<td>3.1</td>
<td>3.0</td>
<td>2.2</td>
<td>3.0</td>
<td>4.1</td>
</tr>
<tr>
<td>Youtube Videos</td>
<td>3.1</td>
<td>2.8</td>
<td>3.4</td>
<td>2.0</td>
<td>2.8</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Physical Purchase</td>
<td>2.4</td>
<td>1.9</td>
<td>3.3</td>
<td>3.0</td>
<td>1.0</td>
<td>3.0</td>
<td>4.2</td>
</tr>
<tr>
<td>Blogs</td>
<td>2.8</td>
<td>2.4</td>
<td>3.3</td>
<td>2.7</td>
<td>2.4</td>
<td>2.7</td>
<td>5.8</td>
</tr>
</tbody>
</table>

Note: 1st Best in the group

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**Segment Analysis: Map #1**

*Popularity = Size of Bubble*

**Segment Analysis: Map #3**

*Popularity = Size of Bubble*
This graphic portion of the analysis identifies even more powerful information, identifying additional indications into the trends present in the consumer base. Map #1 was of particular interest. When considering management and marketing strategy, this graph indicates that the two most highly ranked attributes are heavily weighted within the online distribution channels. This is a key piece of information for a start up label looking to be the most efficient, and effective with resources when introducing a new offering.

These findings are valuable throughout the entire process of putting music into the marketplace, from the creative process to the business side. By using this information, targeting and segmenting becomes based in fact and not opinions or hunches. This approach is the basis of the change Soul Real Music Group aims to inject into the concept of what an independent record label can do. The use of technological advances, in research, development and distribution, levels the playing field when competing for market share against competitors large or small. With downloading,
streaming and digital sales being the primary means of acquiring music amongst consumers, based on the data collected, there are some serious implications for the market as it exists today and how we need to function within it to succeed.

One such implication is the effect of technology on costs. Physical manufacturing of records for sale as tangible goods in stores and other traditional distribution outlets is a costly process. It adds to the artist’s debt and risk since the trend in today’s market is digital distribution. Via digital sales and distribution, there are no exorbitant manufacturing and distribution costs, and the scope of the channel is infinite in the digital domain. An artist’s music can potentially go “Viral” overnight, globally as opposed to circulating physically much slower (Map #1).

Also, promotional efforts become more effective. The internet is not only vital in digital distribution, but online promotion of music is a new tool and market. When used in combination with social media, your music is accessible at all times from anywhere instantly, and you can target very specific consumer bases down to age and location down to a 10 mile radius. The beauty of this innovation in marketing is that it’s potential has yet to be understood due to this, analytical information is consistently being tracked and organized for the user and the online business community as a whole in an effort to gather as much data as possible to facilitate more effective ways of doing business. This all firmly aligns with Soul Real Music Group’s approach of utilizing facts to make big decisions in an effort to better serve our artists and be on the edge of the innovation that is happening. Knowledge is power, and it’s free if you know where to
look for it. This idea is vital to how we will achieve our goal of establishing a new approach to the music and entertainment industry from an independent entrepreneur’s perspective.

The greatest piece of information that the analysis has offered Soul Real Music Group as an independent record label is insight into what kinds of music are the most sought after. In the process of finding artists to work with and help develop a business around in the industry, the answers provided by the data are the essence of what selling records is all about. Insight into what people desire to hear is paramount. It serves not only as a guide for us finding new artists, but it gives the artists direction in the creative process to help develop a more commercially successful offering.
**Strategy**

Soul Real Music Group is dedicated to establishing one of the new business models for this changing landscape. Right now the business is based in California, but has already worked with and consulted artists in New York and Chicago after being in business for only two years. The idea being to eventually establish a presence in multiple markets, maintaining relationships with different artists, venues, and businesses in each area in an attempt to establish a network of opportunities for all parties involved. California alone is home to a plethora of different venues, and an insurmountable number of artists of all types seeking business opportunities and growth of their brand on the D.I.Y. level.

The market analysis conducted in this plan shows that technology has not only continued to be a key driving force in the way music is used and consumed, but it also shows that the initial potential of the digital music marketplace has taken on a life of its own, separate from the traditional business model. Our primary strategy is to constantly align ourselves with that change in order to preemptively develop the most efficient and beneficial courses of action and subsequently minimizing risks in the ebb and flow of the industry.

As mentioned in the executive summary, the basic idea is to not only create opportunities, but monetize them as well. Utilizing Vertical Integration of business processes, horizontally across multiple markets and in effect, growing multiple businesses at once, together. To understand the integration process better we must first define what opportunities an artist needs to generate revenue.
Sales are only a small part of a big picture. There is also touring, merchandising, promotions and marketing, and the process of creating the music which is where it all starts, and as our data not only suggests is of key importance, but defines as well. That being said, the unique 360-degree industry experience of the owner, Isaac Uhunmwuangho, is the foundation of what we can offer an artist. His résumé speaks for itself (pg. 20). The owner’s immense skill set is an example of the level of integration present throughout the company. His experience in music performance, music production, event planning, marketing & promotion, audio recording, and concert booking/talent buying allows for a majority of what an artist needs to be present under one roof. This experience also helps establish industry relationships for other external opportunities an artist needs such as video production and sponsorships or endorsements.

With the owner’s experience, it is possible to help an artist develop each part of the larger picture in a more efficient manner. Instead of a large team of people, Soul Real Music Groups approach is more personal and hands on. Instead of simply backing an artist financially, paying for opportunities, expecting them to bring a return without really establishing the most efficient plan of attack, our approach is to be there in the trenches with the artist. Day by day, piece by piece we intend to establish an organizational culture of community that extends beyond our actual organization.

The community we create and maintain will be the basis of generating revenue. An artist’s fans are intrinsically their customers. Combining internet technology with touring is our primary means of initiating this strategy. No matter what, it starts with the music, which is reliant upon the artist. The artist relies on us to not only support them but to give them the opportunity to be in an environment that fosters creativity and
positive career growth. This is known as artist development. In today’s industry, this is becoming more and more of a rarity. Labels are looking for artists who need little or no development since it is a costly and time consuming process. This is where the old model and it’s original intent diverge. Development used to be a key factor not only in an artists success, but in the longevity of said success. As an artist develops, so does their audience. This symbiotic relationship is the basis of the artist’s entire career. No fans means no sales and no draw at touring, no matter how insightful our market research is or how much money we throw at the problem.

Soul Real Music Group intends to take the old artist development approach with a new twist. As mentioned in the market analysis, technology cuts costs. These savings go across the entire process from marketing and distribution to the recording and creative phases. Our strategy is based around supporting the artist from a community and business/consulting standpoint and not simply a financier. With the D.I.Y. self motivated attitude, and the use of technology there is little that can’t be done or accomplished to the best of our abilities internally as a company or within our network.

To get the results we desire, we must be hands on to have the greatest impact, especially with new emerging artists who are struggling to handle the immensity of what it means to be an artist in today’s industry. Responsibility and accountability are highly important, and the benefits of dealing with a smaller more personal label such as ours.

Another key point of interest in the way Soul Real Music Group operates is that we can break down our services into separate offerings. An artist may already have sales and distribution but may not have a lot of touring opportunities. We aim to help
artists we are interested in working with develop whatever it is they need to get to where they desire to be in their career no matter how big or small. This tactic not only establishes stronger relationships by being flexible, but it also opens up more perpetual business opportunities for the company.

The owners’ abilities will serve as the basis for income for the company and promotion in the initial phases. Business has to be generated, and any new market has to be analyzed before any opportunities can be created. This offers a unique opportunity to not only earn revenue, but build the Soul Real Music Group network at the same time. The idea is that through working in the industry on various different levels, and integrating them, attention is drawn to the organization in an effort to attract potential artists and like-minded entrepreneurs or business who either are in need of Soul Real Music Groups services.

By separating his abilities into four separate services, the owner can reach a wide variety of both businesses and consumers in a constant effort to build this company and its necessary parts. The goal is that by djing, producing music, recording music, and performing as a musician, all done full time, the company and the owner will gain attention and momentum. This is the key to the new approach. There is no top down bureaucracy where the people in charge delegate the bulk of the work to the people below. We believe in everyone getting their hands dirty and being willing to do what it takes to succeed.

Instead of throwing money at problems, we throw ourselves. We view percentages we receive from sales, etc. as something we earn, working for the artist, as opposed to something we take from the artist who is working for us. We will make
revenue from percentages of sales and royalties, but given the low costs of doing business, the lion’s share of the revenue and ownership of rights belong to the artists. This is the central nervous system of our network and business model.

Using our new approach, we aim to continue to establish and grow our already developing geographically based networks on the local, regional, and national levels. This way we can more easily and efficiently build and maintain momentum via persistence and consistency across multiple markets, with integrated marketing throughout network.
Isaac Uhumwuanho  
Phone: 510-910-6479  
soul.micro@gmail.com

Education
- Graduated from Saint Mary's College High School, Berkeley, California in June 2004. (Received honors award for Music)
- California State University Chico
  - Graduated with both a Music Industry and a Recording Arts major in 2010
  - Pursuing an interdisciplinary major in Entrepreneurship in Music and Entertainment

Skills/Abilities
- Skilled in Microsoft Word, Excel, PowerPoint, Outlook, and Photoshop
- Producer, Artist, Audio Engineer (Proficient in Logic, Pro Tools, and Avid ProTools) and Musician (Guitar, Bass, Piano, Drums, and Trombone)
- 11 years of office experience

Community Service
- Helped mentor students on various retreats, and lead and participated in group discussions.
- Assisted in the care of disabled infants and soldiers, and provided recreational activities.
- Provided construction help on low-income housing complex for teachers.
- Cared for elderly and participated in their recreational activities.
- Musician for monthly liturgy services.

Professional/Artistic Experience
- Owner of Soul Real Music Group, an event and music production company. (2011 – Present)
- DJ at Rileys Bar & Grill in Chico, CA. (2010 – 2011)
- Radio DJ/Co-host for Ebony & Ivory on CSJ Chico's KCSO Radio (2009)
- Associated Students Live (Formerly Associate Students Presents)
  - Supervising Event Coordinator Fall 2013 – Spring 2011
    - Event Coordinator/ Talent Buyer for Associated Students Presents (Fall 2009 – Spring 2010)
  - Marketing & Promotions/ Street Team Coordinator (Spring 2010)
  - Security Coordinator for Associated Students Presents at CSJ Chico (Fall 2009 – Spring 2011)
  - Head of security for 1,500 person capacity venue
  - Security for Associated Students Presents at CSU Chico (Spring 2008)
- Art & Graphics/Photo/Video/Web Support for Wild Oak Records (Fall 2008 – Spring 2009)
- Intern for 2iFresh Entertainment (Summer 2008)
  - Hands on role doing day-to-day album promotions for "Welcome to Wilzville" by rising Bay Area artist D. Wilz, and preparations for MTV video campaign
- Executive producer, producer, artist (Lie), sound engineer for solo project "Fashionably Late: The Inevitable" (2006)
  - Did all production and performances, and assumed business/managerial responsibilities cost project completion.
- Opened and ran The Hot Box studio (2004-2005)
  - Managed small one room studio, and served as engineer.
- Process Server, Office Assistant, California Legal Secretariat, Oakland, California (2004)
  - Served legal documents, answered phones, and did extensive filing services for paralegal firm.
- Audio engineer and solo musical performer for high school poetry program (2004)
  - Served as head Audio Engineer/Executive Producer/Musician for school related project, focusing on the recording of original student poetry accompanied by spontaneous original live music.
- Executive producer, producer, guest artist for unreleased project by local Bay Area group Big Bang Theory (2003-2004)
  - Provided technical support and served as audio engineer for high school production of Westside Story
  - Performed on drums and guitar in high school production of AME.
May 17, 2011

To whom it may concern;

I am happy to write a letter of recommendation on behalf of Isaac Uhunnwungho. Isaac has been employed with the Associated Students at CSU, Chico since January, 2008. He's held many positions for AS Live (formerly AS Presents) the entertainment arm of this student fee funded organization; including Security, Security Coordinator, Marketing & Promotions/Street Team Coordinator, Event Coordinator/Talent Buyer and Supervising Event Coordinator.

From the beginning, Isaac has been a hard working and dependable staff member. Isaac really seems to enjoy and appreciate all aspects of the entertainment industry. From researching shows and performers, booking with agents, to processing and executing contracts & performance riders – Isaac remains committed to the success of the events that AS Live delivers.

During the spring 2011 semester, AS Live had limited "professional staff" supervision. The student employees were working on their own most of the time. Isaac's quiet leadership, and willingness to pitch in and help in any capacity contributed to not only his personal success, but to the success of the collective program as well. Isaac is smart, self-directed and has a strong passion for the music industry both as a creative artist, as well as from a business perspective. I highly recommend him to anyone looking for a hard working team player. I wish Isaac all the best in his future endeavors.

If you need any further information, please don't hesitate to contact me directly.

Sincerely,

Jody Strong
Assistant Director, AS Programs
jistrong@csuchico.edu
(530)898-5702
Marketing

Soul Real Music Group’s marketing strategy is fairly straightforward. As the data from the market analysis suggests, we will follow the trends and evidence presented in the results of the research conducted. The technological efficiency and savings introduced into the industry leaves an opening in the market for low cost, high impact marketing with finite targeting and segmentation. This is ideal for the independent record label, and up and coming artists, both of whom have limited resources.

Social and other related online media (i.e. blogs and publications) will not only be utilized to maintain and develop a fan base. It can also be used to promote the artists shows, events, videos, and releases and integrated into the network we are steadily expanding. Our research shows that Youtube stands out on its own in the segment analysis (Map #1, Map #2). Combine this with the fact that radio, the traditional promotional method of major labels, didn’t even rank as an important distribution channel and it becomes clear that Youtube is now an integral part to doing business in the industry today. In addition to offering profit sharing opportunities from ad revenue, it also collects additional analytical data of from your viewer base, identifying new potential markets. The most interesting thing about Youtube is that it puts the Majors and independent labels together with equal amounts of access and opportunities in one place for free. Compare that to radio, which has high costs serving as a permanent barrier to entry for most independent artists and labels and its impact becomes clear. Technological advances are slowly leveling the proverbial playing field.
The other advantage of technology and social media is that you can distribute music globally with ease. Many artists focus on success in one geographical region when in reality the internet complicates this by introducing more competition that isn’t even physically present. Market share has really become a fight or the attention of consumers. We attribute this to the constant environment shifts that lead to new ideas such as this one. In order to maintain relevance in the minds of customers, our primary marketing focus will be audience development and maintenance. Keeping people interested and engaged in an artist’s content is the key to increasing the potential for sales of records, merchandise, or tickets to an event. Another approach is bundling. Multiple artists we work with can be cross promoted various ways, like concerts or features on records. This organizational culture concept of an integrated, professional network of businesses and artists helps to build bigger opportunities out of collections of smaller ones. The idea is to maximize exposure through sharing it. The more exposure, the more attention an artist gets. The more attention an artist gets, the more market share they have a chance at occupying.

Outside of our primary objectives, the old, print, approach to marketing and promotion can be utilized as well. Again, artists need consumer attention to be successful. Although technology is amazing at accomplishing this, sometimes, traditional press can be equally as beneficial. Articles, posters, flyers, stickers, etc. can all be used to further promote the artist and their endeavors.
Financial Projections

As a sole proprietorship, the focus of the businesses day to day activities and development falls on the owner, Isaac Uhunmwuangho. The difference between the Music & Entertainment Industry and most other industries is that the process of doing business becomes a lifestyle rather than just doing business. There is a high level of detail and round the clock activity involved in running a record label. It requires being available and prepared at all times and willing to do what needs to be done to achieve the best possible outcomes.

As mentioned in the strategy section of this plan, the owner’s abilities will serve as the basis for income for the company in the initial phases. The financial documents that follow this page are intended to project the first year’s earnings from operation under the strategy of this plan. The revenue projected is based solely on the owner’s personal services, with the intention of developing relationships with new artists and businesses in the process of doing business the first year. As of right now there are artists and businesses working with Soul Real Music Group, however, as profits increase so will the ability to conduct business with the artists on a larger scale and offer more to the network as a whole.

We project that the company could potentially earn roughly $100,000 in the first year of operation, with room for exponential growth as the network continues to grow over time. Within 5 years Soul Real Music Group could potentially be earning one million dollars in revenue via digital sales of records and additional income from the creation of music and other music industry based endeavors.
### Industry (past)

#### Entertainment: Promoters

<table>
<thead>
<tr>
<th>2007</th>
<th>Industry</th>
<th>Firms</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average</td>
<td>Average</td>
<td>P in m</td>
</tr>
<tr>
<td></td>
<td>Level</td>
<td>Pr m n</td>
<td></td>
</tr>
<tr>
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<td>-</td>
</tr>
<tr>
<td>Invent rm</td>
<td>97,033</td>
<td>1.6</td>
<td>-132.9</td>
</tr>
<tr>
<td>Other Current</td>
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<td>-</td>
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<tr>
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<td>Gr ss Ft</td>
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<tr>
<td>W rkng Capital</td>
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#### RATIOS

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<th>Industry Average</th>
<th>Lower Quartile</th>
<th>Firms</th>
<th>Difference</th>
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<td>Sales to NWC</td>
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#### PROFITABILITY

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<tr>
<th>2007</th>
<th>Return on Sales (%)</th>
<th>Return on Assets (%)</th>
<th>Return on Net W t h (%)</th>
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<tbody>
<tr>
<td></td>
<td>16.7</td>
<td>2.4</td>
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<tr>
<td></td>
<td>21.5</td>
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<tr>
<td></td>
<td>82.1</td>
<td>21.2</td>
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### Industry Norms

#### Entertainment: Producers

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<tr>
<th>Industry Norms</th>
<th>2011</th>
<th>Firms</th>
<th>Difference from Industry Mean</th>
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<td>Average</td>
<td>Industry</td>
<td>Average</td>
<td>Firms</td>
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<tr>
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<tr>
<td>Net Working Capital</td>
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<tr>
<td><strong>Total Liabilities and Net Working Capital</strong></td>
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#### Ratios

<table>
<thead>
<tr>
<th>Ratios</th>
<th>Upper Quantile</th>
<th>Industry Average</th>
<th>Lower Quantile</th>
<th>Firm Ratios</th>
<th>Difference from Industry Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Solventy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
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<td>0.2</td>
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<tr>
<td>Current Ratio</td>
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<td>0.7</td>
<td>0.4</td>
<td>0.0</td>
<td>0.0</td>
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<tr>
<td>Current Liabilities Net Working Capital (%)</td>
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<td>-5.2</td>
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<tr>
<td>Current Liabilities to Inventories (%)</td>
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<td>0.0</td>
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<td>0.0</td>
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<td>13490%</td>
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#### Efficiency

<table>
<thead>
<tr>
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<th>Upper Quantile</th>
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<th>Lower Quantile</th>
<th>Firm Ratios</th>
<th>Difference from Industry Mean</th>
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</thead>
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<td>Sales to Inventories</td>
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<tr>
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<td>-15.0</td>
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<tr>
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<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
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#### Profitability

<table>
<thead>
<tr>
<th>Profitability</th>
<th>Upper Quantile</th>
<th>Industry Average</th>
<th>Lower Quantile</th>
<th>Firm Ratios</th>
<th>Difference from Industry Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Sales (%)</td>
<td>38.7</td>
<td>8.8</td>
<td>1.2</td>
<td>12.09</td>
<td>78%</td>
</tr>
<tr>
<td>Return on Assets (%)</td>
<td>55.8</td>
<td>11.5</td>
<td>-3.4</td>
<td>136.05</td>
<td>110%</td>
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<tr>
<td>Return on Net Working Capital (%)</td>
<td>1364.4</td>
<td>72.8</td>
<td>8.2</td>
<td>138.05</td>
<td>90%</td>
</tr>
</tbody>
</table>

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SPEED DATING
WEDNESDAY NOVEMBER 16TH
10 PM

30 GIRLS & 30 GUYS
SIGN UP AT THE BAR!!!
CAM

and special guests

CHUUWEE
LYNGUISTIX
J.GOOD

at LaSalles in Downtown Chico

Wednesday 2.8.12 | 9:00pm
$5 Admission
DEAR INDUGU
WITH LOCAL GUEST
MARK PAGEL
LIVE AT
The Blue Room Theatre
9PM-12AM
THIS SATURDAY/$5.00 COVER
live at La Salles
March 9

Check out Watermelon on YouTube
Monks Wine Lounge & Bar

[Zinful Nights]
A Sophisticated Social Singles Event
Let The Singles Mingle

First & Third Thursday
of Every Month

Time: 10pm - Close
$5 Glasses of Wine | $3 Beers | $20 Bottles of Bubbly

Hosted By: Guest DJ
(Setting the mood with Soul, R&B and Hip-Hop Hits)
128 W. 2nd St.
(530) 343-3408

Call for info about Reservations
FRIDAY
SEPT. 30TH
LaSALLES
8:30 TO 11:00
$5 COVER

D. WILLZ
Friday June 29th

@ LaSalles
129 Broadway
Chico, CA

Yung Doejah

With Special Guests

Young Key
PlayXboy
Mikey Stacks

Facebook.com/thesrgm
ICAM
FRIDAY
JULY 6TH
@ LAS ALTAS
SCRIPT &
BIG SLIM
SOUL.
REAL.
MUSIC.
GROUP.
FACEBOOK.COM/THESRMG

THE FUNCTION
DJ Sexual Chocolate
DJ Darkness X DJ Swang
Friday, November 2nd
APPENDIX B
Media Links

Website:
www.soulrealmusicgroup.com

Social Media:
www.facebook.com/thesrmg (Soul Real Music Group)
www.twitter.com/thesrmg (@TheSRMG)

Music Video:
Cam – Bottom Bitch Theory
http://vimeo.com/50356262