In a market awash with musical content, music creators and performers need services that will lift them above the “pack”. Unfortunately, many businesses servicing the music industry lack their own differentiation. Can improved management skills and sales resources help these businesses stand out?

Pressure points

Challenges specifically impacting music businesses:

Business differentiation
Many businesses servicing the music industry lack their own differentiation or a compelling unique selling point.

Weak strategic planning
Many businesses lack a well thought-out sales plan to attract customers, generate revenue and build scale, visibility and market traction.

Limited access to capital
Business ideas often require significant capital to gain critical mass and achieve profitability.

Piracy
Fighting piracy and protecting profit is a costly process and requires significant IP expertise.

Staff retention
With uncompetitive salary levels, businesses in the music industry have difficulty attracting and retaining talented staff.

Product timing
When developing digital products or services, many music businesses resort to “first mover” or minimum viable product (MVP) strategies. These approaches have merit but their chances of success will be greatly enhanced by some early stage consumer and marketing testing.
Steps towards sustainable growth

The CIIC has identified the following steps to help music businesses exploit market opportunities and achieve sustainable growth:

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**Step 1**
**Develop a Unique Selling Proposition (USP)**
Determine what it is that distinguishes your product or service in the eyes of your customers. This must be something more than “a good reputation” or “we’re helpful”. If your business does not have a compelling USP, it risks getting lost amongst competitors and will struggle to attract capital investment.

**Step 2**
**Devote resources to business development**
Formalise your approach to business development by implementing a sales plan, supported by an appropriately targeted marketing plan. Sales plans should include the manner in which customers will be approached, and the offer should appeal to the customer or customer group. This can be supported by customer insights and market research where relevant.

**Step 3**
**Match technology with customer needs**
Technology for technologies’ sake is likely to be an indulgent investment. Businesses that concentrate on developing technologically-based solutions to consumer problems, or that leverage consumer opportunities, are more likely to succeed.

**Step 4**
**Develop flexible business strategies and contingency plans**
Products or services that rely solely on third-party platforms such as Facebook or iTunes can be susceptible to risks such as rule changes, sudden and dramatic shifts in consumer preferences or usage, or the platform owner becoming a direct competitor. Business plans should be flexible and include a “Plan B” that can be reasonably easily activated. Business modeling, scenario planning, risk management and contingency plans are vital.

**Step 5**
**Secure a niche**
Address a niche market by providing aesthetic and practical differences relevant to that market – ideally as modifications or customisations of a base product. Look for opportunities in untapped, emerging or specialist markets or genres that individually are small, but collectively are substantial.

**Step 6**
**Attain and retain skills**
Perform skills audits, map out key roles and collaborators, and engage in succession planning and business management mentoring to mitigate skills shortages and staff turnover. Consider offering benefits that go beyond money, such as flexible working arrangements and performance-based rewards.

**Step 7**
**Access legal services**
Accessing legal services can make or break a fledgling business. Resources and advice are available via the Arts Law Centre (www.artslaw.com.au), and industry membership bodies such as APRA-AMCOS (www.apra-amcos.com.au).

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**Summary**

The owners of music industry businesses often have a background in music but lack the management skills required to develop strong business proposals, implement a sales and marketing plan, or remodel their business in line with technological change, or changes within the business environment.

Music is often seen as a “passion” career but it is important that business owners balance their passion with a sympathetic commercial approach. Solid management skills, an understanding of the customer, marketing resources, sales focus, all rolled up into a business plan, will greatly enhance your chances of success.

No matter how brilliant the business idea is, success will hinge on execution and implementation.

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