

The Cage Recording Studio

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Business Plan

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Executive Summary

The Cage is a home-based sole proprietorship in the business of providing a variety of professional audio production services. The owner and operator is Eric Gwin, and he combines 12 years of recording studio and performing experience, vocal training, and a bachelor's degree in business administration in order to provide the best quality services for the most affordable prices.

Our target market is primarily independent musicians who are not signed by record labels, singer/songwriters who are looking for ways of recording their music, choirs, and other church groups. We will focus on our specialization of vocal and acoustic production and we will also offer other resources for musicians such as equipment rentals, web promotion, and sheet music publishing.

As far as our studio business is concerned, we will concentrate on the area around Montgomery, Alabama, where we are located, and we will strive to meet the needs of the above target market, as well as the growing need for recording services among the college and artistic community in Montgomery.

The owner will provide all financing. He has accumulated a significant sum of money through his previous endeavors in the recording business as a studio engineer and session vocalist.

In this business plan, we have tried to include everything anyone might ever want to know about **The Cage**, as well as the recording industry as a whole.

Purpose of Business

Mission Statement:

Whether you are a musician longing to express your creativity in a recorded work, a business owner looking to advertise with a commercial jingle, or a promoter in need of a sound system for your next event, our mission is to meet your creative needs with quality professional audio production services at affordable prices.

Our History

The Cage began as a creative outlet for vocalist/songwriter *Eric Gwin*. In 1989, while singing with a gospel quartet, *Ariel*, Eric was writing and arranging songs for the group and he needed a way of presenting those songs to the other members of the group in recorded form. Using some of the money earned from their performances throughout the Southeast, the group purchased a 4-track cassette machine, which Eric immediately began using for song ideas. Although the recordings couldn't be considered professional by any means, working with this recorder allowed Eric to learn some of the basics about home recording, which became somewhat of an obsession for him over the next few years.

By combining the knowledge that he gained from working in “real” studios with *Ariel* and his home-studio experiments, Eric began putting together a home project studio of his own in 1993 by purchasing a Fostex X-18 cassette 4-track recorder along with some headphones, microphones, cables, and other small studio items. This studio would grow over the next few years as Eric continued to write and record songs for *Q*, another a

cappella group that he was now a part of. It was also during this time that Eric gained even more recording and producing knowledge while working as a part-time engineer and session vocalist at *Cherry Orchard Recording Studios* in Montgomery (now located in Atlanta, GA).

In 1996, Eric and his wife, Meloney, purchased their first home, in which he officially set up **The Cage** as a soundproof tracking and mixing room. There, in addition to his own projects, Eric managed to take on numerous clients. Most of these clients were acoustic-based, singer/songwriters who just wanted to make decent quality demos. Through these sessions, the studio was able to make enough money to upgrade to a fully digital system in 1998, adding CD recording and mixing in 1999, web promotion capabilities in 2000, post-production editing and mastering in 2001, and music notation and publishing capabilities in 2002.

Although the studio has evolved and grown over the years, the mission of **The Cage** has remained the same: to provide our clients with the best quality production available at the most affordable price. In addition to this, **The Cage** seeks to provide artists with an abundance of resources, and a relaxed, home-studio environment ideal for being creative.

Description of Business

The Cage is in the start-up phase of organization and we intend to fill in the void that has long been missing in the Montgomery music community with services geared toward independent musicians, advertisers, and promoters.

The Cage is, first, a recording studio. We are a home-based, digital recording facility, offering professional quality recording, mixing, editing, and mastering to provide independent musicians with all the resources for putting together a recording project from start to finish. We specialize in vocal and acoustic recordings, but we have capabilities for full-band projects as well. Our studio was designed to be dismantled quickly and reassembled at any location to provide a quality digital recording environment anywhere, ideal for recording live events and large groups like choruses and choirs.

In addition to our recording services, we also provide other resources for independent musicians. These resources include sheet music publishing, web promotion services, vocal coaching, and recording equipment rentals. Our goal is to provide musicians with everything they need to make music at the most affordable prices.

Promoters are often in need of sound equipment and recording services for the events that they are promoting. We have the capabilities of providing promoters with equipment rentals, as well as an experienced sound engineer to work the equipment. We also can provide recording services for the event if needed.

In summary of our services, we offer to you the following goals and objectives.

Goals and Objectives

1. To provide invaluable professional recording resources for musicians, advertisers, business owners, and promoters:

- By offering a personal approach to recording that will distinguish **The Cage** from its competition by best serving the client's music needs and desires on a one-on-one basis.
- By providing a professional, quality recording service for any customer in any environment. This includes "in-house" or "in-studio" jobs as well as location recording.
- By providing a professional, quality recording service for commercials and voice-overs.
- By providing experienced songwriting and production teams in order to produce professional radio commercials and commercial jingles.
- By providing a professional recording service for events, along with small-run duplication services for the recordings.
- By providing various audio-restoration services, such as transferring audio from vinyl LPs and cassettes to compact discs.

2. To capitalize on the void of resources available to independent musicians and promoters:

- By assisting musicians in their careers by offering not only the recording service, but also equipment rental, internet promotional resources, vocal coaching, and sheet music publishing for small fees.
- By aiding musicians by promoting their recordings via the Internet with our online music store and by assisting them with building their own mp3 music website.
- By promoting and conducting clinics on vocal technique, training, and production at area music stores as an aid to musicians.
- By providing P.A. equipment for rental, along with an experienced sound engineer to operate the equipment.

3. To achieve at least a 30 percent increase in sales of services during each of our first two years in business.

- By building upon our existing customer base and expanding on our mailing list.

- By purchasing advertising space within local music and trade publications.
- By advertising through local record stores, music supply stores, and Christian music and bookstores.
- By capitalizing on seasonal events that involve music, such as weddings in the spring and fall, outdoor festivals and conventions in the summer, Christmas music programs in the winter, etc.

Industry Profile

Current Trends in the Industry

As technology has come to the forefront over the past two decades, America has become a very audio-visual, technologically minded society. As a result, advances in audio recording technology have crept into our lives and become increasingly important. Because of the advances in recording technology, there are more people in this country making music than ever before. These are not just “professional” musicians, but average people who just want to enjoy music as a hobby.

As a result of these trends in musical technology, more and more independent musicians are doing things on their own without the help of record labels or recording contracts. They are finding quicker, easier ways to get their music out to the masses with very little cost, thanks to avenues such as the Internet. They are able to make music through better technological advancements in the instruments that they play, and they are able to record that music quickly and easily with very little knowledge of recording technology. Unfortunately, this ability tends to result in some very bad recordings of some very good music, primarily because the musician is working outside of his or her area of expertise simply to save some money.

Musicians who want to be good at what they do shouldn't have to worry about technological advances and recording technique. All they should be concerned with is making good music. However, the vast amount of professional studio owners aren't willing to cut independent musicians any slack when it comes to recording their music. To them, musicians are nothing more than business clients. Most studio owners aren't willing to come down on their prices (usually anywhere from \$100 to \$500 per hour) in

the name of creativity. As a result, the musicians who go to the “professional” studios end up watching the clock more than making music, which really puts a damper on their creativity. Once again, the musician should worry about making music, not being a business client. The bottom line for musicians is this: they want to be able to concentrate on their craft without having to worry about learning technology OR paying someone else a lot of money to treat them like a business client.

Advertisers, like independent musicians, are also using music like never before. As has already been mentioned, we live in a very fast-moving, audio-visual society. In order for advertisers to capitalize on this society, they are in need of freethinking, creative people, like independent musicians. Once again, they are faced with the same problem as most musicians: they want to be able to concentrate on what they do best without having to learn a new craft like music or recording technology.

It appears that what independent musicians and advertisers need is someone who knows the technology of professional audio recording, who knows the creative mind of the musician, and who knows the importance of treating musicians and advertisers as professionals in their specific fields, not just as clients.

Industry Data

Market size and growth trends: This information will be included in the Marketing section.

Ease of market entry/exit: Right now, entry into the professional audio recording market is fairly simple. Recording equipment and sound reinforcement supplies have gone down considerably in price over the past ten years due to the large amount of quality

recording equipment that has been manufactured. However, there is a considerable lack of qualified engineers who have the ability and the knowledge of recording technology that is needed to operate the equipment. Also, through the ease of computer technology, other resources for musicians, such as Internet marketing, mp3 technology, and musical notation and sheet music software, are much easier to access without going through large companies. With the popularity and trend of home-based businesses, all of the above resources can be utilized for smaller fees than bigger “professional” audio production facilities.

Seasonal economies: Often, people don’t consider the recording studio business to be a seasonal industry, but it actually is. There are many seasonal trends that involve music, especially around the holiday season, when Churches and other organizations are putting together holiday events that are in need of sound services, recording services, etc. Other seasonal trends include pre-recording for weddings, mostly in the spring or fall, and summer festivals in need of P.A. equipment.

Potential threats: As with any business that relies on electronic equipment, there is always the threat of computer viruses and other electronic repair problems. There is also the threat of theft or damage to the equipment, especially in cases where the equipment is taken to the location of the event. These problems, however, rarely ever affect the customers in that they are covered by insurance and other preventative measures.

Business Strategy

Key Success Factors in Recording Studio Services

And How We Intend to Capitalize on Them:

- **Specialization:** Although we intend to offer a variety of many different services and resources for independent musicians, we do specialize in predominantly vocal music and acoustic music. Because of our background in vocal training, coaching, and production, especially in the realm of A Cappella music, we will focus on vocal artists. This group includes choruses, choirs, vocal groups of all types, and solo vocalists. Our services in this area will not only focus on studio work, but also on vocal coaching and performance, as well as presentations and clinics geared toward this area of expertise. Because the simplicity of the voice often goes hand-in-hand with acoustic instruments, we will also focus on acoustic music as well. This is also because many singer/songwriters tend to write in the acoustic/vocal medium.

- **Quality:** Most musicians and singer/songwriters are very concerned with price when it comes to recording, but they tend to be more concerned with quality, especially in the case of the songwriter. Very few publishers and A & R representatives for record labels accept demo recordings on cassette any more. Now compact discs are the primary medium if artists want to get anywhere. At **The Cage**, we insist on recording, mixing, and mastering completely in the digital domain. This promises the customer with the best possible product available. We

also insist on labeling each CD with our own labels for the most professional appearance possible.

- **Customer service/satisfaction:** Perhaps the most important factor for retaining customers is customer satisfaction. Customer satisfaction not only includes giving the customer what he or she wants, but also being able to offer services and resources above and beyond their expectations. Because we operate in a home-based studio environment, we can offer our customers a good quality digital recording service, but also an environment ideal for creativity, without the pressures that they would receive elsewhere. When a musician records in **The Cage**, he knows that he is recording in someone else's personal music-making space, so we take extra efforts to assure that the musician is in a comfortable creative place. This includes being able to go to them and record in their personal music-making space. We will go above and beyond our customer's expectations in order to give them the best possible recording.
- **Reaching the proper market:** It is extremely important for a business to identify its target market and then make its products and services available to that market. For more information on how **The Cage** will accomplish this, please see the Marketing section.

Key Success Factors in Our Other Services

And How We Intend to Capitalize on Them

- **Access to professional duplication services:** Because of our membership in *The Discmakers Studio Partnership Program*, we have access to discounted services from Discmakers, America's largest CD manufacturing and duplicating company. Through Discmakers, our customers also will have access to many other printing and publishing resources as well.
- **Publishing of music scores and lead sheets:** Another area in which we can provide assistance for musicians is through our capabilities for publishing sheet music. Songwriters are often required to submit sheet music for their songs along with their demos. Because of this, we use *Coda Finale Notation software* (America's most popular notation software) in order to provide our customers with the best quality sheet music available.
- **Equipment rentals:** In addition to our quality recording services, we also have quality analog and digital multi-track recording equipment that can be rented for small fees. These rentals can allow the musicians who do have the technical knowledge for operating recording equipment to record on their own in their own creative space. Besides recording equipment, we also rent P.A. equipment, along with an experienced sound engineer to operate it.

- **Web promotion services:** Often, when musicians complete their recording projects, they don't have the resources to promote their projects properly.

Through our experience, we have developed a web presence that can be useful to any musician seeking to promote their music on-line. Through our partnership with various online download sites, we can help our customers design an excellent music website that can be used to promote their music worldwide. We also maintain an online store where we can sell our customer's products for them if they so choose.

Organization and Management

Legal Structure: Sole Proprietorship

The Cage is a part-time business for its owner, and it is legally a sole-proprietorship, owned and operated by Eric Gwin. All recording and sound equipment is already owned by Eric Gwin, so there is very little need for a large amount of start-up capital or large cash investments in the beginning of the business.

Management

As mentioned before, the owner and operator is Eric Gwin. He will perform the majority of the duties involved with operating **The Cage**. These duties include not only technical activities as a recording engineer, but also accounting, administrative, and legal duties. Through his education, he is fully capable of handling these duties effectively.

Eric Gwin

Education	1999 - 2003 Bachelor of Business Administration/ AA Degree, Legal Studies Faulkner UniversityMontgomery, Alabama <ul style="list-style-type: none">▪ Key Business course work included Small Business Management, Marketing, Business Communication, Management Information Systems, and Managerial Accounting.▪ Key Legal course work included Civil Procedure, Contract Law, and Copyright Law.
Professional experience	1994 - 1997 Assistant Engineer/ Session Vocalist Cherry Orchard StudiosMontgomery, Alabama <ul style="list-style-type: none">▪ In addition to engineering on various recording projects, duties also included production assistance, vocal arrangement and production for various clients, and various other technical duties.▪ Also worked P.A. systems for various live events.
Patents and publications	Holds Copyrights (through BMI) on over 100 compositions and arrangements.
Professional memberships	Member of The National Registry of Songwriters 1989-current; Member of BMI (Broadcast Music Incorporated) 1989-current; Member of The American Society of Recording Engineers 1995-current.

Marketing

Marketplace Interest, Market Size, and Trends

As mentioned in the industry profile, marketplace interest in the recording industry is growing. The majority of the people interested in dealing with smaller, home-based recording facilities are the independent musicians who are not backed by record labels or recording contracts. Advertisers are also looking for fresh, new ideas for their advertisements, and they are looking to smaller, more independent recording professionals and musicians to create those ideas.

To go along with these statements, here are some statistics about independent musicians in the United States, (according to Musician.com):

- Most independent musicians (these are musicians who are not signed by any label) fall between the ages of 20 and 45.
- About 40% of independent musicians in the United States are female, and 66% of those females are under the age of 25.
- 84% of independent musicians in this country own some form of home recording studio equipment, but only 13% of those musicians are female.
- Only 41% of the independent musicians that own recording gear know everything they need to know about their equipment. Most of the musicians surveyed claimed that they only learned the basic recording function on the machines and didn't bother figuring out the rest.

As can be seen by the above figures, independent musicians are in need of assistance in the area of recording to get their musical ideas out in the open. In addition to these musicians, advertisers, promoters, colleges and universities, and even churches are in need of reliable, professional, yet affordable recording services for their own programs. This is true especially in the Montgomery area.

To show the evidence in these trends, here are some more statistics (according to the Montgomery Advertiser website):

- There are over 300 churches within the Montgomery area of all denominations, most of which have an organized music ministry or choir program.
- Of those churches that have music programs that involve recording, 59% do their recording outside the Montgomery area.
- There are 4 major universities within the Montgomery Area (Faulkner University, Auburn University in Montgomery, Alabama State University, and Huntington College), all of which have programs emphasizing music and the arts.
- Not one of these colleges has a recording facility on campus.

It is obvious from these statistics that there is a need for professional audio production services in the Montgomery area that are affordable for college students, arts programs, and church choir programs.

Pricing

In most markets throughout the country, the price of using a recording studio can range anywhere from \$35 to \$1000 per hour, depending on the quality of the work to be done and the location of the studio. The pricier studios are usually found in the larger areas associated with the music industry, like New York, Los Angeles, Nashville, or Atlanta. Smaller areas, such as Montgomery, Birmingham, and Mobile tend to stay under \$100 per hour, but usually cost more than \$50 per hour, depending on the quality of the studio.

Around Montgomery, the least expensive professional studio that advertises regularly offers digital recording services for as little as \$50 per hour. The Cage will offer studio time at a very reasonable \$25 per hour, with blocks of time available for negotiable package prices. Our goal here is to focus on the musician or customer without them having to worry about watching the clock or paying more than they can afford.

Target Market

According to statistics taken from *musician.com* and *prorec.com*, the following target market is suggested:

Age: Early 20's to late 40's

Income: Generally annual incomes ranging from \$18,000 to \$40,000.

Gender: Male and female, but statistics suggest that female artists are more in need of this kind of service.

Education: N/A

Lifestyle: Independent musicians. Highly creative people who mostly do music on the side. Singer/songwriters who are looking for an inexpensive way to get their music out to the public. We will especially focus on vocal and acoustic artists because these are the areas in which we possess the most knowledge and experience. These artists include choruses and choirs involved with music ministries within churches and church organizations.

The World Wide Web

In addition to the services that can be provided locally, we intend to use the World Wide Web as a marketing resource for ourselves and for our customers. Through Internet and mp3 technology, we can provide promotional services that will assist the artists that use our facility in getting their music out into the world.

Advertising

As has already been mentioned throughout our Industry Profile, we intend on advertising through 4 major ways:

1. Our existing mailing list, which currently contains the names and contact information for over 100 different people who are musicians, singers, songwriters, and previous customers from the past couple of years.
2. Purchased advertisements in local music and trade magazines. There are between 15 and 20 different publications for musicians available throughout the Montgomery area, many of them free to the reader.

3. Advertising flyers strategically placed within music stores, record shops, and especially Christian music and bookstores, since many of our target segment is within churches.
4. Educational seminars and clinics conducted within music stores, churches, and on college campuses. Because we specialize in vocal production, vocal coaching, and vocal arrangements, we can easily spread the word about our studio by sharing our knowledge with musicians and vocalists throughout the city.

Competitor Analysis

Existing Competitors

The main professional recording studios within Montgomery and the surrounding area are: MGS Studios, FX Studios, SNA Studios, Treasure House Studios, and Atmosphere Recording.

One key competitive edge that we can offer our customers is our location. Independent artists tend to gravitate toward home-based studios because of the comfort that they can find there and the warmth that can spark their creativity. Knowing that this studio that they are working on their music is also another musician's personal creative space can give them enough confidence and comfort to make them more creative.

Another good point about our location is the area of town in which we exist. Of the studios listed above, two of them are located within our area, on the continually growing east side of Montgomery. The others are located either downtown, or in the older sections of town where crime rates are higher. Working in a safe environment can also add a lot to a recording.

Another advantage that we provide over the other studios is the amount of services that we provide. The other studios, with perhaps one exception (MGS), primarily deal in simple recording and mixing services. We have the capabilities for entire album projects, from conception to promotion, for lower prices than the competition.

One other advantage that **The Cage** can provide over our competition is our ability to give our customers a quality recording ANYWHERE. Because we operate out of a home-based environment, we designed our studio to be fully operational in any

environment. This is particularly useful in the case of recording a church choir or chorus, or doing a live recording.

Potential Competitors

The main potential for competition is found in three studios: MGS, Treasure House, and Atmosphere. MGS Studios can be considered major competition because of the reputation as the oldest existing studio in Montgomery, which gives them a large list of previous clients. Fortunately for their competition, this also gives them a list of dissatisfied customers as well. To their credit, they provide more services than any of our other competition, but they are also higher priced.

Treasure House Studios are considered a potential threat because of 3 major reasons. First of all, they are located near our studio, so they have an advantage over our other competition due to their location. Second, they share their building with The Larry Stevens Agency, one of the most prominent advertising agencies in the city. So they have an advantage as far as contracts for advertising are concerned. Third, Treasure House is run by a group of very experienced musicians who are also songwriters, so they have a creative advantage over many studios. However, most of their work revolves around commercial jingles and voiceover work for the aforementioned Larry Stevens Agency, so they are very limited in how many independent musicians and groups they can take on as customers. We feel that this is an advantage in our favor.

Atmosphere Recording is perhaps the biggest competition for us, primarily because they are the most like us. They offer many of the same services as we do, and the studio began as a home project studio, much like ours. They are also located within our

area and, because the studio is run by a group of competent musicians, they are a very artist-friendly environment. However, they cater to several major-label artists, many of whom work within the Rap/ Hip-Hop genre. This works to our advantage in that, although we work with clients within this genre from time to time, they don't make up our target market. Also, working with major-label clients leaves Atmosphere Recording little time to work with local artists, so we have an advantage there as well.

Financials

Not Applicable at this time.