

MICHAEL JACKSON 1958-2009



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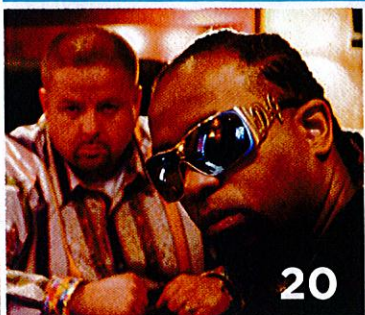
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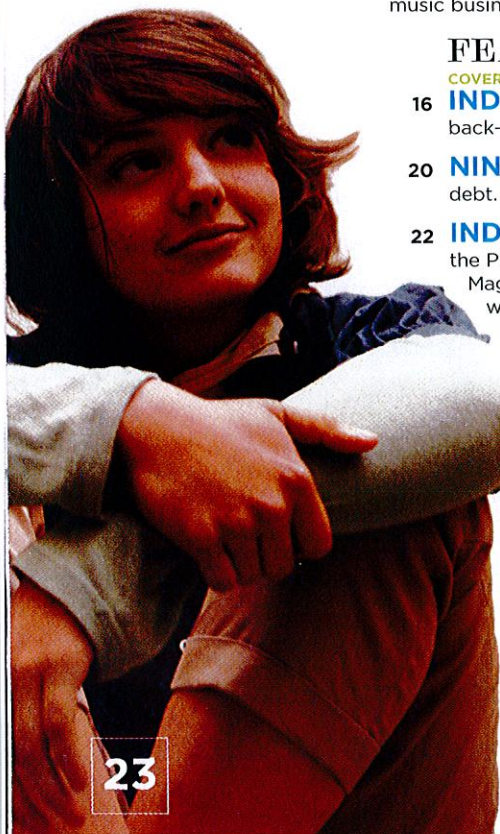
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HOME FRONT

360 DEGREES OF BILLBOARD

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MOBILE ENTERTAINMENT LIVE

At this conference, set for Oct. 6 at the Omni Hotel San Diego and presented by Logic Wireless, industry innovators will reveal how they're navigating this exciting landscape. More at billboardevents.com.

FILM & TV MUSIC

This conference offers the opportunity to learn from, network and share music with the best in the business. The 2008 event sold out, so don't miss this year's: Oct. 29-30 at the Beverly Hilton in Los Angeles. Details: billboardevents.com.

TOURING

Set for Nov. 4-5 at the Roosevelt Hotel in New York, this premier industry event gathers promoters, agents, managers, venue operators, merch companies and production professionals. For more, go to billboardevents.com.

Online

BIG PHISH

After you finish this week's cover story with Phish, visit billboard.com/phish to read in-depth Q&As with band members, plus watch the group play Bonnaroo and check out our Phish photo gallery.

TECH N9NE

TECH N9NE HAD A LABEL DEAL—AND LOADS OF DEBT. HERE'S HOW HE WENT INDIE—AND BUILT AN \$11 MILLION EMPIRE

BY GAIL MITCHELL

Tech N9ne started his rap career with a simple dream: to bring his music to the world without compromising his style or integrity. After 16 years—nearly half of it embroiled in false starts, unfulfilled promises and contractual entanglements—he's closing in on his goal. ¶ The fiery rapper and his business partner, Travis O'Guin—a self-made millionaire at 22—have built a budding music empire in an unlikely location: Kansas City, Mo. Naysayers may have dismissed the odd pair at first, but they don't now. Earning slightly more than \$11 million in 2008 from CD and digital sales, touring and merchandise, according to O'Guin, the pair's Strange Music is being hailed by several in the music industry as the new independent business model. ¶ Strange Music is housed in an 18,000-square-foot facility whose front double doors grandly display the company's logo: a snake for the S and bat wings for the M. The company includes a label, as well as publishing, merchandising, booking and touring. In fact, Strange Music handles everything on its own except distribution.

"I've watched them build a true movement that's so lacking in our business," says Ron Spaulding, executive VP/GM of Strange Music's distributor, Universal Music Group Distribution's Fontana. "It's easy to want things very fast in this business. But real movements are built over time. And they've never wavered."

Chang Weisberg, owner/CEO of Guerilla Union and producer of the annual hip-hop concert festivals Paid Dues and Rock the Bells, agrees. "They don't follow the normal music industry model," he says. "They don't need radio, video or a lot of middlemen. They approach their business as a true business: Every dollar invested needs to make two dollars."

Tech N9ne and O'Guin work with an 18-member full-time staff (including a booking agent) between their headquarters and a Los Angeles satellite office, which includes VP Dave Weiner; that doesn't include the company's touring staff.

"We're Wal-Mart," Tech N9ne says with a laugh during a layover in Boise, Idaho, one of the stops on his recently wrapped Sickology 101 tour. "There's no Warner Bros., Def Jam or Sony in the Midwest, so we had to build our own."

EBONY AND IVORY

Tech N9ne's music and extensive touring (see story, page 21), paired with O'Guin's business acumen, laid the foundation for Strange Music. Both 37 years old, the two first met in late 1998. At that time, Tech N9ne (born Aaron Dontez Yates) was signed to Quincy Jones' Qwest label. But his situation there mirrored his stint five years earlier with Jimmy Jam and Terry Lewis' Perspective Records.

"[Both labels] saw talent in me," says Tech N9ne, a self-described Doors fan. "But they didn't know what to do with me. Here's Perspective with contemporary gospel act Sounds of Blackness and R&B group Mint Condition. Here I am, a weird rock alternative warlock with crazy hair, a painted face and rapping backwards. Where do you put that?"

Enter O'Guin. Also from Kansas City, he was a young entrepreneur who established his own furniture services company—overseeing craftsmen who repair scratched or damaged goods—to service such retailers as Sears, Macy's and Dillard's. By the time O'Guin was 22 he was operating out of 10 states, eventually expanding to 32 locations in 18 states.

Learning business skills at an early age from his dad, who operated a sod company, O'Guin began investing in other businesses including a real estate company, Gold Cup Properties, and a fashion line, Paradise Originals. Players from local sports teams the Royals and Chiefs were wearing the clothes. To help promote the line's urban apparel, hip-hop fan O'Guin approached Tech N9ne.

"He was the only one here with that kind of buzz," O'Guin says. "I'd always liked his message. He was crossing all different genres and making music for everyone—for the cats in the hood to the vatos to suburban rich kids."

Told by a mutual acquaintance that Tech N9ne was in a bad business predicament and could use some friendly advice, O'Guin planned to offer just that. "I had an ulterior motive. The bigger he got, he would help my clothes," he says.

But after digging deeper, he soon found the rapper was knee-deep in various label, management and publishing entangle-

ments stretching back eight years. "There was the deal with Qwest, a local label deal, one with publisher Windswept and a management deal with Sway [Tech N9ne was featured on the 1999 track "The Anthem" with radio personalities Sway and King Tech]. It was the biggest mess I'd ever seen," he says. "I walked away and said, 'Good luck.'"

As he listened to his music, O'Guin says, something kept telling him to come back. "He was good but he had sold only 16,185 records in the eight years of being entangled in those different deals—and this was when the music business was really strong," he says.

After sitting down together to determine what Tech N9ne truly wanted to accomplish, O'Guin agreed to partner with him, and he launched Strange in his 1,400-square-foot basement. "We've always called it a 50-50 deal," O'Guin says.

LEARNING CURVE

O'Guin estimates he spent slightly more than \$800,000 on attorney fees extricating Tech N9ne from his earlier deals, the rapper's living expenses and a budget for recording a new album.

And the partnership soon found itself treading more murky waters. A 50-50 joint venture with Jcor Entertainment (through Interscope) led to the release of "Anghellic," which did well in Kansas City but nowhere else. The deal ended after Jcor's fallout with Interscope—with the former owing Strange \$400,000, according to O'Guin. (Attempts to reach Jcor founder Jay Faires for comment went unanswered by press time.)

The situation led Tech N9ne and O'Guin to enter another joint venture with M.S.C. Entertainment. Headed by Mark Cerami, co-founder of the iconic hip-hop label Priority Records, the label released Tech N9ne's second Strange album, 2002's "Absolute Power," and reissued "Anghellic." Other projects, including the DVD title "T9X: The Tech N9ne Experience," were also released between 2002 and 2004.

O'Guin remembers "chasing radio" like everyone else. But after nearly \$1.6 million was spent on radio promotion, he decided enough was enough. "Half of every dollar being spent was mine and we still had to recoup," he says. "It wasn't making good business sense."

Taking it "back into our hands doing stuff I believed in"—viral marketing, street teams, posters and touring—O'Guin negotiated Strange out of its deal with M.S.C. Strange filed a lawsuit in 2008 against M.S.C. over accounting discrepancies. The parties are close to reaching an out-of-court settlement, according to O'Guin.

During the course of the failed joint ventures, however, O'Guin and Tech N9ne found they'd sold half a million records. Rather than an ending, it was a new beginning. Determined not to repeat history, the pair signed with Fontana and RBC (Robert Brian Consulting), which acts as a management and sales liaison between Fontana and Strange. Since then, Tech N9ne has released four more albums, including 2006's "Everready (The Religion)." For O'Guin, that album was the turning point for Strange.

"We had to prove to ourselves we could sink or swim," he says, "and that release told me we could do it. That's when we turned a profit—which would have happened sooner without those certain unpaid bills. But this company is now profitable across the board."



Dynamic duo: Rapper **TECH N9NE** (left) and business partner **TRAVIS O'GUIN** aim to build Strange Music into a multimillion-dollar entity. Below: One of the buses in the label's fleet.

Everything, the building and everything in it, is 100% paid for." Tech N9ne's relentless touring also plays a major role in the company's profitability. Averaging more than 200 dates last year at an average ticket price of around \$28.50, the rapper has built a rabid fan base that stays in touch with him through his MySpace site, which lists 14 million page views. While he played shows to only seven people in the beginning, the rapper now sells out shows from Los Angeles to New York and points in between like Denver and Seattle.

"Using more of a rock model than a hip-hop model, Tech and Travis have built Strange one fan at a time," Weisberg says. "Tech started with small audiences and through word-of-mouth; he's created a loyal army of fans. Anything you can do that on the road, it can translate into record sales."

Indeed, Tech N9ne hit the 1 million sales milestone for his collective catalog with his eighth release, 2008's "Killer," according to Nielsen SoundScan. The rapper offers \$99 VIP packages to his faithful concertgoers in each market. The package perks include CDs, T-shirts, a DVD and a satin pass that gives fans a chance to meet with him for an hour before the show.

The same fans also double as the rapper's street teams in the markets he visits. There are 42 regional managers, each of whom oversee a team of five to eight people, O'Guin says. These teams blanket the markets with snipes, fliers and CD samplers featuring one full song and two snippets. Last year, O'Guin says they handed out 350,000 samplers. On the international front, INgrooves is handling digital distribution worldwide. O'Guin just signed with Steve Propas' Propas Management Corp., and the company will assist in finalizing negotiations for distribution in eight European territories, including the United Kingdom, France, Spain and Italy.

Merchandising is another revenue force for Strange Music. Among the 189 concert and high-end items for sale at the company's online store are T-shirts, hats, necklace charms, bandanas, stickers, belts and leather jackets. Prices range from \$5 for clearance items to \$100 for jerseys and \$350 for leather jackets. The store has even sold a couple of diamond-adorned charms for \$20,000 apiece. A new bobblehead line is planned, as is the possible spring 2010 launch of additional high-end fashion lines targeting women and men. Among the possible partners discussed for the fashion venture: Affliction Clothing.

Calling O'Guin "a detail freak" and Tech N9ne "the 2Pac of Kansas City," Trans World director of urban music Violet Brown

says the partnership works because they are all about their fans: "That's the biggest asset for them and the key to their success. Everything is driven from the fans' point of view."

MOVING FORWARD

Tech N9ne's last studio album was the two-disc "Killer" set. It will be followed in October by "K.O.D." A contest will be staged later this year for fans to guess what the title means. In the meantime, fans are whetting their appetites with Tech N9ne's second compilation album, "Sickology 101," released April 28.

A "Presents" series introducing developing acts from the Strange roster launched in May (see story, right), featuring Krizz Kaliko, whose new solo album, "Genius," arrives July 14. A second "Presents" introducing Big Scoob is due later this year. Other acts on the Strange roster include Kutt Calhoun, Prozak and Grave Plott.

"Tech has a lot to say and we also want to test new talent," O'Guin says. "But we don't want to put out too many albums; oversaturation will benchmark your artists."

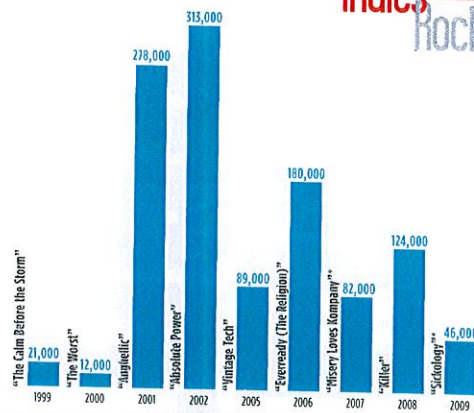
With his music having been placed in such films as 2007's "Alpha Dog," the Fox TV show "Dark Angel" and the videogame "Madden NFL 2006," Tech N9ne is preparing to embark on another mainstream breakthrough, heading out on the upcoming international Rock the Bells festival tour.

"We've been so focused on what we do that we weren't looking around us," O'Guin says. "We know what we do works pretty dang well but we're starting to reach out more."

So where does Strange Music go from here? The company already has outgrown its space valued at \$2.1 million since moving there in January. Currently under construction is a 12,000-square-foot addition that will include three large bays to hold the company's fleet of 17 trucks and tour buses, one large rehearsal area and five isolation rooms featuring state-of-the-art recording equipment.

"I'll never be satisfied," O'Guin says, "and I don't know if that's a positive or negative thing. But my one goal is to create an indie music label that can generate in excess of \$50 million a year. If we continue on the path we're on, it can happen."

Tech N9ne—whose moniker symbolizes for him "the complete technique of rhyme" (citing as examples a cat with nine lives or the nine-month cycle of pregnancy)—declares he's not going to rest until he has "tred every piece of this globe. I cannot rest until the whole world knows my story." ●●●



TECH SUPPORT

Tech N9ne's album sales are bolstered by his constant touring.

SALES 101

Strange Music co-principal Travis O'Guin has instituted a three-tiered Tech N9ne product line at the label: the Tech N9ne studio album; the Tech N9ne collaborations, pairing the rapper with various guests (the April 28 second collabo "Sickology 101" features Chino XL, Crooked I and Krayzie Bone); and the "Presents" series in which Tech N9ne introduces developing artists on the Strange roster before they release their own albums.

O'Guin says his suggested list price on preorders for "Sickology 101" was \$18.98; the Strange online store received 812 international orders and 3,000 preorders with \$6 shipping and handling.

Traditional retail, as it turns out, is selling the set for between \$9.99 and \$12.99. "I have to price it high," O'Guin says. "I don't want retail coming back to me mad." —GM

A 'ROLLER COASTER RIDE'

He has recorded with 2Pac and Eminem, and his catalog has sold more than 1 million copies. Yet rapper Tech N9ne remains relatively invisible on the mainstream radar. That's about to change.

For the first time, the Kansas City, Mo., native will play the main stage at this year's Rock the Bells international music festival. Now in its sixth year, Rock the Bells kicks off June 27 in Chicago with such headliners as Nas, Damian Marley, Ice Cube, Big Boi and Busta Rhymes. The festival made its European debut last fall, playing such cities as Amsterdam, Prague, Stockholm, Helsinki, Paris and London. The European visit arrived on the heels of Rock the Bells' 10-date 2008 summer run of U.S. amphitheatres, featuring A Tribe Called Quest, Nas, Mos Def, De La Soul, Rakim, Pharcyde and Kid Sister, among others. Eight of the 10 shows grossed \$4 million and drew more than 87,000 people, according to Billboard Boxscore.

"The challenge will be for Tech to step up to an audience who is less familiar with him against Busta and others on the lineup," says Chang Weisberg, owner/CEO of Guerrilla Union, which organizes Rock the Bells and the annual independent hip-hop festival Paid Dues. "This year [in March] was also his first time at Paid Dues. There was a lot of hype around his set and he lived up to it, winning over a lot of new fans. His strength is his live performance."

Tech N9ne, who just wrapped his own 52-date Sickology 101 tour, calls the Bells booking a "huge step. Paid Dues opened up other fans to my music, which is everything in one. It's rock energy, gangster, sensitive, sad, mad, happy. It's a roller coaster ride about my life. I don't care if people say I'm weird as long as they say, 'He can rap his butt off.'" —GM