Teen Idle
How a Record Company Spent $2.2 Million on a Singing Career That Fell Flat
By Jennifer Ordonez
Staff Reporter of The Wall Street Journal

Carly Hennessy had charisma, drive and pipes-three things music executives say are most difficult to find in a single young performer

MCA Records spent about two years preparing Carly Hennessy for pop stardom, and about $2.2 million to make and market the 18-year-old singer’s first pop album, "Ultimate High."

But since "Ultimate High" was released in stores nationwide a few months ago, it has sold only 378 copies-amounting to about $4,900 at its suggested retail price.

In many other industries, this would be considered an extraordinary bomb. But in today’s troubled music business, it’s routine. Of the thousands of albums released in the U.S. each year by the five major record companies, fewer than 5% become profitable, music executives say.

The high failure rate has become the focus of an escalating battle. On one side are big names such as Don Henley and Sheryl Crow, who are fighting the industry’s practice of holding top performers to

Speak Up About Copy Protection

Cover Story: Are Department Stores Dead?

Big Business: Discounters Pick Up Famous Designer Names... While Department Stores Stress In-House Labels

Marketing: Consumer Tastes Shift Toward Premium Goods and Luxury Brands

Law & Politics: Rethinking the 'Digital Divide'

Media: How a Record Company Spent $2.2 Million on a Singing Career That Fell Flat

Careers: In a Quest for More Revenue, the Auditing Profession Lost the Public’s Trust
multiple-album contracts that can take decades to fulfill. They complain that labels unfairly enforce such deals because they need to offset their lavish spending on ill-conceived acts that never make it.

Record companies say they need to keep blockbuster acts on their rosters for as long as possible because they rarely see returns on the huge sums they must sink into virtually all new performers, and because it’s so hard to predict who will succeed. They point out that some of the loudest critics of the current system were once its beneficiaries—before they were rock stars.

Music executives also say it has become harder to launch new acts. Among the reasons: Radio-station ownership is now concentrated among a few big companies, which are under pressure to maximize profits and keep iffy songs off the air. It’s also costlier for record companies to secure prime shelf space at superstores such as Wal-Mart, the fastest-growing segment of music retailing.

As a result, industry executives estimate that major-label releases must on average sell about 500,000 copies just to break even. Of the 6,455 new albums distributed in the U.S. by major labels last year, only 112 have sold at least that many.

**Dysfunctional Economics**

The story of MCA and Ms. Hennessy shows the dysfunctional economics of the music industry at work. After early successes as a child star in her native Ireland, Ms. Hennessy came to Los Angeles in early 1999 with her father, Luke. He got a disk of his daughter performing songs by various artists into the hands of music producer Steve Dorff. Mr. Dorff recorded a new demo of Ms. Hennessy singing some songs he had written, and it eventually crossed the desk of MCA’s president, Jay Boberg, who says he found Ms. Hennessy’s voice "extraordinary."

Although Ms. Hennessy didn’t write her own music, she had charisma, drive and pipes—three things music executives say are most difficult to find in a single young performer. Mr. Boberg envisioned starting her off as a teen-oriented pop singer, hoping to get a piece of the great success competitors enjoyed with artists like Britney Spears and ’N Sync.

Ms. Hennessy didn’t object, even though she saw herself more as an edgy rock-’n’-roll performer. "This was my big chance," she says. The executives offered her a six-album contract, under which Ms. Hennessy would get a $100,000 advance for her first album, plus $5,000 a month in living expenses while the album was being made. The label would own the recorded music and would front the cost of recording and promotion. For Ms. Hennessy to make any more money, the label would first have to recoup its advance, its recording costs and half the cost of any music videos, as well as her living expenses—meaning the album would have to sell between 500,000 and 700,000 copies, MCA says.

Ms. Hennessy says she let her managers and her father worry about the financial details. "Pretty much I was like, ‘Is this a good contract, or a bad contract? OK, it’s a good contract,’" she recalls.

Soon, she and her father settled into a two-bedroom apartment in the L.A. suburb of Marina del Rey. Ms. Hennessy and her producer, Mr. Dorff, spent about three months recording eight songs, including several he had written. The total tab, including studio time, musicians’ salaries, producers’ fees and Ms. Hennessy’s living expenses, was about $350,000—typical for a first pop record, MCA says.

Unfortunately, neither Ms. Hennessy nor MCA was happy with the results. At that point, Mr. Boberg could have just shelved the project and sent Ms. Hennessy on her way. But he was under pressure to come up with a new star, and he had already invested time and money in someone he believed had talent.
So MCA decided to rerecord Ms. Hennessy’s album from scratch, this
time with a new producer, Los Angeles songwriter Danielle Brisebois.
When she wasn’t recording, Ms. Hennessy baby-sat around her
apartment complex and enjoyed occasional major-label perks, like the
surprise limo MCA sent to take her and her friends to a Blink-182
concert on her 18th birthday. Ms. Hennessy also got to drive around in a
blue Volkswagen convertible, courtesy of MCA.

In April 2001, with the album still unfinished, MCA decided to try to
get Ms. Hennessy some notice by releasing her first single, a bouncy
tune called “I’m Gonna Blow Your Mind.” The label earmarked about
$200,000 to hire independent promoters-middlemen who use their
influence with radio program directors to secure airplay. In addition,
MCA spent about $100,000 on “imaging” for Ms. Hennessy, including
photos, clothes and makeup artists. It also sent Ms. Hennessy on a
$150,000, four-week promotional tour, where she sang at malls and
station-sponsored concerts.

But the single never caught on. In markets across the country, radio
program directors professed to like the song, but didn’t play it.

’Never Made It’

By the time the album was done, MCA had spent about $640,000
rerecording it, including Ms. Hennessy’s living expenses. That brought
the total cost of making the album to about $1 million-high for a first
album. But at least this time, Mr. Boberg says, “Everybody thought this
was going to be a hit.”

The failure of the first single meant MCA was a step behind in
promoting the album. To try to build momentum somewhere, the label
scored a Canadian modeling contract for Ms. Hennessy and sent her on
a press tour there. MCA also prepared to release a second single,
"Beautiful You," and spent another $500,000 on promotion-bringing its
total investment to nearly $2.2 million.

But "Beautiful You" got even less airplay than the first single. Retailers,
meanwhile, were leery of investing much in an album by an artist who
seemed to be going nowhere. With virtually no radio play or press, there
was little hope for the album as it hit stores. "It was not rejected by the
public," Mr. Boberg says. "We just never made it to the public."

In January, the label instructed Ms. Hennessy to pack up her apartment
and turn in her car, and moved her back to Ireland, while MCA’s
European division prepared to release the album overseas.

In the meantime, Ms. Hennessy is working out to look good for her
European press tour. She got a tattoo on the small of her back that she
hopes will impress her fans, and has started learning to play guitar.
"This album is going to be huge," she says. "I won’t stop until it is."