

Producer Contract Fact Sheet

What is a Producer Contract?

A producer contract states the rules under which a producer must record and produce a song, or group of songs.

Why do you need a Producer Contract?

The producer contract allows both the artist/ label and the producer to know exactly what is required of them when recording and producing an artist's music. By putting the artist/ label's expectations for the finished product in writing, the producer will be aware of their responsibilities and restrictions while producing the product with the artist/ label's money. This minimises the potential conflict with the artist/ label in the future and should be mutually agreed upon by both the producer and the artist/ label before the commencement of work.

When would you use a Producer Contract?

In order to release a song or album to the market you, the producer and the artist/ label should use the best quality recordings available to give the work the biggest chance of success. Artists/ labels may look to have albums recorded and produced by professional producers – people who are experts in things like song arrangement, audio production, micing techniques and musician management. Artist/ labels need to use producer contracts to get producers on board and to define the direction and nature of the work that is to be delivered, particularly when working towards a commercial arrangement.

How to use this Fact Sheet and included Checklist?

Included with this fact sheet is a checklist of many clauses seen in a producer contract. The checklist is to give you an idea of the key terms and points of a typical contract and provides additional details on the key clauses. For ease of reference, all clause numbers used in the Checklist will be mirrored in this Fact Sheet.

By referring to both these resources, we believe that you will be in a position to better decide whether or not to sign on that dotted line, and how better to negotiate getting there!

Key Terms of a Producer Contract

Clause 3 Project And Services

The contract must state what the producer must do for the label if relevant, as well as for the artist. The producer would usually ensure that their services are non-exclusive. This will allow the producer to produce other artists and other labels at the same time.

Producer's Warranty

If producers use samples from other artists' recordings in their work, they must get consent from the sample owners. Consent may involve a payment to that artist in exchange for the use of that sample. The price of samples vary massively and will depend on the price that the sample's owner places on the usage.

Artists/ labels usually require that the producer sign a warranty, stating that all clearances and consents to use sounds and samples from the owners of those sounds/samples have been obtained. This is important in avoiding legal ramifications for using uncleared samples or sounds.

Clause 4 Recording Process

Budgets

Before signing the contract, the artist/ label and the producer must sit down and work out a budget and timeline in which the producer must finish recording and producing the songs. It is important to make a detailed budget disclosing all the expenses that will be included in the budget – including things like session musicians, studio time and equipment hire.

The producer must stay within the limits of the budget and accept that they will be liable to pay for anything over budget, or anything that was not specifically included in the budget. By specifying that the producer must pay for any costs over and above the budget, the artist/ label can ensure their costs do not exceed that which they've budgeted, and that the producer stays within that allocated and agreed upon budget.

Acceptance & Rejection

Once the producer finishes the album/songs, there are two more hurdles that they must get through before they are free to conclude work.

Firstly, they must deliver the finished songs to the artist/ label, and secondly, the artist/ label must accept them. If the artist/ label is unhappy with the produced work, and an acceptance & rejection clause is in operation, the producer will not get paid until they deliver recordings that are acceptable to the artist/ label. The producer agreement should clearly state which party covers the costs of additional recording and producing time, should this occur.

The acceptance test is very subjective and could ultimately stop the producer ever getting out of the contract (that is, if the artist/ label never accepts any of their finished songs). To prevent this, the producer usually requires that the test be based on a few measurable elements, for example that the song is made in accordance with industry technical standards or is in line with the producer's previous work.

Clause 5 Producer As Co-Writer

Sometimes a producer will write or co-write music with the recording artist. If this is the case, producers will have rights to a share of publishing income (royalties) earned from any songs. It is good practice for producers to have a separate agreement with the artist clearly stating how much (as a percentage of the complete song) each person contributed to the writing of a song as a whole, and thus how much each person owns of that song.

For example, the producer may state that they wrote 90% of a completed track, with the artist contributing the final 10%. The Artist should agree to that figure in order to prevent any conflict over publishing income splits in the future.

Clause 6 Copyright: Copyright and Stemfile Ownership

Usually, artists/ labels will insist that producers transfer their copyright in the produced songs to the artist/ label. This also includes each track recorded whether it be as a WAV file, pro tools sessions, or on tape (known as stem files). This allows the artist/ label to sell and use the songs in anyway they want without needing to always get/pay for consents and clearances.

Clause 7 Producer Fees And Royalties

Producer Fees

The producer contract states how much a producer will get paid for producing the songs requested. Artists/ labels will usually try to split up the payment of the fee to ensure that they get a quality recording from the producer. The usual split would be to pay the producer 50% of the fee on signing the contract and the remaining 50% once the artist/ label accepts the finished recording delivered by the producer. It is important to remember the producer fee is usually not recoupable – i.e, the artist/ label does not have to recover this cost before it will start paying the producer royalties (as described below).

Royalties

Producer agreements usually state that the producer will not be paid any income from the sale of the songs until the artist/ label recovers all of its invested recording costs. This ensures that the artist/ label doesn't have to pay the producer until it recovers all of its costs, as agreed upon in the budget.

Production Costs

In some cases, the artist/ label will state that the producer fee is inclusive of all recording/production/sample costs. This is another way of saying that all costs associated with making the recordings must be paid by the producer.

Multiple Producers

Sometimes artists may use more than one producer on an album, so artists/ labels must ensure that all royalties payable to the producer are on a pro-rata basis. That is, if the album contains 10 tracks, where the producer produced three of them, that producer's royalty should be 3/10ths of the whole amount and should not receive 100% of the producer income.

Producer's Credit

Artists/ labels are required to include a credit somewhere on the CD packaging saying that the producer produced the album or songs. Sometimes, if the producer is popular, the artist/ label will also try and leverage off this and include the producer's name in the album's marketing and promo material. This may mean that the producer looks to get a higher cut of sales or an increased producer fee for the added status they bring to the release.