

Partners

Herb Alpert, with instrument of his choice
If you can come from nowhere and hit big once, why can't you do it again and again?

Paul Harris/Outline



A&M Records' Herb Alpert and Jerry Moss are the Graham and Dodd of the entertainment business. And just look at some of the talent they've unearthed.

Waiting for the next Elvis

By Peter Newcomb

IN A BUSINESS loaded with big egos and big budgets, trumpeter Herb Alpert and his partner Jerry Moss are something of a wonder. Quietly, carefully, without wanting the world to know about it, they have built privately held A&M Records into the nation's largest independent record company, with annual sales worldwide surpassing \$200 million. To-

gether for 26 years, Alpert and Moss are sitting on top of a hit factory worth nearly \$400 million. The key to their success is the same as the key to success in the stock market: Back properties that no one else knows about or wants.

Before they met, Moss, originally from the Bronx, had a tiny promotion and publishing company. Alpert, a trumpeter extraordinaire with some records, badly wanted to control pro-

duction of his work. In 1962 the two put up \$100 each to form Carnival Records. The first record, "Tell It to the Birds," wasn't a hit, but the partners kept going. Recalls A&M President Gil Friesen, now 51, who was hired as general manager in 1964 and today owns a piece of A&M: "We were the underdogs, scrambling—make that striving—to survive."

Their striving paid off in 1962 with Alpert's first single on the A&M label, the bullfight-inspired song called "The Lonely Bull." It quickly sold over 700,000 copies, and A&M was on its way. Four early albums reached the top of the charts, and one produced the hit single "A Taste of Honey." With the fifth album, *Going Places*, Alpert achieved a rare musical milestone: five albums on *Billboard's* top 20 chart at the same time.

But the partners knew early on that A&M couldn't live on Alpert alone. "When Herb was virtually the only artist on the label, there was this smart window display," recalls Warner Brothers Vice President Bob Merlis. "It said, 'You've tried our meat, now try our potatoes.' And the meat was Alpert, and the potatoes were a lot of esoteric British rock people." The funny thing is, says Merlis, shaking his head, "they [Alpert and

Moss] kept turning their potatoes into meat." A&M did indeed develop a sure touch in finding young, unestablished artists and turning some of them into Herb Alperets or better.

Friesen explains the strategy in Graham and Dodd value investing terms. "We don't sign big names," says Friesen. "We would rather have an artist whose career you slowly build with great credibility over time than an artist with whom you have instant chart success and that's the end of it."

To some, that's good business. To others, it means an unwillingness to gamble. "A&M doesn't compete in the area of paying millions of dollars to sign artists," sniffs rock 'n' roll impresario David Geffen, who has done his share of signing older, established stars. "They are unwilling to take the risk."

But look back at some of the unknowns the partners have signed, and their gift for finding valuable talent comes clear. In the 1960s they brought along Sergio Mendes and Joe Cocker. In the early 1970s it was Carole King, the Carpenters and Cat Stevens. In the mid-1970s Peter Frampton, and in the late 1970s Captain and Tennille and Rita Coolidge. In the 1980s it has been the Police; Sting and Janet Jackson, all three with million-seller records. Ms. Jackson, Michael Jackson's kid sister, had a 1986 album, *Control*, that sold over 5 million copies worldwide. Most recently there's Suzanne Vega, whose gold (over 500,000 sold) debut album was followed up by a platinum (over 1 million) record containing the hit song "Luka."

The fact that Alpert and Moss have themselves climbed the ladder helps when they work with new artists. They never became "Suits from New York," as the creative types condescendingly call the corporate types. "They knew who I was and what I was doing, and they were not interested in messing around with



Peter C. Borsari

Partner and cofounder Jerry Moss

"Artists are not pieces of equipment."

that to make me 'successful,'" says Suzanne Vega. Says Jerry Moss: "We like to think we're selling artists, not just records. Artists are not pieces of equipment."

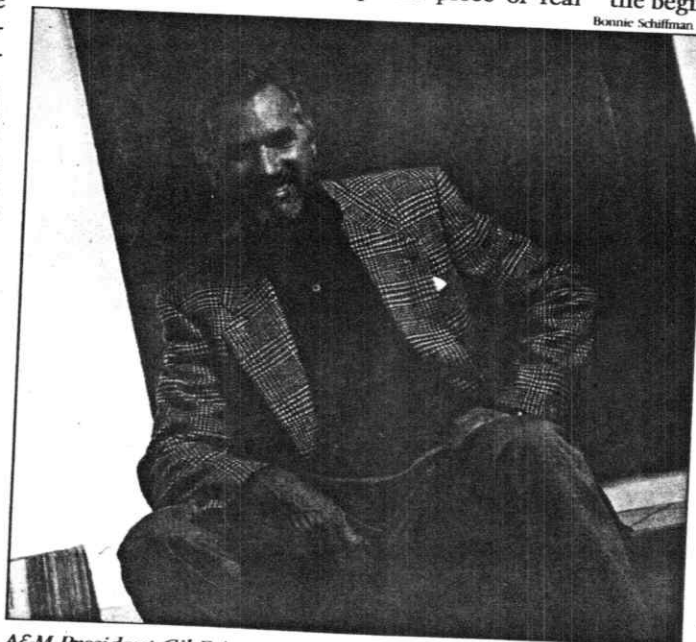
Once the money began flowing in, Alpert and Moss avoided the temptation to sign big names and instead channeled some of the cash into real estate. In 1967 they bought the old Charlie Chaplin movie lot for their studios. A&M's offices—a series of bungalows, a gated entrance and plenty of shade on North La Brea Avenue—are now a prime piece of real

estate in expensive Hollywood. Other Alpert and Moss real estate ventures around Los Angeles are run by Alpert's brother Dave. But for the most part, the partners kept their eyes on the source of their cash flow, entertainment. One additional push, prompted by Friesen, has been film development. Here, too, A&M looks for unrecognized writing talent. A&M will find a book, a screenplay or just someone pitching an idea. Then the company will line up a director and stars, then a studio. Financing? That A&M leaves to such studios as Universal. For acting as producer, A&M takes a fee and a share in the profits, if any. Its biggest hit to date was the movie *The Breakfast Club*, which grossed over \$50 million worldwide. But add the soundtrack rights: It was a great vehicle for the A&M band Simple Minds, for which it delivered a hit single. A&M currently has 19 films in development.

One of the most remarkable things about Alpert and Moss is that in a business where "Trust me" often means "Shove it!" their partnership has survived the ultimate danger: 26 years of working together. Their secret? Clear-cut division of labor. From the beginning, Moss has run the business side, while Alpert has stayed with the creative end. "They never had that conflict that they both did the same job," observes Capitol-EMI Music President Joe Smith. "Jerry wasn't going to play the trumpet, and Herb wasn't going to make distribution deals."

Less involved in day-to-day decision making, Alpert will soon be peddling a new women's perfume called *Listen*. But neither he nor Moss, both 53, has any interest in selling out. "I'd love to buy them, but it's not for sale," says David Geffen, echoing many others.

"This is amateur sport," Jerry Moss explains, happily. "The next knock on the door could be the next Elvis Presley." ■



Bonnie Schuffman

A&M President Gil Friesen

"We were scrambling—make that striving."