

**A Conversation with Derek Sivers**  
**by Frank Goodman (5/2005, Puremusic.com)**

The way things have been going the last ten years for the music business, I'm very grateful when I hear something that sounds like the voice of sanity in a world gone crazy.

This issue we bring you a conversation with the impressive Derek Sivers, who began the greatest online record store in history, CD Baby, in 1998. This company deals solely with the music of independent artists, and it does so in an unprecedentedly utopian fashion. They have already gone where no music company and damn few companies of any kind have been or even aspire to go.

The vision and the accomplishments to date and to come from CD Baby all begin with the founder, a person who relentlessly adheres to his original blueprint of a company operating with the musician in mind. Consider that when Amazon.com sells your CD, they give you five bucks of the fifteen, and keep the rest. When CD Baby sells it, they keep four bucks and give you Eleven. They also spend vast amounts of brainpower and money coming up with new tools for Indie musicians to market themselves. They build you a handsome page at their website, they will even host Your website, sell you a barcode or database for booking college campus shows, give you the wherewithal to take credit cards for CD purchases at your shows, set you up for selling downloads of your music at every major outlet on the planet, and more. All at much better prices than anyone would offer you in their right mind. And they'll take your calls in their Portland office. Consider that they do this for all their clients, which now number 90,000.

Derek's a very focused person with a legendary attention span. I'll spare you any further introduction, since, in the pages to come, we talk about many things. He's extremely positive, very informative, and an inspiring influence within the chaos of the rapidly shifting music business.

**Derek Sivers:** Frank.

**Puremusic:** Derek.

[laughter]

**DS:** How's it going, man?

**PM:** It's good to talk with you, man. It's been way too long.

**DS:** Yeah. Hold on. I just got a cup of tea in the next room. Let me go get it, I'll be right back. I've just been glued to the computer for so many hours...

**PM:** I was just looking at your profile on the site, and I forgot that although you're a consummate musician, you're also a consummate programmer.

**DS:** Yeah, these days it feels more like programmer than musician. I mean, at my core I still think of everything as a musician. I said to a programmer friend of mine recently, “You know, as much as I love programming—and I can sit there and talk tech for hours—as soon as you remove music from it, I lose all interest.”

**PM:** Ahh.

**DS:** I can spend 200 hours learning a whole new programming language, but it’s only because any time I’m checking out all the examples, or I’m writing little tests, or I’m learning this new language, I’m doing it as it applies to musicians, whether it’s a HostBaby thing or a CD Baby thing.

**PM:** Right.

**DS:** If I were to all of a sudden start doing this to calculate interest rates at a bank or something, I’d have no interest in programming all of a sudden. So it’s really music that’s still at the core of everything I do, even if what I’m spending most of my time doing these days is writing programs that help other musicians get their music out there.

**PM:** And God bless you that you’re doing that.

**DS:** [laughs]

**PM:** That turned out to be a pretty good idea you had back there in 1998.

**DS:** Yeah. Well, I’d say that it’s the self-serving itch that needed to be scratched. I mean, I was just trying to sell my own thing, and I was surprised that there was nobody else who’d sell my CD for me. I really looked high and low—I guess in, really, ’97 when I was looking for myself—just trying to find any online business that would sell my CD, and there was none. None.

**PM:** Yeah.

**DS:** And so I just made this thing to sell my own CD. But still, I wasn’t even looking at that in some kind of opportunist way, like “Ooh, I should start a business.” It was still doing it for myself, and I told some of my friends, “Hey, if you want, I’ll sell your CD, too, on my band’s website.”

**PM:** And I forget where you were then, before Portland?

**DS:** Woodstock, New York.

**PM:** Woodstock, ah. So you still have a lot of friends up in that area?

**DS:** No. [laughs]

**PM:** No?

**DS:** Well, see, the thing is, I have a lot of friends back in New York City. I lived in New York City for pretty much ten years, and I moved up to Woodstock, 90 minutes north of New York City, as my way to escape the city. But almost as soon as I moved up there—that was '98, that's when I started CD Baby—and I just couldn't handle the winters, man. So I only really lasted in Woodstock for two or three years.

**PM:** Right. You didn't ever run into an old friend of mine, tremendous singer up there, named Leslie Ritter, did you?

**DS:** No, I don't think I know her...

**PM:** Or Scott Petito, great musician. He has a studio—

**DS:** Oh! Well, of course I know Scott Petito.

**PM:** They're a pair.

**DS:** Okay. Scott's been on CD Baby forever, I must know Leslie, too.

**PM:** Considering that you only deal directly with independent artists, the stats that I reacquainted myself with are staggering! I mean, 90,000 artists—

**DS:** Yeah.

**PM:** —a million and a half records, and 14 million dollars paid out to Indie musicians.

**DS:** Crazy, isn't it?

**PM:** It's unbelievable.

**DS:** I mean, I never expected... You know what's funny? When CD Baby was nine months or so old, I hired my first employee, that was John Steup. He's still the VP of the company today. He occasionally pulls out and makes fun of this email I sent him back in the beginning of '99 when I was saying, "Man, can you imagine, we might need to really prepare. This thing might get huge one day. I mean, we might have 100 artists here."

**PM:** [laughs]

**DS:** "And we might need a third employee. And can you imagine if this thing grows to, like, 100 artists and three employees—I mean, we're going to have to figure out how to network these computers together and share our Filemaker database."

**PM:** [laughs]

**DS:** “I mean, this stuff might not fit in the bedroom anymore, so we might have to look into getting some kind of a shed or something like that.”

**PM:** Unbelievable.

**DS:** To me, that was the idea of this thing growing huge: 100 artists and two people running it. Yeah.

**PM:** Wow. I mean, you remember, as I do, the Nashville company, Songs.com—

**DS:** Yeah.

**PM:** —that no sooner had it grown to 300 artists or so, it sold to Gaylord Entertainment for \$1.2 million.

**DS:** Yeah.

**PM:** And then six months later, it was shit-canned because Gaylord thought they’d bought some part of the mysterious future that proved a mystery to them.

[laughter]

**DS:** Well put, yes. Yeah, Songs.com, man... I say that when I started CD Baby there was literally nothing else out there, but Songs.com was right around that time. They didn’t really have an open policy, it wasn’t like anybody could just go in there and sell their stuff... But yeah, I really looked at Songs.com kind of like an older brother or something. While I was just poking along in my bedroom doing CD Baby, they seemed to be doing it more seriously, and it was so weird when that officially closed down, and Paul sent that email to the ex-members recommending CD Baby. That was really heartwarming.

**PM:** And that reminds me of something I mentioned to my brother this morning, that one of the many beautiful facts about CD Baby is that they’ve always been nonexclusive.

**DS:** Yeah.

**PM:** Always been, “Hey, people, it’s a tough world, sell your music wherever you can, but sell it with me.”

**DS:** Yeah, to me that’s just a given. The core thing to remember is that CD Baby was a rebellion against traditional distribution. I really feel that most music business models that are out there today were created from the top down, you know, somebody with a million bucks and a desk and some pull, designing some system where the musicians are just pawns in the system. The musicians either have to play by the rules handed to them or get out.

**PM:** Right.

**DS:** So when I realized that this thing was going to be a business, my real goal was to make it a utopian distribution system from a musician's point of view.

**PM:** [laughs] That's unbelievable!

**DS:** So, to me, that's what's kind of interesting, is holding it true to that ideal. I was designing this thing with the idea of helping twenty artists get their music out there. And I didn't care if I made a dime from it, because I was making my full-time living making music. So of course, I didn't want to start a business, I was—

**PM:** You were playing!

**DS:** Yeah.

[laughter]

**DS:** I was playing, I was producing, I was touring. I was doing it, man. I bought my house in Woodstock with the money I made touring.

**PM:** Amazing.

**DS:** That's the life, so I was living the dream musician-wise. The last thing I wanted was to stop. So since I didn't expect this thing to make any money, I could just be really utopian about it. And that's where these four things came from, my four missions when starting CD Baby. When I thought of the utopian distribution deal from a musician's point of view, it came down to four crucial points: Number one, I want to be paid every week from the sales of my CD. Number two, I want the full name and address of everybody who buys my CD, because to me, those are my fans. They used the store to get to me, so they're my customers, not the store's customers. Number three, never be kicked out for not selling enough. That was crucial, because traditional distribution gives you like a ninety-day window. "Okay, we'll put you in some shopping malls, but hey, if it doesn't sell well in ninety days, you're out, and we won't ever talk to you again."

**PM:** Right.

**DS:** I thought that was so flawed. What if somebody is doing some obscure, weird, electronic tuba music or something? There might only be one person every five years who wants to buy it, but the perfect distribution system would have it there ready for that one person every five years.

**PM:** That's right.

**DS:** And then, number four, never allow any paid placement. That means no advertising, nobody buying to get placed higher than anybody else, front page or anything like that, because once you allow paid placement, it's just like the root of all corruption—it's not fair to those who can't afford it.

**PM:** It un-levels the playing field.

**DS:** It un-levels the playing field and it also kills the integrity of the site. If the distributor or the store is featuring some stuff on the front page as the higher search results, and you know the only reason that's up higher is because they paid to be there, it just kills the integrity of the whole system.

**PM:** Absolutely.

**DS:** So, especially in the dot.com days, people were trying to throw money at us. I never had any investors. I always turned away all investors. And people wanted to advertise, people wanted to—there's some rich kids with bad records who were just offering to pay us gobs of money to put it on the front page, to stroke their ego.

I still have this real purist attitude that if I were to break any of my utopian visions of this thing, then as far as I'm concerned, the whole project is a failure. It might make me personally richer, but it would make everything I've worked for in the last seven years a failure if I betray any of the missions that I set out to accomplish.

**PM:** Well, it's not only utopian, I mean, that's kind of an enlightened business model—

[laughter]

**PM:** —if I may go so far.

**DS:** Well, when I say utopian, it's something to shoot for. That's the dream-come-true scenario. So, of course, isn't that what we should all be shooting for?

**PM:** Right, in a perfect world.

**DS:** Exactly. So yeah, when you start your own little thing, you get to make your own little world that follows its own rules, and yeah, you can make those rules whatever you want them to be. I love that.

**PM:** I'm good friends with an artist named Arthur Godfrey. I was very surprised to get copy on an email from him this week that came from you. Can we talk about that?

**DS:** Sure.

**PM:** He told me that he just sent you his record, and a press kit, and he received a very personal letter back from you, explaining how into his music you were, and that you were going to put him on the front page.

**DS:** Yeah. Which, by the way, if you talk to him, we need some more CDs, we're backordered.

**PM:** [laughs]

**DS:** I actually kind of have mixed feelings about this. I really wanted it to be totally and completely equal. But then we'd get these calls and emails from customers saying, "Well, what do you recommend? What do you like?" I'm like, "Well, okay, I'll tell you, but..." And we were doing so much of this by phone and email that I finally just said, "All right, man, let me do the occasional editor's picks." Basically, everybody does get equal treatment, but occasionally we may personally recommend one.

**PM:** Sure, one can't help but have personal favorites, if one likes music.

**DS:** Yeah, exactly. So there's a whole thread on the cdbaby.org message board about this, some people thinking that it's really unfair, and how dare you, and CD Baby believes in equality, so why are you featuring some and not others. I do have kind of mixed feelings about it. But, for example, *If I Only Knew Your Name*, when that record came in just a couple weeks ago, it was like, "Oh, my God, it's brilliant!" So I mean, we pick one album a day that we think is the best thing that came in all day. And we write up our own little paragraph, our own review of it, and then shoot the musician an email, letting them know.

**PM:** I was tickled, because Arthur and I have done lots of playing and recording together. And his upcoming record after the one you're featuring was done mostly in the Puremusic Studio.

**DS:** Oh, cool.

**PM:** I was just struck that, with the volume of business you're doing, that you still take time to get involved with the record of a single artist and say, "Hey, we heard it, and we thought it was great, and we're sticking it on the front page today."

**DS:** We listen to everything that comes in. Actually, I did it all myself for the first three years, and now it's somebody's full-time job. Tamara sits there and listens to everything that comes in.

**PM:** How is it that CD Baby has not gotten into downloads yet, when everyone seems to think that downloads or maybe even subscription is the imminent future of the record business?

**DS:** In 1998 and '99, MP3.com came out, and eMusic, and Apple iTunes kind of kicked it into gear again but it's been going on since '98. There are some people who are actively chasing the cutting-edge future of music, and then there are some of us who aren't.

[laughter]

**DS:** I'm just not a "let's throw millions at this idea, hey, it's a long shot, but it just might work, it might define the future" person. I think that's best left to the people with investors that have millions to just toss at an idea that the public isn't asking for yet. I really prefer to kind of chill out and wait until there's a massive overwhelming demand for something. And it also has to do with that fact that it's a niche that needs to be filled. I mean, the only reason I did CD Baby was because there was nobody else doing it. And the only reason I did HostBaby was because there was nobody else doing it when I started, somebody just specifically helping musicians do their web hosting, a web hosting focused on musicians with the tools they need, with the calendar and the streaming audio and all that.

I really only go into something if I feel that nobody else is doing it. And man, with this whole digital music thing and downloads and subscriptions, there are so many companies spending so many millions of dollars trying to be the best, I'd rather just lay back, handle the backend distribution to all these companies that are spending millions and trying do it. Better to ride their waves than try to compete against them.

**PM:** Right. "You all do that homework, and I'll be there when it gets huge."

**DS:** Yeah. There were just a few weeks in between when iTunes launched and when they called us and asked us to come into their office to talk about being a distributor to them. But in that few weeks, I was really having to think about this deeply. People were saying, "Well, man, iTunes is getting all the dues and CD Baby has got to do this, man. This is your time. You've got to run with it now. You've got to start offering downloads." And I really had to think this through. God, do I really want to compete with iTunes?

**PM:** Right.

**DS:** In a way, it seems to me that it would be a little unfair to the artist to say, "Hey, instead of putting your music on Apple iTunes, come put it on 'MP3Baby.com.'"

**PM:** Right. [laughs]

**DS:** I mean, iTunes has the billboards, the TV ads, the massive recognition, the iPod. And yeah, I think I'd be doing a better service for my clients by getting them on to iTunes. I was really about to ring up Apple myself and offer to get all of the CD Baby artists into iTunes. And luckily, they beat me to it. They called us up and said, "We'd like to talk to you about getting the CD Baby catalog into iTunes." I was like, "Hell, yeah! Let's do it!"



**PM:** And who did you speak with there, and what kind of a person did you run into?

**DS:** Oh, this is what blew me away. I mean, they just invited us to come up to their office and to talk about this. And for one, I wasn't sure if we were the only ones invited. I didn't hear anyone else talking about it. So I went up to their offices in Cupertino, California, and when I got there I realized they had invited a couple dozen small companies, independent labels and such. Then we went into this tiny conference room, it was about fifty feet. So again, I just assumed that some techie or marketing person is going to come talk to us. And Steve Jobs himself walks out—

**PM:** Unbelievable.

**DS:** —in this tiny conference room and says, “We really want the iTunes Music Store to have every piece of music ever recorded available.” And the funny thing was, his whole sales pitch was aimed at the reluctant label owners, the ones who weren't sure if they wanted to do this digital thing. But I was already gung-ho on the whole idea.

**PM:** Right.

**DS:** Here it is only two years later, now that's laughable. But then, some people were still saying, “The only digital music online is all illegal,” or “Hmm, I don't know.” So he was pitching it at reluctant label owners, saying, “You may even have titles in your catalog that aren't worth it for you to press up on plastic anymore or put through your distribution channels, because they're only selling a few copies a year.” He said, “We want to have those as well. It's frictionless, just get us a digital master. There's no reason for us not to have it in the catalog. We really want every piece of music ever recorded.”

So I'm hearing all this and thinking, “Well, man, this is perfect for CD Baby.” Because here we have tens of thousands of artists who, collectively, are very valuable. Any one of them might not sell that much, but when you put the whole group together, it's a hell of a catalog.

**PM:** Right.

**DS:** So, luckily, they saw the value in that—it was very cool—and they really kind of pursued us and got us into their system. And right after they did, then, of course, immediately Rhapsody called up. And then Napster called up. And then Musicmatch called up. And now there's not a digital music service on earth that would not want to have these 400,000 songs in their catalog. This is what I think is wonderfully heartwarming, because we slowly collected and put all these independent artists under one umbrella, you know what I mean?

**PM:** Wow.

**DS:** So, look how much things have changed in the seven years since I started CD Baby. Seven years ago, as a guy with a record, I couldn't get anybody to sell it for me. And now, seven years later, how cool is it that it's more like everybody wants you. [laughs]

**PM:** Right.

**DS:** There's a guy putting out his own record, and now everybody wants his music in order to distribute it to the world.

**PM:** Do you think that the whole label idea is going to go away, or change fundamentally in the next handful of years?

**DS:** No. Some people, like you and me for instance, are wide open to hearing everything that's out there. Lay it all on me, let me decide.

**PM:** Right.

**DS:** I want to hear anything. But I think the majority of the world wants to hear only the stuff that's been declared to be the best. They want things filtered for them. I think record labels are still offering this filtering process, saying basically, "We believe in this so much." But as soon as I'm saying that out loud, I'm thinking, well, a magazine can have that same effect.

**PM:** It's true. Any filter.

**DS:** Yeah. People want things filtered. I guess you could say that a record label is one kind of filter, where a company says, "We're going to toss X-sum of money at this because we believe in it so much." But the whole idea of that company now owning the sound recordings, the musician not owning their own recordings anymore—that might be a dead concept, but people still need filters.

**PM:** Yeah, magazines might be more appropriate filters, since they don't want to own your music.

**DS:** Exactly. A magazine is in a better position to take everything that's out there and say, "Here's what we think is some of the best stuff for you to be checking out." People really love those filters. I mean, I'm glad that CD Baby was set up in such a way that it has no filters. But it's funny, because I think that some filters are necessary. I think that filters are needed right now in the music scene because distribution has become so easy. MP3.com was even a more extreme example of that—anybody could just fart into a mic and upload it. It was free. It's just an MP3, you don't even have to burn a CD. You don't have to press up a CD, just fart into a mic and upload it. And all of a sudden there were just hundreds of thousands of MP3s up there—how do you possibly sift through all that?

**PM:** Yeah. A guy from the online part of MTV said at a symposium the other day, “If nothing else, MP3.com showed us there are an almost unlimited number of marginally talented people out there.”

**DS:** [laughs] Yeah. Even MP 3.com, to their credit, really did try to set up a system where the cream would rise to the top—they did it in terms of popularity of downloads and such. But then it just got back to the people—the popularity contests as far as the people who already had the biggest fan base, or if you worked at a big company, you email everybody in the company and say, “Please go download my song so I can rise to the top of the charts.” Or somebody else says, “Hey, pay us a thousand bucks and *we’ll* make you rise to the top of their charts.”

**PM:** Right.

**DS:** I mean, it would still be a wonderful thing, that idea of an MP3.com, but with an editorial bent to it also, saying these were editors’ picks or—I don’t know, it’s tough to say.

**PM:** We’d like to get into selling some CDs, finally, at Puremusic, but I don’t understand the whole retail store thing yet, and I think I got to go get some chops in that area. We’ve always been editorial oriented. And when I’m not doing this, I’m working on music, you know.

**DS:** Sure. You could just set up an affiliate thing with iTunes, like we did. I think it would be a big waste of your time to go recreate some of these things that are already out there—in the same way I don’t really want to get into editorializing. CD Baby.org is where I’ve put some of my philosophies about this. Hang on, I’m just pulling one up: “Every single day for six years, people tell us things like, ‘CD Baby should start a radio station. CD Baby should sell downloads. CD Baby should start a record label. CD Baby should sponsor tours. CD Baby should do CD manufacturing. CD Baby should help do promotion and publicity. CD Baby should do physical distribution to retail stores. CD Baby should start a dating service.’”

**PM:** [laughs]

**DS:** “Okay, I was kidding on the last one. But the rest are for real. And it’s seriously every day for seven years that we have to say no, no, no, no, no to all of these requests. I think they’re flattering, and I’m sincerely honored that people would want us to do these things. But could you imagine if CD Baby actually did all of those things on that list? What a mess.”

**PM:** Right.

**DS:** “Remember the dot.com days when all these companies couldn’t even tell you what they did. Their ‘About’ page on their website would say, ‘We deliver extensive e-markets

and syndicate cross-media portals and empower e-business systems worldwide to help you transform relationships into next-generation paradigms.”

**PM:** [laughs]

**DS:** “CD Baby is a record store. Yes, we’ve got a couple side services for our members, but those are just the side effects of having a record store. You may say that CD Baby is a community, or revolutionizing independent distribution, but we don’t see it that way. Those are all just side effects of trying to make a great online record store.”

Oh, here’s the point I was getting at: “I really believe in doing something great or not doing it at all. If you can’t be one of the best in the world at something, you should really let someone else do it.” I think of that a lot. People say, “Yeah, man, but come on, it would be so easy for CD Baby to start a radio station.” But I think, “Man, there are other people out there who have committed their lives to having the best radio station.” I’d much rather let them have the best radio station, and have me have the best record store, and you have the best magazine. I think it’s a beautiful idea for everybody to just kind of be the best at what they do, instead of trying to half-ass it all.

**PM:** It was a gas this morning going through the photos of your staff. They seem like a colorful and interesting bunch.

**DS:** Yeah, they are.

**PM:** Is it pretty family up there?

**DS:** Yeah, it’s very. It *is* that page.

[laughter]

**PM:** It was fantastic. I actually keep looking at their faces as we’re speaking.

**DS:** It’s a bunch of twenty-somethings up there. Out of the 40 people who work there, 25 of the 40 are in the warehouse and 10 are in customer service, and the other five are the miscellaneous jobs. So it’s almost entirely a pick, pack, and ship warehouse business with a customer service bent to it. And that means everything. I mean, we have four phone lines that are just filled all day long with musicians calling up and asking, “How can I copyright my songs?” or “What’s a barcode?” Actually it’s much more of that stuff than, like, “Hey, where’s my order?” It’s people asking—because we’re so open to the world, people just call up and ask all kinds of questions.

**PM:** Right. “Can you help me get a life?”

[laughter]

**DS:** “I’m not famous yet, I’m wondering if you can tell me why.”

**PM:** [laughs]

**DS:** I mean, seriously, man, that's not too far off from the kind of questions we sometimes get.

**PM:** How would you describe yourself as a CEO or a leader up there? What's your personality in the company, in relation to your own staff?

**DS:** You'd be surprised. It's different than the public perception.

**PM:** Of course.

**DS:** The real deal is that I'm the guy who designed the system, and for the first three years, I was the guy who ran the system. But three or four years into it, I realized that if I kept trying to run this system myself I was going to do it more harm than good. So instead, I taught everybody there everything I knew, and I stepped back. And so I basically no longer work at CD Baby, I work *on* CD Baby. All day long, I work on improving CD Baby and designing new things that CD Baby or HostBaby is going to do. But I just design the system. And once it's designed and built, then I show the gang up there how to run it, and I get on to building the next thing.

**PM:** Wow.

**DS:** It's because of all of the emails I've written, and the form letters and such have my name on the bottom, it comes across like I'm—actually, I kind of like that, it's like Ben & Jerry's. It gives the impression that it's just Ben and Jerry up there pumping the cream. So I mean, yeah, almost everybody who calls up asks for me because it's my name on the bottom of everything. And they have to say, "Well, he's not here, but I'm sure I can help you." And I like that better. I mean, it's not really meant to be a lie, it's just more personal.

**PM:** Right.

**DS:** And I am the one who originally created all this stuff, even if I'm not going to be the one replying to every email or whatever.

Everything I just told you in the last couple minutes is how I'd like it to be. The truth is that all day long, of course, I'm in there, helping put out fires and solve things, and people toss things my way. So it's still what I do all day long. It's kind of the entrepreneur's curse, it's so hard to remove yourself from something that you've created. Here's Amy's Muffins, right, and it's so hard for Amy not to be involved in every single decision that goes on with Amy's Muffins, because it has her name on it. And I kind of feel like, alright, so CD Baby doesn't have my name on it, but it might as well. Everybody really just thinks CD Baby is Derek. So it's hard for me to trust that the guys

up there at the office have it under control—not only that, that they’re doing a better job than I could do.

**PM:** Right.

**DS:** It definitely takes some trust to just know that they’ve got it covered, allowing me to be free to invent the new stuff.

**PM:** I was surprised to see that children’s music meister Dan Zanes shows up with three titles in the CD Baby bestseller section.

**DS:** Yeah, he’s huge, man. And he has always directed all of his sales to CD Baby. He’s out there getting a lot of press coverage. I mean, he has, for years, gotten a lot of press coverage. I mean, constantly—like every time he goes to a town, or even if he’s not going to a town, they write a big full-length article about his life and times and what he’s doing. The music is good, but he’s definitely got a bigger press campaign than anybody else I’ve seen.

**PM:** Yeah, he must have a monster publicist, because you see him everywhere.

**DS:** Yeah.

**PM:** And hey, it’s PG.

**DS:** And it’s a unique angle. I’m always trying to communicate this to musicians, that it’s one thing to have a nice little paragraph written about your album somewhere. But when you find the human interest angle to your story, where instead of saying, “*Nighttime Lullabies* is a great new album by Dan Zanes, it’s got some fine songs and good music on it, so check it out.”

**PM:** Yeah, right.

**DS:** Instead you say, like, “Here’s a story of this guy who used to be a college rock star in the ’80s, and now time has passed, and he has two daughters, and he went down to the record store to find some music for his daughters, and realized that everything there was so sappy, and he decided it was going to be his mission to make some music that he could stomach as well, that he and his friends could actually enjoy listening to with their kids.” So that’s the lead-in to his human-interest story that he pitches everywhere. When people write about Dan Zanes, they’re not writing about the lyrics, the chords, the music itself, they’re writing about the whole story of him and how he got here.

Check this out: If you would have peeked into our top sellers list a year and a half ago, for two solid months, the top seller on CD Baby was a seventeen-year-old classical guitarist from Chicago doing Bach etudes.

**PM:** Unbelievable.

**DS:** And the reason he was number one on CD Baby for two solid months is because he had an interesting human interest story about how this young kid from Chicago met Christopher Parkening who took him on as a student, even though he usually doesn't. So WGN Radio did this whole piece on him. And because WGN Radio did it, then WGN TV said that they'd also like to do something on him. And because they did it, the Chicago Sun Times did it, and because the Sun Times did it, the Chicago Tribune did too.

So for two solid months, somewhere every week this kid was getting a major story done on him. And all pretty much from the Chicago area. But it's because they were focusing on his story, that at the end of the story they could basically say, "If you want to hear his album, you can get it on his website." And then his website directed all of his sales to CD Baby. And then it becomes this self-fulfilling prophesy, that because he's number one on the list of top sellers now, when people browse the website, they always want to know who the current top sellers are, and that's what they look at first.

**PM:** Right.

**DS:** Gary Jules said the same thing: the reason that, as he was really kind of growing in popularity, he kept sending all of his sales to CD Baby, was that it would feed on itself, that it kept him at the top of the current top sellers list, and people browsing CD Baby would always browse first on the top sellers list. And he told me much later that forty percent of his sales—we counted once, because at the end of the order we tell all the artists where the customer heard of them. And he said that forty percent of his sales were to people just browsing the website who'd never heard of him before.

**PM:** Just looking at the top sellers.

**DS:** Yeah. Because he was always on that bestseller list for like a year and a half. I mean, he was directing a significant amount of his fans there. So his fans were keeping it on the list, but then because it was there, he reached a few thousand more people, he sold a few thousand CDs to total strangers just because it was on the top sellers list.

**PM:** Has Portland turned out to be a good home for the operation?

**DS:** Hell yeah! I moved it somewhat on a whim, just because I couldn't handle those Upstate New York winters anymore, and it turned out to be so good, man. You've been to Woodstock, right.

**PM:** Yeah, and Portland, sure.

**DS:** I mean, Woodstock is a tiny little town in the Catskills, and it was really hard to hire anybody. Even when I was trying to hire my second employee, I had a really hard time finding anybody. Because that kind of town...everybody in Woodstock is either over fifty or under fifteen. It's like the Woodstock generation and their kids.

**PM:** Right.

**DS:** Portland is different. I mean, it wasn't so when I moved there in 2000, but shortly after I moved there, Oregon had the highest unemployment in the whole country. Here is this state that was set up like a logging economy and then went high-tech. All of a sudden it was becoming a second Silicon Valley. And when the dot.com bust happened in 2001, Oregon was hit hard. San Francisco had other economies there to keep it going, but Portland really only had high-tech and logging.

So all of these people had moved into Oregon for the high-tech stuff, and then when that went bust, all of a sudden there were so many people in this town they really liked, but without jobs. And so that has really helped us—I mean, CD Baby was able to grow easily because there was always somebody looking for a job. We were getting resumes every day and whatnot. So it has been just an awesome place to have the business. And it's a cool place to be.

**PM:** As a relentless workaholic, programmer, designer, thinker, do you find time to read?

**DS:** Oh yeah. More than almost anybody I know. I read a lot of business and marketing books because, although none of them are about music, there are so many lessons in there that you could apply to music that most people never would think of. You know what I mean? It's tough for a lot of music-minded people to read a book that has nothing to do with music, and understand that it all applies.

It was a lesson I learned at Berklee College of Music. I took a music business class there, where the teacher made us read this book called *Positioning*. It was just a straight-up book about analyzing the marketing of detergent brands and stuff like that. But he said, "Just trust me. Every sentence, every paragraph, apply it as it relates to music. You have to use your own brain to translate. They are not going to talk about music for you. You have to read it and think about it as if it were talking about music, and understand that it applies."

**PM:** In musical terms, "transpose it."

**DS:** [laughs] Exactly. This book, *Positioning*, talked about NyQuil—how the people who made NyQuil felt that they had a great cold medicine on their hands. But the problem was that the shelf was filled with thirty-eight cold medicines already. The world wasn't saying, "Gosh, if we only had a thirty-ninth cold medicine." What they did was, they very cleverly realized that nobody was specifically targeting the "nighttime helping you sleep" angle.

**PM:** Wow.

**DS:** Imagine a pie chart somewhat evenly chopped into thirty-eight little sections, right? And you're wondering where you fit into that. Well, what NyQuil did, they came along and said, "Yeah, well, those other thirty-eight guys, their products are all for the day. If



it's nighttime, you need this." All of a sudden, those thirty-eight were pushed over into one half of the pie, and NyQuil got to own the entire other half of the pie.

**PM:** Unbelievable.

**DS:** I think about that a lot. When I read that in 1990, I was starting up a recording studio. I thought it totally applied. This wasn't what I ended up doing, but if it were true, I would have said, "Go to all those other studios in town for everything else, but when it comes to drums, this is the place to go. We are the drum studio." You know what I mean?

**PM:** Right.

**DS:** I think it applies to artists, too. You can kind of push the entire other musical spectrum off to one side and own your whole niche, if you're the only person who's defined this as a niche, like NyQuil did with nighttime.

**PM:** "Understand your angle, and if you don't have one, go get one."

**DS:** Exactly. From what I understand, NyQuil didn't used to have the kind of alcohol-slash-sedative in there—it was just a good cold medicine. And they put that in there in order to grab that chunk of the market with their nighttime angle.

**PM:** Wow.

**DS:** At least that's the way it was explained in the book. So, yes, I'm reading constantly. God, I'm talking a lot...

**PM:** But it's fascinating.

**DS:** Okay, if you say so. So check this out: I speak at colleges a lot, and I tell the students this, that so many people have said that I'm very lucky in what I've done, or gosh, I must be a really smart business-minded guy. But all it is is that I've read lots and lots and lots of books on the subject of business. And it starts to sink in after while, so that now I make these decisions pretty intuitively. I'm not having to go back and remember everything I've ever learned—certain decisions feel right.

And I think it's because I've spent so many years ingesting so many books, that when somebody asks, "Quick, should we start a radio station or not," then just intuitively I'm saying, "It's tempting, but I really feel in my gut that everybody needs to specialize at what they're best in and focus on that." The truth is, that probably came from a couple of chapters in a couple of books I've read over the past eight years. But when you do that enough, it just kind of becomes intuition. Everything you've ever learned, it sits in your gut somewhere and helps you make decisions.

**PM:** I hear you. Are you a kill-your-TV guy, or do you like *Deadwood*, *Six Feet Under* and *The Sopranos*?

**DS:** [laughs] Wait, ask that question one more time? Am I a kill-your-TV guy or what?

**PM:** Or do you like *Deadwood*, *Six Feet Under* and *The Sopranos*?

**DS:** [laughs] You're very accurate with both. I don't own a TV, but I like *The Sopranos* and the occasional *South Park* so much that I'll go find them and download them to watch them on my laptop when I really need a fix.

**PM:** [laughs] But not *Deadwood* or *Six Feet Under*?

**DS:** Actually, a girlfriend and I rented the whole season of *Six Feet Under*. And you know what—that's also how I got into *The Sopranos*. People just kept talking about it. Years went by. Finally I was at the video store one day, and I rented the first two seasons and got sucked in.

**PM:** Oh, yeah, it's totally addictive.

**DS:** Yeah, same thing with *Six Feet Under*. Yeah, see, to me it's all about the time schedule.

**PM:** Appointment TV doesn't make it.

**DS:** Yeah. You can't tell me to be sitting there every Thursday night at 8:00, or whatever.

**PM:** Right.

**DS:** But a few of those things have turned into some brilliant programs.

**PM:** Yeah. I mean, good art is good art—even if it happens to be on TV.

**DS:** Yep.

**PM:** So the only art bug I'll put in your ear about TV is *Deadwood*, my man.

**DS:** Okay, thanks.

**PM:** I feel I already know the answer to this, but are you what could be called a spiritual guy?

**DS:** In a way. I don't have a religion, though.

**PM:** Yeah. Well, I don't think you need one.

[laughter]

**DS:** “Devout musician.” That’s a Charlie Parker quote.

**PM:** And to me, a very enlightened person, a very enlightened businessman.

**DS:** Well, thanks.

**PM:** What do you think is on the horizon for you personally, and for CD Baby?

**DS:** Okay, well, actually, I can answer specifically. For me, personally, I am exactly where I should be. There are times in your life when things aren’t going right, and you get the feeling that you’ve perhaps taken a wrong path somewhere, when it seems like everything is up against you, and it’s nothing but obstacles. And then there are times in your life where it’s like going down a greased bobsled, everything is going wonderfully, and it just feels to me it’s almost like nature’s way of saying that you’re on the right path. I feel that. What I’m doing right now, I’m just loving it so much, I’m so damn happy every day.

**PM:** Wow.

**DS:** And it’s making so many other people happy that I’m just feeling really lucky right now, and loving what I’m doing so much, that the trick is to remember, and to know what you love about this. And I think I’ve identified what I love about this is the thing we mentioned earlier: I love creating a system that can help people more than I like being the one to actually sit there on the phone answering questions or putting CDs into envelopes, or whatever. I like inventing a system that can help musicians. And there are so many more things out there that could help musicians that I would love to help invent and create, with the programming and whatnot. And not just the programming itself, but putting a business into place. I feel like that’s my role in life, like that’s what I’m here to do. And so I foresee many years to come of me doing exactly this, that I’m already doing right now.

That’s for me personally. As far as CD Baby, the cool thing that’s going to be happening this year is that we’re going to have multiple locations. There’s going to be a CD Baby in Japan, and a CD Baby in Canada, and a CD Baby in Europe. The website is going to be in seven different languages or something. CD Baby is going to be much more international this year, because already—oh, we didn’t mention this, but since day one, thirty-percent of our orders go overseas.

**PM:** Wow!

**DS:** Yeah. But only about three percent of our musicians are from outside the U.S. So here I have this website that’s almost entirely American musicians—I should say North American musicians, we have a lot of Canadian artists—that are selling very internationally. To me, the problem to be solved here is that I want to have a native, local representative in Japan who knows the independent music scene there, helping the musicians of Japan to get their music out to the world. And the same thing with Canada,

but more in the sense of convenience, so musicians in Canada don't always have to ship their stuff over the border only to have it shipped right back across the border again. But especially in places like Japan and Europe, where a guy from France can send his CD off to the guy in Paris that is CD Baby France, and not have to ship it across the world. And then the office in CD Baby France can keep the local musicians there in a smaller warehouse in France, so that when music fans from France are buying it, it's shipped back directly from France. The system is repeatable, so that a guy at a desk, at a computer, can single-handedly run CD Baby Sweden, or CD Baby France, or CD Baby Japan, because it would just be a small subset to that country.

**PM:** Right.

**DS:** It could really be run by one person.

**PM:** Think globally, ship locally.

**DS:** [laughs] Yeah. The cool thing, though, is that every musician off in Sweden who signs up with the guy in Sweden gets signed up to the whole international system. We're able to help a musician in Sweden or France or Japan get his or her music up into Apple iTunes and Napster and Rhapsody and Tower Records, and all of other places that we're dealing with, because now they're in our system. So I'm thinking that the international CD Baby is going to be more for the sense of exporting their music out to the world than it is about importing, because we're already doing the importing thing just fine.

**PM:** Right. [Then we got off on various things about my recent five months in China.]

**DS:** Wow. Well, I'm leaving for Japan on Monday. I'm going to be there for two weeks, scoping out the scene, meeting some people that are already involved in the independent music scene there. I'm going to try to pick somebody to run CD Baby Japan later this year.

**PM:** Unbelievable. I'm excited for you, going international. That's such a monstrously major move.

**DS:** Well, I'm hoping not to make it monstrous. It felt monstrous to me before I really thought deeply about it and realized that I ran CD Baby by myself for the first year or two. All it really takes is a guy with a computer and storage space, like a garage. That's all it would really take to run a CD Baby Japan. One person would be enough to answer emails for four or five hours a day, to stuff envelopes for a couple hours a day, and maybe rip and encode the new incoming CDs for an hour or two a day. All it would really take is one person. So it doesn't need to be some major, scary, corporation-sized undertaking. I think of it more as a local rep, our point person in Japan.

**PM:** Yeah.

**DS:** I don't know. At the end of the year, we'll see how it goes.

**PM:** It's very exciting. Derek, I appreciate you taking all the time today to talk with me.

**DS:** Cool, Frank. I'm glad we finally got to talk about all this stuff in Puremusic.

**PM:** It's really interesting stuff. And I hope that we get to hang somewhere in the reasonably near future.

**DS:** Sometime this year I'm going to do a round of my CD Baby member meetings again, where I show up in fifteen different cities and just pick a venue, have all the musicians from CD Baby from that town just show up, and we meet and network and hang. I'll let you know when I come through Nashville.

**PM:** That's great. It'll be good to see you.