

# Latifah and the hip-hop entrepreneurs

Rapper-turned-actress Queen Latifah, who won rave reviews for her role in the film "Living Out Loud," has plenty to smile about. She's got her own record label and talent-management company, a book due out in January and a television talk show in the works.

## They've got rhymes on their records and money on their minds

By MICHAEL GILTZ

**W**ELCOME to the age of the hip-hop entrepreneur. Rap isn't just a musical category; it's become a commodity in itself to be resold, repackaged and endlessly reworked.

Queen Latifah, who smolders on screen in the new Holly Hunter movie "Living Out Loud," is a one-woman media empire in the making. The star of the long-running sitcom "Living Single" has her own label, the New Jersey-based Flavor Unit Records. She also has an inspirational tome called "From the Heart of a Queen" due out in January and a talk show in the works for fall 1995.

It used to be that recording artists were lucky if they could make a comfortable crossover into movies and television, as Will Smith did when he went from being "Fresh Prince" to the star of "Fresh Prince of Bel-Air" to major motion-picture idol starring in Friday's holiday release, "Enemy of the State."

But today, hip-hop stars like Latifah are not only making movies, they sideline in record labels, clothing lines, restaurants, sports management and magazines.

"They've made it their business to become savvy about the business side of the industry," notes Danyel Smith, editor in chief of Vibe magazine.

"The history of black music has been glorious, but on the business side it's been pretty sad. The stories about old blues and rock 'n' roll artists who died broke are right at the front of young artists' minds and they have no intention of letting that happen again."

Wu-Tang Clan keeps busy with the Wu-Wear clothing line. The Beastie Boys moonlight with their Nasty Little Man record label, Grand Royal magazine and their Tibetan consciousness-raising efforts.

The hottest not-so-mini-mogul? Master P a.k.a. Percy Miller, the New Orleans-based impresario behind No Limit Records. He floods record stores with streams of releases — all of which contain enough tunes for two albums by mere mortals.

But as if recording a CD's worth of music every other month isn't work enough, he also Svengalis for Mia X, his protegee, who bows at No. 7 this week on the Billboard album charts. He also acts in movies, works as a sports agent, and has a line of clothing and tennis shoes in the works.

Did we mention this former University of Houston basketball player — who had to quit after blowing out his knee — is also in training for a shot at the NBA?

Forbes just ranked P's '98 take of \$56.5 million as the 10th highest among all entertainers.

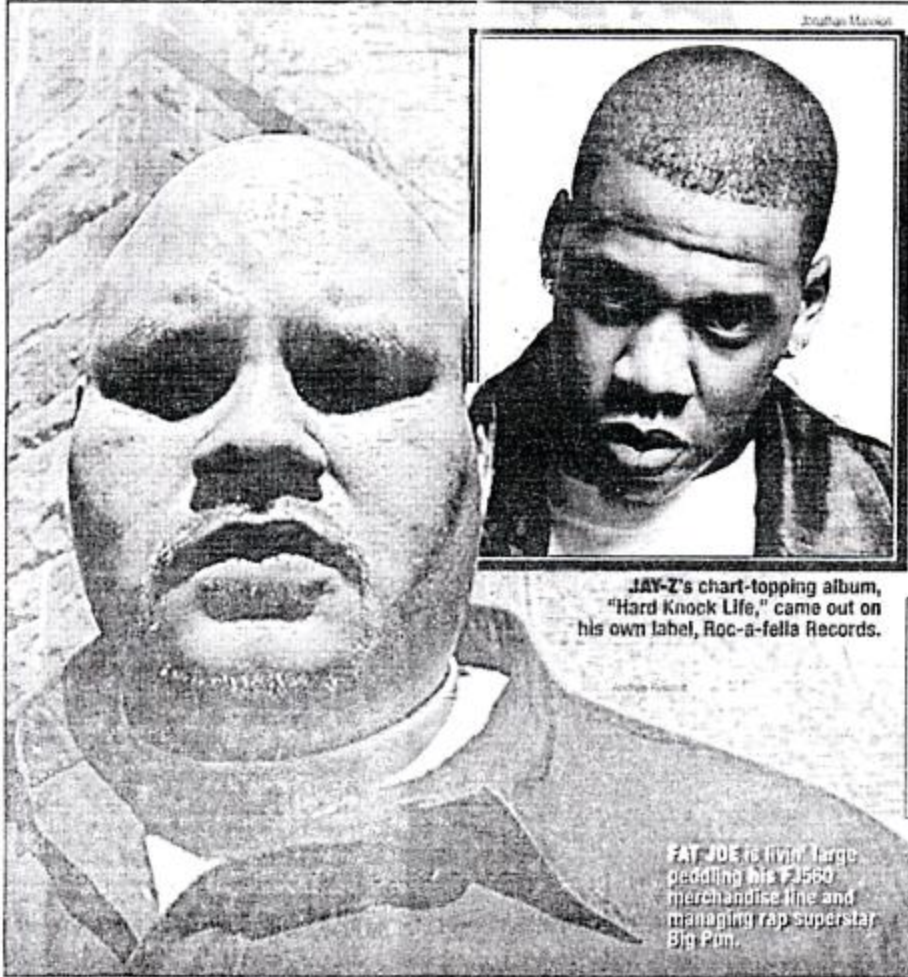
And Sean "Puffy" Combs is so big, so omnipresent — you can watch the music videos, listen to the CDs, read the magazine, wear the clothes, eat at the restaurant and try to crash the birthday party — that Vibe magazine devotes an article in its latest issue to who will be the next Puff Daddy.

Hip-hop's sound, fashion, slang and values define the culture. (Don't forget that most of those CDs are bought by white teenagers.)

Puff Daddy's recent birthday bash? It attracted everyone from Donald Trump to Martha Stewart to Kevin Costner — and

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JAY-Z's chart-topping album, "Hard Knock Life," came out on his own label, Roc-a-fella Records.

FAT JOE is livin' large peddling his \$350 merchandise line and managing rap superstar Big Pun.

# Meet the

These rappers delight in mega-bucks business ventures



MASTER P, rapper, talent manager and aspiring clothing designer, will make some \$66.5 million this year — according to Forbes — primarily through his No Limit Records.

# 'What's the deal?' is

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kept half the crowd waiting outside. And there's no end in sight. Thanks to the genre's do-it-yourself business model, every new artist that makes a mark seems to bring along a handful of acts in their wake.

Puffy, for instance, shepherds Lil' Kim and Mase; Jay-Z touts DJ Clue and Memphis Bleek; Master P resurrects Snoop Dogg, and on and on.

"Hip-hop has always been about independence," insists Tracii McGregor, the lifestyle editor at *The Source*, so she sees nothing surprising in this wave of entrepreneurship.

One reason for diversifying into producing or management is simple self-preservation. "A lot of artists realize they have to have something to fall back on if the music stops," says Ed Lover, Hot 97's morning deejay. "And the music does stop sooner or later."

But clearly the rules have changed. Staying on top of hip-hop used to mean keeping one eye on the charts and one eye on the streets. Nowadays, you have to

keep one eye on the business page and another on the contracts. After all, hip-hop and rap account for almost 25 percent of the \$12 billion in sales enjoyed by the industry.

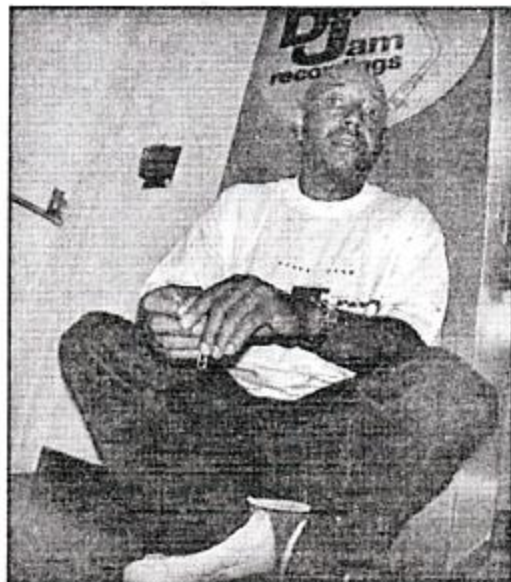
The business page might have the latest on Def Jam, the label of rap honcho Russell Simmons. To whom will he sell his stake and for how much? \$70 million?

The contracts are where artists take control and map out their future. And make no mistake — hip-hop has learned from the mistakes of the past.

"[Eighties artists like] the Sugarhill Gang and Afrika Bambaataa and Grandmaster Flash are examples of what not to do [business-wise]," says Lover.

Indeed, they made millions for the record industry, but poor business acumen led them to sell away their publishing and other rights for quick cash.

The same story could be told about old blues artists like Bo Diddley (who lives near Gainesville, Fla., making a modest living off of live performances), doo-wop stars like Frankie Lymon (washed up at 14 years old,



Many hip-hop entrepreneurs emulate rap impresario Russell Simmons, founder of Def Jam Records, One World magazine, Phat Farm clothing and other spin-off ventures.

dead at 25 but recently celebrated in the movie "Why Do Fools Fall in Love?") and literally hundreds of others. This December — a key

sales month for record stores — features an unprecedented slew of major rap and hip-hop albums, with tough-talking Missy "Misdemeanor" Elliott, manic rapper Busta Rhymes, and the mix tape genius of DJ Clue all on tap.

Rest assured that those artists will study their distributors' campaigns carefully. "Why shouldn't they know what it takes to market an album?" asks Smith. "If they're in a meeting, then they can say, 'How come I don't have an international marketing planner?'"

That's a far cry from the disarray of the last decade — an era that focused more on rap sheets than rhymes. Priority — the current distributor of Master P — was sent threatening letters by the F.B.I. after releasing N.W.A.'s "F\*\*\* Tha Police."

Warner Bros. kowtowed to stockholders over rap's bitter, often misogynistic and violent take on life in the ghettos, sometimes pressuring artists to water down their lyrics.

Even success created its own problems. Ted Field's

Interscope Records — wildly profitable thanks in large part to the gangsta label Death Row — bounced between distributors when executives decided to give up profit (rather than court controversy. 2 Live Crew sold millions of albums but went to court over raunchy lyrics. Store owners worried about being arrested simply for selling the Crew's CDs.

But don't imagine the '80s was only about gangstas. That subgenre was most influential for its innovative production (see Dr. Dre). Lyrically and philosophically, however, the strongest roots were planted by the political awareness of Public Enemy; the positive, self-affirming lyrics of the Jungle Brothers; and the playful vibe of De La Soul.

But the thug life took its toll. The lessons they learned from that time were more business smarts, more control, and more community. Saying "peace" instead of "goodbye" became a common way of ending a conversation. And the media focus on East Coast/West Coast rivalries is largely over. If the untimely deaths of Tupac



# moguls

**SEAN "PUFFY" COMBS**, the best known of the bunch, owns Justin's Restaurant, the Bad Boy record and talent-management company, Notorious magazine and Sean John clothing.

By Maquette



**THE BEASTIE BOYS** have launched Nasty Little Man records and Grand Royal, a lifestyle magazine.



# artists' cry

Shakur and the Notorious B.I.G. were shocking, it was because most people hoped those days were already over.

For record companies, at least, they are. "Labels have become lax again and artists do pretty much what they want to do," says deejay Lover. "You can talk about anything you want to talk about, up to a certain degree."

There are still plenty of Tipper Gore-enraging songs on the radio, with Too Short's silly "Invasion of the Flat Booty B...s" and Notorious's "Superthug (What What)" as prime examples. But you'll also find Jay-Z's "Hard Knock Life (Ghetto Anthem)," which samples the musical "Annie" of all things, and quickly dispels any attempt at easy categorization.

So chalk up hip-hop's newfound respect for reading between the lines before signing on the dotted one to good old-fashioned capitalism.

"They want a bigger piece of the pie," says Lover. "They realize how much money the label makes and



Though not a media mogul, LL Cool J has made plenty of money with movies, television and Gap ads.

they think, 'God, I sold a million copies and this is the only check that I got? And if I sold just 30,000 copies on my own to the same distributor, it's the same check?'"

"Artists just getting signed now are asking for their own masters," Lover continues, referring to the original recording of a song, something typically owned by the label in most deals.

"They want all their publishing and ownership of their masters, or at least the opportunity to buy back their masters in two years. Look at Jay-Z and his Roc-a-fella label. His money is different than if he was just signed to Def Jam."

While videos and songs still extol living the life — flashy cars, gorgeous models, expensive homes — the real story is the hard work and business acumen that go into achieving it.

Kids spent the '80s soaking up the idea that being a gangsta was the route to success. Now they read about start-ups, merchandising tie-ins and initial public offerings. Rappers used to argue about who was tougher, who'd done more time — now they fight over whose clothing line is selling more product.

"Children of color didn't grow up with the opportunity to start their own business," says McGregor of The Source. "Now they see people recording albums in their bedroom or starting up a company. Now they know it can be done. And that makes me so proud to be in this business."



Hammer, who made millions in the 1980s but wound up squandering his mismanaged fortune, is a cautionary example for today's hip-hop stars.