

Carly Maloney
October 10, 2012
Social Media and PR Fall 2012
Organizational Audit

Warner Music Group

Warner Music Group, sometimes known by their old name Warner Bros. Records, is a music and entertainment group which oversees various subsidiary record labels. It is currently one of three major record labels in the world, its main competitors being Universal and Sony. Universal is run through France, and Universal is currently run through Japan, which leaves WMG to be the only one run within the United States. Confusion stems from the name that WMG currently has. They officially transferred from the Warner Bros. Records to Warner Music Group in 2004. This came about when they went independent from Time Warner. As of today, Time Warner does not have anything to do with the company since Access Industries bought them in 2011. After Access Industries purchased WMG, they have since went private. All information, such as annual reports, are still available up until the date they were purchased.

Warner Music Group is fairly large as it has many subsidiaries underneath of it. It is one large music group that houses smaller, though fairly large, records groups. These groups then have small record labels below them. As of today Warner Music Group owns Atlantic Records Group, Warner Bros. Records Group, Rhino Entertainment, Warner Music Nashville, Independent Label Group, and various labels distributed through Alternative Distribution Alliance. They also have international labels in different countries. These record groups housed under WMG contain popular record labels such as Fueled by Ramen which has signed bands such as Paramore and fun. Warner Bros. Records Group which is fairly large houses the Warner Bros. label that has signed acts such as Cher, Ellen Degeneres, the Goo Goo Dolls, the Red Hot Chili Peppers, and the White Stripes. These artists are signed by different labels which work

under a certain record group, and then they all collectively report to Warner Music Group. The organization as a whole is very complex. There are so many levels of companies all wrapped under WMG, and each company comes with its hierarchy of personnel. As a company they have roughly 3,700 employees with only five being part of their important personnel.

The CEO is Stephen Cooper, whom was once Vice Chairman of Metro-Goldwyn-Mayer. He is fairly new within his position because he was appointed August 2011 when Access Industries had purchased the music group. The change in employment could have potentially benefitted Warner Music Group immensely, but the Vice Chairman Lyor Cohen had recently handed in his letter of resignation. Cohen had been a huge part of WMG not only within his department but he was a creative asset for over the last 8 years. As of September 2012 WMG is looking for someone to replace Cohen. Currently, there is no one in place to replace him but rumors are circulating that it could be someone who had recently resigned from EMI. Other important chairmen include David Johnson who oversees the Warner/Chappell component of the company, Michael Fleisher of Strategy and Operations, and Michael Nash who is the Executive Vice President. This hierarchy stands within WMG, and then each smaller record label has their own leadership council. After their recent purchase, and Universal acquiring EMI (which was once the fourth largest record group) the company has plenty of restructuring to do.

Though Warner Music Group is run from the United States, and it is the largest US record group, they are also an international group. With various subsidiaries in other countries as well as partners, WMG has done extensive work outside of the states. WEA International is the copyright that WMG holds, and this is the name they use to do work outside of the country. The subsidiaries run in America are spread out from New York to Los Angeles, and the international countries are even more diverse. Warner Music Canada, Warner Music Mexico, Warner Music

Taiwan, and Rhino UK are some examples of their large record groups around the world. Each one of these houses their own record labels and some even have smaller subsidiaries underneath of them. Overall Warner Music Group has become a global venture with groups all over the world.

Stakeholders are an important part of any organization, especially if you have many of them. These are the people who have an interest or concern within your organization, and the number of stakeholders that WMG has is off the charts. Not only are people who work for WMG stakeholders, but so are all of the people who work underneath of them. There are over 50 record labels within smaller groups and they all are accountable for countless musical artists. Each artists musical career rests in the hands of all of the smaller groups they are in, as well as WMG. The public and the consumers are also another consumer. Nearly everyone is affected by music on a daily basis, and it is very important to people. Most people have access to a radio, and music is also played on television sets. Music is everywhere and the amount of people who have interest within Warner Music Group is extremely high.

Warner Music Group went private in 2011, but they left all past annual reports on their website so that stakeholders and potential investors can scan over their documents. Their 2010 Annual Report contains financial data, legal proceedings, some qualitative and quantitative data, as well as fees and services. Within these different components I had noticed some key themes. The music industry isn't doing so well these days, and Warner Music Group is aware of that. They state that clearly, but they counter it with showing how much they had accomplished in the year. Though the market is challenging they stressed that they were trying new things, and fixing the old strategies that did not work. They let everything out in their annual report and it can attest to how they are doing well regardless of how the industry is doing. They also added a lot

about how they are dealing with the dwindling economy. They are trying to have a conservative balance sheet, and after reading the annual report they have done just that. They had a goal of increasing their balance, and they had completed that since 2009. They did not add how much employees were compensated during the year, but they provided additional links and ways to find out more information.

With social media becoming more popular by the minute, Warner Music Group has done a great job of staying on top of it. They have a Facebook page with 18,335 likes and it also states that 228 people are talking about their company currently. They also have a Twitter with a whopping 90,258 followers. They are constantly re-tweeting and tweeting messages that relate to their music group and they average two tweets an hour. Their website has a running wheel of signed artists, and you can watch videos to find out more about that artist. They are on top of their game when it comes to social media, and other companies should copy this. The music industry has become increasingly less popular, but WMG seems to still hold the hearts of many with their honest business tactics and smart social media applications. They have a strong media presence and this can only help them and their subsidiaries in the future.

References

<http://www.wmg.com/>

<http://investors.wmg.com/phoenix.zhtml?c=182480&p=irol-reportsannual>

<http://mediadecoder.blogs.nytimes.com/2012/09/24/lyor-cohen-resigns-from-warner-music/>

<https://twitter.com/warnermusic>

<http://www.facebook.com/warnermusicgroup>