
Keith Hatschek
University of the Pacific, khatschek@pacific.edu

Follow this and additional works at: https://scholarlycommons.pacific.edu/com-facarticles

Recommended Citation
Journal of the
Music & Entertainment Industry Educators Association

Volume 15, Number 1
(2015)

Bruce Ronkin, Editor
Northeastern University

Paul Linden, Associate Editor
University of Southern Mississippi

David Schreiber, Associate Editor
Belmont University

Published with Support from

Mike Curb College of Entertainment and Music Business
Belmont University
in 2009 and a master’s in Educational Media from Appalachian State Uni-
versity in 2011. He is a member of MEIEA, the Appalachian Studies As-
sociation, and the American Journalism Historian’s Association.

*Made the Stones and Transformed Rock & Roll.* City: New York: 

For the dedicated Beatles aficionado, the name Allen Klein may still rankle forty-five years after the legendary quartet’s acrimonious breakup made world headlines. Identified by many at that time as the man who broke up the Fab Four, this biography of the hard-charging, risk-taking music manager paints a much more detailed and nuanced picture of Klein’s life and work in an effort to clarify an important chapter in popular music history. It largely succeeds in this effort.

Author Fred Goodman, a past editor at *Rolling Stone,* is no stranger to writing about the complex relationships between artists and managers, having detailed the backstage dealings of Bob Dylan and Bruce Springsteen with their respective managers in one of his previous books, *Mansion on the Hill.* Likely for this reason, Klein’s heirs invited Goodman to be the first researcher to access the archival materials they preserved along with pertinent records from Klein’s management firm, ABKCO, which is still an important player in today’s business.

While Goodman provides a general overview of the arc of his sub-
ject’s life and career, it is through a number of key episodes that the au-
thor explains Klein’s revolutionary approach to advising and managing the business and financial affairs of his clients. Of the hundreds of deals Klein brokered, Goodman carefully selected a small batch of examples that provide the reader with a tightly focused profile of the legendary manager. When Klein met and wooed Sam Cooke to become his first high profile client, Goodman explains that Klein realized the strategic value represented by a self-contained artist such as Cooke, who could write, produce, and perform his own songs. Klein maneuvered RCA Records into agreeing to sign Cooke’s renewal deal with a new entity, Tracey, Ltd., a holding company that would own the rights to Cooke’s performances and masters. Tracey would record and press Cooke’s albums, while RCA gained exclusive rights to purchase, market and, distribute these record-
ings. Importantly, RCA paid Tracey nearly a dollar for each album, roughly four times the then-standard rate. Goodman’s detailed account of how Klein masterfully negotiated the deal, as well as the long-term benefits to the artist of maintaining control of songs and masters explicitly shows that Klein had established a new model for record deals.

According to the author, Klein’s financial impact with the Rolling Stones was even more impressive than with Cooke. In 1965, he was introduced to the band’s mercurial manager, Andrew Loog Oldham, as the man to get what the Stones deserved from Decca Records. Oldham was so impressed with Klein’s reputation he agreed to pay him for his services with a twenty-five percent cut of the management fees the Stones were obligated to pay Oldham. In essence, at the start of their relationship, the band didn’t have to pay Klein a penny to have him improve their earnings. Klein’s first negotiations with Decca to renew the Stones’ contract resulted in a total advance over the next three years of $2.6 million, quite a sum for a band that had never received a substantial advance. Goodman’s portrait of Klein evolves as a savvy manager who not only teaches band manager Oldham how to improve the band’s income, but also reveals Klein’s bravado as he bests the stiff upper lip, three-piece-suited Decca executives in a tense, face-to-face showdown with the band silently watching nearby.

Klein’s relationship with the Stones became much more complicated when he advised them to assign their rights to manufacture records in the U.S. to ABKCO, in order to reduce their tax liabilities. Here, Goodman excels not only at explaining the rationale for such a decision, but in revealing just how much clout Klein had achieved as the top financial guru advising artists. At the time, this arrangement solved the band’s tax problems, but over the long haul, this key strategy came to be seen as underhanded by the Stones and some other Klein artists, Goodman reveals. ABKCO would manufacture records and sell them for approximately 25% of retail price to the U.S. label, then pay out the necessary royalties, manufacturing costs, and incidentals. This left Klein with a tidy remainder on each album, which he pocketed. This spread, between the actual costs and the price realized by ABKCO for discs sold to the label, made Klein a very wealthy man.

Goodman writes, “On the surface, this didn’t appear to harm the artists; they got whatever royalties they had been promised, and it was always a good deal more than they’d received before meeting Allen Klein.” Goodman however points out that Klein offered his service as a business
manager, who normally has a fiduciary duty to do his best at all times to enrich and preserve his client’s earnings. Instead, his participation at a level that often exceeded how much the artists themselves were making, cast a shadow over his impressive handling of the record industry.

Goodman’s assessment is spot on, and provides the context for why Klein’s reputation was soon under fire from some of his artists. He also details that even though the Stones terminated their relationship with Klein in 1970, the manager had adeptly insinuated himself into their future by putting in place a deal with Decca’s U.S. subsidiary, London Records, giving it the right to distribute the band’s iconic early catalog from 1965-1970 “in perpetuity,” with ABKCO as the exclusive middleman in control of all manufacturing. Such detailed reporting shows the reader how Klein looked out for himself first in nearly every deal he engineered.

This sleight of hand trick of having ABKCO take control of masters for U.S. release, while certainly a legal option, played out in similar fashion, but in a much more dramatic and highly publicized manner when Klein finally achieved one of his lifelong dreams: to handle the business of The Beatles. Arguably, the most popular musical group in history, the band lost its business direction after the death of their manager, Brian Epstein, and found themselves surrounded by a host of well-meaning advisors and assistants, who were largely ineffectual. In 1968, the group announced the formation of Apple, a self-described “dream factory” to promote the group’s music, ideas, products, and image. They had a clothing store, spent lavishly to build a recording facility, and signed a range of artists they hoped would hit big. Unfortunately, without a strategic plan, Apple was burning through money at a record rate and there was little real income to support the risky venture. No matter how big The Beatles may have seemed, cash flow was essential to sustain any business, and theirs was terrible. The world was stunned when John Lennon told a reporter, “[Apple] has been pie in the sky from the start…if it carries on like this, all of us will be broke in six months.” With their finances on life support, John Lennon took the advice of a friend and reached out to Allen Klein who wowed Lennon and Yoko Ono with his hard driving approach. Equally persuasive was the fact that Klein had researched Lennon and Ono to the extent that he served them a macrobiotic vegetarian meal and made no move to discuss business at their first meeting. Goodman’s skill at retelling the story of this important meeting helps the readers feel they are watching as the drama unfolds. Klein and Lennon, both outspoken, opinionated
leaders used to winning, hit it off from the start, the author explains. After an entire night spent chatting, early the next morning, Lennon signed a letter that Yoko typed up informing the band’s label, publisher, accounting firm, and Epstein’s holding company that he had hired Allen Klein to “look into [my] financial affairs” and instructed them to afford Klein any help that he required. At this point in the narrative, Goodman has wrought a finely detailed portrait of Klein, who the reader now comes to see as a complex person capable of simultaneously wooing the most noted celebrity in the world while willingly entering a totally dysfunctional business on the verge of collapse. Through it all, Klein kept his eyes on the ultimate prize: control of the Beatles’ income and assets.

Goodman goes on to carefully explain that at this point, Paul McCartney had arrived at the same conclusion as John Lennon—that the band needed more competent business counsel, but Paul chose to park his business with his soon-to-be in-laws, attorney Lee Eastman and his lawyer son, John. Klein tried to woo McCartney to no avail, but Ringo Starr and George Harrison joined with Lennon and gave Klein the green light to handle their own affairs. Klein worked his usual magic and as the author explains, Klein soon had dramatically improved the band’s financial position. Goodman explicitly states that Klein was living out his dream, firmly in control of the band’s immediate business dealings, and documents just how he delivered the results they longed for.

Unable to challenge their U.K. contract with EMI, he got the label to instead allow him to renegotiate the band’s U.S. deal with Capitol (who had been paying them forty cents per album). As he had with the Stones, the author details how Klein’s savvy negotiations yielded dramatically improved terms providing the band 56 cents album royalty for the first 500,000 sold and 72 cents for any sold above that number. Solo albums would generate a staggering $2.00 per album artist royalty. Even McCartney was ecstatic and all four members gladly signed the new deal. Demonstrating Klein’s acumen even further, Goodman explains Klein had offered Capitol Yoko Ono and Lennon’s Live Peace in Toronto album as one that would count against the group’s delivery requirement—Capitol scoffed at the project, releasing it as a solo album that promptly sold 750,000 copies resulting in an immediate $1.5 million payout that confirmed to Lennon he definitely had the right business manager. Similarly, the combination film and soundtrack release that Klein orchestrated for Let It Be earned the band more than $6 million in its first thirty days of release, due to the new
terms negotiated by Klein. Goodman’s narrative argues that this string of victories, which rescued the Beatles from financial ruin, may have been the manager’s most notable achievement on behalf of any artist.

Soon after Let It Be took its course, McCartney found he was unable to stomach Klein handling his affairs. The author situates McCartney’s grievances as indicative of the rifts between the band members, which had become too great to mend. McCartney surprised his bandmates and brought suit in British court to dissolve the long-standing partnership that represented the band as a business entity. On the surface, the case looked as if it would be an open and shut affair. Seventy-five percent of the partners were perfectly happy with the current arrangement and McCartney’s complaint was not grounds to dissolve the partnership agreement according to British law. Continuing his insightful analysis of Klein’s personality, and how this influenced his decision-making, Goodman shows how the manager’s hubris led him to suffer his greatest public defeat when the other three Beatles, supported by Klein, battled McCartney.

Klein, not actually a party named in the litigation, let his ego take over and completely misread the key issue under dispute. Goodman leads the reader skillfully through the entire pre-trial strategy sessions and then on to the trial itself. Hoping to prove his genius as “the manager that saved The Beatles,” Klein voluntarily provided the court with a massive 142-paragraph affidavit detailing every aspect of his work and accomplishments for the group. This gave McCartney’s legal team the ammunition it desperately needed to change the tide in the case and allowed them to paint Klein as an out-of-control, irresponsible, egomaniacal risk taker, ill suited to be the fiduciary steward of the group’s finances. The new strategy worked brilliantly and led to a victory for McCartney. The court appointed a receiver to handle all of The Beatles business pertaining to their work and rights under that name. Klein was left as a sort of sub-manager, reliant on the receiver’s decisions going forward to advise John, Ringo, and George. Goodman paints this as the most stunning defeat of Klein’s career, resulting in an ever more nuanced perception of the title character by the reader.

Goodman uses the three concluding chapters of the book to demonstrate that Klein never bounced all the way back from this defeat, although he was still able to leverage the masters he remained in control of, especially those of the Stones and Sam Cooke. However, he now faced a more informed and suspicious music industry that seemed to continuously ques-
tion his motivations and methods. Deals were tougher to finesse, and opponents read up on his tactics and were on high alert for potential conflicts of interest such as the one Klein engineered in his dealings with the Rolling Stones. Goodman reveals Klein’s continued struggles as the U.S. government piled on, finally censuring him for a minor lapse in his tax filings. He publicly hit bottom when he was found guilty of filing a misleading tax return and sentenced to a fine and sixty days in Federal prison. Klein tried to put a positive spin on the sentence characterizing it as an enforced vacation but Goodman’s analysis astutely shows that the high-flying manager was clearly stung by the jail sentence. Showing the adaptability of a survivor, he regaled inmates and jailers with his music business insider stories. He ordered movies to be delivered to show regularly to the inmates, and once again as he had with John Lennon, mounted another charm offensive to an audience at least as tough as his industry peers.

While Klein’s reputation was certainly tarnished by his dismissal by The Beatles and Rolling Stones, the greatest blow was that he had become known for shady dealings that put him firmly in control of his artist’s creative output. Still, Klein did prove to be the main game changer as to how artists, managers, and labels interacted and contracted one another’s services and goods. The author should be applauded for the rigor and insight he offers, and while a lesser writer might easily have been star-struck by Klein’s powerful, charismatic personality in the retelling of this tale, Goodman remains objective throughout the key episodes, and skillfully pauses at key points to provide the necessary context for why the manager’s decisions hurt his reputation so badly.

For any music industry educator, the ethical issues that are at the heart of the Klein biography will make for thought provoking discussions between students, educators, and scholars of the music industry should the book be the basis for an assignment. While the book takes a largely historical perspective, its themes and episodes should resonate in today’s tech-oriented music world where high profile music companies sometimes reward their founders before ever making a dollar of profit. Ultimately, author Fred Goodman challenges readers to grapple with the dilemma of how to balance self interest with the fiduciary responsibility to one’s clients. In doing so, he underlines the belief that one’s reputation is ultimately far more valuable than money. The lessons found in this book are ones that anyone laboring in the music business would be wise to remember.

Keith Hatschek
KEITH HATSCHEK is Professor of Music and Director of the Music Management Program at the University of the Pacific, Stockton, California. Prior to joining academia, he worked in the music business for more than twenty-five years. He is the author of two music industry books: The Golden Moment: Recording Secrets of the Pros and How To Get a Job in the Music Industry, which provides career development tools and strategies for young music professionals. A third edition of the music career text was published in January 2015. He contributes monthly music industry commentary for the blog, Echoes-Insights for Independent Artists. Among his research interests are music industry curriculum and pedagogy, student-led music businesses, recording and music technology, and the life and work of jazz pianist, Dave Brubeck. He has presented a number of conference papers and public lectures at jazz festivals about Brubeck’s role in Cold War jazz diplomacy, the Civil Rights movement, and musicians’ collaborative efforts to address segregation in mid-twentieth-century United States.


If you’re wondering how or why consumers switched their allegiance from CDs to downloading to streaming within a fifteen-year period, Stephen Witt’s How Music Got Free supplies the answers. Witt follows the lives of three people, Karlheinz Brandenburg, team leader of the inventors of the MP3 format, Doug Morris, former Chairman of the Universal Music Group and current Chairman of Sony Music, and Dell Glover, a one-time floor manager of a CD manufacturing plant in North Carolina. The book traces the origins of digital music, its rise as a major force of piracy, and the evolution of how the major music distributors dealt with the devasta-