

Turning out hits again at Capitol Records

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Sam Smith accepts the award for best new artist at the 57th annual Grammy Awards on Sunday, Feb. 8, 2015, in Los Angeles. Photo: Photo by John Shearer/Invision/AP

LOS ANGELES — When Steve Barnett became the boss at Capitol Records, the first thing he did was clean out the offices.

The award-winning records on the walls and the cute cardboard cutout of the Beatles went away. They were a symbol of the challenge Barnett faced to turn around the record company. Capitol was so stuck in the past that it could not think about the future, Barnett said.

Capitol Records was founded in 1942 in Los Angeles and has recorded albums for famous music stars including the Beatles, Beach Boys and Frank Sinatra.

Picking Musical Winners

Before Barnett became chairman of Capitol Records Group, he was president of Columbia Records. Columbia was the top record label in the United States and Capitol was fifth-largest. In just over two years since Barnett, 62, became chairman, Capitol has become the second-largest.

The company also owns other famous record labels like Motown and Blue Note.

A big part of Capitol's improvement has been Barnett's ability to anticipate the future and to pick artists that could become big stars. In 2014, Capitol had two of the biggest new artists of the year: British singer-songwriter Sam Smith and the Australian boy band 5 Seconds of Summer.

The 2015 Grammy awards nominations were another sign of Capitol's comeback. Capitol artists got 46 nominations. Sam Smith and Bastille, a British pop band also on the Capitol label, were nominated for Grammys as best new artist. Smith got six nominations for his debut album, including the rare feat for a new artist, being nominated in the top four awards: best record, album, song and new artist.

A Long, Winding Road

Capitol had been hurt by changes in the music business during the last decade. Music lovers went from buying CDs to downloading songs and albums, then to streaming music online. Other record companies were also dealing with those changes, but Capitol was managed badly, said experts in the music industry. It did not invest on developing new artists and did not deal well with the changes.

A little over two years ago, the company was bought by Universal Music Group. Capitol had lost its way and the new owners wanted to invest money to turn it around, said Lucian Grainge, chairman of Universal Music.

The first step was to hire the right leader, Grainge said. He hired Barnett, who had been a manager for rockers AC/DC, Cyndi Lauper and other musicians. When he was running Columbia Records, the label introduced artists including British soul singer Adele, the boy band One Direction and the indie-rock group Foster the People.

Just like Grainge, Barnett has been a fan of the artists on Capitol's labels for a long time. As a kid growing up in England, Barnett liked some of Capitol's most famous acts. He liked the Beatles, the Beach Boys and the Band.

Discovering Stars

Barnett moved Capitol from New York back to its home in Los Angeles. Thirty employees and their families moved 3,000 miles across the country. Barnett also decided to restore the Capitol Tower in Los Angeles, a historic building where the label got started. He offered empty offices to other Universal Music labels including Motown.

Barnett said Capitol's job is to develop artists and he made a point of finding new acts that could become stars. It helps set the label apart from the rest of the Universal Music Group. Many record labels specialize in a sound, such as Blue Note with jazz, or Motown with soul.

Barnett said he felt safe betting on Sam Smith. That hunch has paid off. Smith's "In the Lonely Hour" was the third-biggest album of 2014. Only Taylor Swift's "1989" and the "Frozen" soundtrack sold more copies. Katy Perry's "Prism" album also did very well for Capitol. It sold 1.5 million copies, including downloads.

Smith said he decided to sign with Capitol because the executives there showed a passion for his songs. He told The Times that he only saw that passion when he sang for Nick Raphael, the head of Capitol in England.

Smith said it was a done deal when he met with Steve Barnett. "There was such a warmth, a passion and a respect for what I did," Smith said. "Steve Barnett and Nick Raphael have done everything they ever said they would do, and more."

It Looks And Sounds New

Richard Griffiths, manager of One Direction and 5 Seconds of Summer, says Barnett was the reason both groups signed with his record companies. One Direction signed with Columbia Records when Barnett was in charge. And 5 Seconds signed with Capitol after Barnett joined.

Grainge and Barnett would not say how much the new owners have spent on Capitol. But Barnett said a walk through Capitol's offices could help figure it out. Offices have been renovated and repainted, and there is new equipment in Capitol's three recording studios.

Grainge said the changes are not part of some big business shakeup. Universal Music wanted to nurture Capitol back to success by helping its people and bringing in new artists and workers. The employees had the skills, talent and dedication. Now that they have been nurtured, they got their groove back, he said. Two years later, Capitol is on a new path.

"I think we're in the game," Barnett said.