

STEVE COOPER

FROM TURNAROUND GUY TO MUSIC-BIZ HONCHO

“When I came to Warner Music Group, it was clear people thought I’d only be here for a year or two,” Steve Cooper says. “I hadn’t worked in the music business before, and it struck me as a relatively closed society. Nine years later, I’m still excited by the possibilities that are on the horizon for music. I love that every day brings a new conundrum to solve, and I really enjoy the people. They’re the most driven, most imaginative group I’ve ever worked with.”

“Steve has one of the best business minds I know,” attests iHeartMedia chief Bob Pittman. “He can see key issues through just numbers and has such a depth of experience that he can almost intuit solutions. Plus, he has a wicked sense of humor and a warm heart.”

WMG had a remarkable 2020, some of it the result of years-long planning, some of it a shoot-from-the-hip response to radically shifting realities.



CEO Cooper—a financial specialist whose hiring in 2011 followed his recovery efforts at MGM, Enron and Krispy Kreme—took the music company public, committed large funds to organizations battling racism and assisted frontline workers and musicians affected by the COVID-19 pandemic.

While the pandemic shut down elements of the business, Cooper was pushing initiatives by the company's labels to help its creators stay creative. He's been an A&R advocate for years—listen to him speak during a quarterly meeting, and you'll hear a cheerleader for new artists, new music and the executives advancing the careers of songwriters and artists. (Despite his background in corporate finance, it's worth noting, he disdains suits in favor of casual office attire—often highlighted by band T-shirts.)

The pandemic, Cooper said at the Goldman Sachs Communacopia event in September 2020, created “an opportunity to pursue more aggressively our focus on signing new talent and giving our existing artists and songwriters the tools and the environment they need to continue to create and collaborate. We've got dozens of in-house studios around the world. We've made them safe havens for artists to do their work during the crisis. Where that's not possible, we're more inventive. We ship out home recording kits, by way of example. We've worked with fan bases to [crowdsource] new videos.”

In the early days of the coronavirus, WMG responded with donations to **Heart to Heart International** to assist medical professionals and to **MusiCares** to aid musicians in need. Joining with the **Blavatnik Family Foundation**, the label group stepped up further during **Black Lives Matter** protests, creating a \$100 million fund to support charitable causes related to the music industry, social justice and campaigns against violence and racism. In a flash, Cooper was no longer just steering a company into greater prosperity; he was also on the front lines of social issues. It's been a very unexpected year for the Gary, Ind., native born just a year after the end of World War II.



Cooper with Max Lousada

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Cooper took his first music-industry job at the age of 64 when All Access Industries chief Len Blavatnik installed him as WMG Chairman in July 2011, following the Ukrainian billionaire's purchase of the music company for \$3.3 billion. A month later, Cooper and CEO Edgar Bronfman Jr. swapped titles and responsibilities, which put the reins of the day-to-day operation in Cooper's steady hands. The veteran exec's mission was similar to ones he'd had at other firms: restructure the finances and figure





From left: Aaron Bay-Schuck, Cooper and Tom Corson; with Ciara; with Ben Platt; with Cris Lacy and Cole Swindell

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out whether there was a path back to profitability.

"I'd led a lot of different companies through extreme transition, in high-pressure situations," Cooper reflected in 2020. "That meant that during my early years at Warner, when the industry was in trouble, we didn't get fazed, and we've stayed focused on growth ever since."

He became the label heads' boss in September 2012 after the departure of Lyor Cohen. "History has shown us that you don't have to be the biggest to be the best," he wrote in a memo to WMG staff when announcing Cohen's departure. "You have to be the most nimble, creative and disciplined."

Two months later, Cooper restructured the company into three divisions: frontline recorded music, publishing/catalog development and label/artist services.

Cooper recognized an inflection point when he saw one. "I knew streaming was coming and it was going to change everything," begins his litany of primary conclusions. "I knew that we needed more music, more quality music. And we needed to be truly global, not just Anglo-focused. I knew we had to use technology and data to get closer to our ultimate customer, the fan. Finally, I saw that the whole industry was, rightly, very focused on the careers of artists and songwriters. But I didn't think our label and territory heads were given the right level of authority and accountability for making creative decisions. So all of that decision-making was turned over to them. As a result, we've now got a couple of

generations of creative decision-makers."

"When I first met Steve Cooper," observes mega-attorney Allen Grubman, "he had entered the music business with very little knowledge of the industry. Over the last several years, I have seen him develop into one of the most dynamic and successful music-industry executives. And as Warner Music Group continues to grow, I believe his creative impact will continue to be extremely important."

In his first full year, Cooper cut WMG's fiscal-year losses almost in half and, through a refinancing that would save about \$50 million a year, he freed up cash to purchase EMI properties that were being divested by Universal Music Group. The plan, even as the music industry was sluggish in adjusting to the transition from CDs to digital downloads, was working as well as any of Cooper's previous turn-around efforts.

Cooper, who received an MBA from Wharton in 1970, spent his first professional decade and a half at the accounting firm Touche-Ross. He and Frank Zolfo founded the firm's reorganization advisory group and were early advocates for bankruptcy as an area of specialty.

The two broke off from the company to form their own corporate-advisory and restructuring firm, advising companies such as Macy's owner Federated, TWA and Polaroid. In 2002, Enron installed him as CEO to oversee its bankruptcy, as

did Blue Bird Corp. and MGM.

"He's a person who can get in there and see where the bodies are buried and see what things are needed to calm the waters," bankruptcy lawyer Sandra E. Mayerson told *The New York Times* when Cooper took over Enron.

Cooper met Blavatnik while serving as Chairman of the Restructuring Committee of LyondellBasell, one of the world's largest plastics, chemical and refining companies. Cooper was elected to the company's Supervisory Board in 2010 and blossomed as a key adviser for Blavatnik. LyondellBasell was a Blavatnik creation—a 2007 merger of two companies that fulfilled his desire to create a global chemicals empire. It didn't work initially, and in early 2009, the company went into bankruptcy proceedings, wiping out his stake. Through private transactions with creditors and stock purchases, Blavatnik invested another \$2.37 billion in LyondellBasell; by the end of 2010, when it emerged from bankruptcy court, it had a value of \$15 billion.

As a music-industry outsider, Blavatnik found kinship in Cooper, who was installed at WMG to create new strategies and systems that were more aligned with digital companies such as Google or Amazon than WMG's rivals at Universal and Sony.

"I always say of Len and Access, they're involved but not intrusive," offers Cooper. "They've been very supportive, thoughtful, stable owners—and very decisive and positive whenever

we've wanted to make some big strategic investments and acquisitions. We haven't had to navigate being part of a conglomerate. We've been able to make a couple of phone calls and move quickly."

Access and Cooper first rocked the boat in the way executive compensation was handled, unveiling in late 2012 the Senior Management Free Cash Flow Plan. Executives would receive dividends and would therefore have stakes in the company, but they were required to commit to staying for at least seven years, at a time when the industry was still in steep decline. The plan went into effect in early 2013, the year WMG forged multiple important partnerships and made two key acquisitions.

WMG became the first label group to sign a partnership with Clear Channel and struck new deals with European coalitions IMPALA and Merlin to "strengthen the independent-label sector." After purchasing Parlophone for \$765 million, WMG bought the Russian indie Gala Records.

The thinking behind it all was the anticipation of growth in streaming. The Clear Channel deal, for example, allowed WMG to collect royalties, while the radio giant was promised a favorable rate in online streaming.

Cooper proved to be prescient. In 2014, WMG released one of the streaming era's first monster successes, Ed Sheeran's *x*, and in 2015, WMG's digital revenue grew to \$1.3 billion, making it the first major to earn more revenue from streaming than downloads. In 2016, WMG was the only major to

Espo, artist Chris Janson and Cooper



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see its marketshare grow, jumping 2.7% to 21.4%.

Cooper made one of his most significant changes in the corporate suites, moving Max Lousada from the U.K. to CEO of Recorded Music in 2017. Cooper said that since WMG was “leading the industry’s transition to streaming, this is the perfect time to appoint a proven leader to turbocharge the success of our Recorded Music division.” Lousada’s first major move was to bring in Tom Corson and Aaron Bay-Schuck as the new Co-Heads of Warner Records.

Letting record people handle records has been a key tenet of Cooper’s oversight from the beginning. “I knew enough about business to know that I shouldn’t get involved in creative decisions,” he volunteers. “It’s my job to create fertile ground for creativity and innovation. [Elektra founder] Jac Holzman told me, ‘Look after the music and the music will look after you.’ I haven’t forgotten that.”

It paid off: At the end of 2018, WMG topped \$1 billion in quarterly revenue for first time in 10 years and registered its sixth straight year of U.S. total marketshare growth. “With Access’ support and patience, we have consistently reinvested much of our free cash flow into building not only the brain power but the muscle mass of the business,” Cooper told CNBC in June 2020.

In 2019, Cooper brought in Guy Moot and promoted Carianne Marshall to lead Warner/Chappell—though it’s unclear whether it was he who deleted the slash from the pubby’s name. Also that year, WMG launched a \$650m fund with Providence Equity Partners to acquire recorded-music and music-publishing catalogs.

There was one more plan on the drawing board, and it was a shocker—an IPO. Announced as the world was shutting down from the pandemic, the move proved to be savvy when WMG went live on the Nasdaq on 6/3/20 and raised \$1.93 billion in its first day. That was quite a week for Cooper.

While he stresses that decisions about the IPO ultimately lay with Access, Cooper emphasizes that its unfolding spoke to the fundamental health of the industry. “We started on the path to an IPO and then the pandemic happened, and we obviously had to hit pause,” he explains. “But our core business proved very resilient and we even saw an acceleration in many areas of our digital transformation. The company and our strategies had been pressure-tested, and we had the confidence to go for it. So often the spotlight is on technology. We felt it was an important moment of recognition for the value of music.”

Indeed, he adds, the potential for stratospheric



Cooper raises a toast with Espo.

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growth stretches well beyond the platforms of the moment. “We see a world where music is woven into every aspect of people’s daily lives,” he says. “Streaming is just the beginning of a new golden age of music, where the possibilities are endless, and opportunities are everywhere.” He points to social media, gaming, livestreaming and fitness as obvious growth areas, and also notes the company’s increasing investment in podcasting and such feature films as the recent *Laurel Canyon* documentary and Spike Lee’s film of *David Byrne’s American Utopia*.

Just as WMG went public, the company responded to the protests following the police murder of George Floyd with the creation of its own \$100 million fund to support efforts to fight racism. “We’re determined to contribute, on a sustained long-term basis,” Cooper said in announcing the fund, “to the effort to bring about real change.”

All of this thoughtful maneuvering in the face of enormous challenges demonstrated how effective Cooper’s leadership philosophy could be. “I have three rules in business,” he says. “One: Life is short; you’ve got to have fun. Otherwise, what’s the point? Two: I don’t work with assholes, because—see rule number one. And three: I treat everyone fairly, and I expect to be treated in the same way. Lots of leaders bully their way to the top, but they, and their companies, are never as successful in the long run as those who are fair.” ■