

The New York Times |

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SMALL BUSINESS

# A Band Struts Again, Under an M.B.A. Baton

By ROY FURCHGOTT MAY 16, 2007

AT 6-foot-7 and shod in size 16 two-tone cowboy boots, it's hard to picture anything halfway about Ray Benson, the guitarist and leader of the western swing band Asleep at the Wheel. But Mr. Benson admits that for all his success as a musician — nine Grammys' worth — he wasn't the all-around businessman he aimed to be.

"I have half the attributes," he said. "I need a detail person. I'm a big picture person." That may make the business-side overhaul Mr. Benson has accomplished even more impressive than his collection of awards. Mr. Benson had to overcome his business shortcomings to catapult his band into an unlikely growth phase 37 years after it was formed. The band has found a new audience, won new critical acclaim and reinvigorated its music sales, while profiting as never before.

Mr. Benson credits the band's business manager, Peter Schwarz. Together, they are a seeming study in opposites: Mr. Schwarz is a 5-foot-7 Harvard M.B.A. — albeit one who spent a decade playing bass in a Cajun band.

Since striking a partnership in 2001, the Wheel, as its fans refer to it, has returned to its core mission as an ensemble band, embraced its niche appeal and, in a risky move, adapted its stage show into a theatrical play. "We are still pinching ourselves that we are in a growth stage," Mr. Schwarz said.

The Wheel is hardly the only legacy act on tour. "I think there are a lot of bands that have viable careers that have been doing it as long" as the Wheel, said Owen Sloane, an entertainment lawyer in Marina Del Ray, Calif. "Especially with the Indian casinos opening." He added that performers like Poison, Kenny Rogers and Ozzy Osborne still have working

careers, even if they do not sell many records.

The Wheel's first success came in 1975, when its country song, "The Letter That Johnny Walker Read," reached the Top 10. The band regularly opened for performers like Tammy Wynette and Donna Fargo.

"We were opening big shows in big places," Mr. Benson said. "Famous people came to see us. Rolling Stone wrote about us. We thought that the gravy train would never end."

While he didn't spend wads of cash on cars and houses, he did spend freely on the band. It grew to 12 pieces, but that did not fatten revenue. "I grossed \$1 million and was in debt," Mr. Benson said. "Something wasn't right."

Matters got worse in the '80s, when the band was long off the charts and paychecks shrank. "This was the low point in our career," he said. "Disco was happening. We were not." A 1986 comeback hit, "The House of Blue Lights," and a television movie with Dolly Parton put Mr. Benson in the black and the band in the public eye again. The momentum continued with a 1998 Grammy.

During this time, Mr. Benson became more careful in his spending and, recognizing a sideline he had found in voiceover work, started more businesses.

Against all advice, he built a studio in Austin, Tex. Using his networking talent, he traded endorsements for discounts on studio equipment. He also used his Rolodex to draw acts like Willie Nelson and Manhattan Transfer to record there.

"Ray knows everybody," said Terry Lickona, chairman of the National Academy of Recording Arts and Sciences, which awards the Grammys. "It amazes me how many people consider Ray not just someone they know but a good friend."

Although he had warned Mr. Benson that the studio was a losing proposition, Mr. Lickona said, "In retrospect, it was a pretty smart business decision."

Mr. Benson, who still hadn't completely mastered finance, commingled his personal income with that of the band, which became problematic in a 2001 divorce from his wife, who was also his business manager.

That became the Wheel's major turning point. A search for a new manager led to Mr. Schwarz, son of Tracy Schwarz, a member of the influential Americana band the New Lost City Ramblers. The younger Mr. Schwarz became a musician and road manager with Steve Riley and the Mamou Playboys. But when his wife was earning an M.B.A., he found, "it shocked me that a traditional business education would address issues important to me in running a band." He left the Playboys and went to Harvard for a business degree of his own.

Now Mr. Schwarz's responsibility is to apply "straight M.B.A. stuff" to Mr. Benson's creativity. "My job is to guide him in what ideas are going to stick," Mr. Schwarz said. "How big is the audience? Is there money in it? In the music business, there really isn't that rigor."

The reasons this partnership works are complex. Partly, it's the age spread between Mr. Benson, who is 56, and Mr. Schwarz, 39.

"I view Ray as a mentor," Mr. Schwarz said. Mr. Benson said, "Peter is very conservative financially, which is his job, because I'm not."

Owning a studio has cut production costs and allowed the Wheel to create specialty projects, Mr. Benson said. The goal was to beat the classic record industry system, in which the label pays for a band's recording, promotion and distribution, then deducts the expenses from the band's royalties until it is repaid, which in Mr. Benson's case was almost never. Worse, the record company owned all rights to the music.

With his own studio, the goal was to create CDs that the band would own and that could turn a profit with far fewer sales.

"There are 100,000 to 150,000 people who are passionate fans that spend \$20 to \$100 a year on the Wheel," Mr. Schwarz said. "The Internet allows us to capture that."

Mr. Benson also saw an opportunity in new distribution channels. In 2003, the Cracker Barrel store chain underwrote and distributed a Wheel CD, "Hang Up My Spurs." He also used the strategy with the H-E-B grocery chain to sell a Christmas album, "Santa Loves to Boogie," and a new release, "Reinventing the Wheel."

The band's recent innovation grew out of Mr. Benson's wish to mark the 100th birthday of the western swing pioneer Bob Wills.

“I got this idea to do a play and honor this guy whose horse we rode for 30 years,” he said. Mr. Benson was supposed to meet Mr. Wills in the ’70s, but Mr. Wills suffered a stroke, and the meeting never happened. The play, “A Ride With Bob,” imagines Mr. Benson meeting Mr. Wills’s ghost, with his life acted out in vignettes and song.

Mr. Benson persuaded sponsors to underwrite the cost of mounting the play, raising more than \$700,000 in grants from H-E-B, Buick, oil companies and others. All ticket sales go to the band.

Beyond that, the play had another advantage. “We were reaching a completely new audience,” Mr. Benson said — theatergoers who might never set foot in a beer joint, or even in a cowboy boot.

A version of this article appears in print on , on page SPG5 of the National edition with the headline: A Band Struts Again, Under an M.B.A. Baton.