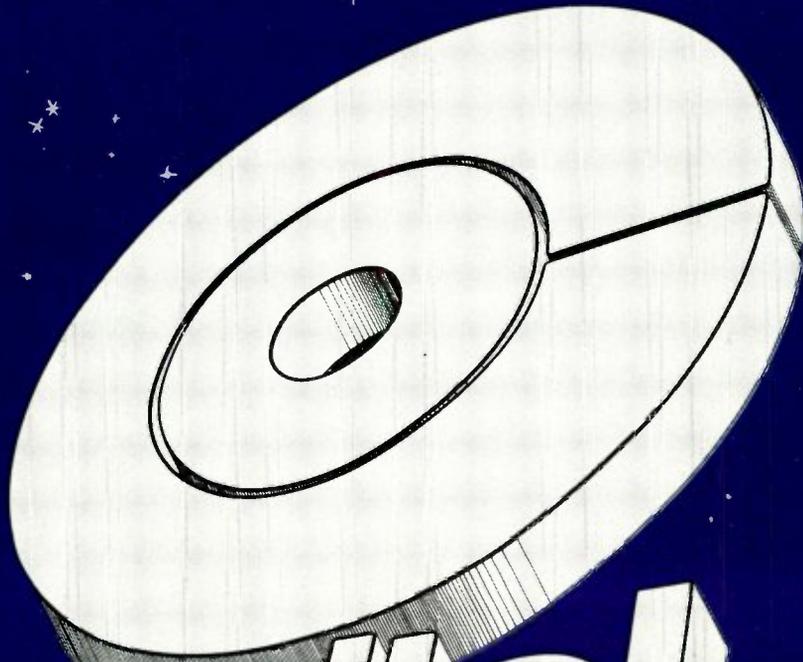


# **CAPITOL's RECORD MANUFACTURING PLANT**

**An investment in  
the Canadian  
industry's future  
today**

**RPM WEEKLY  
SPECIAL EDITION  
JUNE 25th, 1977**

# STARPLANT



Capitol

REG'D TRADEMARK

Building It Bigger and Better In Canada...

In Every Way.





Arnold Gosewich, President

May 25, 1977

Mr. Walt Grealis  
RPM Weekly  
6 Brentcliffe Road  
Toronto 17, Ontario

Dear Walt:

It has been written by Thomas Huxley that "the rung of the ladder was never meant to rest upon, but only to hold a man's foot long enough to enable him to put the other somewhat higher".

Since it became incorporated in 1954 in Canada, our company has taken steps up a number of rungs of that ladder of business growth and the opening of our record manufacturing plant represents yet another step upward.

While it is not Capitol's destiny of purpose to be a manufacturer of matrix parts, control over this aspect of a record company's operation is desirable and, in our case, has become possible in a commercial sense. It has also become possible due to the tremendous and sincere effort of Capitol's talented staff to see the company grow successfully. The corporate commitment to continue to invest in Canada's future, and that of its recording industry, is clearly demonstrated through the opening of our record manufacturing plant.

Capitol in Canada will, no doubt, step further up the ladder in the years ahead, but I'd like to think that, in this year of celebrating the 100th anniversary of recorded sound, the plant opening will be remembered as a major milestone in our own history.

On the occasion of RPM's special issue to help commemorate this event let me, on behalf of all the Capitol people, extend our gratitude and thanks to all those who have supported and demonstrated interest in our efforts over the years.

Yours very sincerely,



AG:mtd

CAPITOL RECORDS - EMI of CANADA Limited  
Telex # 06-968619

3109 American Drive, (Malton) Mississauga, Ontario Canada, L4V 1B2  
Telephone 677-5050

RPM Magazine  
Special Edition  
June 25th, 1977



## Recording the world's greatest music...

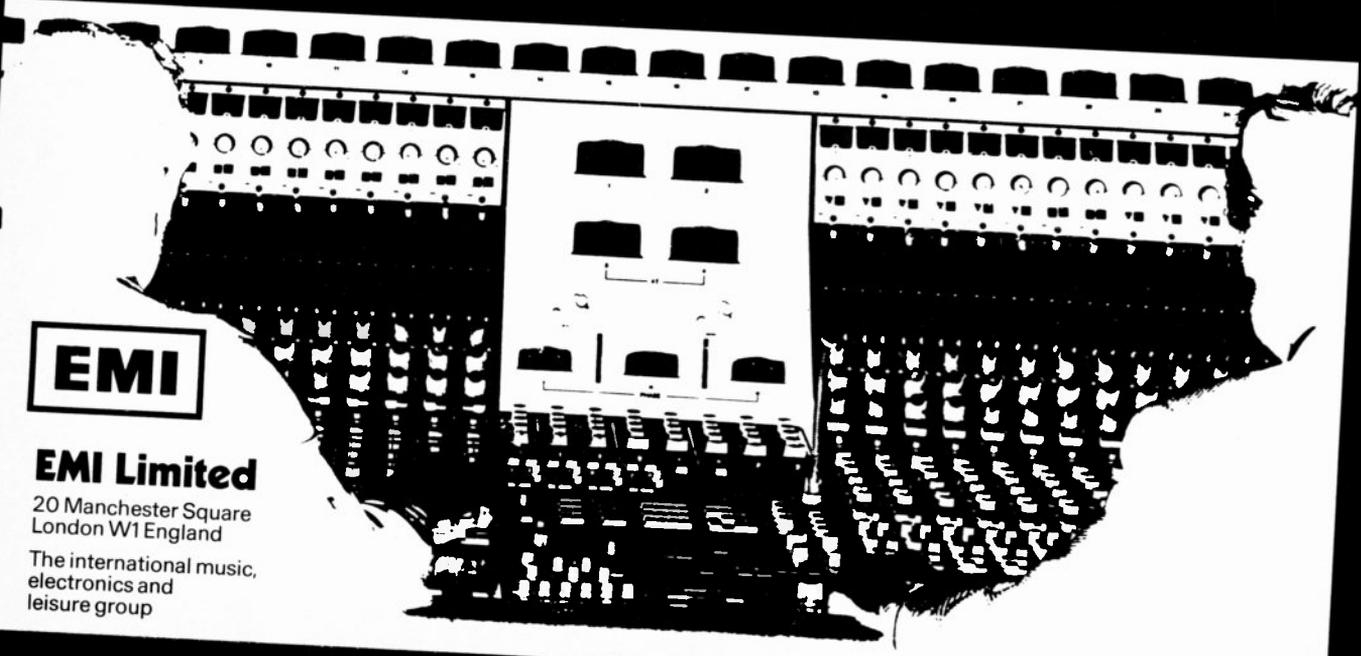
Since 1898, EMI has made a large part of the history of recorded sound. The creative and technical advances we have contributed during almost 80 years have accounted for much of the development of the recording art. And as recording has developed and grown, so has our place in the music industry.

Today EMI makes one in every five of the more than 1,000 million records sold around the world. Every week EMI's music companies, in 34 countries, produce records in over 40 languages and dialects.

In the process, we have become a major international force across the whole spectrum of music, from music publishing to retail operations. In 1976 our music and recording activities achieved worldwide sales of \$620 million.

All of which is a good record, by any standards.

Our past and present achievements are the foundation for our future commitment. We intend to make history repeat itself.

**EMI****EMI Limited**

20 Manchester Square  
London W1 England

The international music,  
electronics and  
leisure group

# The EMI Story

The EMI story is one involving the progression of a small company in England, distributing gramophones, into a huge organization operating over 60 subsidiaries worldwide, a world leader in music, electronics and leisure products, employing about 50,000 people in over 30 countries.

The story begins in 1898. In that year, a meeting was held between U.S. attorney William Barry Owen, British representative for Emile Berliner, inventor of the gramophone based in Canada, and British solicitor Trevor Williams. From that meeting a company was formed called The Gramophone Company. Its purpose was to distribute gramophones and manufacture recordings in Britain and Europe. Offices were set up in Maiden Lane in London which was close to the city's famous music halls and theatres.

The company's first recordings were released in August on the young company's first label, Recording Angel. The label is still in use to this day, primarily in North America as a classical label.

The first recordings were produced by Fred Gaisberg, who had established the first permanent gramophone studio in the U.S. Records were manufactured in a small factory in Hanover, Germany with a capacity of only 700 per week.

In 1899 the company purchased, from artist Francis Barrou, a painting of a dog listening to a recording of His Master's Voice. This painting became the company's trademark. It is now basically used as a classical record label in Europe, various parts of Asia and Africa and Australia and New Zealand.

The Gramophone Company began to spread throughout Europe very quickly. In Italy, Gaisberg decided to record, then unknown, tenor Enrico Caruso. Refused permission by the company, he personally guaranteed Caruso's fee. The recordings, beginning in April of 1902, virtually assured the singer international fame.

By 1903, branches had been established in almost every European country. A factory in Calcutta, India followed in 1907. By 1908, the company launched a new manufacturing plant on the outskirts of London. It would remain in operation until 1972, as EMI's only record plant in England.

Continuing expansion brought about continuing successes. Making recordings for the company were notables such as Russian singer Chaliapin, Polish pianist Paderewski, Leo Tolstoy reading his prose and the London Symphony Orchestra.

World War I brought about a sudden drop in recording as the factory was largely converted to munitions production. Much of the recorded product consisted of morale boosting songs recorded for the troops. In addition, the Gramophone Company lost its German and Russian facilities.

With the end of the war in 1918, the recording industry once more stabilized. Jazz recordings came to the forefront along with classical and operatic sound and spoken word recordings. In 1923, King George V and Queen Mary recorded a special message for the people of the British

Empire, marking the first time that the British Royal Family had been recorded. Soon, records were being made by heads of state throughout the world.

Another step forward for technology came in 1925 when the acoustic recording horn was replaced by an electrically amplified microphone, by which sound could be recorded from a distance.

The late 1920's marked a period of sudden growth for the company. In 1929, the company was joined by Marconiphone and, in 1931, they merged with Gramophone's greatest rival, the Columbia Gramophone Company, to form Electric & Musical Industries Limited. This company brought together the major European recording interests of the day.

The 1930's were years of further technological and promotional development. One of the more interesting promotions of the period was a sale of record players to promote record sales. In 1937, the Banjo record player was introduced, wholesaling below cost, in an effort to provide more of the public with a reason to buy records.

The company grew and diversified in the years preceding and during the Second World War. However, in the worldwide recession at the end of the war, EMI's profit level fell off badly. The man chosen to lead the company out of troubled times was flour miller, Sir Joseph Lockwood.

Lockwood cut costs by eliminating excesses in the classical recording field. He then boosted the company's international status with the purchase of Capitol Records, one of North America's largest and most successful record companies. The move secured EMI a strong foothold in the huge market and the organization has been healthy ever since.

The age of rock came about soon afterwards, developing in the U.S. and soon coming to the forefront in Britain. EMI signed and recorded a young Liverpool group, known as The Beatles, after three in-house executives and other record companies had turned their demo down. The move transformed the entire scope of popular music. EMI then proceeded to sign every group they could find with, what was commonly identified as The Liverpool Sound. The world, enraptured by this sound, made international stars of many of these acts, improving the company's image even further.

The EMI group currently accounts for one-fifth of all record sales worldwide. It includes subsidiary record companies in 34 countries throughout the world, recording and releasing the music of a large portion of the finest artists, groups and orchestras in every field of music in the world.

But EMI has branched out even further than that. The organization is also a world leader in the fields of electronics and leisure.

EMI has been involved in electronics for almost half a decade. In 1930, the company pioneered the world's first practical high-definition television system, which went into use in 1936 with the BBC. Fur-

ther research efforts led to the creation of the world's first airborne radar system in the 1940's; Britain's first solid state business computer in the 1950's; world-wide-acclaimed colour television camera channels in the 1960's; and dramatic breakthroughs in X-ray medical diagnosis in the 1970's.

EMI's electronics interests involve four major fields; defense, industrial, medical and consumer. The company is very heavily involved in broadcast electronics. Subsidiary company EMI Sound and Vision Equipment supplied and fitted the antenna for the CN Tower in Toronto, erected on a 300-foot, 220-ton steel structure, the most complex broadcast antenna engineering project ever undertaken.

The company is, if anything, even more diversified in the leisure field. It is involved in film production and distribution and also owns almost 200 cinemas and a number of live performance theatres. The company is also involved in recreational facilities as widespread as bingo parlours, bowling alleys and squash courts and will be extending its interests into golf courses.

EMI also owns several major attractions in England, including the New London Theatre; Europe's most advanced theatre/conference centre; the Prince Of Wales Theatre; the Talk Of The Town Entertainment Centre; Blackpool Tower, which includes a renowned ballroom; zoo; aquarium; the Tower Circus; along with bars and cafes and the Winter Gardens Ballroom, opera house and theatre.

EMI Limited also has a substantial interest in Thames Television, Britain's leading independent, which produces more popular British programming than any other television concern.

But EMI's major interest is in music. In addition to producing and distributing records, the company is also involved in musical instruments, both as distributor and exporter; publishing; and retailing, with over 220 stores in Europe, North America, Australia and the Far East. Music accounts for roughly half the group's total sales and EMI continues to grow. In October of 1976, the company announced approval of a major new headquarter complex, to be located in London's West End, which will include office accommodation for 1,000 staff, recording studios, preview cinemas, a triple public cinema, shops and housing.

The EMI story can best be summed up by Sir John Read, Chairman of the Board and Chief Executive Officer of the EMI group: "EMI is essentially international in outlook, progressive and flexible, thereby enabling it to take advantage of constantly changing needs and tastes on a global scale.

"Our success is built upon enterprise and performance. Our progress depends on the contribution of our employees and also our artists, worldwide. We, in turn, greatly recognize our responsibilities to them, to our stockholders and, beyond that, to the many international communities to which we belong".

# CONGRATULATIONS

WE'RE PROUD TO  
SAY WE SHARE THE  
SAME NAME



## CAPITOL U.S.

# Capitol Records-EMI of Canada Limited

Arnold Gosewich joined Capitol Records in 1969, when he and his partner sold their rack jobbing business to the company, and was named Vice President of Capitol's rack jobbing division. Later the same year, he was made Vice-President for Group Marketing, with responsibility over the company's sales, promotion and advertising efforts. He became President in 1970.

Gosewich, who was born and raised in Ottawa, first entered the music industry at the retail level, when he opened Ottawa's first full-line record store. He is a very active member of the industry in Canada. Among his achievements is the spearheading of the industry-wide Maple Music Junket, a project which promoted Canadian talent internationally by bringing to Canada, more than 100 European and British media and industry people for a series of Toronto and Montreal concerts. For his efforts, he received a Juno Award as the Canadian record industry's Man Of The Year.

Other industry activities for Gosewich include CRIA, of which he was President in 1973, and which he now serves as Chairman of the Canadian Recording Industry Pavilion Organizing Committee. He is also a member of the CARAS advisory board.



Arnold Gosewich, President & Chief Operating Officer,  
Capitol Records-EMI of Canada Limited

## How Capitol works - a corporate breakdown

Capitol's basic structure is the result of a gradual evolution which has been carefully planned to get the best possible organization from the company and, therefore, the best possible efficiency.

At the top is Arnold Gosewich, President and Chief Operating Officer. Reporting directly to him are the seven Vice-Presidents of the various departments and divisions. They are Marketing, J. David Evans; Artists and Repertoire, Paul White; Finance, Malcolm Perlman; Legal Counsellor, John MacLeod; Manufacturing and Distribution, Hans Klopfer; Personnel and Administration R. Glen Lane; and Retail, Brian T. Josling.

Each of the divisions is staffed with employees who carry out the duties necessary to make the company function smoothly. The marketing division is subdivided into three separate departments. Bill Bannon directs promotion, press and artist relations, Bob Rowe manages sales, and Mike Kernahan handles advertising and creative services.

Capitol President Arnold Gosewich has held his position since June of 1970, only one year after joining the company as Vice-President of the company's now de-

funct rack jobbing division. In that time he has supervised the company's continued growth and position as a leading record company in Canada. Gosewich feels one of the major reasons for the company's success is the attitude of its people.

"It's an attitude on the part of the people who work in the key areas of the company, the areas of marketing, manufacturing and distribution. I would say that the attitude that I certainly have tried to develop over the last seven years is one of trying. Trying to do the best job possible to serve our customers.

"Our customers are not identified solely as rack jobbers and retailers. They cover everybody who we count on to help us be successful. This includes the sphere of the media, booking agents, artists' managers, club owners. We try to foster a good attitude of service towards our customers. Good service in distribution and manufacturing is something that has to come from an attitude of not putting off for tomorrow what you can do today - getting orders out to customers in as fast and efficient a manner as possible.

"The other thing is an attitude of trying new things. I don't believe that in this business you can just use the success of the past as meaning it'll be successful in the future. You have to keep on trying new approaches toward accomplishing whatever it is you want to achieve. For example, I think we're the first major record company in Canada to have a publicity department.

From that has evolved what is now our press/artist relations department. Back in 1972 we tried to develop an import business, and created an import department. That had never really existed in a meaningful way before. About two years ago we established a self-functioning A&R/marketing department for French product, based in Montreal. That had never been done before. So it wasn't just simply picking up on what had been done in the past and trying to make it work better. It's also trying out new approaches over these past seven years."

## Capitol's people - working together

Capitol Records has assembled a total staff of about 460 people, who not only work smoothly together but also with a minimum of friction. People are on a first-name basis, and the prevailing atmosphere is described as a family environment.

Gosewich continues, "There's nothing deliberately done in a structured way to foster good feelings and interoffice relations. I think that family environment comes as part and parcel of our having the right kind of attitude. You can't create an attitude in an organized way. You create an attitude from the people who are working together day by day, and going through all the frustrations and disappointments



Capitol's Arnold Gosewich presents four album awards to Paul McCartney & Wings



Platinum award to Steve Miller Band for Fly Like An Eagle



Ian Anderson of Jethro Tull (Chrysalis) receives gold award

and challenges that are a part of this business. If you have the right combination of people, they become very proud of what they are doing. They become very challenged in wanting to accomplish something - together as much as possible. And if you have that occurring, it has a good effect on the company.

"From my end, what I try not to do is to tell people what to do. I try not to be the Big Boss, because we believe that, certainly in the record business, it won't work that way. People in the record business, I find, are very much individualists. They have a lot of pride in whatever abilities they feel they have, and they want to have an opportunity to demonstrate that they can use those abilities. If you try to force your thinking upon them, they will react in a less than positive way, rather than simply working to try to make the company successful.

"So I don't try to force my thinking. I certainly do try to bring up a lot of ideas and possibilities. I do that every day, whether it's in our record company business, our retail store business, in our plant, wherever. I try to play devil's advocate, being concerned with what other alternatives there are. I try to seek out ideas from people who work in the company, to encourage those who report directly to me to try to bounce their ideas off me. That's sort of the role I try to play, and I think in some respects that contributes to this family environment. I would hope that it does."

Gosewich, who joined Capitol in their rack division, notes that rack jobbing is one of the very few aspects of the record industry that Capitol is no longer involved in: "I would say that, short of not being in the rack jobbing business, not having our own studio, and not having our own mastering facility, we're pretty well as integrated a record company as we can be. And I would say that the only missing link in that integration that might at some point in the future be desirable would be to have our own mastering facility. I can't see us having a studio in the conditions upon which records are produced in the studios these days, where artists and producers want to look at studios on a very flexible sort of basis.

"I also can't see us opening a rack jobbing business again. I just don't feel it's a business for a record company to be into unless it is a semi-autonomous operation which is the case for our retail operation".

## Capitol looks at the future

Says Gosewich: "I think business conditions in Canada in the foreseeable future are going to be tough. I don't mean that they're going to be bad, or they're going to be worse than they were, but it's going to be tough in the context of achieving whatever sales and profit goals make sense to try to achieve.

"Because I believe that, and many people here share that view with me, what I see is a tremendous need for trying - even more than in the past. Trying new approaches in marketing, trying new ap-

proaches in artist development, and in product development. Some of the basics in merchandising that are used today by record companies may not be suitable in these tough business conditions that I predict over the foreseeable future.

"What I see happening here at Capitol, if I'm right, is a somewhat deep-seeded searching and evaluation of what we have to do to identify markets that are out there for our artists' product, and what we then have to do is to take advantage of identifying those markets and bringing to the attention of those markets the recordings by our artists best suited to those areas.

"I think what we're going to see is a more regional type of marketing, not necessarily in terms of Western or Eastern Canada, but wherever those markets exist. The point is to find them, identify them, perhaps far better than has been done in the past, and then try new concepts in terms of merchandising, advertising and promotion to zero in on those markets in terms of the product we have that those markets want to buy. I think all record companies are going to have to go through this if they expect to do well through what I consider to be tough business conditions.

"As far as our growth is concerned, I'm convinced that in the record company area, that's how it's going to evolve, through that attitude of trying, certainly over the next couple of years".

## The history of Capitol Records-EMI of Canada

Capitol Records of Canada was incorporated in 1954 by its U.S.-based parent company, in order to distribute Capitol product in Canada. Distribution was originally handled by two Eastern Canada branches and three independent companies in Western Canada. Headquarters were based in Toronto. Manufacturing arrangements were made with RCA, making RCA exclusive custom pressers for Capitol, a status they retained until 1964, when expansion forced Capitol to enter into additional agreements.

From its very inception, Capitol of Canada has been growing and expanding. Its first major boost came the year after its birth, 1955, when the entire Capitol group was acquired by the British giant, EMI, adding much of the vast EMI catalogue of product to its collection.

By 1956, expansion brought about a move of the Toronto headquarters into a three-storey building downtown, where the company continued to grow and expand. 1959 marked the beginning of Capitol's distribution of classical label Angel Records and popular French label Pathe. The new label deals marked an increase in both catalogue and sales.

In 1960, Capitol established its own A&R department to discover and record Canadian talent. The success of this department, through the years, can be exemplified by the 34 Juno Awards won by the company and its artists since 1964. Of these, only one was won by an international artist.

With the company's continued expansion, it became evident by 1966 that a larger facility was needed. Architect Harold Kelman was commissioned to create plans for a new head office. In September, four acres of land were selected in Mississauga, Ontario, and construction was begun.

1966 was also a landmark year for Capitol's French Canadian operation. The company began production of French language product and created a French Canadian A&R/marketing department based from the Montreal branch. The department is still thriving, and today, continues to sign and record a substantial share of Quebec's name product.

By 1967, the new building was com-

pleted and the offices moved. One of the early features of the new building was its in-house computer, a new step for Capitol. The computer system was converted in 1974 to a direct line remote system hooked up to the machine used by Capitol Inc. in Los Angeles. The Canadian headquarters uses a staff of 11 to man its on-line inventory system. The total system consists of two communications terminals and five key entry machines, and handles all of the Canadian company's manufacturing, retail, financial and inventory work.

1969 marked another major step for Capitol Records, when they established retail activities with the purchase of Sherman Enterprises, Ltd., which included five



Capitol of Canada's first sales convention, around 1960. The entire sales and promotion force, including the late Harold Smith (2nd from right) Vice-President and General Manager for 15 years.



The 1966 Capitol national convention, including representatives from all divisions of the company. Paul White (2nd from right, front row), Maurice Zurba (extreme right top row standing) Pindoff Record Sales E. Taylor Campbell next to White and Bud Farquarson 3rd from left, second row



J. Edward Leetham, then Vice President and General Manager, Capitol Canada, breaking the ground for the label's new offices on American Drive, Malton, Ontario (1966)



Capitol employees pose in front of the site of their new headquarters (1966)



Capitol's 1970 national convention

retail outlets through Ontario and Quebec. More additions of outlets raised the total, and the purchase in 1973 by Capitol of Mister Sound in London, Ontario and Scotty's Records & Tapes through Calgary and Edmonton further expanded the business. In 1975, the stores were renamed Mister Sound, with the exception of those in Quebec, each carrying the name, Sherman Music Centre. The total number of outlets stands at 32, and Capitol is continuing to open new retail locations across Canada.

Two major developments took place in 1970, further diversifying Capitol's operations. The first was the establishment of a special products department, for the sale of records and tapes through other than usual distribution channels. Now in full flight, the department has come to plan and market premium records, TV-advertised sets and mail orders.



Anne Murray at 1970 national convention

The other major step to take place in 1970 was the opening of a tape manufacturing plant, which was originally operated by a staff of 12 from a leased building. Moved to the Malton site the following year, Capitol's tape plant now staffs 40 people, and produces eight-track and cassette tapes to fill all of Capitol's orders, as well as custom work for other companies. The Capitol tape plant is the only one in Canada with its own injection moulding machinery to produce the cartridge parts directly on the premises.

In 1972, Capitol began to import records and service rackers and dealers with product from England, France, Germany, Holland and Italy. The Toronto-based import department, with a staff of eight, now distributes imported classical and popular product from a central warehouse. New arrangements are bringing in records from Sweden, Spain, India and Japan.

The most recent addition to the Capitol operations has been the new record manufacturing plant. Originally decided upon in 1974, it was planned the following year, and pressing operations began in 1976. Capitol is very happy with the progress of the plant, particularly its matrix department, and feels it will adequately fill the

company's needs for good quality product for many years to come.

Capitol of Canada has become, through the years, a very diverse organization. In 1974 its official name was changed to Capitol Records/EMI of Canada, Limited, to reflect its membership in the world-wide EMI group.

Capitol Records currently enjoys the status of one of Canada's top record manufacturers and distributors. It distributes product for its own four labels, Capitol, Seraphim, Angel and Pathe Marconi, and is also licensed as Canadian manufacturer and distributor for foreign labels Arista, Chrysalis and Vanguard, as well as being distributor for United Artists Records. Its strength in promoting and marketing those records is evidenced by its placing the second largest number of singles on RPM's Top 100 charts throughout 1976.

**The Capitol people  
- the human element**

**J. David Evans  
Vice-President - Marketing**

Dave Evans first entered the music industry when he joined Capitol in 1968 as Ontario Sales Manager. With a solid background in sales and marketing, he was named National Sales Manager in 1970 and Director



**Dave Evans  
Vice President - Marketing**

of Sales and Promotion the following year. In 1972 he was promoted to Director of Marketing, and in 1976 was named Vice-President, Marketing.

The marketing division, one of the company's most vital operations, is generally classed as the department involved with selling and promoting the company's roster and catalogue. Under the department's auspices fall sales, merchandising, promotion, advertising, publicity and artist relations. Reporting directly to Evans are Bill Bannon, Director of Promotion, Press and Artist Relations, National Sales Director Bob Rowe, and Mike Kernahan, Director of Advertising and Creative Services. Also reporting directly to Evans is Arista label

Product Manager Graham Powers. In addition, Evans is assisted by Dennis Kashyap, Manager of Marketing Administration, who maintains control of the marketing budget



**Graham Powers,  
Product Manager, Arista Records**

and marketing procedures nationally. Kashyap, an M.B.A. in business administration, has a strong background in finance and non-music industry experience. For the marketing division, success can be measured by the monthly ability to construct and



**Dennis Kashyap,  
Manager, Marketing Administration**

reach high sales goals and quotas. Evans feels that Capitol of Canada's ability to break and maintain a number of top Canadian and international artists, such as Steve Miller, Bob Seger and Jethro Tull plays an instrumental role in this success.

**Malcolm Perlman  
Vice President - Finance**

Malcolm Perlman, a chartered accountant by profession, joined Capitol Records as Vice-President and Controller in 1971, and in 1976 was named Vice-President, Finance. As head of the company's finance department, he is responsible for all of its financial and treasury functions. He co-ordinates all activities within the department, liaises with the Capitol Controller in Los Angeles,

and remains aware of industry activities which may relate to Capitol's financial aspect.

Reporting to Perlman are Don Williamson, Director of Accounting, Director of Credit Services Bob Derry, Data Services



**Malcolm Perlman  
Vice President - Finance**

Manager Muriel Mazmanian, and Perlman's assistant Nat Arjun and Executive Secretary Ann MacSween.

The primary responsibilities of the



**Muriel Mazmanian,  
Manager Data Services**

finance department are to provide Capitol with sound financial controls, oversee all budgets, approve any material decisions, including acquisitions, dispositions, pricing and new projects, and to feed the financial information into the Los Angeles-based computer system.

**Hans Klopfer  
Vice President  
Manufacturing & Distribution**

Hans Klopfer, is the man directly in charge of the new record pressing plant. A veteran of 25 years experience in manufacturing, Klopfer came to Canada in 1953 from his native Germany. After spending one year in

Northern Ontario, he moved to Vancouver and a position as welding supervisor with Canadian Western Pipe Mills. After seven years, he decided to travel, and ended up staying seven years in New Zealand as plant superintendent with Union Carbide there. While in New Zealand, he also studied production administration.



Hans Klopfer

Upon returning to Canada, Klopfer joined the CBS pressing plant as a shift superintendent, and became plant manager one year later. He came to Capitol in 1975 as manufacturing manager, responsible for installing and setting up production in the new plant. With the plant in operation in 1976, he was named Vice-President, Manufacturing and Distribution.



Bernie Meagher,  
Pressing Plant Manager

Klopfer's responsibilities include the manufacturing of records and tapes, and the distribution of product, including the maintenance of three warehouses nationally, inventory levels, customer service, traffic and customs. He must ensure that the right amount of the right product is available at the right time, that corporate objectives are kept, and that the costs of manufacturing and distribution are kept within budgets.

Working under Klopfer are Bob Normand, Director of National Distribution, Traffic and Customs, Manufacturing Man-



Bob Normand,  
Director National Distribution

ager Bernie Meagher, Tape Plant Manager Hugh Wiets, Plant Engineer Otto Berg, Quality Control Supervisor Ian Mansell, Production Control Supervisor Shirley Carl, and Executive Secretary Fran Fairbairn.

### John MacLeod Vice President & Counsel

John MacLeod has been legal counsel for Capitol for over ten years. In fact, he has been practicing law in the entertainment industry throughout his career. The Osgoode Hall graduate spent four years as contracts officer with the Canadian Broadcasting



John MacLeod

Corporation and another year as broadcasting consultant with Expo before coming to Capitol.

Handling the legal affairs of Capitol's 32 retail outlets and 460 employees keeps MacLeod a busy man. His responsibilities include the negotiating of licensing and artist contracts and store leases. He continually acts as legal advisor to all the departments at Capitol, and he improves his French by constructing record artist deals in Quebec with Pierre Dubord, Capitol's French language A&R director.

### Paul White Vice President - A&R

Paul White has been with Capitol Records for 20 years, joining the company soon after moving to Canada from England and working his way up to become singles Promotion Manager and then National Promotion Manager. During this period, he won four consecutive RPM Gold Leaf Awards for top National Promotion Man. He instituted a weekly promo newsletter, The Sizzle Sheet, which ran for five years, ending only when he became National Advertising Manager and Artist and Repertoire Manager simultaneously.

White became A&R manager just in time to release most of the top material from the British Invasion in the 1960's. In fact, he introduced the then unknown group The Beatles to North America, releasing their product in Canada before Capitol Inc. released it in the U.S. In fact, from the British Invasion, White released successful material from EMI by a number of acts which were passed on altogether by the U.S. parent company, including names such as The Hollies, Dave Clark Five, The Animals, Herman's Hermits, Gerry & The Pacemakers and Billy J. Kramer.

After moving into A&R full time, White began to build up Capitol's Canadian roster, with signings of acts such as Anne Murray,



Paul White

Edward Bear, Suzanne Stevens, Gene MacLellan, The Staccatos (who became the Five-Man Electrical Band) and the Sparrows (who became Steppenwolf). As Executive Producer, his credits include three RIAA (U.S. gold records).

In 1976, White was named Vice-President, A&R. The same year marked a new A&R policy for Capitol, where the artists sign directly to Capitol in the U.S., assuring them of international release. White works functionally with the company's Los Angeles A&R department, and is responsible for the recording careers of Capitol (U.S.) artists from Canada, such as Coyote, Bill Amesbury, and this year's Most Promising Female Vocalist Colleen Peterson.

### Glen Lane Vice President - Personnel

Glen Lane joined Capitol in 1969 as Personnel Manager. Later in the year, he assum-

ed new responsibilities and a new title, Director of Personnel and Administration, and in 1976, was made Vice-President, Personnel and Administration.

Lane has a degree in industry psychology and is an expert on management development. Some degree of Capitol's strength lies in the recruitment and development by Lane of its management staff. He is assisted



Glen Lane

in personnel by Keith Harding, whose basic responsibility involves recruitment.

In addition to recruitment, the personnel department deals with records, training and development, salary administration, benefit administration, counselling, interpreting labour law, and recreational activities. The department also acts as liaison with the U.S. personnel department, although the two departments function independently of each other.

Lane's responsibilities in administration include purchasing, office services, security, building services, communications, and procedure and policy manuals.

**Brian T. Josling**  
Vice President, General Manager  
Retail Division

Brian Josling has been with Capitol Records for seven and a half years. In that time, he has advanced to the position of Vice-Presi-



Brian Josling,

dent and General Manager of the Retail Division. Capitol's retail operations include 32 outlets in Quebec, Ontario and Alberta, under the title of Centre De Musique Sherman in French Canada and Mister Sound in the Ontario and Alberta outlets. Plans also call for an additional five retail stores to be opened within the next year.

Josling heads up a strong regional and retail management team which has seen excellent sales growth over the past three years. The four regional managers reporting to him are Bob Muckle in Calgary, Dave Redgers in Toronto, Michel Boutin in Montreal and Jean Dallaire in Quebec City.

Capitol's retail outlets offer full line selection in records and tapes, with full catalogue stock rather than top hit merchandising.

**Bill Bannon**  
Director - Promotion, Press  
& Artists Relations

Bill Bannon first joined Capitol in 1962 as a promotion room clerk. In 1967 he was promoted to Ontario promotion representative, and since that time has received promotions to Ontario sales rep, Product Supervisor, National Promotion Manager, Director of Promotion and Artist Relations, and his current position, Director of Promo-

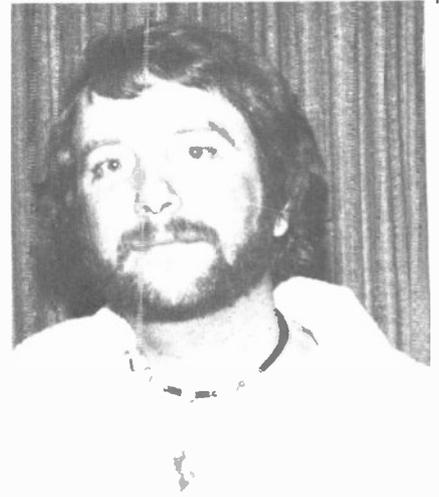


Bill Bannon

tion, Press and Artist Relations.

Bannon is responsible for one of the three major branches of the marketing division, the others being sales and advertising. It is his direct responsibility in promotion, to see that the product receives airplay and achieves public interest, and in press and artist relations, to ensure that the public is aware of the artists and their images, and to ensure that the artists are, to whatever extent is possible, making appearances when and where their product is being promoted and marketed.

Promotion consists of a group of regional staff, including Marck Morell and Val D'Amico in Montreal, Scoot Irwin, Rick Nickerson and Ron Robles in Toronto, Brad Weir in Winnipeg, Olie Kornelsen and Wes Franchuk in Calgary, and Bob Roper



Scoot Irwin

in Vancouver.

The newly formed press/artist relations department is headed by Barbara Onrot in Toronto, who is in turn assisted by Kris Kezenyi.

**Bob Rowe**  
Director - Sales

Bob Rowe joined Capitol in August of 1970 as Ontario Sales Manager, from a position with a pharmaceutical concern. In 1972 he became National Field Sales Manager, and later the same year National Sales Manager. In March of 1976, he was appointed Director of Sales.

Rowe, as one of the three major arms of the marketing division, oversees three divisions within sales; wholesale, imports



Bob Rowe

and custom sales. The wholesale division is broken into three regions, headed by Bill Rotari in Montreal, Al Andruchow in Calgary and Barry Stafford in Toronto.

The import division, headed by Import Manager Ken McKissock, is now bringing into Canada recordings from nine EMI affiliates spread throughout the world. McKissock is assisted by Claude Lavoie.

The custom sales division is headed by



**K.W. McKissock,**  
National Accounts Sales Manager

Maurice Zurba, who has held the position for seven years.



**Maurice Zurba**  
Director - Custom Division

### Pierre Dubord French Product Manager

Pierre Dubord joined Capitol in 1960, and was recently appointed French product



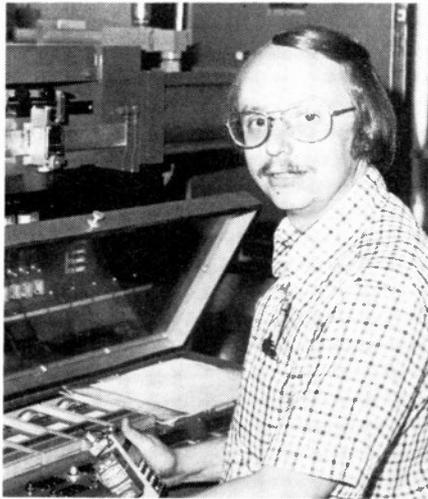
**Pierre Dubord**

manager for the Quebec market. Dubord is responsible for A&R, promotion and publicity in Quebec, marking the first time in Capitol's history for anyone to assume these three responsibilities simultaneously. He is responsible for signing new French language acts in Quebec and for the release of EMI-affiliated French language product in Canada. He also supervises promotion and publicity for all product released in Quebec.

Capitol is the first major Canadian record company to have a separate division for the development and promotion of French product and artists. Names such as Beau Dommage, Morse Code, Suzanne Stevens, Raoul Duguay and Paul Et Paul have been discovered and broken by Capitol's French division.

### Hugh Wiets Tape Plant Manager

Hugh Wiets has been with Capitol for seven years, since the opening of the tape manufacturing plant. His original position was tape plant production scheduler. After one year, he became Production Foreman of the plant, and three years ago was named Manager. He came to Capitol with five years experience in record and tape manufacturing with Quality.



**Hugh Wiets**

Working under Wiets in management of the tape department are tape plant secretary Blanche Jeffers, technician Dan Middleton, production foreman Joe Bialek, afternoon shift supervisor Rick Waite, and Joe Lagani, moulding supervisor.

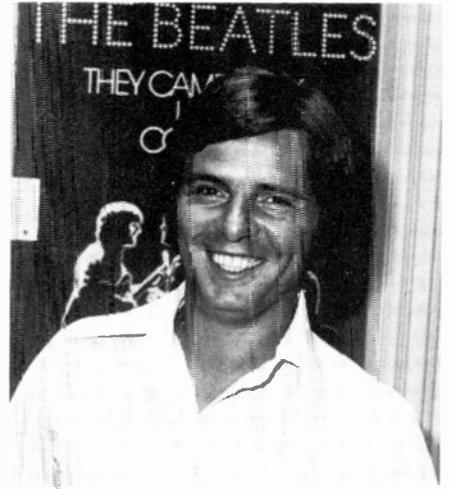
The Capitol tape plant manufactures both eight-track and cassette tapes. It is also the only tape plant in Canada to have its own injection moulding system built in, producing cartridge components right at the plant.

### Mike Kernahan Director - Advertising

Mike Kernahan has just completed his first year with Capitol as Director of Advertising and Creative Services. Of the variety of responsibilities with which he has been

charged, his foremost duties are the organization of all media advertising campaigns and the purchase of advertising, and the development of in-store merchandising and promotion campaigns.

In creative services, Kernahan is respon-



**Mike Kernahan**

sible for much of the creative direction behind audio visuals, album jackets, posters, mobiles, and other devices and vehicles used in promoting and marketing product.

### J. David Evans and the Capitol Marketing system

J. David Evans, Capitol's Vice President, Marketing, has a marketing background in the chemical, drug and people businesses. Joining Capitol nine years ago, he found the record business a new experience:

"In fact, it's still a new experience and I know no other business like it. It's unique because this industry changes models or colours or styles every month.

"It's our responsibility to effectively present our artists and our product to the public. Once it's been recorded, it's turned over to marketing. It's our job to make sure that we can expose it and try to sell it profitably.

"My job is to work with the various people in marketing to strategize what we can do with these various pieces of product, to try to realize as much as we can, the artist's potential".

### The Marketing Campaign

"We sit down in a marketing planning meeting", explains Evans, "This includes publicity, artist relations, sales, merchandising, advertising and creative services. We try to identify what we have: Where's the appeal of the artist, where's the strength, where's the weakness and how do we direct our press campaign as far as the image is concerned - is there an image? If there isn't, how can we work toward establishing an image with the artist and the artist's management? And working towards creat-

ing something in print, in the press, so that the public will recognize the name. Where do we take the piece of product to try to get air exposure? Is it MOR, is it AOR, or is it going to be Top 40? What do we have to do to try to get something happening there? Assuming that we do get something happening there, we decide, when we're doing our initial planning, if it happens, when are we going to do some of the other things that should be done? When do you do radio advertisement? You certainly don't do it the day you release the product, because there's nothing happening, so you wait until you have something going and then you decide 'We've got this idea, this contingency or phased planning on it'. We then decide when we're going to make things happen as far as advertising is concerned on radio, or we decide when we should do something as far as print advertising is concerned and in terms of in-store, should we start something now or wait until later, do a big build-up or a gradual build-up?

"Those are the sort of questions we ask ourselves. Should we have the act appearing? Should it be before the product comes out or after the product comes out? What can we do to help the artist get gigs? Where should the gig be, again tying back to the image of the artist".

One example of the marketing department's image building process was the Bob Seger documentary: "We sent a representative down to Detroit to interview him, because we had a hell of a job trying to tie him down. I guess it could be that he was going to have a hit without a documentary. I think that with the documentary, we have hastened the process and probably made a more lasting impression than we would have without it, because there is now something there that people can relate to - they've heard Bob Seger talking about Bob Seger and I really think that's important.

"Now we've done the same thing with Gentle Giant and Jethro Tull and we got the documentary on Barry Manilow that American Airlines were using on their flights and changed it slightly and we're using that now in Canada. We sent it out to radio stations along with the new album. We feel it strengthens the impression of the artist in the marketplace".

## Reacting to reaction

"When we're servicing product", continues Evans, "we'll service it right across the country. Then we start getting feedback from our regional people: we're getting good reaction here or good reaction there. The Little River Band was a prime example of that. It's going to be a major act in Western Canada. The new album is just in the process of getting ready to be released. They just appeared in Vancouver May 30. That's the sort of thing - we started getting reaction out there last November, and it's built up until it's become a very key act for us.

"What we have to do now is take the excitement that's been generated out west and try to move it. We've got to try to really crack it through here." The campaign will consist of advertising, merchandising, sew-

on patches and another possible radio documentary.

Evans feels that if the artist is good, both onstage and in the studio, his chances are good for being broken - "Providing you get all the breaks.

"It has to be a combination of things. You have to have the act willing to work in Canada for you, to do the tour the first time and then come back and do it again in a reasonably short period of time while you're working that product and keeping that act alive through press and in-store and merchandising - just creating that awareness and the image of the act. There are acts that have been extremely successful in Canada, not only from Capitol but from other labels, that have not enjoyed the same degree of success outside of Canada. It's because of the things that have been done.

"An example is Pink Floyd, who were a big European act, but basically broke out of Quebec for North America. And their catalogue just doesn't stop. It keeps on selling. That's another thing that we do, trying to keep the catalogue alive, doing things with it, running promotion. With Dark Side Of The Moon and four or five of the Beatles' albums, we sell the equivalent of gold each year."

## Record plant helps marketing

Evans feels that Capitol's manufacturing plant will serve as a particular benefit to the marketing division, as it provides a guarantee of production of the right amount of product to meet marketing projection of demand, as well as an outlet offering Capitol top priority in terms of manufacture of large rush orders: "We have regularly scheduled meetings with the manufacturing people to advise them of what we see coming up in the way of product requirements. We review numbers, inventory, what we feel our requirements will be over the next few weeks.

"We have good days and bad days, prediction-wise. It's amazing, once a piece of product is out there and you get a feel for it, how accurate you can be. The place you do sometimes get fooled is on a new release, where you've got a track record and you think it should do a certain number, and all of a sudden it either crashes through that and goes crazy, or, for instance, sells to a cult following and doesn't spread from there. Then you've got a few left over.

"But we have these meetings with them and we look at new releases. We look at what we call our top concentration product and what we may be planning on promoting six weeks or two months from now, giving them the opportunity to get it in stock, fill any holes they may have in their production schedules by pushing this in and just make sure that by the day, we open the promotion, we're able to ship customer orders complete.

"We also plan promotions with the rackers, anywhere from four to eight weeks ahead of time and they're very good about getting it out, getting it exposed. We also work directly with the retailers on promotion".

The promotion might consist of give-

aways of T-shirts, decals, posters, special product, or any combination of these with other ideas, accompanied by radio, press and television advertisement or specials and, in some cases, might tie in with a live appearance, tour or special promotional visit in the market by the artist.

Meanwhile, the sales department gets the product into the stores and displayed in the most appealing way possible: "It's a team effort. Nobody works independent of the others because we're all interdependent. We rely on promotion to get the exposure so that we can sell the singles and albums. We have a schedule of promotions. We try to plan our promotions over the next 12 months, at the beginning of each fiscal year".

Evans is essentially the coach in this effort: "It's a lot of fun. It's a question, I guess, of degree or distance away from the planning function. I try to look further ahead than Bob Rowe (Director of Sales) and Bill Bannon (Director of Promotion, Press and Artist Relations), who are looking ahead, but they're looking further ahead than the regional managers, who are looking after the salesmen right on the firing line. Yet, the regional manager has to look ahead, because he gets that quota at the beginning of every month. Our quotas are established on a monthly basis and you're either up or down".

## Changes in the wind

Marketing at Capitol is a team effort, with all the various facets working on the success of the artists and their product. The marketing process has been continually evolving over the years: "Looking at Capitol over the past five years, there has been a continual change. We keep trying different things. We were one of the first Canadian record companies to go on television with a major campaign. We were also one of the first to go on radio with commercials, the change being that newspapers have gradually decreased in importance as far as advertising is concerned for a record company and radio and television have increased. The only thing I can say is that over the next year or two, there will be different things out of Capitol Records in terms of ways of marketing product. I don't know what they are".

## Bill Bannon

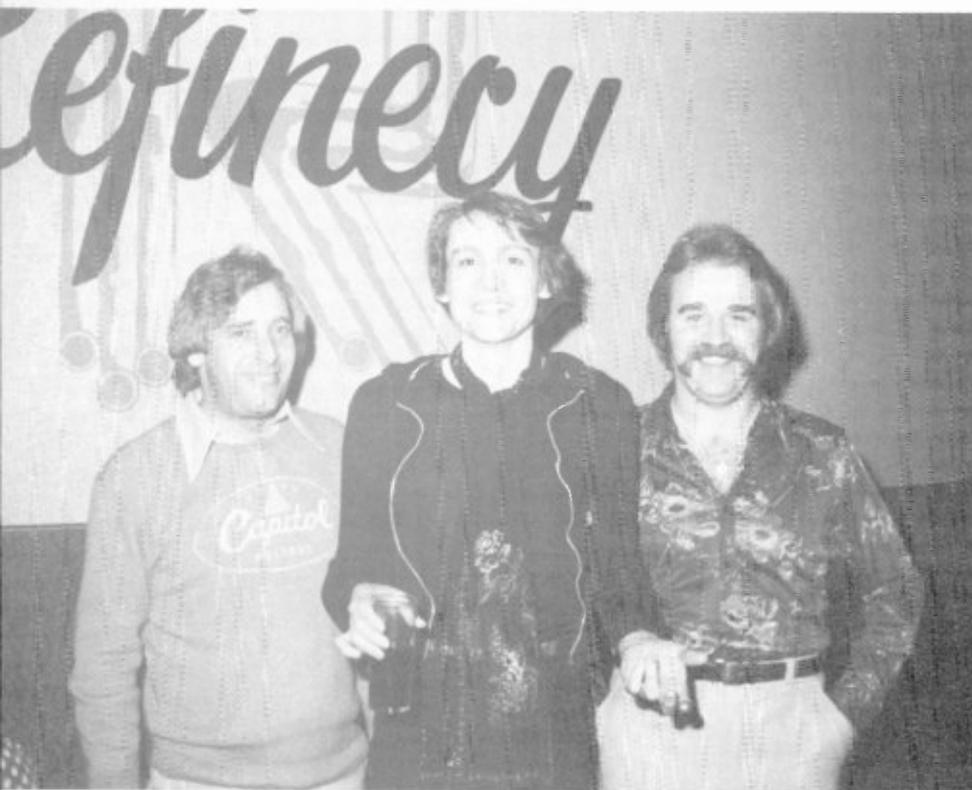
- on promotion and press

One of the keynote areas of the marketing process is promotion, the aspect of convincing radio stations to play the company's product. At Capitol, the promotion department was recently combined with those of press and artist relations. At the same time, press and artist relations were also combined. The man in charge of these areas is Bill Bannon, who previously headed all three departments under separate cover:

"Basically, the reason we amalgamated promotion with press and artist relations was to give us more overall control. For



(L to r) Dale McDougall (Kelly's, Calgary) Capitol's Al Andruchow and Bill Amesbury



Capitol's Bill Bannon and Olie Kornelson flank artist Bill Amesbury

example, if I'm working eight to ten albums this month, and I have my guys in the field working that product, that's what I expect my press department to be after too, to work that same product, to go for reviews, etc. I try to get the radio and press to all come at the same time. That's why we combined the departments.

"Before, I ran two departments, in fact, three - promotion, artist relations and publicity. What it came down to was a lot of overlap. We felt we could do much better if we amalgamated the whole area."

Bannon maintains control over the promotion effort by keeping careful track of the market, regionally and nationally, and understanding the effects of action on Capitol's product. "It's not cut and dried. If we're going after specific pieces of product, we utilize our computer system. We have the major one-stops on a tracking report. We know what they buy on a weekly basis. I order all the singles for the company, so we track the major accounts and the major one-stops for singles and albums. That way, when I'm ordering product, singles in particular, I know when a record goes on CKXL Calgary or CKLG Vancouver, what our stock requirements are going to be immediately for that area. We know what happens when CHUM goes on a record. So we're not in an out-of-stock situation. We rely a lot on tracking through the computer".

By ordering the singles, Bannon is able to co-ordinate between the availability of stock and the promotion effort he already spearheads.

The most important role of the promotion department is to get radio stations to play the records. Bannon works through a staff of 12 regional people, who communicate with the station through direct contact and telephone calls on a regular basis: "My field guys go in, and they use the regular trades. We try to work a lot of out of major market stations - there's really no such thing as a secondary.

If we're getting good reaction on records in the Kingston area or the Ottawa area, and we've got a sales pattern going, then we go after the big stations. We also analyze the charts. If a radio station, for example, is playing six female artists this week, there's no sense in us taking another female record in. They just don't play that many female records.

"So you've got to wait. You bide your time before you put records on top concentration." Bannon meets with Vice-President A&R, Paul White on a weekly basis to do single scheduling. They schedule single releases, trying to release each record at its point of maximum potential for success.

The promotion staff also go into the retail stores, services them with turntable copies and other promotional items and assists in displays. Should a product receive reaction from in-store turntable play, they can use the reaction to try to convince radio stations to go on the record, or to improve its rotation: "We go into the stations initially just hoping for a play. You get either a light rotation, a medium or a heavy. You try for a light rotation. Then it's a matter of breaking a single. You try to convince them that it's happening in the market. You go and try for a medium, and

then for a heavy."

The promo staff in the field have a degree of autonomy, to try to generate action on records on their own: "I encourage that. I encourage my guys to go out and do what they want, after they've gone past the initial concentration product. If they've got a bite going in their market, I expect them to come in looking for dollars and come in with suggestions, ways to try to do it. Little River Band in Vancouver is an example. Bob Roper took that project - it wasn't on the national concentration list at the time - as a special project on his own. And he did an



**Kris Kerenyi,**  
Press/Artist Relations

incredible job with them. I can honestly say he's responsible for breaking that band in Canada, because he got everybody else's head turned around."

On the other side of Bannon's effort is the press/artist relations department, headed by Barbara Onrot, who reports directly to Bannon. Assisting Onrot is press/artist relations officer Kris Kerenyi.



**Barbara Onrot,**  
Press/Artist Relations

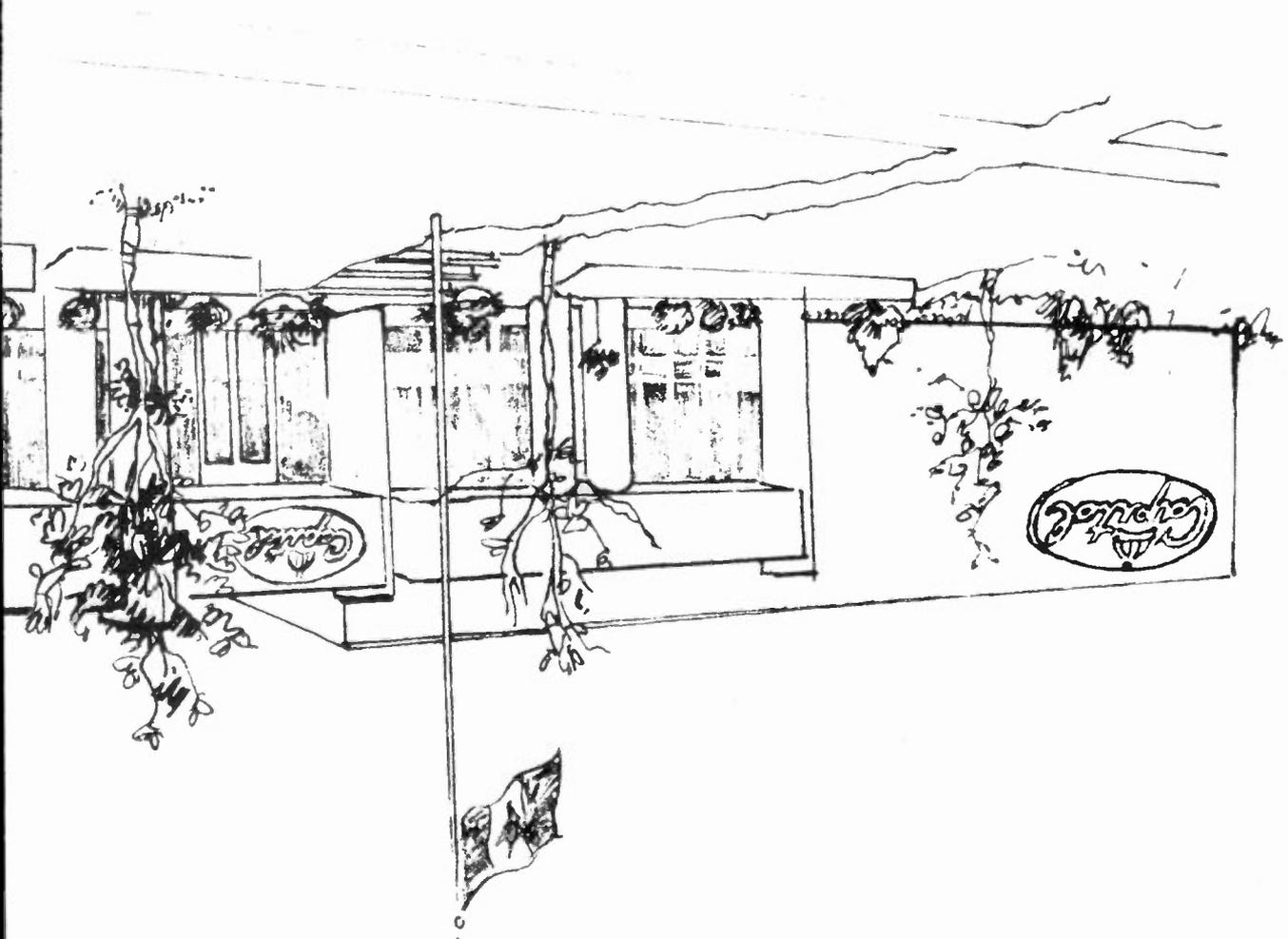
Artist relations consists basically of a liaison between Capitol, through Onrot, and the company's artists, their management

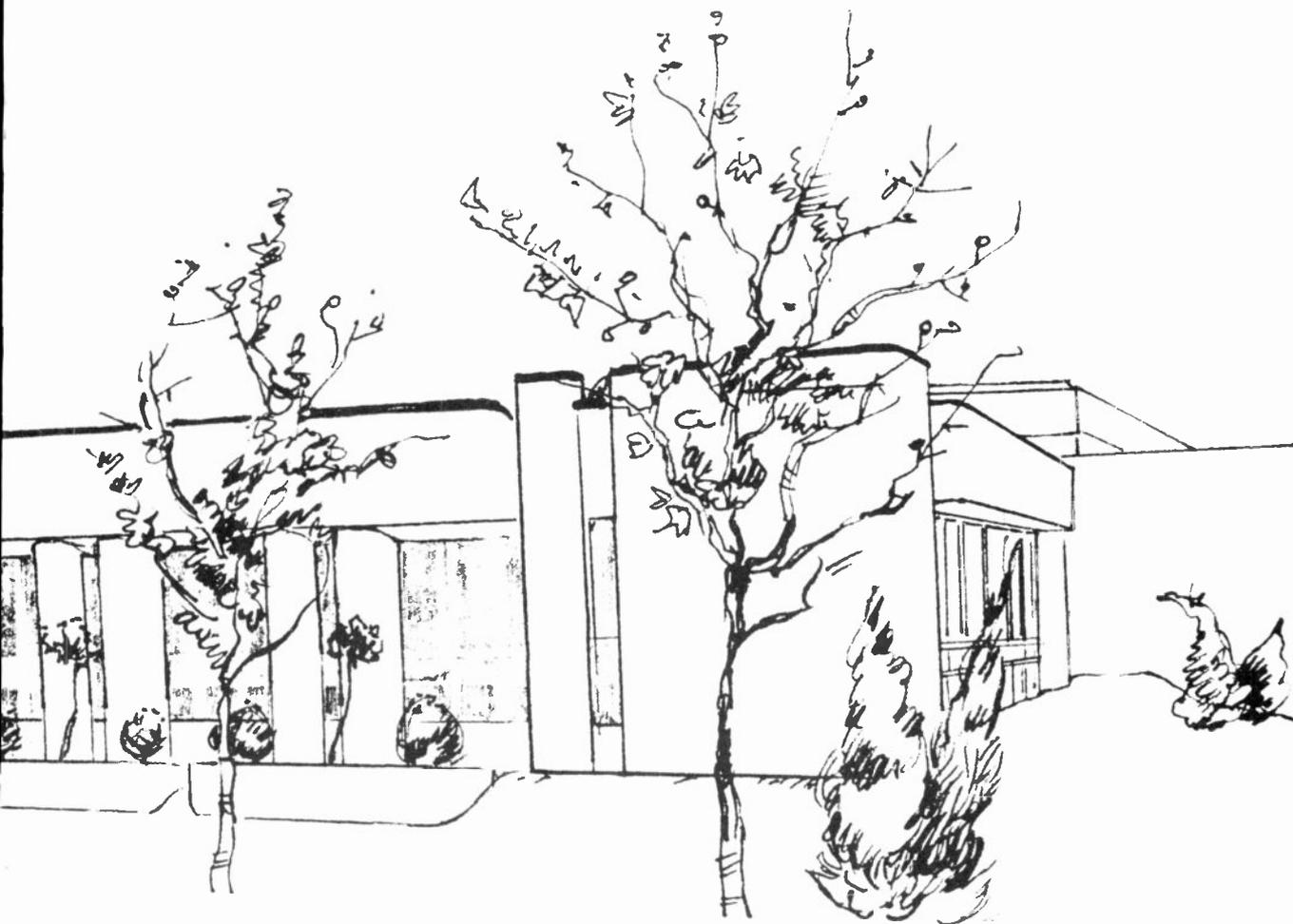


**The Beatles invade North America**



**The Beatles during their Hamburg days**





and agents. Onrot supplies the sales, advertising, and promotion people, including her own press department, with any information they can use in doing a good marketing job on the artist and his product. She feeds this information on a national basis, and also lobbies to get artists into Canada for live appearances.

Once this data is available, the press side uses it to keep the press informed via press releases, regular mailouts and personal contact as to the artist's background and activity, and the company's major promotional efforts with the artist and his product. The department also tries to get advance stories and follow-ups on live appearances, feature stories and record reviews.

The press/artist relations department is

also the result of an amalgamation which took place at the same time the aspects were combined with promotion. There had been a lot of overlap between the two departments. Onrot explains: "Once you're dealing with an artist, and you're talking to his manager, you know when that artist wants to do an interview, and when he doesn't. So it's just as easy for you to take that information and flow it out, instead of telling somebody else and that somebody else has to again phone the management and then phone the press. It's a better flow and a more organized flow, and it saves wasted effort."

Onrot is happy with the initial progress of the new department: "I like to think that this press/artist relations department has a lot of pizzazz, and it's extremely organized.

I'm aiming for that, and to continue with a very businesslike approach. If you can



Capitol's Snowbird, Anne Murray



Capitol's Paul White and Dave Evans decorate new Capitol lobby with RPM's Gold Leaf Awards

combine the business with the pizzazz, you've got it."

This businesslike attitude is also appearing in the promotional end, and Bannon enjoys it: "I think it's been changing over the years. I go back 15 years. When I started out it was fairly conservative. We've gone through the long-haired, freaky-type stage - there's still a few of those around - but I think the whole, overall promotion business right now is really quite healthy. One thing that I personally like is that most of the people out there on the street are business people.

"The stations are now inundated with information. They honestly have information on the Gavin Report, for example, faster than the record companies. So you can't fool them or shuck-n-jive them anymore. You've got to get straight to business and straight honesty. That's the way I like to see the business run.

"I don't think that's going to change much. I think it's going to stay that way. And I think it's very healthy."

Paul White,  
- Artists & Repertoire

In 1976, Capitol's A&R policy underwent a sudden change. The new policy is for the prospective signee to be signed directly to the U.S. company, or for Canada's A&R department to get a commitment from the U.S. to release product prior to the actual signing. Vice-President of A&R, Paul White explains: "The old way, an artist was signed to Capitol of Canada and then I would have to go off to Capitol in the States and other labels, if Capitol were not interested in the act, to get the product released in the U.S.

"Under the new setup, if we sign anybody, they are immediately signed and guaranteed release both in the States and Canada. But we're not just strictly signing people to Capitol in the States. Now and in the future, artists will still be signing with

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Signatures of Capitol's new Manufacturing plant who were involved in first pressing of Suzanne Steven's single, Knowing How, Knowing When



Quebec's supergroup, Beau Dommage

Capitol in Canada.  
 "What happens now is that if I sign somebody, I don't have to go and make a record with him and then try to get Capitol in the States interested in releasing him. As soon as they sign him, I'll have already gone through the work of doing demos with him, seeing, him and having the whole company behind him before we sign him.  
 "The thing that I've found that's worked really well was the liaison with the Hollywood man. Whereas before, the A&R division was sort of seen every now and again, now we're really part of the team. Relationships between A&R in Canada and the States have improved over 100 percent. Now, (U.S. Vice-President, A&R) Rupert

Perry and I are on the phone almost every day".  
 The Capitol A&R department consists of three people; White, staff assistant Dean Cameron and A&R coordinator Linda Spalding. A prospective signee would see White or Cameron. If they were impressed by him, "we sit you right down and make you an offer you can't refuse. Actually, we talk about what sort of a record deal you want and then pull in our esteemed lawyer Jonn MacLeod. If you don't have a lawyer we recommend you go out and get one. Then we might negotiate your contract.  
 "We also might like your demo and explain to you that we like you very much and think we can do something with you.

20 Then we do a more expensive demo of your material. We do that in quite a few cases'.

The A&R department deals with any aspects of the recordings in which he can



Colleen Peterson

be of use. This includes seeking out material for artists who don't write their own, offering advice on the selection of material to be recorded and helping to find the producer, when the artist doesn't have one or when he wants to make a change. This is one of the things which can be accomplished by making the demos: "I like to call it mix and match. One of the reasons we like doing demos is to put two people together who haven't worked together before, people you think will be good together. You put them together in the studio and do the demo to see if the magic happens. A lot of our time is spent trying to help the artist piece it together with a producer. You've got to really keep tuned in to what producers are hot in the industry right now".

The other major function of the A&R department is the decision on the release of material. White, in 20 years with Capitol, has a track record of deciding to go ahead and release top hits, even when the U.S. company didn't. "A major part of the A&R function here is to listen to material from all of the EMI companies. We have our own theories up here for releases. I still release stuff from all around the world the States don't pick up, such as a group from Holland we've got called Pussycat, that have done extremely well for us.



Suzanne Stevens



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Bob Seger

They've just now been picked up by the States.

"Back in the 60's, I was releasing quite a few that my counterpart in the States was turning down". The list includes names such as The Beatles, The Hollies, The Animals, The Dave Clark Five, Herman's Hermits and Gerry & The Pacemakers.

"I was actually releasing the Beatles' songs from the first record, Love Me Do



Gene MacLellan

and Capitol in the U.S. were turning them down. Capitol didn't pick them up in the States until I Wanna Hold Your Hand. Vee Jay Records had them in the States after Capitol turned them down".

White is optimistic about the Capitol Canadian artists' roster, which now consists of 11 acts. In terms of the future, he notes: "I think we're probably going to sign what we hope will be three major acts in the coming year in Canada. We're going to try to break one act big in the world and sign at least three with that potential. We're going to work on most of the ones we have on the label - I think we can say that everyone will get their shot; I just think that in the next year we're going to find that one or two of them are standouts and we'll try to give them support to really push them right over the top".

## Glen Lane - an entire personnel department

Capitol Records, who currently employ around 460 people, take their personnel situation very seriously; so much so, that they employ a full department of five, and run the entire Canadian personnel operation.

At the head of the department is R. Glen Lane, Vice-President, Personnel and Administration, who came to Capitol a number of years ago basically to become involved

in management development: "This is what I did for the first three or four years with Capitol. We embarked on a very extensive program of management development. It's kind of died off now, because we don't have that much to do, but we will probably have to get back into it.

"We worked really hard with that group to develop a good solid core of managers and department heads, all striving to the same end."

The personnel department is involved in training, salary administration, benefits, counselling, supervision assistance, and recruiting. The opening of the new plant brought about a major resurgence of recruiting, adding about 100 new employees to the Capitol payroll.

Lane emphasizes the importance of recruiting the right people for the Capitol team effort: "I think it's very important that we find people who will fit in with the particular environment that we are attempting to foster. For example, our company tends not to be as traditional as most companies. We tend to take a little more relaxed and freer attitude - we're all on a first name basis. We allow our employees, to as large an extent as possible, to express their thoughts and opinions. We don't just say we have an open door policy, we really in fact do have an open door policy. We expect a lot from our employees. We seek an employee who wants to work hard, but also who can appreciate this kind of environment.

"Particularly with our supervisors and managers, we seek somebody who will be able to work within our philosophy of dealing with people. Our whole philosophy has been a candid sort of approach to operating,

but at the same time, a very businesslike approach. We find this kind of approach makes it much more pleasant to work here.

"And people do enjoy working here. We have a lot of people who come here from other companies, and before too long are commenting on how it's just so much nicer working here.

"We expect a lot from our people, perhaps more than from other companies, but on the other hand, we provide an open atmosphere, an open environment where they can really feel comfortable working with this challenge to get the job done."

## Outlook on the future

"I think that probably our main thrust in the next couple of years will be training in supervisory and middle management levels, because we have a lot of new supervisors in the plant and elsewhere. The plant has provided another growth area for employees in which to move up. We've had some employees in other areas who have been a little bit frustrated because they didn't have a place to go. They wanted to stay with the company. The pressing plant came along and provided them with an opportunity. So we've had about a dozen employees moving up to another level by going into the pressing plant. Eventually the flow will work both ways."

Lane predicts future growth in the number of total staff at Capitol, particularly in retail as the number of outlets is increased: "We always have our eyes open for other opportunities, and as the opportunities come up, the number of employees goes up. The number of employees has never gone down."



The plant

The Capitol Manufacturing Plant  
- Canada's newest, most modern pressing facility



Presses at the new Capitol plant



The manufacturing plant in operation

Capitol Records/EMI of Canada has slated June 15 as the official opening date for its new record manufacturing facility. The plant is the newest and most modern in Canada, and a new big brother for Capitol's tape manufacturing plant under the same roof.

Particular care has been taken in developing the matrix department and in training the 100-plus new employees who are working in the plant.

The record presses are fully automated and the matrix department is as automated as current technology will allow. Strict quality control planning and careful planning and staffing of the entire operation are being combined to ensure high quality finished product.

Capitol president Arnold Gosewich discusses the new plant with RPM:

"The decision comes from the Board of Directors of Capitol Industries, who approved the financial investment. The idea simply stemmed as an outgrowth from here of the reality of our growth. We had reached the level where we could rationalize having our own manufacturing plant in the context of our own production requirements. The other reality at the time came from an outgrowth of realizing that as a record company, the more control we had over the various segments in the business that affected our destiny, the better off we were. So, the idea of it was simply developed from here, going back into 1973 or 1974. That's when we began evaluating whether or not it made sense for us to have our own record manufacturing plant, not only in terms of what our needs were then, but what we could project over the next ten years. Production requirements considered, it made sense.

"The company's management back in 1965 showed some foresight in this respect by buying sufficient land for the possibility that in the future we might have our own plant. That was a piece of empty land that was bought along with the land that this building sits on, back in 1965. The foresight, as it turned out, was very wise."

### Ready for grand opening

The manufacturing plant is located next to the national headquarters in Mississauga, Ontario. The plant complex includes the entire manufacturing facility, plus the tape plant, storage space and steam generator. The plant presently contains seven seven-inch record presses and 17 12-inch presses, of which ten have been in current operation, producing roughly 25,000 albums per day. There is space in the plant for another four seven-inch and five 12-inch presses. The addition to the company's facility involves 40,000 square feet, including warehouse space. One-third of the warehouse is being used to store plant inventory, including jackets, sleeves, stickers and all other parts not produced at the plant. Some additional jacket inventory is stored by the jacket manufacturer.

The man in charge of the plant is Capitol's Vice President of Manufacturing and Distribution, Hans Klopfer. The very first record production at the new plant occurred

June 7, 1976, on Klopfer's birthday. The first run was a single by Suzanne Stevens, titled *Knowing How, Knowing When*. At the time, the plant had only three presses installed. A limited edition of the first single was pressed with a special commemorative label reading "Born to A. Gosewich President of Capitol Canada, the first Canadian Capitol pressing plant, June 7, 1976. Produced with great care by a good mother." The special jacket is autographed by various people working at the plant.

## Technical problems . . . sorted out

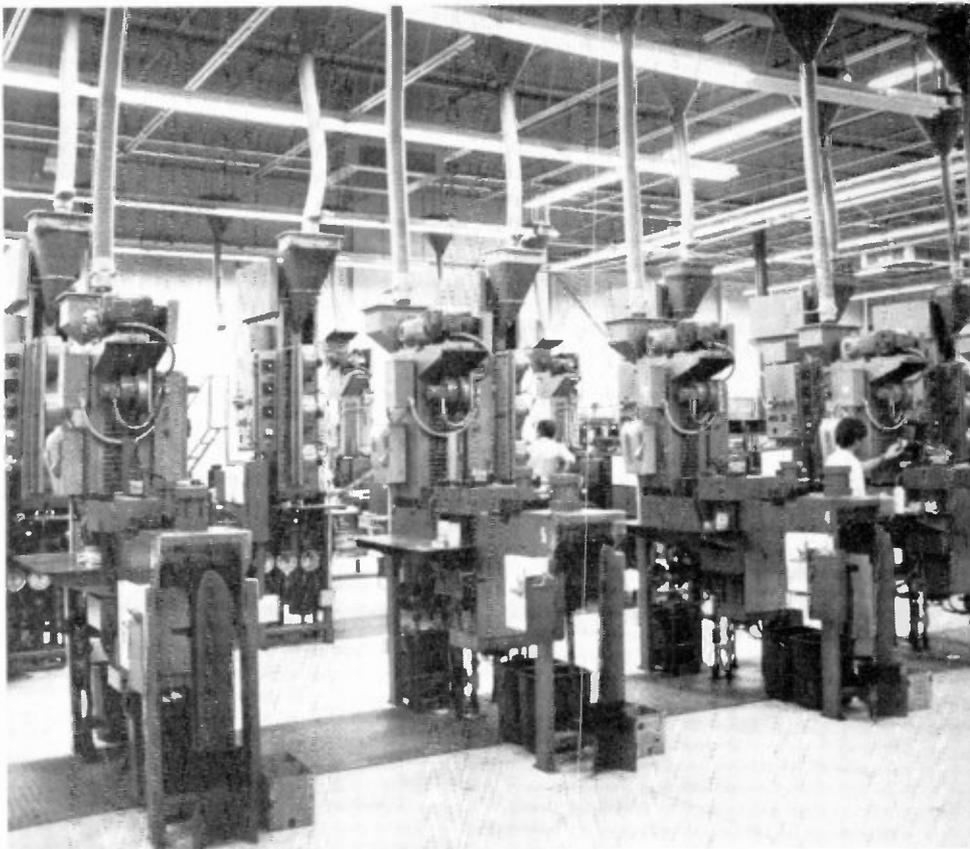
The official opening occurs slightly over a year after the first pressing. Klopfer explains: "We waited on our official opening until we could actually show what we intend to have here for the next four or five years. Presently we have seven seven-inch and 17 album presses, and that's all we intend to have for the next few years. The rest of the space is for future expansion."

"June 7 was really a one-shot deal. We have numerous things to complete in the matrix department, to get into proper press production and so on; and we had to feed our compound by hand. The automatic compound transport system didn't start until the end of August. So our singles went properly into production around August, and with albums, we started production in October. Since Christmas we've been using our own plant, except for recently when we had a lot of new releases at the same time, and I shipped out some work on a one-shot deal."

Klopfer came to Capitol in 1975, soon after the decision to build the plant was made. A veteran of 25 years in manufacturing, he was hired to assist in the planning, purchasing and installation of the plant, and to put it into production.

A major portion of Klopfer's responsibility lies in co-ordinating the supply of product with the demand from the Canadian market. This co-ordination involves such factors as seasonal changes in general buying trends, heavy shipment on popular new releases, slack periods and custom orders for product from other record companies and distributors. The plant must calculate the need for product and determine the number of presses to be in operation, the number of shifts of employees, and which product takes priority. Product must be manufactured to pass the plant's own strict quality control systems with a minimum of rejects, in order to keep to production standards and within reasonable budgetary limits.

Klopfer is very pleased with the way the plant has come around, both in terms of its operational efficiency and the quality of product produced: "We are producing quite well. We had a few technical problems which we finally sorted out, related to the dies in our presses. They're brand new dies, not a proven-in sort of a job. But we're now operating about 10 to 12 12" presses and they can produce a hell of a lot more records than we can sell so by the time we get all 17 going, we'll be in great shape".



Capitol's new presses being readied for production



The manufacturing plant in operation

"I would say that we have the newest and most modern pressing plant in existence today. In every industry, one always learns from history. Whatever has been done wrong in putting in a plant was corrected here before we even installed it. We are very proud that we are already enjoying a reputation of running an excellent matrix department, right from the beginning. You can't make a good sounding record without having a good matrix department. That is where the whole industry starts."

### How to make a record - the right way

Ideally, when a recording artist finishes a record in a studio, and the producer

mixes it down, the two-inch master tape captures almost perfectly the sound of the session. After the tape is transferred to a lacquer master disc, it becomes the job of the pressing plant to convert that sound to a mass-produced medium while retaining the sound of the session:

"The idea is to move the product through the stages without losing anything in the sound", explains Klopfer, "If you're treating your parts wrong - if you overpolish them, for instance - you can, in fact, remove some of the highs or lows. It has to be done very gently and under full control; otherwise, you can lose some sound in the process.

"People who are concerned about record producing - and we most definitely are -

make the best possible effort not to lose any of the sound. What we are talking about is what the ears can hear. For the average person, you really have to remove a lot of sound before you don't hear it anymore. As well - you need quite good equipment to hear everything on the record. Since the bulk of the hardware in the field is not even capable of re-producing everything on the record, the sound removed by companies between the master tape and the record stages is not always obvious. It only becomes obvious to people with fine equipment and people in the profession, like lacquer cutters. We get lacquer cutters who want test pressings of certain records. They go and compare them with what they have on the tape, and tell us what we lost. We worked very closely, for instance, with the people at Nimbus 9 and JAMF on this, and they are very pleased with our end results."

Capitol has done all of Nimbus 9/JAMF's direct-to-disc metal masters since the first effort which was recorded before the plant opened. Another session for direct recording is slated for June. The plant currently produces the masters only, and the intent is to meet the requirements to handle full manufacturing for Nimbus 9, a very particular record company.

"The lacquer mastering is the last step in the recording process where you can make any changes in the highs and lows - the sounds of the record. When it comes out of there, you can't improve it any further, you can only mess it up.

"A lot of people are not aware of this: When you go into longer playing albums, 25 minutes or more, they can't be cut at the same level. To get even the same loudness, you have to turn the player up, compared to other recordings, so it might get cut pretty flat. Otherwise, you might get skippers, because you have to cut the grooves so shallow that they skip. And since those records, to a large extent, are also bought by people who haven't got the best set of reproduction equipment, it is very important that the grooves are pretty solid so that they don't skip. You're really asking for trouble when you put 30 minutes of music on one side.

"Classical recordings are often similar to that sort of thing. Because of the amount of music on them, they are cut at a lower level. By turning up the sound volume on your reproduction equipment, you now amplify your surface noise and so on. Every slight imperfection is highlighted. That's why it is difficult to produce classical records.

"If you take a rock album, on the other hand, it is usually cut at a pretty high level, to bring out the best of it. Also, it's loud to start with, which hides naturally a lot of slight imperfections which might be on the record."

In order to capture the microscopic dips and bumps in the lacquer which carry the sound, to make records from it, it is necessary to produce a negative of the lacquer, a negative strong enough to survive the constant pounding of a record press without destroying itself.

This negative is made by spraying the lacquer with silver, and then bathing it in a

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nickel solution under electric current. The nickel plates itself to the silver, strengthening itself. The negative is called a nickel master.

Since there is always the danger of damaging a part, two more steps of negatives are taken, using much the same method. The negative taken from the negative is called a metal mother. Since the mother has positive grooves, it cannot be used to stamp records. The final part, or matrix, used to actually press the records, is the stamper.

The stampers are inserted in the press. The compound, the actual material from which the record is made, is inserted into the press and melted. The press stamps the records with an exact set of grooves, and attaches the label at the same time. Excess compound is shaved off, and the record is water-cooled as it comes out of the press.

Each of the various steps in the manufacturing process can have an adverse effect on the final product, if great care is not taken. The lacquer itself is a very delicate substance. Lacquer is actually a very slow moving oily liquid. If it is not properly aged, oil spots can result on the surface and partially obscure the grooves. Furthermore, if the lacquer is not processed quickly, it can run and fill in its own grooves. Lacquer masters cannot be stored; they must be processed on the day they're cut, and preferably within the half-hour:

"If you're careful," notes Klopfer, "you can process it again on the same day and get another master off it, or you can get a direct stamper from it. A master is the same as a stamper, it has negative grooves. So you just run it a bit lighter and it's a stamper. By using the part directly off the lacquer to actually make the records, you should theoretically get a better sounding record, because you're eliminating a few generations.

"We do that quite often with a seven-inch record, but it has to be 100 percent checked, since there is no mother to visually and spot check. On a 12-inch, it's not very wise to do that, because it would tie up our quality control staff for half an hour just to play one side."

The Capitol plant takes various precautions to ensure that the parts are well-produced: "If you don't treat your parts properly, when you're plating one metal part to another you can tear a groove. We are using an electro-cleaning passivating system to treat our parts. It uses a very slight touch of reverse plating to remove the silver from the master before we plate the mother to it. It's a beautiful process. It's very difficult to set up, even though it looks very simple. A lot of people try to copy it and run into problems, so they continue to use the old system, taking the masters from bath to bath in what is called passivating. You have to do that to separate the parts from each other. Otherwise, you'd end up with a solid piece of nickel with the grooves plated together.

Some companies plate in a single huge tank, with the plating basket in the tank and the solutions underneath. Capitol puts each of the processes in a separate tank, with separate solutions which are pumped into the tanks individually: "We are very much aware of the necessity of

good filters. They are purchased by me. We are also using automatic silvering. We put the silver on with automatic equipment instead of hand-held equipment. This gives us a better uniformity of the spread of silver on the lacquer. Also, there are fewer mistakes. There is less training of people. We only need to train a person not to physically damage the lacquer. All he has to do is put it on the machine and push a button, and make sure that the three cleaning solutions are in there and that the pump is working.

"When you're making parts, you always get the edges overplated. We use rubber rings for that. We use sanding belts and vices to cut the parts, and we also sand the backs of the parts to a perfect smoothness to prevent flaws in the next process. We are also using air to separate the parts. We connect

an air outlet to the lacquer and it lifts the master from the lacquer, so we don't have to tear it."

Once the stampers have been made, they are taken to the presses and inserted. Then the compound is fed into the machine. The compound is a form of poly-vinyl chloride (PVC). It is also very carefully filtered from dust and other impurities that can ruin the quality of the record. Other factors, such as the weight of the record, also affect its quality:

"The policy of Capitol/EMI in the world is not to follow the trend in making a record at 105-6 grams. We feel it would create a problem of afterwarping, where improper storage or other problems cause the record to warp after it leaves the plant. We aim for 125 grams. They are varying, I would say, from 122 to 130."

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It isn't always the case that the heavier the record, the better: "Some dies are designed so that a heavy record can't press correctly - you haven't squeezed it enough to get a proper moulding. Our presses can mould perfectly a record of 150 grams. Our dies might have had weaknesses in construction, but it definitely moulds a good record.

"If you happen to have very fine vinyl, no grit in it, you can make a lot of records from one stamper. Impurities in the vinyl, such as dust, can produce a scratch. The dust comes through the vinyl. Under the pressure of 2,200 pounds per square inch, that little bit of grit may move over two grooves, causing two little ticks in the record. We call this a stock scratch, because it comes from the stock we're using to make the records.

"Let's assume you have very clean compound facilities, which we're all aiming for. Then, you're stamper has to be made to the right hardness - too hard and it becomes brittle and breaks - too soft and it will not stand up under the pressure and breaks down too early. If everything is controlled right, there's no reason a stamper can't make 10,000 records. But the average life of a stamper is about 1,000 records."

Despite all the precautions taken by the plant to ensure a good product is manufactured, even more precautions must be taken to ensure that if any bad product is produced, it does not reach the consumer. Capitol has a very strict quality control system that checks both the parts and the final product: "We have quality control in

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every department. We use what we call in-process quality control. In other words, you keep on checking your product in all stages of manufacturing, not only the finished goods."

The first stage at which the manufacturing process can be checked is the mother. Since it has positive grooves, it can be played on a turntable and visually examined. Capitol checks 100 percent of the mothers. They are visually inspected for flaws such as broken grooves, scratches and bubbles. Then they are played between the songs, at the beginning and end, where general surface noise is best heard, and checked for excessive noise, pops, and other indications that the plating process might be amiss.

The first record of each run is played completely - after which one record in each one hundred is played, with the presumption that if the 100th record off the stamper is still of good quality, the stamper is good, and therefore the first 99 records in the same pile are also good. If a defective record is found, indicating worn or broken grooves in the stamper or a general breakdown, the pile is sifted through backwards until the last good records are found, and all production following is rejected. All played records are also scrapped in order to ensure that only unused, unscratched product will reach the consumer.

Another quality control procedure is the checking of the centre. Capitol is the only manufacturer in Canada to centre the records after pressing. A record being tested is spun on a turntable and the centering groove is measured by a scope for variance. Records off centre by more than the minimal acceptable leeway are immediately rejected and the press centred.

The number of records that can be made from a lacquer is multiplied by the fact that, with careful control, multiple parts can be made from each preceding step. Up to four mothers can be made from each master, although each must be carefully inspected. Mothers making multiple stampers are retested after each fourth stamper, in order to be sure that they haven't broken down. According to Klopfer, at least 90 percent of audible defects can be seen by visual inspection. This check is doubled in the 100 percent checking of every 100th record.

### Capitol's pressings - compare with the best

Klopfer is particularly happy with the end results: "We feel that our pressings, as far as sound quality goes, are the best in Canada, and they definitely compare with what Capitol produces in the States. As a new plant, we have new people, and occasionally they lack the experience to see every tiny manufacturing problem. So there's a chance that something which is not directly related to the sound quality of the record, but something like a tiny scratch that someone should have picked up, gets put on after the record has been made. We have a double check, and a quality assurance system, where we visually inspect two out of every 25. But there's still a chance that one will go through with a slight visual

defect. You might get a lesser quantity of those small faults going out in the field from more experienced plants. But I think in general we do very well, and we've had very few complaints."

Klopfer feels that the experience level in the actual pressing end of the operation, still lagging slightly behind eventual goals, is coming along very well, and should be up to top standards in less than a year. Rejects, still slightly above the seven percent goal level, are lowering nicely, and as the right staff are assembled and gain experience, Klopfer expects that goal to be met soon: "Presently we are producing test pressings on some of our Angel catalogue (classical), to compare it in quality with what we are purchasing from outside of Canada. We are absolutely convinced that we can beat that quality, or at least make

records at a par with it.

"Manufacturing, especially in the record industry where we're dealing with very short turnaround on product, is a very challenging business. On some selections, it can be anticipated what we'll be selling. On others, they all of a sudden become hits. The manufacturing facility has to be geared up to cope with this.

"Naturally, we go through highs and lows - the fall period is most definitely the peak in the industry. In the slack periods, the challenge is still there - to work on aspects like producing a better quality record and producing more efficiently. There's always a lot of work to be done.

"It is definitely a challenge every day, and everybody who has lived with the record industry for a while becomes addicted to it."

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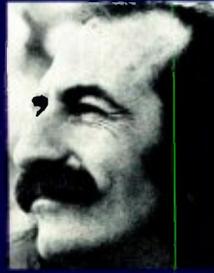
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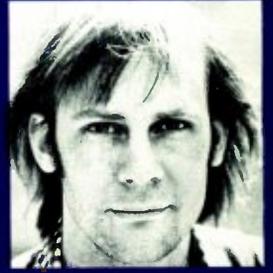
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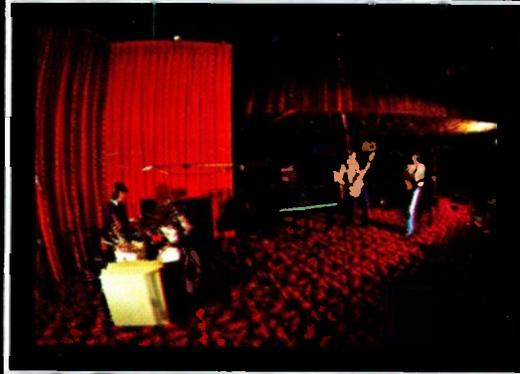


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