

Equity vs. endorsement: *the ten-year math.*

The comparison every manager, business manager and entertainment attorney builds the first time a client is offered ownership instead of a fee. Illustrative composites of publicly reported transactions — not a projection or an offer.

	ENDORSEMENT DEAL	FOUNDER-EQUITY VENTURE
Year one	Fee, typically \$500K–\$2M for a strong name	Little or no cash; founder equity issued; first revenue late in year one
Cash certainty	High — contractual	Low early; distributions only when the company generates them
Year three	Contract expired; renewal at the brand's option	Operating company; the reported benchmark at this age is Rhode's ~\$1B sale to e.l.f.
Year ten	\$0 residual — the campaign belongs to someone else's brand	Equity that compounded, sold, or failed: an asset with a real distribution of outcomes
Tax character	Ordinary income, one tax year	Largely capital in nature at exit (counsel's structuring and jurisdiction control)
Estate value	None	Transferable ownership — income vs. legacy
Downside	Opportunity cost only	Time in a venture that may not reach scale — why structure and reversibility outrank headline percentages
Demanded of the artist	Shoot days and usage rights	Real involvement: product approval, creative direction, visible authentic use

The reported precedents. Fenty Beauty — reported near-50/50 JV with LVMH. Rare Beauty — majority founder-owned. Rhode — founder-controlled at its reported ~\$1B sale to e.l.f. Kylie Cosmetics — 51% sold to Coty for a reported \$600M. A typical endorsement leaves nothing behind.

The four levers an adviser can actually move

1. **Initial position** — founder equity issued at signing, not earned from zero; size negotiated per venture.
2. **Vesting triggers** — tied to activations the artist has already agreed to do, never to vague "commercial success"; non-participation, not disappointment, is the only clawback.
3. **Downside floor** — a recoupable guaranteed minimum, a royalty-first structure converting to equity, or a reversible paid capsule pilot that generates sell-through data before any permanent cap table.
4. **Exit rights** — vested economics survive disengagement; the name-and-likeness licence is drafted to survive an orderly exit rather than travel with the company by default.

The six questions that qualify any platform

1. **Who funds it?** The artist should never be the capital source.
2. **Who owns the trademark, the formulations and the customer data?** The venture — cleanly separated from the artist's personal marks.
3. **What exactly makes equity vest?** Defined activations, in writing.
4. **What happens on disengagement?** Vested stays, unvested stops, ordinary change of heart is not breach.
5. **Who carries product quality and compliance?** Tier-one manufacturing, named under NDA.
6. **Who approves use of the artist's name and likeness?** The artist — every time.

What StarPower is. A celebrity brand platform on an operating LatAm beauty business with direct tier-one Korean manufacturing access. We hold equity beside the artist and earn the same way they do — from distributions and company value, never from a fee against the artist's income. Founded 2023; part of Atypical Beauty Group.

The pathway

1. Read the diligence pages: **/for-managers-agents · /for-business-managers · /for-entertainment-attorneys** · the public **/deal-memo**.
2. Request a confidential preliminary brief at **/private-brief** — no client name required.
3. Under NDA: named manufacturers, the economic model, and a written brief specific to your client.

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