



THE FILM ENTREPRENEUR:

A Newsletter for Independent Filmmakers and Investors



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PITCHING: KEEP IT CLEAR AND SIMPLE

“Common Sense Ain’t So Common” — Will Rogers

As the film festival season has started and the American Film Market is looming in November, it is a good time to review some of the “rules” for pitching. Knowing how to attend and network at film markets is critical. There is no magic formula to master for meeting and greeting, no secret handshakes or passwords. (Just get out there and shake hands!) When you attend a market, remember that a distributor’s goal in being there is not to meet you; it is to sell product. Here are guidelines for you to follow:

- *Be prepared:* Bring your current promotional materials and bone up on who is who before you go. Let your fingers do some walking through the trades; read up on the latest news about the people and companies who will be at the fest (more on this below). Note: Leave your 30-plus business plan at home. You can email it later.
- *Be aware:* Distribution companies usually focus on certain types of films, whether by budget or genre or both. Add to the knowledge you gained by researching the trades by looking at their posters and at the items listed in their market catalogs. Focus on finding the companies whose inventory matches your film(s).
- *Be inquisitive:* Ask questions of everyone you meet — in an office, in the lobby, at conferences and panels, etc. — to learn what you can about the people you will be approaching. Do your best to filter useful information from rumors (more on this below).
- *Be considerate:* In introducing yourself to distributors with whom you do not have an appointment, pick “off” times when they’re not so busy. Very early in the day and at the end of the day are best. When you enter a distributor’s display room, notice if buyers are there. If they are, leave and return later.

- *Be succinct:* Keep the discussion short and sweet. Your objective is to get a more formal meeting at a later time. You want your “target” to feel relaxed and be attentive. Try for a meeting at the distributor’s office or a longer conversation via phone or Skype.
- *Be dubious:* While you’re meeting people and hearing what they have to say, remember that lots of people are milling around screenings, hotel lobbies, and expo halls pretending to be something they are not. It may be a big rush for someone to tell you that they were the “real” investor behind *War Room* or *Insidious 1-3* (when they had nothing to do with it) and are interested in financing your film for \$2 million (when they have no money). If what they say sounds too good to be true...it might be because it’s not true. Listen carefully and politely, take cards, and then check around to verify the facts afterward.

I have found in working with clients and students over the years that, when it comes to pitching, Will Rogers is still right. The desire to raise the money or find a distributor for your finished film may chase all rational thinking out the door. Rules are good, but paying attention is even more important.

1. Give a simple answer to a simple question. For example, if you are asked the total budget number, just say it.
2. What not to say is almost as important as what to say. Don’t be the first to bring up negative news reports. On the other hand, be ready with a response to items that you know have been in the news.
3. Sometimes no is not an opportunity, but a definite statement. Thank the person for their time and leave. That way, you have a better chance of getting a meeting with your next project.
4. “The right word may be effective, but no word was ever as effective as a rightly timed pause” — Mark Twain

(The above is excerpted from *Filmmakers and Financing*, Edition7)

I also recommend going to the Producer Resources section of the AFM website for more tips from professionals on working the market at <http://americanfilmmarket.com/producer-resources/>.

A few of the articles currently online are:

“13 Frequently-Used Phrases That Make You Sound Like a Hollywood Rookie”

“20 Things You Should Never Do in a Pitch Meeting”

“10 Tips for Pitching Your Film Successfully” 

RELATIVITY UPDATE: STILL MORE QUESTIONS THAN ANSWERS

As *TFE* goes to press, we are covering what we know through early September about the Relativity meltdown. There are very few sure things, aside for the fact that there will be an auction, currently set for Oct. 1st, although Relativity has asked for more time. Two films — *Jane Got a Gun* and *The Bronze* — were let go by Relativity before the bankruptcy; The Weinstein Co. and Sony Pictures Classics, respectively, picked up the titles. Eran Creevy's *Collide* (previously known as *Autobahn*) was thought to have reverted to the producers, who were looking for a new distributor. IM Global had been actively shopping the movie, but in early September indicated the film's legal status might be in question by filing with the U.S. Bankruptcy Court Judge to free the film before the auction.

While it appeared earlier that Relativity's television division — although technically part of the bankruptcy filing — was “safe” from the type of fighting going on over the film assets; however, Viacom filed a motion with the court about “procedures” relating to the TV assets. Relativity Sports, Relativity EuropaCorp Distribution (RED) and Relativity Education were not included in the bankruptcy filing. Of interest is that while EuropaCorp served a notice of default against Relativity for its financing (and co-production) of previously released films, RED still will not be hurt. Its joint venture with Relativity was set up in a way so that each company would distribute their films separately, with each covering costs for its slates.

Since your editor is not an attorney, *TFE* is not going to analyze the many filings about “who's on first,” i.e., which companies with claims on recovering expenses get paid first out of a sale. Or Relativity's claim that the original filing that put the company into Chapter 11 was “fraudulent.” Or whether Ryan Kavanaugh has any hope of releasing some of the company's prominent films, such as *Masterminds*, *Kidnap*, *Before I Wake* (originally titled *Somnia*), *Disappointments Room* and the reboot of *The Crow*. We are reporting what we glean from the online trades, primarily *The Hollywood Reporter*, *Variety* and *Deadline*. Hopefully, all will be resolved by the time we release *TFE*'s September issue. Stay tuned!

GOLDEN RULES FOR THE GOLDEN GLOBES

The Hollywood Foreign Press Association has 14 film categories and 11 television categories for its annual Golden Globes awards. The group has announced that changes in the entertainment industry have created a need for more specific definitions in some rules; the majority of eligibility and other rules have not changed. Whether or not a given change actually clarifies the situation is up to the reader. They are:

- If a project is released simultaneously in theaters and on Netflix, it will be considered a motion picture, rather than a TV show.
- A TV series must have a minimum running time of 150 minutes, a rule that deletes the previous dictum of six episodes. This applies for both series and acting considerations.
- Lead actors in a series are defined as those who “drive the narrative of the program.”

- Producers will receive the Globes for Best Picture and Best TV Series, with the Producers Guild defining who's eligible. The HFPA has been following this practice, but it was never explicitly outlined in the rules.
- The exception to this is the Foreign Language award, which goes to the director.
- The rules delete any references to press conferences. The mention of these in earlier rules had confused some publicists, who mistakenly thought a press conference was a criterion for eligibility.
- Officially ineligible: voice-only performances and cameos in which an individual portrays him/herself. The former affects performers in animation and unusual roles like Scarlett Johansson's acclaimed off-screen performance in *Her*.

The majority of the HFPA's rules are ongoing and can be found at <http://www.hfpa.org/wp-content/uploads/2015/08/Golden-Globe-Award-Eligibility-Descriptions-2015-Revisions-Approved-by-members-7-7-15.pdf> 

UK TAX INCENTIVE

The British Film Commission updated its film incentives in March, but the rules were made official in August.

- Tax relief is available for British qualifying films. Films must either pass the Cultural Test or qualify as an official co-production (for specifics, the first page to visit is: <http://www.bfi.org.uk/film-industry/british-certification-tax-relief>)
- For films of all budget levels, the Film Production Company (FPC) can claim a payable cash rebate of up to 25% of UK qualifying film production expenditures.
- For films with a core expenditure of more than £20M (US\$30.9M currently) which completed principal photography before 1 April 2015, the FPC can claim a payable cash rebate of up to 25% on the first £20m of qualifying UK expenditure, with the remaining qualifying UK expenditure receiving a 20% tax rebate.
- Films must be intended for theatrical release, and they must reach a minimum UK spend requirement of 10%.
- There is no cap on the amount which can be claimed.
- A minimum of 10% of costs must be spent on UK qualifying production expenditures (i.e., pre-production, principal photography and post production which take place within the UK), irrespective of the nationality of the persons carrying out the activity.
- Television programs, animation, children's programs and video game productions can also qualify for tax relief, under separate rules on the BFI website (the starting point is still the certification page: <http://www.bfi.org.uk/film-industry/british-certification-tax-relief>). 

COMINGS AND GOINGS

Former Annapurna COO Paul Hanson is launching **Covert Media**, a new feature production, financing and distribution company based in Los Angeles. The company is backed by Media Content Capital (MCC). Hanson also formerly was COO for MCC-owned QED. Initially Covert will produce three to four films a year budgeted at \$10 to \$50 million each. Covert Media also will service and support the library and upcoming projects of QED. Among these are Barry Levinson's comedy *Rock The Kasbah* starring Bill Murray; Toronto selection *The Family Fang* directed by Jason Bateman, who co-stars with Nicole Kidman; two Richard Gere films — *Franny* and *Time Out Of Mind* (September release) and the thriller *Strange But True* with Imogen Poots, Bill Paxton and Melissa Leo.

Forrest Lucas, the founder and owner of Lucas Oil Products, cable network MAVTV, Lucas Cattle Company and the naming rights to the Lucas Oil Stadium (where the NFL's Indianapolis Colts play), has formed **ESX Entertainment** with Ali Afshar, the professional racecar driver, actor and producer. The company will develop, package, finance and produce a slate of high-end, star-driven commercial projects telling "inspiring and purpose-driven stories." Supported by a media fund backed by Lucas and under the stewardship of Afshar, the company plans to finance (including P&A) three to six film, television and digital projects of varying budgets a year. Afshar's pre-existing ESX Productions will fold into the company, with a feature film slate that includes the upcoming social issue drama *The Wrong Side of Right* and coming-of-age story *The Wizard* with Jon Voight, William Fichtner, Gabriel Basso and Afshar. The company also inherits Afshar's *Born to Race* franchise that includes the original *Born to Race* feature and the sequel *Born to Race: Fast Track*, as well as a *Born to Race* TV series currently in development.

Shanghai-based YooZoo Pictures and Bliss Media have formed **YooZoo Bliss Film Fund**, a \$100 million equity fund that will stake Chinese co-productions and films designed for global release. The fund's managing directors are Wei Han and Lin Qi. Wei is the Los Angeles-based co-founder and president of Bliss Media and CEO of YooZoo Pictures U.S., which recently made its first investment by acquiring the distribution rights to Mel Gibson's *Hacksaw Ridge*. Lin is the founder and chairman of Youzu Interactive, the only electronic gaming company publicly traded on the main board of the Shenzhen Stock Exchange.

Jordan Schur, the former Geffen Records president, Suretone Records founder and manager of acts including Fleetwood Mac, ZZ Top and Lonestar, is jumping squarely into the film business with his **Suretone Pictures** banner. Schur has set the venerable actor Vincent D'Onofrio to make his feature directorial debut on *The Kid*, a Western about Billy the Kid that D'Onofrio will star in with James Franco and Ethan Hawke; the film is set for domestic release with Lionsgate, while Red Granite International's Christian Mercuri will sell overseas territories. Schur also funded development of Joe Carnahan's *Five Against a Bullet*, and is financing production of both films as well, using his own money and some raised from silent partners. Schur announced he has several other projects in development and focusing on slate building. He previously was partnered with David Mimran in MimranSchur. 

NUMBERS! NUMBERS! NUMBERS!
LOW-BUDGET INDEPENDENT FILMS (\$9.0 M and under)

FILM	DISTRIBUTOR	REVENUE	COST
		thous. \$	thous. \$
<i>Amy</i> *	A24	7,848	3,000
<i>Beyond the Lights</i>	Relativity Media	14,620	7,000
<i>Black or White</i>	Relativity Media	21,571	9,000
<i>Dope</i> * (1)	Open Road	16,471	700
<i>DUFF, The</i>	Lionsgate Films	34,030	8,500
<i>Gallows, The</i> * (2)	New Line	22,651	100
<i>Gift, The</i> *	STX Entertainment	36,127	5,000
<i>It Follows</i>	RADiUS-TWC	14,674	1,000
<i>Lazarus Effect, The</i>	Relativity Media	25,801	5,000
<i>Lunchbox, The</i>	Sony Pictures Classics	4,235	1,500
<i>Me, Earl and the Dying Girl</i> *	20 th Century Fox	6,744	8,000
<i>Nightcrawler</i>	Open Road Films	32,381	8,000
<i>No Escape</i> *	Lionsgate	10,861	5,000
<i>Oculus</i>	Relativity Media	27,695	5,000
<i>Sinister 2</i> *	Gramercy	18,969	9,000
<i>Tangerine</i> *	Goldwyn	635	100
<i>Unfriended</i>	Universal	32,482	1,000
<i>War Room</i> *	Sony Pictures Releasing	12,316	3,000
<i>We Are Your Friends</i> *	Warner Bros.	1,971	2,000

*Still in North American distribution as of August 31, 2015. Revenues are from boxoffice.com and boxofficemojo.com. Negative costs (production prior to prints and ads) are approximate, based either on industry estimates, published interviews with filmmakers or personal conversations with filmmakers.

(1) Revised budget. Press had picked up the \$7M paid by Open Road for the right to distribute as the budget. (2) May not include post production costs by New Line

MORE NUMBERS! NUMBERS! NUMBERS!
HIGH-BUDGET INDEPENDENT FILMS (Over \$9.0M)

FILM	DISTRIBUTOR	REV.	COST
		thous. \$	thous.
<i>Age of Adaline, The</i>	Lionsgate	42,630	25,000
<i>American Ultra*</i>	Lionsgate	10,870	12,000
<i>Bajrangi Bhaijaan*</i>	Eros	7,959	12,800
<i>Birdman</i>	Fox Searchlight	42,273	18,000
<i>Chappie</i>	Sony/Columbia	31,569	50,000
<i>Danny Collins</i>	Bleeker Street	5,637	10,000
<i>Divergent Series, The: Insurgent</i>	Lionsgate/Summit	130,179	110,000
<i>Ex Machina*</i>	A24	25,441	15,000
<i>Home*</i>	20 th Century Fox	177,346	135,000
<i>Insidious: Chapter 3</i>	Gramercy Pictures	52,219	10,000
<i>Irrational Man*</i>	Sony Pictures Classics	3,716	11,000
<i>Little Boy</i>	Open Road Films	6,469	20,000
<i>Mad Max: Fury Road*</i>	Warner Bros.	153,020	150,000
<i>Second Best Marigold Hotel, The</i>	Fox Searchlight	33,078	10,000
<i>Self/less*</i>	Focus Features	12,280	26,000
<i>Southpaw*</i>	The Weinstein Co.	49,603	30,000
<i>Taken 3</i>	20 th Century Fox	89,256	48,000
<i>While We're Young</i>	A24	7,574	10,000
<i>Woman in Black 2, The: Angel of Death</i>	Relativity Media	26,501	15,000
<i>Woman in Gold</i>	The Weinstein Co.	33,308	11,000

*Same reference as Low-Budget Table

LARGE FORMAT FILMS

FILM	DISTRIBUTION	REV.	COST
		thous. \$	thous. \$
<i>Air Racers 3D</i>	3D Entertainment	1,310	5,000
<i>Apollo 13: The Imax Experience</i>	IMAX	1,737	n/a
<i>Born To Be Wild 3D*</i>	Warner Bros./IMAX	24,321	n/a
<i>Bugs!</i>	SK Films, Inc.	18,114	9,000
<i>Deep Sea 3D</i>	Warner Bros.	46,097	1,000
<i>Galapagos: The Enchanted Voyage*</i>	IMAX	18,352	7,000
<i>Ghosts of the Abyss</i>	Buena Vista	17,041	13,000
<i>Haunted Castle</i>	nWave	13,652	n/a
<i>Hubble 3D*</i>	Warner Bros.	50,029	n/a
<i>Island of Lemurs: Madagascar*</i>	Warner Bros.	10,287	n/a
<i>James Cameron's Deepsea Challenge*</i>	DisruptiveLA	236	n/a
<i>Jerusalem 3D</i>	National Geographic	7,880	n/a
<i>Journey to the South Pacific*</i>	IMAX/MacGillivray	6,973	n/a
<i>Magnificent Desolation</i>	IMAX	34,109	3,000
<i>NASCAR 3D</i>	Warner Bros./IMAX	21,337	10,000
<i>Ocean Wonderland 3D</i>	3D Entertainment	11,035	3,000
<i>Roving Mars</i>	Buena Vista	10,408	1,000
<i>Sea Monsters 3D: A Prehistoric</i>	National Geographic	23,746	n/a
<i>Sea Rex: Journey to a Prehistoric</i>	3D Entertainment	6,097	n/a
<i>Space Station 3D</i>	IMAX	92,165	1,000
<i>Thrill Ride</i>	Sony Classics	18,795	9,000
<i>To the Arctic 3D*</i>	Warner Bros.	14,375	n/a
<i>T-Rex: Back to the Cretaceous</i>	IMAX	53,347	14,500
<i>U2 3D</i>	National Geographic	10,362	13,000
<i>Under the Sea 3D*</i>	Warner Bros.	34,707	n/a
<i>Wildest Dream: Conquest of Everest</i>	National Geographic	898	n/a
<i>Wild Parrots of Telegraph Hill</i>	Shadow	3,058	n/a
<i>Wild Safari 3D</i>	nWave	16,621	4,500

* Same references as Low-Budget table 

NEED MONEY FOR A MOVIE? DON'T GO IN EMPTY-HANDED. HAVE A BUSINESS PLAN.

The benefit of using a reliable business plan to raise financing for a film is that it allows the investors and the filmmaker to gauge the potential success of a film. A polished business plan with projections based on the worldwide results of other films and with clear explanations about the industry, markets and production personnel attached to the film is far more effective than an incomplete document that leaves prospective investors wanting more information. Contact Louise Levison at louisel@earthlink.net to find out how you can put her 27 years of experience as a Film Business Consultant to work creating a business plan for your film.

Levison, the President of Business Strategies, is a highly respected financial consultant in the entertainment industry, specializing in creation of film business plans. Her clients have raised money for low-budget films including *The Blair Witch Project*, the most profitable independent film in history, and for companies raising as much as \$300 million. She is the author of *Filmmakers & Financing: Business Plans for Independents*, currently in its revised and expanded seventh edition (Focal Press, 2013). The sixth edition of the book continues to be available in Mandarin from www.hindabook.com in Beijing, China. Levison also is editor of the online newsletter *The Film Entrepreneur: A Newsletter for the Independent Filmmaker and Investor*. Among other clients' projects are Kahlil Gibran's *The Prophet, Unlimited* (Nathan Frankowski), *The Redemption of Henry Miller, Emoticon ;*), *Moving Midway, Redemption Road, Haunted* (2012), *The First of May, The Open Road, Aluna, Yak: The Giant King, Visual Acoustics: The Modernism of Julius Shulman, My Father and the Man in Black* and *Michael Winslow Live*. Among her corporate clients are Danny Glover's Louverture Films (2008 nominee for Best Documentary Academy Award *Trouble the Water*), The Pamplin Film Company (*Hoover*), Hurricane Film Partners, LLC and Tokuma International Ltd (*Shall We Dance, Princess Mononoke*). Levison is an Instructor in the Extension Program at UCLA. She also has been a Visiting Professor at the Taipei (Taiwan) National University of the Arts, Chapman University (Orange County, CA) and the University of Montana (Missoula). Levison has presented seminars and/or been on panels at festivals and markets around the world. (Additional information is available at <http://www.moviemoney.com>).

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