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MOVIE MAKING: THE INTEGRATION OF ART AND BUSINESS

By

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Professional Paper

presented in partial fulfillment of the requirements

for the degree of

Master of Arts

in Fine Arts, Option in Integrated Arts and Education

The University of Montana

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Movie Making: The Integration of Arts and Business

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I am enrolled in two very different master programs: The Creative Pulse and Media Arts. Some questioned the load of working toward both graduate degrees simultaneously. Fortunately the programs married each other well and one aided the other. Skills adopted in both were critical to the project foot printed in this paper.

Both degrees had a focus in art but The Creative Pulse combined interpersonal and intrapersonal intelligences with leadership taught in groups that changed the way I processed information. We were challenged to use risk and rigor in all endeavors. This was not a suggestion but mandatory. Intense group work was a requirement in this program and the aforementioned skills could only be integrated by participation. I watched lessons unfold in the group work sometimes mere hours after the dispensation of information. I spent concentrated time actively working as a member of a group and assigned to deep reflection upon what behavior worked and didn't work to the success of these said groups.

In Media Arts I learned filmmaking: writing, production, directing and editing—all critical skills to good story telling. It happened that movie making was a highly collaborative process and a well run movie set required immense group work. How well a group meshed could be the determining factor whether a production was successful or not. On a daily basis I used leadership skills taught in The Creative Pulse and applied them in Media Arts. Although this final creative project was based on ideas developed in Media Arts, bar none, it was the group skills honed in The Creative Pulse that held the project together and the dedication to risk and rigor that kept me personally going.

Have you wondered what a producer does or had thoughts of writing your own short film? This paper documents my journey in movie making and my development as a producer (a leader). It documents time in both degrees and storyboards the process of my final project; Movie Making: The Integration of Art and Business.

PREFACE

The Truth

In the spring of 2006, I applied for entrance into The University of Montana's Master of Fine Arts program in Media Arts. I was politely rejected and told in a private meeting that "you are not creative enough and too business minded. You should go back to business." I wasn't opposed to getting a Masters in Business, but I did not see how an MBA would bring me any closer to my goal of becoming an artist. I felt I had wasted my creative talents getting a B.S. in Business. I wanted a Masters in Art. As a back up plan, I had also applied to the School of Fine Arts, Master of Arts program, The Creative Pulse. I was accepted and began in the summer of 2006. In that first week of classes Dr. James Kriley handed out an excerpt that forever changed my life. It was from the book *The Scottish Himalaya Expedition* by William H. Murray:

Until one is committed, there is hesitancy, the chance to draw back, always ineffectiveness. Concerning all acts of initiative (and creation) there is one elementary truth, the ignorance of which kills countless ideas and splendid plans: that the moment one definitely commits oneself, then Providence moves too. All sorts of things occur to help one that would never otherwise have occurred. A whole stream of events issues from the decision, raising in one's favor all manner of unforeseen incidents and meetings and material assistance, which no man could have dreamed would have come his way. I have learned a deep respect for one of Goethe's couplets: "Whatever you can do, or dream you can, begin it. Boldness has genius, power, and magic in it." (Murray)

I began reflecting on this powerful excerpt—had my problems with business and not "feeling" like an artist been a commitment issue all along? Was lack of commitment the reason I had failed as a working actress? Were commitment issues why I had been enslaved to corporate employment? I made a choice to get committed and find out.

I believe that Providence did move for me and quickly. During my first summer in The Creative Pulse, the School of Media Arts (film school) reconsidered and asked me to join their graduate program. Since then I have produced four short films and worked on over fifteen others. Currently, I have been asked by an east coast company to develop a reality TV series and have hopeful prospects in Los Angeles. It hasn't always been easy. It takes energy to be committed and complete immersion to make a film. Along the way, I had to be reminded about commitment. If I ran on autopilot and forgot my commitments things seemed to slow down, become difficult and not go my way. During

my first semester of film school, Dr. Kriley re-issued the handout to me and I proceeded to make copies and stuff them everywhere. I tucked them in binders, hung them around the house and gave them to friends who thanked me later for showing it to them. This was all to remind me of the positive consequence of commitment.

There are two films that this paper is based upon: *Bridesmaid* and *The Man of Steele*. In the case of the short film *Bridesmaid*, produced for less than \$5,000, it was not one occurrence, but hundreds of occurrences of good luck and help that continued to enroll me in commitment. I found an experienced writing partner, an unoccupied million dollar mansion to shoot in, and funding. I also connected with a casting director. I had wanted to act in *Bridesmaid* and with her help I went against unanimous faculty advice and cast myself as the lead in *Bridesmaid*—a seemingly egotistical move but also a rather good business decision. The same good fortune has already begun for *The Man of Steele*, the film that the business plan in this paper is based upon. The minimum budget for this film must be at least \$3 million in accordance with the optioning agreement. Already people and resources have jumped on board but there is no magic fairy. *The Man of Steele* will require complete focus and good decision making to acquire financing.

Back to business—this project bridges my roles as artist and business person. I am a business-artist and commitment has been the catalyst in changing my perspectives. This adjustment has made it joyful to negotiate contracts and put the puzzle pieces of film making together. I have listened to countless artists complain about not being able to organize their business and art saying, “I am not business minded. I just want to do my art but I’m worried about money.” I can’t say that I never think of how I will financially survive, but integrating the arts and business has become one of my strongest allies. It helps me not worry about where the money will come from as much.

I would like to thank the faculty of the Creative Pulse for their commitment in always seeing the value of what others may consider a weakness. Although most students come to The Creative Pulse with undergrads in the arts, I never felt like an outsider coming with a business degree. That combined with practical life experience and a new vow to be committed to projects that I take on, has helped me to become an artist. Everything happens for a reason. Had I been accepted straight away into the Graduate School of Media Arts, I probably would not have signed on with “The Pulse”—a

program that has helped me become an artist. That is the truth. The Creative Pulse became my plan A.

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INTRODUCTION

Much of movie making or pre-production feels like what business people call a project and I was the project manager or what movie people call a producer. It comes naturally to me and I don't mind doing it. While attending film school, other directors took notice and starting asking me for a hand with their pre-production. They seemed to like the results and want to crew me in these more business minded positions instead of artistic ones. Had I come full circle just to be thrown back into the business of movie making?

I remembered being an actor and always being worried where the next paycheck would come from. I recalled countless conversations with fellow artists and how they too were concerned how they would fund their art. I started thinking maybe business wasn't so bad.

One day, I got off the phone from a negotiation to use a \$1.2 million location for *Bridesmaid* that my casting director's realtor had found. The casting director looked up and said, "Man you are good at that. You make it sound so easy!" I never prided myself for "giving good phone," but I had heard this before. I also do not want to infer that it was too simple. I spend time with the location owner letting him get to know me and trust me. As well I learned a lot about his life and we became friends. In reality it took all of us working together for more than a month to secure the location. After winning the use of the mansion I noticed that all of this "business" was more fun when I got to celebrate with others. These occasions to celebrate on the business level started adding up and I began thinking business *is* an art—an art of rhetoric and comradery that can be used in the service of making movies.

The casting director was Paige Williams and the time we spent casting *Bridesmaid* allowed us to get to know one another. We decided that we would have a better shot at turning *Bridesmaid* into a feature length film and of getting her new feature length documentary, *Mississippi Queen*, edited and distributed if we joined forces. Paige ended up co-directing and co-producing along side me on *Bridesmaid*. I helped market and produce *Mississippi Queen*. Both films are still in post-production going through

final edits and preparations for film festival submissions. Not long after, we decided to form a film company together.

Paige brought an idea to the table. She wanted to adapt a well known novel into a screenplay. We spent weeks strategizing and pursued buying the rights with the publisher in New York. We verbally told them that we were hoping for some coaching because we had never done this type of thing before and that we were filmmakers. They let us know that phone calls were unacceptable and to send them a written offer to obtain the rights—that email would suffice. Over the phone they stated that no offer would be offensive as it was somewhere to start. We asked others who had done this before and read that \$1 can be a starting point. It's a handshake deal that some will accept if they think that the movie will sell books. After careful consideration we offered the publishing company \$1 to begin the negotiations. After all, she said no offer would offend her. In a reply email the publisher wrote:

“I am sorry to say that I am a little stunned by your offer and we must decline on behalf of the Welty Estate. Not only do we not give free options for Ms. Welty's work, we also do not give initial option periods of three years. It seems to me that maybe you are not well-versed in how to option a novel for film and that you may benefit from consulting an entertainment lawyer, or someone in the industry who is more experienced.” (Bruno 16 April, 2008)

Who did we think we were? We quickly learned who not to offer a dollar to.

I reasoned that it was a good thing that they turned us down. We could always go back to them with another number later and that the adaptation would not be a revenue generating project for years. Besides we did not have time to adapt the novel ourselves and had no money to hire someone else to write it for us.

Who would take a dollar? I knew one writer who may and knew he had more than one script that was production ready. I had read and liked his work through the years, but there was always one script that stuck out, *Ironman*. There had been casual talks between the writer and I for years but it was time to get serious. I wanted to make *Ironman* into a movie and wanted the rights for \$1. I knew that this would take some negotiating since the script had been optioned for thousands of dollars through the years by a number of studios. It would still cost millions to finance the film but I needed the upfront savings for my new company. There is no escaping it. Making movies takes money! Who would invest millions of dollars into this film? Regardless, nothing was possible before

obtaining the rights to *Ironman*. I put my business cap on and got committed again—this time thinking as a business-artist.

PROJECT OVERVIEW

This paper documents the process of my final creative project presented here to satisfy the requirements of a Master of Arts in Fine Arts in Integrated Arts and Education. It has two distinct parts that bridge my roles as artist and business person.

Part I tracks the creative and business process of making the short film, *Bridesmaid*. Background is given on some of the business strategies used while creating the film. The intention is to help show the marriage of art and business in movie making. It will also explain how the rights to the feature length script, *The Man of Steele*, were purchased and how some of the management team has been rounded up. In addition, a small amount of my personal story has been included to clarify certain business relationships.

Part II is the written business plan with the purpose of attracting investors to finance a feature length film with a \$5 million budget. (Note: \$5 million is the projected budget. \$3 million is the minimum budget required to make the movie in accordance with the optioning agreement).

One would think with a degree in business that I would have crafted many business plans. On the contrary, this is my first formal business plan. Regardless, I believe that it is strong in content and will also work well professionally.



PART I
The Creation of Movies

CHAPTER ONE

Filling In the Holes

In the summer of 2007, I began brainstorming ideas for a new script for a short film. Previously I had been encouraged to try writing and directing a drama. I took the suggestion and produced a 14-minute short film on relationships. To my surprise, the film received unsolicited praise from colleagues and audience members. I was moderately pleased with the drama, but I missed the laughter. I undoubtedly knew I wanted to make a comedy. I wanted people to see the film and express a gut-wrenching guffaw falling out of their seats.

I had watched fellow classmates struggle with funding and I did not want to go through this. I had a limited amount of time to secure money to make my next short film knowing that scholarship and grant deadlines were coming. I had to make a move. At the graduate level, cast and crews generally work for free but productions do not cost “nothing.” There are fixed costs that cannot be avoided. I was in a catch 22. Without having a script developed to present to funders, how would they give me money to make a film? I needed to apply for the money immediately to have funding to shoot a film in the coming months. Without a completed script, who would provide funding?

I worked backwards. I tried filling in holes with what I did know. I knew that I would have to motivate a cast and crew to work for free. I put my left and right brain to work. What would make anyone want to work 12 to 14 hour days during a relentless 6-day shooting schedule and for free? My undergraduate degree in marketing and management was fast at work. Since my fellow filmmakers at the time were all straight men, I decided to use food, women, and housing. One could say this was shallow but I considered it in line with Maslow’s hierarchy of needs (figure 2). I began by penciling out script ideas that would involve a week of shooting at Flathead Lake (who wouldn’t want to be the lake for a week?) and an all female cast. I began

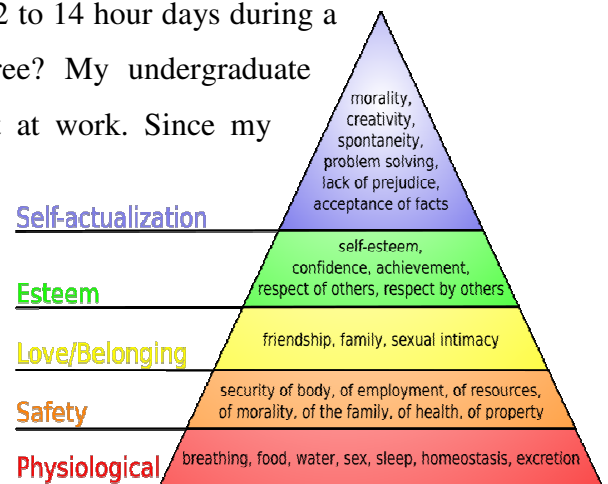


Fig. 2 Finkelstein, J., Diagram of Maslow’s Hierarchy of Needs, 27 October, 2006, Inkscape

spreading the word that my intention was for half the budget to go toward catering food on the set. I also started asking everyone if they knew anyone who owned a mansion as I



Fig. 4 Author, Mr. Joe McDonald's pool room-Location for *Bridesmaid*, April 2008, photograph

needed to commandeer one that would double as a location and housing for cast and crew. Lastly I started conversations with crew candidates and talked with them regarding ownership of their particular jobs. I didn't want the film to be just mine; especially knowing the effort it takes from everyone to give a film "legs". I wanted

everyone to feel that it was ours.

For the most part, these were all wise business decisions—people were enrolled and I had created a story idea. Two owners of million dollar mansions were kind enough to offer their homes as locations—one at Flathead Lake and one in Missoula. They were both very accommodating and I ended up only shooting at the Missoula location, due to budget concerns. However a story starring five female leads demands that you cast five female actors. They needed to be in their mid-twenties to early thirties, fit the part and have experience in film acting. Casting these roles was intense. Much more time and money went to casting *Bridesmaid* than was allocated in the schedule and budget. I had held two castings and found one actress to play the role of Ruth straight away, but came up dry for the other leads. I brought filmmaker Paige Williams on as a casting director and held a third casting. Together we hand selected another group to audition—success. We found potential actors to play three other roles but still needed



Fig. 3 Jenkins, N. Prototype of *Bridesmaid* one sheet (movie poster), June 2008, Adobe Illustrator

the lead. Having already held four castings in Missoula, I commissioned casting agent, Tina Buckingham out of Bozeman to hold a casting that brought us no one.

Being half Korean and growing up in the states, I had always wanted to write an Asian-American comedy. I called Ken White, co-writer with me on *Bridesmaid*, and let him know the struggles we were having finding five white female actors. Just weeks away from shooting, I asked him if he was willing to re-write the script on short notice to reflect an Asian flare, specifically a Korean-American slant. With vigor he said he'd love to. By chance, he had taught in Los Angeles' Korea town for years and even read Korean writing. In some cases he even knew more Korean customs than I did.

These script changes provided options and allowed me to cast myself in *Bridesmaid* and I asked Paige to co-direct during scenes that I was performing in. One of the actresses that we liked was Asian-American and we moved her into the role of my little sister (originally the older sister). Now all roles were cast; however the night after our first rehearsal the woman playing my best friend quit under the pressure. Having scoured the Montana market we had a possibility in Havre, Montana and also found a woman in Arizona to fill her role. After some deliberation, we flew the actress in from Phoenix to play the part of my best friend.

Filling in the holes gave me enough information to convey to committees what I was planning on shooting but the premature story didn't always allow for the best business scenarios. I ended up exhausting what little extra money we had in the budget on casting.

Everything worked out and I was glad that I raised the money using a standard Hollywood technique—pitching. Without having a fully formed script, but knowing that I wanted to write a comedy involving five women who go to the lake, I created a synopsis for the film. I pitched it and somehow convinced people that it would work. On some levels I raised the money on “hype”, but I'd like to believe that it was my passion and commitment that ultimately made their decisions to allocate funds to making *Bridesmaid*.

CHAPTER TWO

Without This, You Have Nothing

Hitchcock is well known for his three key ingredients to making a good movie, “The script, the script, the script.” Time and time again I have been advised by

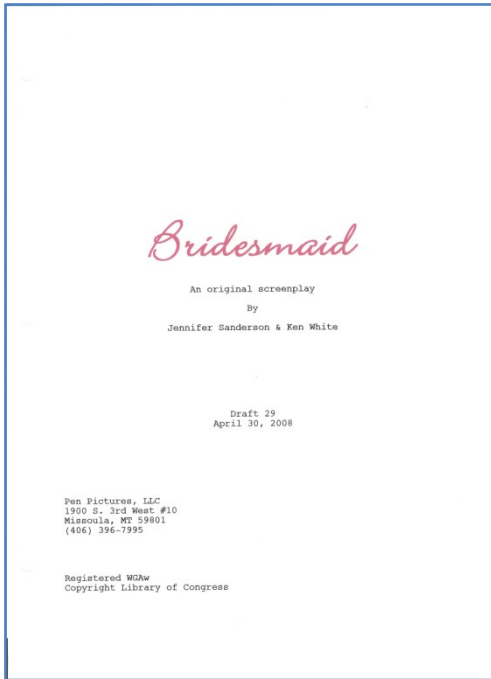


Fig. 5 Author, *Bridesmaid* script title page, April 2008, Final Draft

filmmakers not to skimp when it comes to writing. You can fix a technical issue, but you can never fix a script once you’ve shot it. Knowing this, I wanted to ensure a good film by developing the best script possible. In late December 2007, I asked writer and actor Ken White to co-write *Bridesmaid* with me—referred to as *The Lake* at that time. I told him that I was under the gun but committed to making whatever sacrifices I needed to writing a spectacular script—that I wanted it to be funny and poignant. He agreed and we began writing in early January 2007.

It was rigorous. He was house-sitting on the Potomac River and had signed up for an extended stay through the winter. Sometimes there were snow storms, but I’d gladly travel an hour there and an hour back to write with him. I did this once or twice a week for the first month. We worked on structure, story and dialogue. He taught me how scientific writing is and started by asking me how many pages I wanted the script to be. We sketched the entire piece out on a hand drawn arch that looked more like a calculus problem than a script. We put in acts, reversals, climaxes and falling action before we even wrote a word.

We continued to meet at least once a week to work on the script. In between times we worked alone, each of us penciling in scenes that we decided in earlier pow-wows needed to be written. He’d write one and send it to me via email for review and vice versa. Originally Ken agreed to write with me for two weeks. We ended up working like this for five months.

We registered the 29th draft of the *Bridesmaid* on April 30th, 2008 with the Writers Guild of America and shot the film May 9th through May 15th, 2008. After registration, we did make some significant changes to the script during a rigorous shooting schedule. Paige, as co-director, and I worked some of it out verbally on set. I'd call Ken and ask if he agreed with the changes then I would rip entire pages from the script and bring new sides to set the next day.

Originally I just wanted to make a short film. Once a lot of the creative aspects of making *Bridesmaid* were taken

care of, the intention for the film also changed. If I could make a 23-minute short, why couldn't I make it a 90-120 minute feature? It is now a goal to use the short film *Bridesmaid* as a sample to show potential investors to raise money to make a full length movie. Ken White has signed on to write it on spec (writing it for no fee in hopes to get paid when it is produced.) Again the issue of money and how to finance a film came up. It was clear that an intersection between arts and business had to be bridged.

Without a good script you have nothing. As we were wrapping up a day of writing, I thought about my career after graduate school. What did I want to do? What would get me where I wanted to go? I thought about writing and acting in films. I knew



Fig. 7 Williams, P., Prototype of *Bridesmaid* one sheet, May 2008, Adobe Photoshop

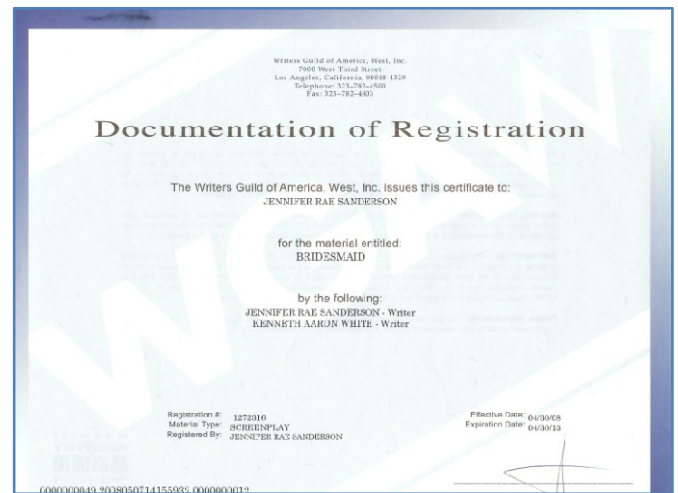


Fig. 6 Writers Guild of America certificate of registration, May 2008, document

by graduation, I would not have time to write a feature length script. In my mind, I wanted to hit the ground running before I graduated. Not wanting to go through what I did to raise money without a script for *Bridesmaid* and a not having a full length script ready to produce, I asked myself, "What scripts are ready that I

have access too?” I meant a good script—one that I could really get money for and make in a big way—Hollywood style but in Montana.



Fig. 8 Cast picture on set of Bridesmaid, from left: Jennifer Sanderson, Whitney Wakimoto, Robin Rose, Krisanne DenBoer, & Nora Gustuson, 15 May, 2008, photograph

CHAPTER THREE

As Commitment Would Have It

Immediately following my high school graduation in Oregon, in the summer of 1990, I spent a stint in Anaheim working for the Disneyland Corporation (figure 9). Over



Fig. 9 Author, Playing Minnie Mouse, circa June 1990, photograph

ten thousand applicants across the country tried out for parts in the entertainment department as characters. I was asked to dance, mime and improvise during an audition held for hundreds. I made the cut and spent most of the summer playing Minnie Mouse. While in the Los Angeles area my cousin Nate Adams (Nate Adam Flesche at the time) came to visit me from Montana (figure 10) and we proceeded to try our hand at “breaking in” the business. We made plenty of mistakes including paying for auditions. The summer ended and we both returned to our home states to attend college.

In December of 1993 I graduated from The University of Oregon business school. The same year, my cousin, Nate Adams, graduated from The University of Montana business school. Both of us had business degrees and both of us wanted to start careers in the entertainment industry as actors. Together we decided to move to Portland, Oregon to start movie careers. For three months I auditioned and classically waited tables. I did however book a few gigs and managed to get an agent. Although calling himself an actor at the time, I watched Nate passionately begin writing a script he called *Ironman*. On a yellow legal pad, he wrote page after page



Fig. 10 Author and Nate Adams in Anaheim, CA, circa August 1990, photograph

of what seemed at the time to be chicken scratch. I even helped him hand format some of it into a Word document as we did not have access or money to buy programs along the

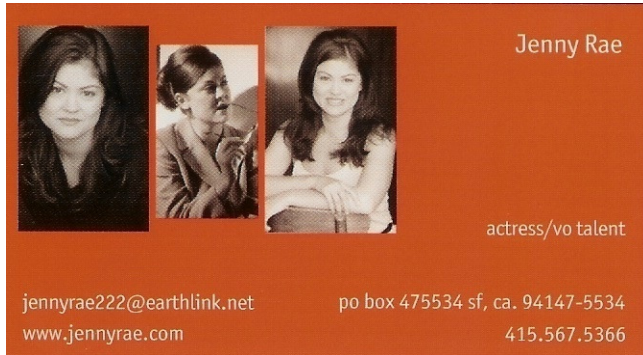


Fig. 11 Author, Jenny Rae is for Jennifer Rae Sanderson business card, circa 2000-2003, Vista Prints

lines of Final Draft (a script formatting program). At twenty-years-old, it wasn't long before I caved to the call of a paycheck. I was offered a job in San Francisco as an assistant buyer of cosmetics and fragrances. While sticking with my corporate job and trying to keep a foot

in the entertainment business in Northern California, Nate moved to Hollywood where he started making a name for himself as a writer. He was a native Montanan and three time state wrestling champion from Havre (figure 12) who soon got himself a writing agent and signed with Paradigm in Los Angeles.

Now, more than fifteen years later, *Ironman*, currently in its final and 68th version has been optioned (rights purchased for a certain amount of time) with Kingsgate Films (Greg Shapiro), Alchemy Entertainment, and Maverick (Madonna's studio) and attached to directors like Doug Atchison (*Akeelah and the Bee*) and Alan Rudolph (*Afterglow*). Actors like Robin Williams, Dennis Quaid, and Tommy Lee Jones have read for *Ironman*. Once the film was green-lighted and Gary Oldman was offered a "play or pay" (talent is paid whether the film is produced or not). This was during 9-11 and I am still not clear why the plug was pulled. With the release of the very different 2008 number one hit



Fig. 12 Great Falls Tribune, Nate Adams (real name Nate Adam Flesche) wins his 3rd state wrestling championship in Montana, press release, circa 1989 (Arnst, W., photograph)

Ironman starring Robert Downey Junior, Nate Adams' *Ironman*, a name that has meant so much, is now going by *The Man of Steele* (herein *Ironman* will be referred to as *The Man of Steele* to avoid confusion.)

While reflecting on what to do after graduation, I called Nate up and asked what was going on with *The Man of Steele*. He said it was being looked at by Randy Couture (legendary UFC fighter) and that his agent had recently given it to a young actor named Zac Efron, popular for his work on the TV series *High School Musical*. Even though I had read it many times, I needed to read it again and wanted my new business partner, Paige Williams, to read it as well. Nate agreed and sent the latest version of the script.

I've always liked *The Man of Steele* and wanted to option it. It was a family movie and action packed. It had all the characteristics of a summer blockbuster: teenage romance, a hero's journey and packed with elite sports. It could also be made in Montana on what Hollywood calls low budget (under \$10 million). I began negotiating with Nate to own the rights to *The Man of Steele*. Having failed miserably obtaining the rights to the novel, this time I contacted an entertainment lawyer for help. The lawyer said he would help for free, "*this once.*" I waited and never heard back from him but understand that people need to be paid. Finally I used an optioning agreement that I found online, struggled through the legalese and shipped it off to Nate. He wanted accommodations including an agreement not to make the film for less than \$3 million, 2% of gross profits (original offer was 2% of *net*) and a much higher salary once a budget was in escrow. I have since found out that 2% of gross for a writer is more of a studio deal. Since we are looking for independent funding this may have to change as 2% of gross can put an independent film in the red. In Nate's defense he is used to working with studio options and would see no reason not to expect a percentage of gross. Furthermore, Nate wanted to be attached as the director. There is no doubt that Nate knows this story better than anyone and should direct. I looked at the new optioning agreement with Paige. We agreed to the accommodations but just in case, added a clause that if we decided to go with a different director we could buy him out in the six figure range.

It may all sound harsh but negotiating is a fact of movie making. It may also seem strange to go from a \$5,000 budget to a million dollar budget but right now it's only monopoly money. I have had to come to terms with the fact that we are working on a real

project without a budget, *yet*. Somewhere between being a graduate student and doing a school project this “thing” turned into a reality. I had a hard time negotiating with Nate as a family member and tried not to show him my frustration. I couldn’t. I needed to win him over as a professional and not lean on a family deal. My cousin has worked for far more years on *The Man of Steele* than I. I have watched him over the years pour his blood sweat and tears into it and have his heart broken over it not being made. Furthermore, the story is based on Nate’s real life. I’ve never asked Nate, but my hunch has always been



Fig. 13 Morrow, M., Nate visiting Author from Hollywood: having lunch in North Beach, circa 2002, photograph

that the scene in *The Man of Steele*, when JT’s father is asked to chose between saving his wife or son is loosely based on a real car accident in his life. The events are slightly switched but an ambulance driver chose to take Nate’s brother instead of sister to the hospital first. His sister survived and tragically his brother did not. There are many levels to *The Man of Steele* and if I could raise the money to make the film it would be a truly victorious day for business but more importantly for my family.

Paige had an idea. She noticed that line producer Christopher Cronyn, Jessica Tandy and Hume Cronyn’s son owned a home in Montana. She said, “Why don’t you just call him, Jenn?” So I did. I told him who we were and our plans to write a business plan for *The Man of Steele*. It took convincing during a thirty minute phone conversation but he agreed to read the script. He stated up front that for him to get involved that we would have to do a few things, including: form an LLC, get the optioning agreement signed and complete the business plan. He liked the idea of a business plan and referred us to his friend Louise Levison, a financial consultant and author of Filmmakers and Financing: Business Plans for Independents, famous for her work helping fund *The Blair Witch Project*.

This inspired me to call other people. I started working on building *true* relationships (relationships have become a key company value for Pen Pictures.) One of my first calls was to enlist the help of Dr. Scott Douglas. I had been acquainted with Scott and respected his work with the Entertainment Management Program (EMP). In the few years that I had known him, I watched him bring big entertainment names to sponsor and give talks to the Business School. I also noticed that these were just real people who wanted to help. Paige and I took a proto-type of the business plan to Scott which included a script, a preliminary budget and fact sheet on our new company. A meeting that I thought would last twenty minutes ended up lasting more than two hours. He told us, “you’re problem isn’t raising the money, you’re problem is (not having) social capital.” What he meant was, “it’s not what you know, it’s who you know.” He promised nothing, but said he’d read the script and let us know what he thought.

There was too much to do and we had deadlines. We weren’t willing to let any project go. With the shoot dates for *Bridesmaid* a few months away and trying to prep *Mississippi Queen* for *Sundance*, we just didn’t stop. We spent weeks brainstorming a company name, values, strategies, etc. I pulled out old facilitator skills and we spent long days throwing different combinations of words up on flipchart paper after and in between working on other projects. What represented who we were? If this worked out, we might have to live with the name for years. We agreed on Pen Pictures and submitted paperwork to form an LLC.

Ten days after I contacted him, Christopher Cronyn called to tell us that he liked the script and would do the scheduling and budget for half price. I was able to tell him that a LLC was formed (later I found out that a limited partnership may better serve Pen Pictures) and that Louise Levison was on board and helping with the business plan but Nate had still not sent the paperwork.



Fig. 14 Twig, G., Pen Pictures logo, May 2008, graphic

With a verbal agreement from Nate that Pen Pictures owned the rights to *The Man of Steele* but no official paper document signed, on May 13, 2007, Dr. Scott Douglas called during the fourth day of the *Bridesmaid* shoot. His voicemail said that it was a fantastic script and that he would be contacting Jerry Molen, executive producer for such films as *Minority Report*, *Jurassic Park*, *Schindler’s List* (for which he won an Oscar) to

ask him to read it. The following week The Missoula Independent ran a story on Pen Pictures (see appendix IV) and later that week Scott called to tell us that Jerry did indeed agree to read *The Man of Steele*.

Paige and I were ecstatic but my reputation was on the line. No smart business person would have approved moving forward without formal paper ownership of the rights. It had been weeks since Nate said he would mail the optioning agreement. Had I not expressed to him who was getting involved? Furthermore now my Final Creative Project was on the line. How could I turn in a business plan for a script that I really didn't own?

I knew that Nate was about to leave for a three week trip to interview fighters for a network primetime show with Mark Burnett (a reality TV icon). He was under a lot of pressure to say the least. For Nate, turning over the rights to Pen Pictures was risky as it would take the script off the market for a while. Nate was also skeptical as I have never sold a script before. I had to be careful not to push him over the edge but I knew that if Nate left without sending the paperwork he probably never would. I had told myself that I would not do this, but I had to take desperate measures—I called his mother (who considers me a daughter). She never called Nate but it helped to talk it through with her. I ended up calling Nate and having a heart to heart with him the day before his trip. I knew what time he was leaving the next day. He must have been boarding the plane for the east coast, when he sent me a cellular text message. It read, "In mail." I received the agreement three days later.

At this time, Pen Pictures is currently waiting to hear from Dr. Douglas who is waiting to hear from Jerry Molen and so the story goes. It has worked out so far. Some of it has been luck but I believe commitment has played a huge role in obtaining the rights to *The Man of Steele*.

There seems to be a line that most artists would rather not cross—the business line. Business requires communication skills. It is a dance between interpersonal and intrapersonal intelligences—effectively managing a group and then reflecting on your actions to improve the results for next time. I have made mistakes here. I have sweated over promises that were innocently made and that I will never make again. I did not set out to obtain a Master of Art to become a business person again. I am not. I consider

myself a business-artist. I had no idea that the two art forms would blend so easily and mean so much to one another. The key difference is in my thinking. I do not think of business as stuffy or non-creative. I believe that the business side of things can be sexy and fueled by passion—much the same as art.



PART II

The Business of Movies

CHAPTER ONE

Introduction to the Business Plan

This business plan started out as a company plan for Pen Pictures. After discussions with Louise Levison, it quickly turned into a business plan for *The Man of Steele*. While *The Man of Steele* could be included in a plan that focused on Pen Pictures, a single film plan is precise and can bring clarity when raising funds. One film *is* a business.

When generating a business plan it is generally accepted to borrow structure and to tailor content for your own business purposes. With the permission of Louise Levison, the author of Filmmakers and Financing: Business Plans for Independents, two sections will be included in another business plan that have been taken almost verbatim from her book. She advises, “Do not to change a word,” in regards to certain information and says doing so could cause potential law suits. For the purposes of this professional paper only, and due to academic plagiarism issues, I have decided to remove these sections from the body of this business plan. I have included them in Appendix I and II as they are critical text. In different versions intended for presentation to potential investors, the sections will be published without credit.

Financial statements have also been excluded from this business plan. Beyond confidentiality, seed money must be attained to do the budgeting and financials for *The Man of Steele*. Entertainment Lawyer Michael Norman Saleman has agreed to put a contract together to secure development money at no cost. However, approximately \$15,000 needs to be raised to retain Saleman, Levison and Cronyn. Louise Levison holds the keys to concrete data needed to project three year cash flows for independent films. They include print and advertising costs and sales figures for domestic/foreign DVD sales and domestic ancillary/other. Accurate information is a must and figures cannot be estimated. One could trip upon this information and piece meal it together, however the amount that is needed would be near impossible to find. As well, Christopher Cronyn must be hired to do a detailed and itemized budget.

It should be noted that the formatting of this business plan has been customized for academic purposes using the guidelines from The University of Montana Graduate

School and in accordance with the MLA Handbook for Writers of Research Papers by Joseph Gibaldi. When marketing a business plan esthetics can mean almost as much as the content. The plan will use many different types of formatting and is put together in a way to visually attract an investor and for ease of reading. The following is an example of formatting to be used in subsequent versions.

[406] 396-7995
jennifer@pen-pix.com

[406] 531-6264
paige@pen-pix.com

Management and Organization

Pen Pictures has the opportunity to work amongst and with the best in the entertainment industry. The lure of Montana and the quality of writers, producers and artists that Montana breeds enables Pen to work with the best in the business on *The Man of Steele*.

Jennifer Sanderson, Co-Owner & Producer

Jennifer Sanderson has over fourteen years experience in marketing and management in the entertainment and business industry. She completed her MFA from The University of Montana in digital filmmaking. She is currently in post-production on her comedic film *Bridesmaid* and is developing a reality television series. As producer of *The Man of Steele*, she has helped form the production slate, will help negotiate with distributors and plan future strategies.

Paige Williams, Co-Owner & Producer

Paige Williams has worked in management and in the theatre and film business for over ten years. She is currently in postproduction of her full-length documentary *Mississippi Queen* that is set to premiere

Fig. 15 Author, Example formatting, June 2008, Microsoft Word

I would like to thank Paige Williams for her part in the creation of this business plan. As a co-producer for *The Man of Steele* I collaborated with her on the research and writing that went into this business plan. I would like to recognize her and thank her for her “commitment” to *The Man of Steele* as well as her role in obtaining critical management to our team.

It should also be mentioned that with the exception of Gerald Molen, all persons documented as management and key personnel are real people who have agreed to work on this film. With permission their bios have been used in this business plan. Pen Pictures has not formally offered positions to anyone. In the case of Christopher Cronyn he has graciously advised us to hear from other prospective management before attaching him to the script.

Finally, with strong belief in the written word, we have named Jerry Molen as an executive producer in the business plan. His information is used as a place holder as he has not yet agreed to fill this role. Currently, key consultant, Dr. Scott Douglas has turned

the script over to Mr. Molen for consideration. Our hope is that Mr. Molen will decide to take the project on as one of his own.

CHAPTER TWO

Pen Pictures: The Business Plan

This document and the information contained herein are provided solely for the purpose of acquainting the reader with Pen Pictures. It is proprietary to Pen Pictures. This business plan does not constitute an offer to sell, or a solicitation of an offer to purchase, securities. It has been submitted on a confidential basis solely for the benefit of selected, highly qualified investors and is not for use by any other persons. By accepting delivery of this business plan, the recipient acknowledges and agrees that: (i) in the event the recipient does not wish to pursue this matter, the recipient will return this copy to the address listed below as soon as practical; (ii) the recipient will not copy, fax, reproduce, or distribute this confidential business plan, in whole or in part, without permission; and (iii) all of the information contained herein will be treated as confidential material.

CONTROLLED COPY

Issued to: _____
Issue Date: _____
Copy No.: _____

For Information Contact:

Pen Pictures
1900 South 3rd West Street #10
Missoula, MT 59801
(406) 396-7995

CHAPTER THREE

Executive Summary

Strategic Opportunity

- The U.S. Box Office reached \$9.629 billion in 2007.
- The Worldwide Box Office reached \$26.7 billion in 2007.
- The U.S. Box Office for independent films was \$1.6 billion in 2007.

Pen Pictures is a start-up enterprise focused on developing and producing comedic and restorative films with budgets of \$5 to \$10 million in Montana, one right after the other. *The Man of Steele* is the first in line for this venture. Pen is committed to helping build a film infrastructure in Montana catapulting the state's economy. We are driven to build and foster relationships, working with the best in the business.

Management & Organization Team

Pen Pictures has assembled a team of successful entertainment industry professionals & consultants to make *The Man of Steele*. The creative and management team bring to the table five Academy Awards, one Academy Award nomination, 20 Addy Awards, two number one hit songs, forty plus years of film industry experience, having worked on over two hundred major motion pictures.

The Film

Pen Pictures owns the optioning rights to *The Man of Steele*, a family story with the action of elite high school wrestling. The movie follows JT Steele, the youngest Olympic bound wrestler in history, through his struggles with his uber competitive father who encourages JT to win no matter what on the mat. Mixed Martial Arts (MMA), which combines wrestling with other marital arts, is on the rise. There is no end in site for its appeal and popularity. With this in mind, *The Man of Steele* is in perfect position to piggy back on this rising popularity of the MMA and professional wrestling. Pen Pictures expects the story *The Man of Steele* to resonate with sports fans and across socio-

economic lines attracting a wide family audience adding *The Man of Steele* to the list of great heroic movies.

The Industry

In 2007, there were five Oscar nominated motion pictures for the category of “Best Picture”—four of them were independent films. The independent film industry has trumped the studio. Starting in 1996, to offset losses and get in on the action, studios merged and created independent divisions within their companies. The fact is, filmmakers, investors & the audience prefer independent films—the artist has more control creating unique pictures making the investment return greater. In the past two years, award winner *Juno* was made for \$7.7 million producing a \$220 million profit, *Once* was made for \$150k bringing in \$189.6 million and *Hustle & Flow*, made for 2.2 million made \$22.2 million worldwide to date. These are just a few examples proving that low budget independent films like *Napoleon Dynamite* and *My Big Fat Greek Wedding* are not exceptions to the rule, but rather, a new standard.

The Market

The hero sports movie genre does well and frankly, the time is ripe to hatch a new one. *Rocky*, *The Karate Kid* and *Rudy* are the some of the last inspiring heroic films reflecting *The Man of Steele* that an audience has seen. It’s time to bring the family together, fill theatre seats and enjoy the ride of cheering on the American underdog. The sports film genre is currently unsaturated by studios and the independent market can fulfill the void in the best way for the filmmaker, investors and audiences. For example, *Bend It Like Beckham*, a 2003 foreign independent film, was made for \$5.5 million and brought in \$32.5 million. Not only did the audience cheer for the heroine, but for the process and promise of the little film that could.

Distribution

Once a final cut of a film is completed, it is the job of the distributor to take that film, duplicate it, strategically promote it, and skillfully distribute it to exhibitors (theatres.) It is a process that is mission critical to the success of a film. It is Pen Pictures

aim to find the most highly competitive and skilled distributor to positively exploit the film and who can negotiate the most strategic release that will make the film a financial success. Pen Pictures is dedicated to making the most paramount product possible for this theatrical release.

Investment Opportunity

Pen Pictures seeks \$5 million from private investors to secure the production of *The Man of Steele*. It is the commercial appeal of the film that determines the ultimate success of the project. It is through the independent production that creative and financial control of the film will be retained and commercial appeal preserved. The added costs attached when a studio or other controlling entity produces a film will be eliminated-ultimately opening up the largest financial opportunity for the filmmakers and investors.

CHAPTER FOUR

The Company

Pen Pictures is a privately owned LLC operated in the state of Montana and formed in 2008. Our purpose is to produce major motion pictures in Montana with budgets of \$5-\$10 million, one right after the other. *The Man of Steele* is the first venture achieving this goal. The company plans to develop and produce quality themed films that are comedic and/or restorative—movies that inspire and lift the spirit. Pen Pictures objectives are:

- To produce quality comedic and/or restorative films.
- To produce films in Montana with \$5 to \$10 million budgets, one right after the other.
- To catapult the economy creating and building a Montana film infrastructure utilizing Montana talent, artists, crew and resources.
- To foster and build long lasting relationships.

It has been a while since audiences have seen a compelling hero's journey/ coming of age/ sports genre film. Moreover, there have been very few sports movies involving wrestling. Wrestling is a foundation of Mixed Martial Arts (MMA, UFC) and is very popular and building. With the independent market flourishing, MMA on the rise, and the need for a good American hero story, it is the perfect time to produce *The Man of Steele*.

MANAGEMENT AND ORGANIZATION

Pen Pictures has the opportunity to work amongst and with the best in the entertainment industry. The lure of Montana and the quality of writers, producers and artists that Montana breeds enables Pen to work with the best in the business on *The Man of Steele*.

Jennifer R. Sanderson, Co-Owner Pen Pictures & Producer

Jennifer Sanderson has over fourteen years experience in marketing and management in the entertainment and business industry. She completed her MFA from The University of Montana in digital filmmaking. She is currently in post-production on her comedic film *Bridesmaid* and is developing a reality television series. As producer of *The Man of Steele*, she has helped form the production slate, will help negotiate with distributors and plan future strategies.

Paige Williams, Co-Owner Pen Pictures & Producer

Paige Williams has worked in management and in the theatre and film business for over ten years. She is currently in postproduction of her full-length documentary *Mississippi Queen* that is set to premiere September 1st. As producer of *The Man of Steele* she will continue to build the management and creative team as well as work daily on facilitating the production.

Gerald R. Molen, Producer

Jerry Molen has over forty years in the film industry with five Academy Awards and one Oscar nomination. He produced films such as *Minority Report*, *Jurassic Park*, *Schindler's List*, *Twister* and *The Little Rascals*. He is currently in pre-production of the film *Playing with the Enemy*. Jerry will executive produce *The Man of Steele* with Pen Pictures.

Christopher Cronyn, Line Producer

Christopher Cronyn has forty years of film industry experience in various roles working, producing and managing films such as *Annie Hall*, *Raging Bull*, *Sophie's*

Choice, Stanley & Iris and *Fatal Attraction*. He recently line produced and managed the film *Waking Madison* set to release in 2009. Christopher will be doing the scheduling and budget for *The Man of Steele*.

Nate Adams, Writer/Director

Nate Adams has over twelve years of industry experience in Hollywood and has worked with CBS©, Showtime© and is an industry expert and consultant for Mixed Martial Arts and Ultimate fighters. He specializes in interviewing wrestlers and directing fighters in productions. Currently, Nate writes, produces and directs for Network Primetime and recently directed national Burger King© and Rockstar© commercials.

Stephony Smith, Songwriter

Stephony Smith has over 25 years of song writing experience including 20 Addy Awards, two number one hits and the credit of BMI's 1998 Songwriter of the Year. Stephony will write the lyrics for a potential top hit song for *The Man of Steele* in the fashion of *Eye of the Tiger* from the film *Rocky*.

KEY CONSULTANTS

Pen Pictures is working with these highly experienced consultants on various levels to ensure a quality film and process:

Michael Norman Saleman, Attorney-at-Law

Since 1980, he has represented independent filmmakers, television producers, writers, former studio heads, former heads of network programming, producers, directors, actors and other members of the film/television community. He has been involved in negotiation and transactions, as well as litigation involving films which have been distributed on a worldwide basis. He has prepared offerings, limited partnerships and other financing vehicles for independent film projects and represented over 68 films.

Louise Levison, Financial Consultant

Louise Levison is President of Business Strategies (moviemoney.com) a consulting firm that specializes in writing business plans for film and other entertainment-related companies. She is the author of Filmmakers & Financing: Business Plans for Independents (Fifth Edition, December 2006, Focal Press) and publisher/editor of The Film Entrepreneur: A Newsletter for the Independent Filmmaker and Investors. Levison's clients have raised money for low-budget films, such as *The Blair Witch Project*, the most profitable independent film in history, and for companies raising as much as \$300 million. Other clients' projects include *Toussaint* (to be directed by Danny Glover), *Crimebusters* (in production and starring Ernest Borgnine), *The First of May*, *Michael Winslow Live*, *Vistual Acoustics: The Modernism of Julius Shulman*, *Moving Midway*, *Highroller: The Stu Ungar Story*, *Protecting The King*, *Extreme Days*, *Dinner Rush*, *Baptists At Our Barbecue* and *California Dreaming*. Among her corporate clients are Louverture Films (*Trouble The Water*, *Africa Unite!*, *Bamako*), Louverture Film Fund I, White Light Entertainment (Academy Award-winner Gerald Molen), Audience Alliance Motion Picture Studios, The Pamplin Film Company, Tokuma International Ltd (*Shall We Dance* and *Princess Mononoke*), and The Ilya Salkind Company. Levison is also an affiliate of the Berlin-based consulting company, Peacefulfish (peacefulfish.com). Levison is also an Adjunct Professor in the Extension Program at UCLA and has been a

Visiting Professor at the Taipei (Taiwan) National University of the Arts and Chapman University (Orange County, CA).

Dr. Scott Douglas, Associate Professor, The University of Montana

Dr. Douglas directs the Entertainment Management Program for The University of Montana. He has also instructed courses on Strategic Management, Organizational Behavior, International Marketing and Management, Human Resources Management, Industrial-Labor Relations, Organizational Theory, Cross-Cultural Management and Advanced Social Psychology. While at Florida State University, Binghamton University, and the University of Montana he was often recognized for his teaching efforts. Additionally, Dr. Douglas has served as the Director for Placement Services for the Academy of Management and as an Executive Board Member for the Southwest Academy of Management.

CHAPTER FIVE

The Film

Pen Pictures controls the rights to *The Man of Steele*. *The Man of Steele* revolves around the hero JT Steele-a scarred up Olympic bound high school wrestler from Montana who moves to Iowa to train with the best high school coach in wrestling. JT struggles with the tragic loss of his mother and his abusive father Jake who, like himself, wants JT to be the best, regardless of the consequence. JT meets Andrea and through their love, resolves his conflict with God choosing the good in his heart over the bad.

Five time Oscar winner Gerald R. Molen is producing *The Man of Steele* alongside Pen Pictures. Writer/director Nate Adams is signed on to direct *The Man of Steele*. Nate, a three time Montana state champion wrestler, received his business degree at The University of Montana then moved to LA. With ten years in the entertainment business, Nate has written, directed & produced wrestling shows for Showtime. He is currently writing, directing and producing primetime network television shows with executive producer Mark Burnett. Christopher Cronyn who has worked on films such as *Fatal Attraction*, *Waking Madison* and *The Slaughter Rule*, has signed on as the Line Producer. Once Pen has the budget in escrow, actors will sign on to play the roles. It is the intent of Pen Pictures to utilize talent who will bring an audience yet not sink the budget ala the *Juno* casting of Jennifer Garner & Allison Janey.

CHAPTER SIX

The Industry

The motion picture industry is a constantly changing and multi-faceted business. It consists of two principal activities: production and distribution. Production involves the development, financing, and making of motion pictures; distribution involves the advertising, publicizing, licensing, promotion, and physical reproduction, delivery, and in sequential order of markets, the exhibition of completed motion pictures.

In 2007, there were five Oscar nominated motion pictures for the category of “Best Picture”—four of them were independent films. Filmmakers, investors & the audience prefer independent films—the artist has more control creating unique pictures making the investment return greater. *Little Miss Sunshine*, *Juno*, *Once* and *Hustle & Flow* are just a few examples proving that low budget independent films like *Napoleon Dynamite* and *My Big Fat Greek Wedding* are not exceptions to the rule, but rather, a new standard.

In 2007, North American movie theaters ticket sales totaled \$9.7 billion—a 5.4 percent increase over the previous year. Worldwide Box office revenue reached an all-time high in 2007 with \$26.7 billion, a 4.9% increase. Films from independent distributors and specialty divisions were \$1.16 billion in 2007 and there were a total of 530 independent films screened in theatres—up from 501 in 2006. Films between 1999 and 2005 cost a third less to make and grossed three times more than the average studio production in North America 2005. An independent film is produced outside of the Hollywood studio system and is financed and distributed by sources outside Hollywood’s Big Six Studios and its subsidiaries. The Big Six include Sony (Columbia Pictures), News Corporation (20th Century Fox), The Walt Disney Company (Buena Vista & Touchstone), Time Warner (Warner Brothers), Viacom (Paramount), & General Electric (Universal Studios). However, these major studios have formed Arthouse Independent Film Subsidiaries to remain competitive and prosper from the independent film market. Sony’s arm is Sony Pictures Classic. 20th Century Fox is Fox Searchlight, Walt Disney’s is Miramax, Warner Brothers’ is Warner Independent, Paramount is Paramount Classics/Vantage/ Go Fish and finally, Universal Studio’s arm is Focus Features.

Independent film can range between a \$30,000 budget and a \$100 million dollar budget but they are the same in that they do not produce the movie in a studio. This allows the artist to have more freedom in creation, less overhead than a studio and choose staff on a project-by-project basis. However, it is the intent of Pen Pictures to have one of The Big Six Studio arms to purchase and distribute *The Man of Steele* because the studio arm has more power behind their purchases with advertising and theatrical exhibition.

The accounting firm of PricewaterhouseCoopers presented the following observations and statistics in their recent Global Entertainment and Media Outlook:

Filmed Entertainment -

- Strong box office receipts will fuel spending worldwide.
- DVDs will continue to boost the home video market.
- The filmed entertainment segment will expand at a 5.7 percent compound annual growth rate, increasing from \$59 billion in 2001 to \$79 billion in 2006 worldwide.

No other country's film industry creates entertainment that is as well received as U.S. produced movies. In Europe, American films currently capture from 50%-90% of the box office.

CHAPTER SEVEN

The Market

Independent film does well because it is cost effective and allows for more creativity. What does even better is an independent film that fits within a well-established genre with a strong story line like *The Man of Steele*. *The Man of Steele* is a hero's journey/coming of age/sports film. There are not many genres that have done better across the ages. From the Greek myths to Star Wars, the hero's journey always draws an audience.

It is the intent of Pen Pictures to sale *The Man of Steele* to one of the Big Six studio independent arms so that we can open the film across the country on 3,000 screens drawing in the largest crowd possible. The public is ready for a mainstream family wrestling film that will inspire and lift spirits. There are currently many popular wrestling television shows that have a large following – several of which have been directed by *The Man of Steele* writer/director Nate Adams. Although there are several television shows about wrestling, there have been very few wrestling fictitious narrative films and Pen Pictures intends to fill this niche. *The Man of Steele* will travel the film festival market gathering a large supportive audience to produce the best sale for the film. Pen expects that the \$5 million dollar budget will produce a quality film that will attract the studio arm, a wide audience and a good return.

Because the hero in *The Man of Steele* is 18 and the villain is 45, this film will appeal to the two main age brackets of United States moviegoers. According to the Motion Picture Association of America, 12-24 year olds makeup 28% of the movie going population and 40-59 year olds make up 32% of moviegoers allowing our film to relate to 60% of the movie going population.

CHAPTER EIGHT

Distribution

A distributor is the marketer behind a film. It is their job to represent the film and create a plan to positively exploit it. They decide where to advertise and with what media. A highly competitive distributor will mastermind the best possible sales approach to implement at the exhibitor level (theatre.) “They (distributors) decide how to promote the film and can use promotional events, special interest groups, television programming, “hype” (word of mouth), and so on. (Levison 208)” Distribution plays a large part in the success of a film-bottom line.

After a film is produced, a master copy must be duplicated. This physical copy must be delivered to each exhibitor for it to physically play in each theatre. This is called a print. “One print usually costs \$1,200 to \$1,500, depending on the length of the film and current film stock costs (Levison 209).” For a film to open on many screens simultaneously (“a wide release”) it could cost millions of dollars. For example: at \$1,200 a print, if a film opened in 2000 theatres, that would be \$2.4 million in print alone. This strategy is typically difficult for an independent distributor to tackle.

Independent companies tend to represent art/low-budget films that are released slowly and methodically. They try and find their market and make money over time. This is a viable strategy and can work. For example: *Once*, made for \$150 thousand, opened in 2 theatres, and made \$61 thousand in the first weekend. At its widest distribution it played in 150 theatres. This proved to be a wise move executed by a studio arm as it grossed over \$9 million domestically (United States and Canada.) Some studio arms will implement a smaller release if the marketing strategy calls for it.

Let’s say a film like *The Man of Steele*, that can command a wide release in thousands of theatres, was represented by an independent distributor-it would be near impossible for a small company to fill the exposure this film would warrant. An independent studio arm would have the power to fulfill either a wide or small release strategy.

It is Pen Pictures aim to produce *The Man of Steele* independently and find a big six independent studio arm to distribute the film. Producing independently can protect creative control that sometimes gets lost in the studio system. With a studio’s resources,

the best distribution plan can be executed with the possibility of a wide release. For example, *Hustle and flow* produced independently for \$2.8 million, opened in 1013 theatres, and grossed over \$8 million opening weekend. Also distributed by an independent studio arm, it grossed over \$22 million domestically. Another advantage of a studio arm is that they represent foreign distribution and an additional distributor would not have to be acquired.

Small distribution companies sometimes employ few people. With small independent representation one person could have sole responsibility for a film. The entire advertising, marketing, copyright and promotion of a film could rest on one person's shoulders. This could be detrimental for many reasons. A studio arm has many resources and talents that apply toward the success of a film.

The Man of Steele is a film that processes many of the requirements distribution companies look for when choosing a film—a unique storyline, popular genre, and a rating that caters to the largest moviegoer population.

There is no standard distribution deal. It is the responsibility of the distributor to obtain the largest percentage of gross that they can get. It is Pen Pictures responsibility to give them the smallest percentage possible. That being said, independent companies tend to require a smaller percentage (35-50) of a film's gross than a studio (40-60). In the long run, the studio arms have power that could prove worth it—publicity power, television and print advertising, talk show connections, experience and manpower. They can distribute a film that has “legs” to thousands of exhibitors and hype a movie for a huge opening weekend.

CHAPTER NINE

Financing

Pen Pictures used currently produced films with similar budgets to project the commercial success of *The Man of Steele*. Since there have been no significant wrestling movies as of late, movies across genres were used as a metric. Pen deliberately did not calculate any extraordinary successful films into its forecast. All projections reflect average to moderate industry results. The incomes and profits are conservative on purpose.

It will be Pen's goal to protect the investor by securing the right distribution agreements that reflect the above projections. Distribution is the second most important factor to the financial success of a film (commercial appeal being the first.) A presale negotiation is a possibility and will be considered if in the best interest of the investor. A presale agreement is when a foreign organization or person buys the ancillary rights (domestic or foreign) in advance. The filmmaker takes this commitment, which includes a guarantee to pay a specific amount upon delivery of the completed film, to one of several specialized entertainment banks and, if the bank accepts the commitment, is able to raise money to finance production. In exchange for the presale contract, the U.S. or foreign buyer obtains the right to keep the revenue (rentals) from a particular territory and may also seek equity participation. (Levison 213) Presales can be beneficial but can also be deceiving. Pen is dedicated to protect the investor and would only embark on the above scenario with the careful guidance of a qualified entertainment lawyer.

The Financing Plan

Pen Pictures seeks private investors to secure the production of *The Man of Steele*. It is the commercial appeal of the film that determines the ultimate success of the project. It is through the independent production that creative and financial control of the film will be retained and commercial appeal preserved. The added costs attached when a studio or other controlling entity produces a film will be eliminated-ultimately opening up the largest financial opportunity for the filmmakers and investors.

SUMMARY

A Magic Moment

Making movies is one of the most difficult pursuits I have ever tackled but it is one of the most gratifying. It is all consuming and takes the totality of your being especially for the duration of the shooting. It is like planning your own wedding and attending as the groom, bride, best men, and all participants. Why would anyone subject themselves to this? For me, it all becomes worth it the moment before the film is shown. When the theatre is black and all lights are off, for the second before the movie comes on the screen, mine or anyone else's, there is a magic moment when all the struggles of making the movie are forgotten—arguments never happened, all difficulties disappear and suddenly everything was worth it. The credits roll and one says, “Wow—We did it.” This process makes a filmmaker realize that every movie, even poorly made, is a small miracle.

My life's events have prepared me to produce movies and I hope to continually develop skills as a writer and director. Quite frankly, I have chosen big projects because I am in a window of my life that I can. I may not always be in this position and feel that I possess the preliminary skills needed to go for these types of projects. Not to be poetic but to quote my Aunt Ann, “Those that can—have a responsibility to the universe—to *do*.” I happen to be a person who can, therefore I must.

My super objective is to write and act in comedic films. For the next few months I will be concentrating on raising funds for *The Man of Steele*. I do however have plans to live in the Los Angeles area and Montana. It's my goal to take on projects in both locations.

APPENDIX I

With the permission of Louise Levison, author of Filmmakers and Financing: Business Plans for Independents, the following information is being shared in this appendix and has been slightly tailored for *The Man of Steele*.

RISK FACTORS

Investment in the film industry is highly speculative and inherently risky. There can be no assurance of the economic success of any motion picture since the revenues derived from the production and distribution of a motion picture depend primarily upon its acceptance by the public, which cannot be predicted. The commercial success of a motion picture also depends upon the quality and acceptance of other competing films released into the marketplace at or near the same time, general economic factors, and other tangible and intangible factors, all of which can change and cannot be predicted with certainty.

The entertainment industry in general and the motion picture industry in particular, are continuing to undergo significant changes, primarily due to technological developments. Although these developments have resulted in the availability of alternative and competing forms of leisure time entertainment, such technological developments have also resulted in the creation of additional revenue sources through licensing of rights to such new media, and potentially could lead to future reductions in the costs of producing and distributing motion pictures. In addition, the theatrical success of a motion picture remains a crucial factor in generating revenues in other media such as videocassettes and television. Due to the rapid growth of technology, shifting consumer tastes, and the popularity and availability of other forms of entertainment, it is impossible to predict the overall effect these factors will have on the potential revenue from and profitability of feature-length motion pictures.

The Company itself is in the organizational stage and is subject to all the risks incident to the creation and development of a new business, including the absence of a history of operations and minimal net worth. In order to prosper, the success of *The Man of Steele* will depend partly upon the ability of management to produce a film of exceptional quality at a lower cost, which can compete in appeal with higher-budgeted

films of the same genre. In order to minimize this risk, management plans to participate as much as possible throughout the process and will aim to mitigate financial risks where possible. Fulfilling this goal depends on the timing of investor financing, the ability to obtain distribution contracts with satisfactory terms, and the continued participation of the current management (Levison 211-212).

APPENDIX II

With the permission of Louise Levison, author of Filmmakers and Financing: Business Plans for Independents, the following information has been updated to reflect current information and slightly tailored for *The Man of Steele*.

Motion Picture Production and Financing

“The structure of the U.S. motion picture business has been changing over the past few years at a faster pace than ever before. Studios and independent companies have created many forms of financing. Although studios historically financed totally out of their own financing arrangements with banks, they now look to partner with other production companies, both in the U.S. and abroad, they seek those who can assist in the overall financing of projects. The deals take the form of the studio retaining the rights for distribution in all U.S. media, including theatrical home video, television and other ancillary markets.

Producers that can finance independent films by another source outside of the studio have more flexibility in their decisions and the ability to hire production personnel and other elements required for preproduction, principal photography and postproduction on a project-by-project basis. With substantially less overhead than the studios, independents are able to be more cost-effective in the filmmaking process. The films can be targeted at both niche and mass audiences, with the target market determining each film dictating the size of the budget. The market for *The Man of Steele* is a wide audience crossing socio-economic lines, thus the desire to have a studio independent arm purchase and distribute this film. Typically, an independent producer’s goal is to acquire funds from equity partners, connecting all financing of a film before the commencement of its principal photography.

There are several steps to the production of a film that includes development, pre-production, production and postproduction. Pen Pictures producers will collaborate and be involved in each of these steps assuring the quality and vision of the film. Development includes any re writes of the story and putting together all sides of the team including advisors, lawyers, CPA, and artistic and technical personnel. Pre production focuses on schedules, acting hires, securing locations, storyboarding and other steps

needed to prepare for the principal photography. The production phase ends when the last shot is taken and generally takes one to two months. Post-production then begins and consists of editing, music and sound synchronization. The costs up to this point are referred to as “negative” costs. The final edited synchronized negative is used to manufacture quality release prints. The expense for release prints and advertising is in addition to the negative costs.

Theatrical Exhibition

In 2007, there were a total of 38,794 theater screens in the U.S. and over 150,000 theater screens worldwide. The cost occurred in distributing a motion picture to theaters depends widely on how many screens the film is exhibited. Studios generally open their film with a 3,000 plus screen exhibition while smaller independent distributors start with fewer screens. It is the intent of Pen Pictures to sell to a distributor who will open *The Man of Steele* on as many screens as possible as this film reaches across a wide audience. The theatrical distribution of films to theater screens has proved recession resistant domestically and continues to drive ancillary sales such as DVDs and CD soundtracks, raising the value of the film in foreign markets.

Television

With over 500 cable channels and the standard broadcast stations, television is one of the most important for feature films and distribution. Pay per view and Movies on Demand allow the television viewing audience to see the movie they want when they want. These channels acquire the ability to do this through purchasing distribution rights from motion picture distributors. Total worldwide Video on demand users were almost 13 million in 2005 and are forecasted to be over 34 million by 2009.

The licensing of films for Home Video/DVD and television (network and syndicated, pay cable, and basic cable) is now overtaking revenues derived from theatrical release. Nevertheless, the stronger the box office returns, the more money a film property will command in ancillary markets.

Home Video

Home video sales is a \$25 billion dollar industry that promotes and sells DVDs to

local, regional and national video retailers who then sell and rent to private viewers. While theatre attendance is expected to decrease over the next five years, studios can expect to see mixed results from another revenue stream, that of DVD rentals and sales. Generally, consumers intend to continue their past and current allocation of income to DVD rentals and purchases. With Netflix, home viewing is even more convenient, cost effective and popular.

International Theatrical Exhibition and Ancillaries

Foreign territories continue to be a viable source of income for American filmed entertainment product. With carefully selected cast members, an independent film can generate more revenue overseas than it does domestically. In many cases, a motion picture may see only moderate success in the United States but do better abroad. Some motion pictures are produced with the intention of distribution only in international markets, skipping the U.S. theaters entirely. It is important to remember, though, that a moderate domestic release still drives more international box office than no release at all. According to a study by industry analysts Dodona Research, box office revenues across the seven major Western European territories are set to reach \$5.5 billion by the end of 2008.

Future Trends

iTunes is a great example of revolutionary changes to the distribution of motion pictures – especially independent films. Independent filmmakers can sell their work over the internet regardless of distribution. And some even choose to obtain as much exposure as possible through broadcasting on sites such as YouTube for exposure. Although not perfect by any means, one can order and upload a movie to the iPhone. As the ideas spread and the technology increases, movies will be distributed in many ways. Digital projection is also a new trend that is changing the face and cost of Print & Advertising. As theaters go to digital screens, the print will be less expensive for the filmmaker or distributor. It is assumed that by the end of 2010 50% of the world's theater screens will digitally project (Levison 202-206).

APPENDIX III

Press

First take

Local startup Pen Pictures LLC aims for the silver screen

By: Erika Fredrickson
Posted: 05/22/2008

In a swank South Hills mansion overlooking Missoula, five dolled-up women watch with amazement as a male stripper swaggers into the room wearing nothing but assless chaps and some very skimpy tuxedo-styled underwear. He starts up his disco music on a hand-carried iPod with speakers, and sassily cracks a whip from side to side. Private party, or the intro to a porno? Well, neither. In this case it's just one of the more outrageous scenes of *Bridesmaid*, a new comedy by local upstart Pen Pictures, LLC.

Bridesmaid began as the thesis project of University of Montana MFA film student Jennifer Sanderson, but has now become one of the cornerstones of a new production company with admittedly ambitious aspirations. Sanderson and co-director Paige Williams are starting Pen Pictures in hopes of producing feature films and to help support underutilized local filmmaking talent. While starting small, their goal is to eventually work on projects with budgets in the \$5 to \$10 million range—and they hope to get to that point sooner rather than later.

"There's no overnight success in this, so this is in the land of, 'We'll see,'" says Williams, who, like Sanderson, got her MFA in film from UM. "There's a lot of Montana film promise, and we want to be right in the center of it, making it happen."

It may sound like a pipe dream for a couple of recent graduate students, but Williams and Sanderson already have three films in different stages of production, a business plan, and support—some of it tentative—from high-profile Hollywood veterans who live in the state.

The company's first project, a documentary called *Mississippi Queen*, is in the final stages of editing. The film tracks Williams' journey back home to where her parents run Mississippi's only ex-gay ministry.

"It's two-fold," says Williams of the intensely personal project. "They have a group of Christian parents and friends who have gay children...and they don't want them to be gay anymore. And they also run a group of people who are gay but [who] don't want to be gay."

The twist, of course, is that Williams herself is gay. With a mix of present-day interviews and archival family videos, Williams explores her complex family relationships. An interview with her mother broaches the topic of accepting a gay daughter. Footage from an old movie shows her awkwardly walking down the staircase in a pink dress, ready for prom.

"I knew I was gay at that point," Williams says of the prom footage.

But in addition to covering the family dynamics, *Mississippi Queen* also takes into account the broader context of the Southern ex-gay and gay cultures. In addition to shooting her family in Mississippi, Williams and two other crew members traveled through Louisiana, Tennessee and Alabama for research.



Photo by Chad Harder

Five actors huddle in a bathtub for the final shoot of *Bridesmaid*, a short comedy by local upstart Pen Pictures. Created by recent University of Montana MFA film graduates Paige Williams, center holding the camera, and Jennifer Sanderson, Pen Pictures currently has three original films in different stages of production

"It's a look into the South's love-hate relationship with gay people," she says. "There's so much culture and so much flamboyancy and so many gays. And then there's so much Jesus."

Williams, who was pregnant with her first child during the filming, says the making of *Mississippi Queen* was even more intense than she initially imagined.

"There were a lot of expectations I had," Williams says, "and those expectations were either crushed or exceeded. But nothing happened on that journey the way I thought it was going to happen."

While *Mississippi Queen* was an emotionally risky subject for Williams—she's employed someone else to edit the footage so she can have some distance—it was a perfect low-risk first project for Pen Pictures. In fact, both *Mississippi Queen* and *Bridesmaid* are written, directed, produced and mostly edited by Sanderson and Williams, with the help of underpaid or often unpaid actors and crew. The mansion location for *Bridesmaid* (which was co-written by Ken White, who plays the stripper), for instance, was donated for free.

While *Mississippi Queen* and *Bridesmaid* are close to completed, Sanderson and Williams are also concurrently working on what would be the company's biggest project. Pen Pictures currently owns a \$1 option on *The Man of Steele*, a semi-autobiographical script by Los Angeles screenwriter Nate Adams, who happens to be Sanderson's cousin. The feature is loosely based on Adams' life as a three-time Montana state champion wrestler whose mother dies in a car wreck.

"His father chose to save his son instead of his wife," says Williams. "And his father is abusive. So when the wrestler is on the mat—J.T. Steele is his name—he transforms almost into this animal. So the question is, 'Am I inherently a son-of-a-bitch like my father or am I inherently a good man?'"

Though Sanderson got to option the script from her cousin for a bargain price, it's only a temporary deal.

"Just because he's my cousin he's not going to just give it to us," says Sanderson. "I love him to death but it is a business transaction."

"Basically," adds Williams, "we need to find \$3 million in three months."

There's already been some progress. Missoula resident Christopher Cronyn, the son of actress Jessica Tandy, has worked on several high profile films like *Raging Bull*, *Heat* and the Montana-made *The Slaughter Rule*, and has signed on as line producer for *The Man of Steele*.

"We just called him up," says Sanderson, smiling. "That's the other beautiful thing about Montana—you can just call people [like him] up."

In addition, Cronyn sent Sanderson and Williams to Louise Levinson, author of *Filmmakers and Financing: Business Plans for Independents*, who is credited with the strategy behind launching *The Blair Witch Project*.

"She does this for a living," says Sanderson. "The *Blair Witch Project* had a huge [profit] margin. Huge. A lot of people think that film was completely guerrilla. But they had a business plan for it, the whole bit."

It's a large leap from two low-budget short films to a multi-million dollar project like *The Man of Steele*, but Williams and Sanderson are confident in their business plan. If things work the way they've designed, *The Man of Steele* will be the first in a series of projects that will keep established in-state filmmaking talent and new graduates from both the UM and Montana State University programs working in Montana.

"Bozeman and UM are producing some high caliber artists who need experience," says Williams, "[but] they're basically training people for L.A... This is a way to hopefully keep them in Montana."

Fig. 16 Missoula Independent, *First Take*, press release, 22 May, 2008

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