The Producer’s Business Handbook

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Rob Holt  Chapter 1

Mary Walbridge notes
How the Motion Picture Industry Functions

• This chapter is a broad entertainment business overview and presents the motion picture industry by its 10 major participant categories.
• It reveals independent production companies as creation and production businesses with distribution capacities.
• It examines story as the critical core of the producer's universe.
most prosperous companies

- are successful because they sustain a perspective of how the whole industry operates
- This perspective includes the view that:
  1. the motion picture industry is a consumer-product business
  2. each participant contributes to and is reliant upon other participant
  3. the various target audiences are each picture's most important participants
the 10 categories of players are:

1. Audiences
2. Distributors
3. Producers
4. Retailers and licensed media
5. International territories
6. Financing participants
7. Distributor subcontractors
8. Production talent and subcontractors
9. Ancillary media and licensees
10. Major consumer brands
The Audiences

- Each picture's **target audiences** are **its sources of income**
- Audiences are the highest priority participants in the industry, because **without them, there is no industry**.
- **Producers must**:
  1. **know the specific target audiences** for each of their pictures
  2. **evaluate each picture** according to its audiences
  3. after committing to a story creatively, **make decisions to proceed on the picture based on its target audience dynamics.**
producers should ask two questions regarding its audiences:

1. By order of dominance, who are this picture's target audiences?
   1. This answer prepares the producer to research the leading 54 U.S. major metropolitan areas (metros), and discover the size, entertainment consumption, and media-use profile of each of the picture's target audiences.

2. How have these audiences responded to at least five pictures released in the most recent five years that are most similar in story, anticipated above-line creatives (director and lead cast), and anticipated television marketing campaign?
   1. Answer to this question enables the producer to project gross receipts, and the producer's share of those gross receipts, for the story being considered.
The answers to these two questions weighed against a picture's estimated production and distribution costs determine whether that picture will be green lit by the producer. This is a picture's initial feasibility analysis.
If the audience profiles and picture comparisons are positive

- and the income to-cost ratio is at least two-to-one (in other words, the projected distributor's net income is at least twice the projected production costs),
- the producer should proceed with the next step in the development of most pictures
The Picture's Initial Feasibility Analysis (in millions)
(Ratios are from recent historical comparisons)
- Global projected gross income $188
- Less theatrical participations, distributor's fees, and expenses $131
- Distributor's net $57
- Negative cost and production financing expenses $20 (actual estimated budget)
- Ratio of distributor's net income to production costs 2.85:1
- Feasibility Recommend proceeding
Audience Orientation

- Producers should understand and use the consumer terms used by Madison Avenue and the reporting agencies such as Nielsen Media Research.

- **Utilizing this language** is an especially effective tool in the producer's relationships with:
  1. international and domestic distributors,
  2. licensees of international and domestic rights,
  3. product placement and premium tie-in brand representatives,
  4. advertising agencies,
  5. public relations and promotion companies.
Audiences are categorized demographically by age as follows:

- **Primary Audience Age Demographic Categories**

<table>
<thead>
<tr>
<th>Audience Terms</th>
<th>Age Demographic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kids</td>
<td>5-11</td>
</tr>
<tr>
<td>Youth</td>
<td>12-17</td>
</tr>
<tr>
<td>Adults</td>
<td>18+</td>
</tr>
<tr>
<td>Youth and single adults</td>
<td>12-24</td>
</tr>
<tr>
<td>Older youth and single adults</td>
<td>16-24</td>
</tr>
</tbody>
</table>
Adults are separated into several categories, by gender,

- most significantly in the motion picture business by ages
  - 18 to 24,
  - 18 to 34,
  - 25 to 34,
  - 25 to 44,
  - 25 to 54,
  - 45-plus, and
  - 55-plus.
easy-to-use consumer databases available to producers at reasonable costs,

- Audiences also are identified and evaluated by *lifestyles*: such as active adults,
- affluent adults,
- educated adults,
- inner-city youth,
- working women, and so on.
- There are excellent *databases*, accessible through major advertising agencies, media buying companies, and the television networks.
DATABASE

- The lifestyle options are broad,
- the data is reliable, and
- the reports are exceptionally useful in **audience quantifying and qualifying.**
- you can sort the major metros:
- by **men 18 to 34 who are college graduates**, **watch a movie at a theater at least twice a month**, and **own a mountain bike**
requested report can reveal

- **how many** are in this audience
- **where** their population concentrations are
- **what** their consumption profiles for the various media are
- **which TV programs** they watch, and so on.

  - Becoming conversant with this information and the databases becomes a very powerful tool for producers who will be originating promotions, reviewing media buys, and projecting their pictures' earnings.
Distributor Pitch Preparation

• Many producers are skilled in preparing the creative aspects of their pictures to pitch to distributors
• they are not ready to pitch until they also have prepared and can present information about their pictures' audiences in the full spectrum of the distributors' interest.
This information includes

- these pictures' audiences
- and projected gross receipts
- in Ch 2
Participant Category 2: The Distributors

• The major distributors are the **motion picture marketing and sales companies in the global territories** that establish the **brand presence of each picture** to their respective target audiences, and are **wholesalers of motion pictures** to their various media.
In the **U.S., the major distributors are**

1. 20th Century Fox
2. Universal
3. Buena Vista
4. Paramount,
5. Sony
6. Warner Bros
7. Miramax
8. DreamWorks,
9. and New Line
Each of these is a full-service studio in the traditional definition,

- except of Miramax, DreamWorks, and New Line, which lack only a studio lot.
- These nine majors are all-rights distributors, globally distributing every theatrical, nontheatrical, and ancillary right associated with their motion pictures.
In addition to the major studios there are:

- Twenty minor theatrical distributors,
- five of which are owned by major distributors
- Sony Pictures Classics,
- Fox Searchlight,
- Warner Independent,
- Paramount Classics,
- and Focus Features).
- Some of the largest and best operated of the remaining minors include Lions Gate and New Market. The largest of these 20 minors are all-rights distributors.
Direct international territory distributors

• 2. The largest of these are studios within their respective international territories, which produce and direct-distribute to all their territories' major media, and who also sell their pictures' rights globally. These are presented in Chapter 3.
International rights sales companies

3. The largest of these organizations produce and coproduce some of their own pictures, in addition to acquiring motion pictures and performing international market sales and distribution services for their independent producers' pictures. These include Summit Entertainment and Icon Entertainment International.
Producers representative organizations

4. These organizations plan and execute sales to distributors in international territories, and may also plan and engage U.S. distribution as well as plan and engage all global rights liquidation of their independent producer clients' pictures and related rights.

Among these are Entertainment Business Group. and Kathy Morgan International.
5. **Television syndication companies**

- These companies plan and **carry out sales to television stations and cable companies.**

6. **Product placement.**

- These companies plan, negotiate, and manage the use, borrowing, giving, or fee earned by their producer clients for **products appearing in their pictures.**
7. Promotional tie-in companies

- These companies originate, plan, negotiate, and manage relationships in advertising or promoting the release of producers' motion pictures with other consumer brands.
- The most prolific brand categories that participate in the motion picture industry are soft drinks and fast food.
8. Publishers

- These entities are discussed in more detail in Chapter 4, and primarily include
- (1) book publishers either republishing novels associated with pictures being released, or publishing new novels based on original screenplays;
- (2) comic book, coloring book, and workbook publishers who create and release books coordinated with picture releases; and
- (3) paper-based role playing and other game publishers who create and distribute their respective products timed with picture releases.
9. Ancillary rights sales companies

- These organizations, examined in Chapter 4, include companies specializing in
- merchandising,
- in-flight,
- scholastic,
- ships-at-sea, and
- other sales and marketing.
Establishing Each Picture's Brand and the Studio Operating Perspective

- The operations and functions of U.S. theatrical distributors are presented in Chapter 2.
- The following section introduces both the distribution phenomenon of establishing a picture's brand as well as the distributors' operating perspective.
Brand Presence:

- Each picture's value for every other U.S. rights area is primarily established during its U.S. theatrical release.
- American audiences are introduced to each picture during this premiere distribution window.
- This is where the brand, the audience perspective, and the picture's entertainment value are established.
media expenses for brand establishment are so costly

- that most motion pictures do not earn sufficient income to equal their media outlay alone.
- The physical aspects of theatrical distribution are highly, sophisticated,
- These functions include:
  - theater circuit bidding
  - booking the multiplexes and the screens best matched with each picture
  - negotiating favorable film rental terms with the circuits
  - staging the physical release of the picture through film exchanges
  - and, finally, the actual settlements that are negotiated with each theater circuit after each picture's play.
These operations substantially affect the success of each picture

• For example: audiences expect the finest pictures to be on the largest screens at the best theaters
however, the peerless genius in the art of distribution

• lies in establishing the public's opinion of each picture through paid advertising, publicity, and promotion

• This is the process through which motion pictures become major brands to their target audiences.
Every motion picture released is a separate brand

- Each picture must come from absolute obscurity
- begun 9 to 12 months before a picture opens, but is substantially accomplished in a major media blitz three to five weeks prior to each picture's opening
A television campaign may have a reach and frequency performance as high as

- 12 impressions (advertising viewings) by 80 percent of that picture's target audiences before the picture opens.
- the cost of media alone is typically $20 to $35 million, before a picture's initial street date.
Brand presence is so fundamental to a picture's earnings performance

- in every distribution category that distributors' projections of the picture's gross earnings are based on a percentage of each picture's opening weekend theatrical receipts.
- the distributor originates and directs the entire campaign
- And it is the campaign, its media buys, and promotions that drive each picture's initial audiences
a Powerful media campaign with strong television commercials

- will still overcome word of mouth during the opening two weeks, even among these savvy and tightly connected audiences.
The two major campaign elements that determine each picture's opening...

- two weeks' theatrical gross are:
  1. **how motivating, the television spots** are to the picture's unique target audiences
  2. the **reach and frequency of the campaign's television schedule** for these target audiences

- Television is the **hammer media** for all audiences, though radio, outdoor, and print advertising are important, especially during the summer.
producers benefit most

• when they focus on heightening the impact of their pictures' campaigns
• assuring that the aggregate media buys are significantly beyond critical mass and are optimized for their targets
• as these largely determine each picture's opening weekend performance
picture's brand presence established during its theatrical release

- predicates the picture's earnings capacity in all subsequent distribution release windows
- These other earnings windows:
  - especially home entertainment (video/DVD and soon, Internet downloading and pay-per-view),
  - premium cable, and network television
- are the producer's highest earnings sources
If

• competing pictures, weather, or other factors keep theatrical audiences low...
• they still experience a substantial audience increase during the home video/DVD release
Distributors Operating Perspective

• When gross receipts fall below a screen's house-nut...
  ▫ (the exhibitor's attributed cost to provide and operate that screen),
• the picture is soon replaced with another.
• For example:
  • if an exhibitor's house-nut is $3,200 and that week's gross was $2,800, the distributor knows the Picture will soon be replaced by a picture with greater grossing potential.
campaigns are the central reason audiences buy tickets

• **TV commercials are the most convincing campaign elements**

• When viewing the campaign, the audience *sees* and *hears* evidence that a picture is indeed *funny, exciting, romantic, scary,* or contains other emotional connections that motivate them to see the picture or not.

• audiences lean to their own experience, even when that experience is limited to 30-second commercials and 2- to 3-minute trailers.
Campaigns drive audiences

- Audiences drive box office receipts.
- Distributors focus on campaigns.
- So distributors look first to a picture's campaign elements:
- Then to its overall entertainment power.
- Accordingly, producers should anticipate that distributors will assess their interest in distributing each picture based on a formula of:
  - 70 percent campaign integrity
  - And 30 percent entertainment power.
Participant Category 3: Independent Producers

- Independent producers are the creators and manufacturers of the motion picture products.
- This section presents the two main independent producer operating profiles: creative protectionist producers and balanced producers.
- Audiences pay for the producer's goods, and distributors create and motivate a market for them.
- Though uncomfortable to some producers, these simple realities render these audiences and distributors preeminent to the producer in every aspect of decision making.
Creative Protectionist Producers

- Creative protectionist producers comprise the greatest number of independent producers in the film industry.
- In the United States, there are more than 800 of these production companies, operating chiefly from New York or Los Angeles.
- The characteristic unique to these producers is their arm's-length, creative protectionist attitude toward distributors.
focused on the **creative purity** of the vision they have for each picture

- any other opinion, especially those of distributors who must focus on the commercial success of each picture, **represent a threat to the artistic integrity of their pictures** and are commonly blamed if their pictures financially underperform.

- often creates a **love-hate relationship with their distributors**.
separatist operating style

1. promotes strained production financing, which then must come partially or wholly from private sources;
2. results in their pictures under earning for lack of market preparation
causes some of their theatrical feature films to receive no U.S. theatrical release at all
• Some of these producers are **highly skilled**
• and have industry and audience reputations for **creative wizardry**
• their pictures are released through major studios, and some even *win Academy Awards*.
• this high-risk operating style yields high attrition among these producers
• **Creates a substantial disparity** between their numbers of produced pictures, distributed pictures, and profitable pictures.
producer realizes that the film's audiences are too limited ---

• the campaign elements too light to justify the distributors' production advances.
Once you have found or written a screenplay that you are passionate about, then employ all your filmmaking craft, engage production associates willing to be paid chiefly from the picture's profits, pool all the money you have, borrow from relatives and any other sources who are willing to lend, run up your credit cards for the balance of the budget, and make the film. When it is complete, enter it in as many festivals as you can, and see how you fare.
thousands of motion pictures are completed each year by well-intending producers

- and submitted to one or more of the approximately 2,500 annual film festivals.
- In 2010, the highest profile of the events, the Sundance Festival, considered over 3,724 motion picture submissions and selected just 113 that were screened during, the festival, in all categories
Of these entrants, the industry trade papers

- (which rarely miss a transaction of substance) recorded 8 distributor pickups.
- Of these entrants, these were huge wins for the 8 producers, their financier, and creative associates,
- but what of the 105 producers who didn't obtain a distribution relationship for their pictures?
- Even more telling, consider the 3,611 producers who didn't even get the opportunity to screen their films.
even if clever, these films are simply not sufficiently marketable to warrant the substantial, essential, distribution investment

• After the screening (and typical pass on behalf of the distributor), if the producer is interested, we meet with him or her and ask the difficult, but vital question that can open the way to a more productive approach to filmmaking.
The question is,

- "Before you poured your talent and resources into this film, why didn't You contact a distributor to find out if they were interested in your vision of the picture?"
- asserting that distributor involvement would have threatened their picture's creative integrity.
Fundamentally, most producers want their films to fulfill three major objectives:

1. **Creation**: to powerfully reveal the producer's vision of the story.
2. **Audience**: to play the picture to as extensive an audience possible.
3. **Profits**: to recoup production costs and receive a fair participation of the picture's earnings.
Balanced Producers

• a small group of just under two dozen balanced producers, operating principally from New York or Los Angeles

• These include Imagine Entertainment, G K, Spyglass, Lakeshore, Alcon, Hyde Park, Working Title Films,
  ▫ consistently receive global distribution,
  ▫ are profitable

• attain their producers' creative visions

• understand the essential importance of both preparing their pictures for the global marketplace and preparing the global marketplace for their picture
Balanced producer

- primarily, if not exclusively, use bank-provided production financing
- release their pictures through major distributors
- extract the maximum possible media and rights earnings from the various global territories.
Before committing to a picture's production

- prior to committing acquiring a literary property or idea
- balanced producers proceed when they become convinced that the producer's potential gross profits are high compared with the picture's approximate production and distribution costs.
Balanced Producer's Development and Production Approach.

- producers must sustain:
- balance among each picture's story, audiences (as affirmed by major territory distributors from earliest development), and
- margin between cost of production and the producer's share of profits (presented in Chapter 2).
- This is the success wall for serious producers to lean their ladders against.
balanced producers' production analyses for their pictures include:

1. script breakdowns
2. production boards
3. schedules, and budgets
4. liquidation breakdowns-to plan and perform the distribution
5. global rights analysis-
6. distribution window schedules
7. potential premium tie-in lists
8. and cover-shot recommendations from the major international territories
• knowing that a picture lends itself to merchandising products, in-flight and novelization allows a producer, while still in development, the advantage of including product development and cover shots
• With sufficient lead time the paperback can feature the Picture's one-sheet (poster art) on its covers at retail check-out stands two to four weeks before the picture's U.S. theatrical premiere and the merchandisable goods can further cross-promote the picture and be released in its optimal timing to benefit the picture's release
Embracing the practices of balanced producers

• assures producers the greatest possible success in marketing their pictures

• remember that while most producers create one picture every six months to two years (many of these pictures passing through a before-funded development gestation of several years)---

• each major U.S. studio releases one to three pictures a month!
producers should not expect a distributor to plan and prepare

- as early as the producer
- **Before a producer commits** to a project:
  - he or she should **process it through his or her own in-house tests**, as presented in later chapters, and summarily in Chapter 12.
  - **After a producer internally** **green lights** a picture
Participant Category 4: Retailers and Licensed Media

- the theater circuits,
- video outlet rental chains,
- and home entertainment sell-through retailers
- VOD/SVOD/IPTV
- premium cable networks,
- major free television networks,
- and free television syndication participants,
  ▫ including cable networks and independent television stations.
how these motion picture retailers impact and contribute to the motion picture arena.

- each a massive, sophisticated, and separate industry
- Each has separate associations and conventions
- each makes its own crucial and very specialized contributions in selling to its specific and unique audiences
- they all rely on producers to deliver dynamically entertaining pictures and
- theatrical distributors to establish a motivating brand for each picture.
Distribution Windows

• Though each picture's liquidation schedule is singular to its audiences, marketing power, time of year and date of initial theatrical release, financing, and distribution agreements, the typical U.S. distribution windows are as follows:
# Traditional U.S. Distribution Windows

<table>
<thead>
<tr>
<th>Distribution window</th>
<th>Time from prior window</th>
<th>Cumulative months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic games</td>
<td>6-12 weeks prior to Theatrical release</td>
<td>3 mos. before Theatrical</td>
</tr>
<tr>
<td>Paperback</td>
<td>3-7 weeks prior to theatrical release</td>
<td>2 mos. Before theatrical</td>
</tr>
<tr>
<td>Theatrical</td>
<td>Opening day</td>
<td>Theatrical</td>
</tr>
<tr>
<td>Home Entertainment</td>
<td>Day &amp; Date to 3 mos. later</td>
<td>3 mos. after</td>
</tr>
<tr>
<td>VOD/SVOD/IPTV</td>
<td>1 to 3 mos. Later</td>
<td>3-6 mos.</td>
</tr>
<tr>
<td>Premium Cable</td>
<td>3-6 mos. later</td>
<td>6-12 mos.</td>
</tr>
<tr>
<td>Network television</td>
<td>6 mos. later</td>
<td>12-18 mos.</td>
</tr>
<tr>
<td>Syndicated television</td>
<td>12-24 months later</td>
<td>24-42 months</td>
</tr>
</tbody>
</table>
In addition to the substantial and sophisticated campaigns mounted by theatrical distributors, each of these participants makes the following contributions:
I. Theatrical exhibitors

- (theater chains) plan and purchase print (newspaper) advertising in their theaters' markets.
- Most exhibitors have their own in-house ad agencies that manage this process.
- They also show trailers (movie previews) of upcoming releases and display one-sheets (movie posters) of current and upcoming pictures.
- Both trailers and one-sheets are provided by the distributors. Unquestionably the most motivating contribution that exhibitors make to each picture's success is providing a high-profile exhibition environment with large screens, superior sound, comfortable seating, and a theater staff who are informed about the Picture and anxious to make patrons happy that they chose to come to their theater to see it.
2. Home Entertainment
3. VOD, SVOD, IPTV
4. Premium cable networks

- are uniquely important licensees, because producers often license directly with them.
- These licensees use the brand power of the most popular pictures to expand their subscriber base by advertising on cable systems and in a variety of magazine, newspaper, and direct-mail media.
5. Free television networks

- also license directly with producers.
- Though it continues to grow, just under half of U.S. TV households subscribe to a premium cable network.
- Consequently, the television network premiere often attracts the largest single viewing audience during a picture's life.
- The networks are masters at drawing audiences, by using their networks as the primary source to advertise motion pictures with theatrical release status.
6. Free television syndication participants

- Including cable networks and independent stations, deliver long-term audiences and income.
- Licensing to these participants is sophisticated, complex, and typically sold and managed by a television syndication company.
- These stations and station groups, like the networks, primarily advertise motion pictures via their stations.
Participant Category 5: International Territories

- These are the audiences, distributors, retail media, and other rights purchasers in territories outside the United States.
- International territories yield well over half the earnings (60% in 2007) of most motion pictures created by U.S.-based producers.
- The seven leading international territories and producers' relationships with them are reviewed in Chapters 3 and 12.
Participant Category 6: Financing Participants

- These include:
  - banks that provide production and distribution financing,
  - studios and distributors that function as "commercial lenders" for many independent producers,
  - governments that provide production tax and/or cash incentive programs,
  - as well as private and institutional investors who provide development, distribution, and in some cases, partial production funding, some motivated by tax-sheltered programs.
- Other participants in this category include
  - law firms,
  - private attorneys, and
  - accounting firms and accountants, who advise, author, and assist in the management of securities. The roles of these participants are explained fully in Chapters 2, 5, 9, 10, and 12.
Participant Category 7: Distribution Subcontractors

- This category includes sales and licensing specialists,
- media planning and buying companies,
- and campaign creators and producers
- as well as advertising agencies (some of which contribute to all three of the just-listed items).
- These are also manufacturers and duplicators of products including CD, DVD, and new generations of consumer technology.

Distribution subcontractors are discussed in Chapters 4, 12, and 13.
Participant Category 8: Production Talent and Subcontractors

- These include a diverse and stunning array of above- and below-the-line
- performers and craft imagineers,
- producers, and suppliers.
- Especially included in this category
  - agencies,
  - agents,
  - managers, and
  - attorneys who represent talent. Producer relationships with participants in this category are reviewed in Chapters 8, 11, and 12.
Participant Category 9: Ancillary Media and Licensees

- These are additional retail media including pay-per-view,
- hotels and motels,
- in-flight and ships-at-sea,
- and other licensed free audiences, including prison systems, Indian reservations, and schools.
- This category also includes licensed rights, such as electronic games, publishing, printing, merchandising, sound tracks and music publishing, clothing, and Internet applications.
- Though these are each growing in earnings and promotion importance, and occasionally out-earn conventional income categories, these markets typically represent a modest portion of a picture's income. These participants are reviewed in Chapter 4.
Participant Category 10: Major Consumer Brands

- These are brands that link their products or name to a motion picture and advance that picture and their brand by nature of the relationship.
- Consumer brand relationships may take a number of forms, but generally fall into two categories.

1. **brand exposure of products used in the picture**
   - the brand either pays for the exposure or gives or lends its products to the producer.

2. The second relationship is a **brand's use of a picture to advertise or promote its name**
Participant Category Summary

- Having reviewed these motion picture industry participants, reconsider their order of importance.
- 1. Audiences
- 2. Distributors
- 3. Producers
- 4. Retailers and licensed media
- 5. International territories
- 6. Financing participants
- 7. Distribution subcontractors
- 8. Production talent and subcontractors
- 9. Ancillary media and licensees
- 10. Major consumer brands
Although traditionally viewed primarily as creatives,

- independent producers who operate their own development and production companies are also business owners.
- In large measure, their creative and financial success is reliant upon their understanding of, empathy for, and relationships with the industry participants above them on this hierarchical scale (audiences and distributors), as well as with those below them.
Story

• If the creative categories were listed in priority, as the business categories have been, one creative category would clearly stand above the others.
• This is the ultimate art of creative genius.
• It is where the picture is first produced.
• Story is the most essential and important, and therefore the most powerful creative asset in the motion picture industry. It is more powerful than money.
Too many people with deep pockets have entered this industry to establish a motion picture production empire, only to leave months or, in some insufferable cases, years later, with a monument of odd and underperforming pictures to show for their substantial investments.

Story is even more important than star power or a great director.

Even "A-list" actors and directors, for money or career politics, occasionally allow themselves to be attached to pictures that should never have been made.
Fine direction and acting may lift a picture somewhat, but ultimately can never redeem a weak story.

- An audience-pleasing, entertaining story is the most powerful and essential asset in the motion picture business.
- Talent with story sense always gravitate to these pictures and want to participate in their creation.
- Business operating technique, organization, planning, excellent relationships with studios and great artists, or the availability of any other assets will never offset the essential need for producers to discover, develop, and produce stories that deserve to be told.
The greatest independent producers **recognize great stories.**

- Excellence in all other producer characteristics will not compensate for failure in this
- Call it story sense, having a nose for the audience, or what you may, this is the single essential attribute, if all the other producer qualities are to even matter.
- At the same time, in order to sustain the whole perspective, it's important to remember that a great story alone is not sufficient justification for a producer
The story

- Great stories without sufficient audience power as compared to their production and distribution costs should not be made.
- But great stories are always the germ, the genesis, the foundation of every consummate picture.
- If the story isn't worth being told, then none of the producer's other considerations matter.
Balanced Producer's Development and Production Approach.

- To receive the greatest creative freedom and highest earnings, producers must sustain a balance among each picture's
  - story,
  - audiences (as affirmed by major territory distributors from earliest development),
  - margin between cost of production and the producer's share of profits (presented in Chapter 2). This is the success wall for serious producers to lean their ladders against.
When producer (the third-tier participants) develop, produce, and distribute their pictures, deeply meshed with their audiences and distributors (the first- and second-tier participants), all other industry participants (tiers 4 through 10), will respect and confidently participate with them.