

**THE INSIDER'S
GUIDE TO
INDEPENDENT
FILM
DISTRIBUTION**

Stacey Parks



The Insider's Guide to Independent Film Distribution

Second Edition

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Preface

New and Improved for the Times . . .

The second edition of *The Insider's Guide to Independent Film Distribution* has been a long time coming. Since the first edition was published in 2007, film distribution, financing, and marketing have changed dramatically every year and continue to evolve on a daily basis. In fact, by the time you're reading this, chances are that even more has changed and there may even be a few things that are outdated or obsolete by the time this book hits the shelves. Just keep that point in mind as you're reading...

Also, please keep in mind that as the film industry landscape changes, it's *your* responsibility to keep abreast of the changes. Use this book as a guide to what's happening in the world of film finance, marketing, and distribution, but **don't stop there**. You must stay connected with all the wonderful resources out there, particularly online, and follow what's happening in the business diligently, every day, to form a complete and up-to-the-minute picture of how the industry is operating at any given moment.

Sound overwhelming? It is! But a good place to start is with the online resources I've created to help keep you on task that are all good supplementary materials to this book:

My training website: www.FilmSpecific.com

My weekly newsletter: www.FilmSpecific.com/Newsletter

My blog: www.IndependentFilmBlog.com

Facebook: www.Facebook.com/FilmSpecific

Twitter: www.Twitter.com/FilmSpecific

Incidentally, visiting these sites is also the best way to connect with me if you want to get in touch. Sound good? All right, then, let's get started with the second edition of *The Insider's Guide to Independent Film Distribution*!

To your success always,

Stacey Parks
Los Angeles, CA
October 2011

About the Website

The website for the book has some great extra materials. Please be sure to visit!

<http://booksite.focalpress.com/parks/distribution>

Please follow the instructions on the website for access requirements.

Acknowledgments

I would like to thank my clients and members at www.FilmSpecific.com for the never-ending inspiration you provide for my work and specifically for this book. The second edition has been a long time in the making!

Furthermore, a big fat thank you to all my case study and interview subjects for giving me your time and lending your expertise to the readers of this book!

And, of course, thanks to my friends and family. Without your support, I don't know where I'd be! Thanks particularly to Mom and Jen, my closest and most ardent supporters of everything I do.

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About the Author

Stacey Parks, Founder, Film Specific

Stacey Parks is an expert in the area of Film and TV distribution, with over 15 years of experience working with independent film producers. As a Foreign Sales Agent since 2001, she has secured distribution for hundreds of independent features and programs worldwide. She has sold films and programs to NHK (Japan), RTL (Germany), Canal Plus (France), BBC, SkyTV, HBO, Showtime, Starz, PBS, A&E, History Channel, Travel Channel, and countless others.

Prior to becoming a foreign sales agent, she was an Associate Producer on the feature film *Shadow Magic* (1999), which premiered at the Sundance Film Festival and was released theatrically by Sony Pictures Classics. In 2001, Parks produced a London-based Internet TV series called *SEED TV* about socially conscious entrepreneurs; the series was executive produced by renowned British PR “guru” Lynne Franks. In 1995, Parks began her career at the William Morris Agency and for four years worked in the soundtrack and independent film packaging departments.

After spending several years in the trenches of independent film and program distribution, Parks decided to write the book *The Insider's Guide to Independent Film Distribution* (Focal Press, 2007), considered to be an essential handbook for independent filmmakers seeking production and distribution insight for their films. Simultaneously, she launched FilmSpecific.com, a website dedicated to educating filmmakers about independent film financing, distribution, and marketing. Since its launch, FilmSpecific.com has been named by *Moviemaker Magazine* as “one of the 50 best websites for moviemakers” and “one of the top 25 websites that filmmakers need to know about.”

In 2009, Parks launched Media Sparks Entertainment and currently specializes in producing film and TV projects for all media platforms, with international appeal. Stacey also works on putting together international coproduction and cofinancing for film and TV projects with European partners.

Recognized as an expert in the field, Parks has spoken and lectured extensively on the subject of independent film distribution across the United States and Europe, including at the AFM, Cannes Film Festival, and British Film Institute. She holds a master's degree in International Business from Pepperdine University and currently resides in Los Angeles, California.

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A Recent History of Distribution

Distribution has changed so much since the first edition of this book was published in 2007! And it continues to change all the time ... but I think it's best to know where we've come from before figuring out where we're ultimately headed. Thus, I think it's important to visit what the "story" of distribution really is.

But first things first: by definition, *distribution* is the process by which a film reaches the marketplace and is made available to its target audience. Practically speaking, distribution means selling your film to theatrical distributors, broadcast networks, DVD companies, and video-on-demand (VOD) platforms.

In today's market, it is more difficult than ever to get distribution for your film. Why? Because there are more films on the market than ever before. Historically, it took a lot more effort to make an independent film, and distribution was easier to secure. In the 1980s and early 1990s, for example, there were a lot fewer independent films on the market, and distributors actually paid advances to secure distribution rights to a film. Because digital technologies hadn't taken hold yet, filmmakers were still shooting their independent films on film as opposed to digital video. As a result, independent films of the '80s and early '90s tended to be in smaller supply and higher quality, and distributors snapped them up at high prices.

Then in the mid-'90s the digital revolution began, and filmmaking was democratized. Suddenly, there were more films on the market than distributors could handle. Filmmakers were thrilled to exercise their artistic license making films on the new, inexpensive format that miniDV delivered. In the process, they flooded the market with independent films, and distributors couldn't keep up. Acquisition prices started to go down, because as the supply of independent films increased, distributor demand decreased.

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By the late '90s, distribution deals became harder and harder to come by. The presale market, which before had guaranteed distribution in the territory of the presale, dried up. Filmmakers could no longer rely on foreign sales to finance their budgets. Once upon a time, two or three foreign sales could finance an entire independent film budget, and the rest was profit. By the late '90s and early 2000, that was no longer the case at all. At this point in distribution history, the market turned upside down.

By 2001 and 2002, independent films became a commodity. They were sold "by the pound" to foreign buyers, for a thousand bucks here and there. Now filmmakers had to rely on getting a U.S. distribution deal to recoup their budget. Fortunately, by this point, the U.S. DVD market was hotter than ever, and independent films, especially genre films like horror or action, were snapped up by U.S. DVD companies to fulfill their output deals with Blockbuster, Hollywood Video, and all the other video stores that were flourishing. Even if the advances these U.S. distributors paid weren't that big, filmmakers were guaranteed royalty checks, which over time helped recoup their budgets and pay back investors.

One downside at this point in distribution history was that although DVD deals were aplenty, getting a theatrical distribution deal for an independent film was almost impossible. Theater owners just weren't interested in booking the types of independent films that were on the market. Unless the film happened to have a big cast and could guarantee tickets would be sold or had just won the audience award at Sundance, advertising prices had gone up so that the economics simply didn't work. Also, because there were so many independent films on the market, there were not nearly enough screens to put them on. That is one reason why the DVD format became so popular as mass-market distribution.

This brings us to today, where not much has changed in terms of distributor demand and prices paid for independent films except for one critical development. Fortunately, "new" distribution channels have opened up to absorb some of the supply of films in the market. The Internet, video-on-demand, and pay-per-view are all distribution channels unique to the past few years that have allowed for greater distribution of independent films. Although these channels do not currently account for big dollars, they are slowly becoming a viable income source for filmmakers. I hope that in the next ten years, film budgets will be able to be financed by these new distribution platforms and have DVD and theatrical distribution be the profit, turning the market right-side-up once again.

THE CURRENT STATE OF THE MARKET: A REALITY CHECK

A recent survey among domestic and international buyers regarding the state of the market attempted to determine why there has been such a

dramatic price decrease in license fees since the early '90s as well as a severe drop-off in distribution advances. Here's what the findings were:

1. Ten years ago, before every aspiring filmmaker was making a film on a miniDV camera, there were fewer films on the market, and therefore the films commanded higher licensing fees. Back then, it was even possible to presell certain territories, which meant that a filmmaker would receive money in advance for a project in exchange for the buyers obtaining exclusive rights to that project in their territory. Therefore, you could essentially raise the money for your movie before shooting it. Unfortunately, those days are gone.

The state of the market is not what it used to be. The truth is that

2. Currently, only the smallest percentage of independent films get **U.S. theatrical distribution** UNLESS they've won awards at one of the MAJOR film festivals, or the cast is packed with A-list stars.
3. When you do start selling your film, it is harder than ever to get companies to agree to pay you the entire license fee up front. Be prepared for payment plans to be spread over long periods of time. Also, know from the outset that there will most likely be long lag times before actual payment reaches you. The reason for this is that DVD companies, for example, receive payments from retailers in increments based on sales of your film. Basically, they don't pay you until they get paid. It's a cash flow issue.
4. Unfortunately, the days of hefty **minimum guarantees** (aka advances) by DVD companies are gone for independent films. Many of the U.S. DVD distributors are currently offering royalty-only deals. This means that you can expect a royalty check about nine months to a year after you sign your distribution deal. The reason for this delay is that normally the DVD companies must first recoup their advance and their marketing and manufacturing costs before they pay you royalties. Now a big part of the reason for the disappearance of advances in the DVD world, I'm told, is due to the fact that you can walk into Walmart and buy big studio blockbusters for \$7.99. So that leaves the \$1.99 bin for independent films. Because DVD companies get lower wholesale prices for independent films, they can no longer afford to pay big advances.

WHY THE DISAPPEARANCE OF DISTRIBUTION ADVANCES?

In some cases, distributors are willing to take the risk and give a distribution advance to help get the ball rolling or help fill in a financing gap. More often than not, however, distribution advances have caused a number of distributors to go out of business. Some of them started investing insane amounts as production advances or minimum guarantees and

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were never able to recoup their money. As a result, the rules of the game have been completely rewritten. The new rules are

1. The production has to have A-list stars attached to the project.
2. The producer has to be innovative and willing to bring other funding to the table.
3. Distributors have to believe the producer can deliver the finished product as promised.

Distributor investments quite often lead to creative collaboration on a project because distributors have been so burned in just giving producers money and waiting for a completed film. On some films, distributors will invest money and then presell whatever territories they can to recoup their advance right away and in some cases raise additional capital for the film.

The bottom line is that most distributors are reluctant to take the risk in giving an advance. From their point of view, in most cases, it just isn't fiscally sound because most projects don't end up making enough sales to cover the advance. And even if they do recoup the advance, it takes several years of sales to get the cash flowing.

SO NOW WHAT DO YOU DO?

Despite these disparaging statistics about the market, there are certain types of projects that distributors always seek out. Even if you are working with a small budget, both domestic and international distribution possibilities are still available out there.

Although you may not be able to control the dynamics of supply and demand, there are factors you can control that will increase the likelihood your film gets distribution. The next chapter discusses specific steps you can follow.

Producer Betsy Chasse, In Her Own Words, On Distribution Today (www.betsychasse.net)

In five years my kids may wonder what a movie theater is....

It seems as though everything we thought we held sacred is shifting. Books are now read on computers, phones, and iPads; long phone chats are now replaced by long Skype chats (I'm still not fully into that one—sometimes I like to wear pajamas!). TV is any time, any place, and now movies are on their way out of the Cineplex and into ... well, wherever.

The old notion that one must pay a small fortune to sit in a dark room with sticky chairs to see a good film is shifting toward going to your local yoga studio to see a film and hear from the filmmaker. People are looking for a more intimate experience when seeing a film. They want to feel a part of something. To me, this is part of a larger movement within society to belong. It's no wonder social networking has had such a big impact on all of us.

These days it's not just enough to have a movie. You need a brand. In my experience, people want to know more than what they see in a film. They want the whole story ... the filmmaker's

story. They want to connect on a deeper level for a more complete experience, and that can't always happen in 90 minutes. Think about what other products you can create from your film concept. Books, additional DVDs, seminars (it ain't about t-shirts and hats anymore—although those are good, too).

For sure, audiences will always flock to the theaters for your typical Hollywood blockbuster, but my guess is most of you reading this book aren't making those.

What is a filmmaker to do to get her film seen? I live by three golden rules when making or considering a film for distribution.

1. Know your audience (I mean really—not “Everyone will love my movie!”), but really know your **core audience**. Get specific—very specific. Understand their patterns. Where do they like to go? What magazines or websites do they read? How do they communicate with each other about what's new and what's interesting to them? How do you reach them? Nowadays traditional advertising just doesn't cut it. You must know how to target your marketing to maximize the little advertising dollars you have. If your film speaks to your core, then they will do the real work that is the best marketing you can have for a movie: word of mouth.
2. Make a movie people want to see more than once. In this digital age, most of your revenues will not come from a theatrical release. (Should you choose to do a theatrical release, you should be thinking of that as an expense for marketing—not a revenue stream!) Your revenues will come from your DVD (and even that's limited these days) to other digital distribution outlets such as VOD and PPV. The more people want to watch your movie, the more opportunities for revenues.
3. Make it cheap. You don't need millions and millions of dollars to make or distribute your film. The less money of yours, your parents, or your investors you spend, the more likely you'll make it back and be able to make more.

So now that you've made your film, you've figured out your core audience. Now what?

If I had a dollar for every person who said “You made a killing on *What the Bleep Do We Know?*,” I would have actually made a killing. Even though *Bleep* is still considered one of the highest-grossing documentaries in U.S. history and has numbers thrown around like \$30 million worldwide gross (no one actually knows, but it's a good guess), the truth is it still hasn't made its money back. Between theaters, distributor, and other fees, it's still a struggle to squeeze any of those dollars back to the filmmakers (that's me). Why, you ask?

Here's the gross thing about gross: there are a lot of fingers in that pie. It starts with theaters. When you go see a movie and complain about those high ticket prices, you must think, “Those greedy little filmmakers!” But the truth is, most independent films see maybe 5 to 10 percent of that ticket price (and that's a BIG MAYBE!). After the theater takes its cut (usually around 70 percent), the money goes back to the distributor and they take out their expenses and then their cut (usually between 25 and 30 percent), and if there is any money left over, then the filmmaker gets about 60 percent of that! (Okay, is anyone else confused?!) And that's just for the theatrical run. Then there are foreign sales agents, foreign distributors, VAT taxes, distribution fees, legal fees, and on and on and on. That poor little filmmaker is lucky to get a dime when it's all said and done.

So how do you make money making films? I know I said it—“Make money!”—“Gross!” especially in my genre—spiritual films—everyone thinks it should be for free! People seem to forget that you had to pay that guy with the camera and that girl with the mic. I know, we should all eat for free and make our own clothes. Nowadays everyone is waiting for Netflix or to download it for free. And right now, you're not going to make any money from Netflix. That elusive advance seems so amazing when you hear about it, but after the checks clear and everyone has had his or her fingers in your pie, it's not so appetizing.

I refer back to my three golden rules. Okay, so you did that, now what? Patience, creativity, more patience, and flexibility.

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Patience because—guess what?—it's going to take a long time to make your money back. Be ready to stick to it for the long haul. Don't be in a rush to take that first offer. And don't be afraid to do it yourself. No one will put as much energy and care into the distribution of your film as you will, and even if you do sign that contract, it's likely you'll still be doing most of the marketing and promotion work yourself. Why not hold on to a bigger piece of that pie?

Creativity because finding a way to convince your audience that they should leave their house to see your film is as daunting as making the film. But it is possible, if you know your audience. Think of your film as a brand. It's not enough just to have a movie. What's your call to action? Why should I spend my hard-earned cash seeing your movie?

And finally **flexibility** because what you thought you knew about distributing your film today will be obsolete by tomorrow. You need to be ready to distribute your film in ways you didn't think of before—find those revenue streams. They are out there in the most unlikely of places.

Right now, I am distributing a film, and I'm giving it away for FREE—yep—FREE. I have secured 500 colleges, groups, and organizations around the country to host screenings of the film. They get the film for free, and all they have to do is buy 30 DVDs to sell. They make money by selling DVDs ... and I'll move 15,000 DVDs on the first day of its launch. Not to mention, they are paying all the marketing and promotion costs for the screenings.

I can't say it enough: filmmaking is combining art and commerce, which isn't always the best combination. Don't skimp on the commerce part, just like you wouldn't skimp on the art part. Be as creative with your distribution as you are with your filmmaking. And by the way, hire someone smart like me to help you. The best money you can spend is on the right person to help shepherd your film, someone who understands your audience and how to reach them.

ADDITIONAL RESOURCES

For more information on the current state of the distribution landscape, check out “Dissecting Distribution”: www.FilmSpecific.com/dissectingdistribution

Before You Start Production: Getting a Leg Up on Distribution

What drives distribution value? This is a question I get asked quite frequently. People want to know what they can do to their film to make it more distribution-worthy, and quite frankly, this is a very valid question!

Preproduction is the ideal time to start thinking of distribution for your film. When you plan in advance, there are so many things you can institute at this stage of the game that will give your film infinitely better chances at distribution later. I like to call it “distribution in reverse,” or simply reverse-engineering your film for distribution. There are many examples of filmmakers operating with this mindset and finding much success with getting their films made, seen, and distributed worldwide. Later in this chapter, you see some specific case studies of this.

Distribution in reverse has been going on for some time. Historically, this effort was called “presales,” and although they are quite uncommon for low-budget films these days, I know of a few filmmakers who have managed to get one or more presales for their films during preproduction, and therefore are guaranteed a certain amount of distribution when the film is completed.

By contrast to today, in the 1990s it wasn’t uncommon for an independent film to get several foreign distribution deals before going into production, and then U.S. distribution was always the icing on the cake. Films of all genres were able to benefit from this, as long as there were a few names attached to the script. Today presales work a bit differently in that they are reserved for films by big producers and directors with serious track records. Distributors got burned in the past with films they prebought that subsequently never got made or got made very poorly—hence, the necessity of having a track record before a distributor will “trust” you enough to do a presale.

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Don't despair if you are unable to secure distribution during preproduction because you are not alone. Most filmmakers do NOT secure distribution for their films at this stage and instead work on things that *can* significantly improve their chances of getting distribution after their film is completed. Yes, there are some horror stories of filmmakers who sank their life's savings into making their film, only to have it never see the light of distribution. However, I am a firm believer that you can take some precautions in advance that will significantly increase your chances of making a film that sells.

The following sections describe five ways you can improve the chances of distribution during preproduction.

TARGET YOUR AUDIENCE

The first thing you should ask yourself during preproduction is this: "Who is the target audience for my film?" You want to focus on who the end user/market is for your film FIRST and THEN go through the process of creating it (but ONLY when a distinct and target audience can be established).

Why? For two reasons:

1. Before any traditional distributors pick up your film, they are going to want to know what their "marketing hook" will be, and that is predicated on having a distinct target audience. Distributors are already thinking about how they can market your film before they acquire it from you, and marketing a film is an expensive proposition that can delay profitability. So it makes sense that distributors would choose to pick up only films that they see they can market efficiently and cheaply to specific target audiences and thus decrease their overall spending as much as possible.
2. If you *don't* end up getting traditional distribution, then you'll need to know who your target audience is so you can execute a do-it-yourself (DIY) campaign efficiently and cheaply. Just like a traditional distributor, you are going to be looking at how you can save money on your marketing and promotions while self-distributing your film—and it's a heck of a lot cheaper to market to a specific target audience rather than try to market to everyone.

Also, you'll notice that even at the studio level, films are being made for specific target audiences. Look at films such as *Twilight* and *The Hangover*. Those films were made for very specific audiences. So if you aspire to move up to making studio-level films or selling your films to the mini-majors or major distributors, you need to focus on making films for specific target audiences at a smaller, more independent level and work on building up a track record for yourself.

Let's face it, though; in most cases in today's market, you are going to be doing some sort of DIY distribution, whether it's a hybrid strategy or

100 percent DIY. Obviously, you can't just get your film on to iTunes or another digital platform and hope the sales will magically appear. Nor can you put a DVD for sale on your website and have traffic automatically show up on your front doorstep. And neither can you do your own theatrical screening tour and people automatically show up.

So this is where having a target audience comes into play, and the key point to remember is you don't want to wait till your movie is done before you start building an audience because building an audience takes time. You want to start building your audience in preproduction; building an audience is like your insurance plan for the film.

How Do You Start to Build Your Audience?

Look at who the audience is for your film. Is it sci-fi geeks or horror fans? Do you have a documentary with a social cause? Where do these people hang out online? Which blogs, forums, Facebook groups? Find out where they congregate (both online and offline), mingle, connect, and interact with them there with the ultimate goal of driving them back to your site and Facebook page so you can start aggregating them as *your own* audience. Do this consistently over a period of several months so you have that "insurance policy" of an audience by the time you're finished with your film.

Interview with Filmmaker Jon Reiss, On Target Audience (www.thinkoutsidetheboxoffice.com)

Q: Tell us about *target audience* and what will happen if a filmmaker doesn't identify this early on in the process?

A: To me, a target audience is one of the niches that exist in the world that would be interested in your film (or anything that you do). A niche is a group of people focused on a particular interest. They are accessible. You can afford to market to them.

For instance, in the case of my film *Bomb It*, one of the niche audiences is graffiti writers and street artists. Another niche audience is people who love graffiti and street art. A third audience for *Bomb It* is underground hip-hop (specifically people who argue over how many "elements" there are in hip-hop—graffiti often being called one of the "four elements of hip-hop"; some people feel that there are five; others, nine; etc.). While you may think that "people who love hip-hop" is also an audience, that is too broad of an audience for us to tackle with limited means. It is best to drill down as deep as possible to the narrowest niche, or core within a niche, in order to begin engagement.

This process takes time, and the earlier you start it, the better. Your release will be much more successful (assuming connection with audience is one of your goals) if you have started to engage your audience (or at least the core of your audience) prior to your release. If you don't, you will be struggling to gain audience during your release. By not laying this foundation, you are essentially shooting yourself in the foot.

Q: Once you identify your target audience, what's next? Any tips on aggregating?

A: For me, there are three "TOTBO (Think Outside the Box Office) Steps of Audience Engagement":

1. Who? You must identify your audience—discussed in [question] #1 above. And within each niche, you should identify the core audience(s) within each niche.

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2. Where? You must determine where and how this audience(s) receives information, and it will be different for every audience. Some audiences don't use social networks—even today. Others are on Facebook or Ning more than Twitter. Each niche will have certain blogs that are important to it. You determine this via research.
3. How? Does this audience consume media? In other words, how might they watch or interact with the story of your film? Will they go see a live event? Do they still buy DVDs? What other kinds of merchandise might they buy? On what platforms do they watch digital content? You need to know this in order to connect your final film (or any product) with your audience(s).

Q: I hear filmmakers say all the time how difficult it is to start any type of campaign for their film during preproduction because nothing is really “happening” yet. In your opinion, how can filmmakers create an initial campaign for their films during prepro?

A: I think “campaign” is the wrong way to think about it. I recommend that people/filmmakers think in terms of connection. You have fans out in the world (they may not know you exist). You need to connect with them.

Topics could include: What are you interested in? Why are you making this film? What are your struggles? How might you need help? How can your audience contribute to your film, not just financially (crowd funding), but also creatively (crowdsourcing)? Ask them questions about different concepts, techniques you are considering, etc. Crowd funding and crowdsourcing are as important for audience connection as [they are] for money or creative contributions.

But more importantly, don't just talk about yourself and your film. In fact, no more than 20 percent of what you talk about or put out through your various channels should be about your film and yourself. Eighty percent (at least) should be information valuable (or entertaining) to your audience. Go out and listen to your community and then become an authority within that community. Talk about the film once in a while, and then when you are in release, your audience will gladly support, promote, and refer you.

Q: All this can be so overwhelming to think about doing on your own. What kind of team should filmmakers be building during prepro to facilitate the marketing of their film?

A: I believe that filmmaking is a two-part process. The first part is creating the film; the second part is connecting that film with an audience. I think the most important team member to bring on in preproduction is the person I call the Producer of Marketing and Distribution, or PMD. This person is the point person for all aspects of audience engagement as outlined above. If you recognize that it is important to connect with audiences, then you absolutely need to devote resources to this process. People with traditional film positions already have their plate full making the film. Filmmakers need to realize that unless they themselves will take on this work, they must get someone on their crew who will, just like they have someone line produce or edit. That is why I created the position of the PMD in *Think Outside the Box Office*, because unless there is a clearly defined role for these tasks, they will not get done.

Q: Tell us about *Bomb It*. What did you do, if anything, during prepro that set you up for a successful release of the film later?

A: For *Bomb It*, we started shooting right away, so our preproduction and production happened simultaneously—for about two years. But all during this time, we were actively engaging our audience:

1. We set up a website and a blog. We posted regularly to this blog, very rarely about our film. We posted almost exclusively about our subject—graffiti and street art. Specifically, we posted items that interested us and we felt would be interesting to our audience. We featured artists that we interviewed as well as bloggers, journalists, and influencers within our community; see #5 below.
2. On our website, we incentivized people to join our email list by offering to mail them stickers (yes via snail mail). This is an early example of an Email for Media campaign. It cost a few

hundred dollars to execute but (1) it was directed at our specific audience; (2) it gave people something in exchange for what they were giving us (their email address). We had 1,000 people on our list by our premiere.

3. We set up a MySpace page. Remember this is 2004–2005 when we started (Facebook wasn't the force it is now—and our audience was not on Facebook at that time. Our audiences were on MySpace; see research above). By the time we premiered at Tribeca Film Festival, we had nearly 5,000 fans on MySpace.
4. We cut trailers as soon as we had enough footage and posted them to YouTube ... and directed our audience to them. We were on our second trailer by the time we premiered.
5. We reached out to key bloggers, journalists, galleries, and influencers within the community. We created friendships with these people that lasted beyond the release.

GET IN TOUCH WITH THE MARKET

The second step you can take during preproduction to improve your chances of distribution later is **get in touch with the market**.

What does that mean? Well, let's have a reality check. The reality of today's marketplace is that acquisition prices for films are a fraction of what they were 5–10 years ago, and even though new distribution models are emerging and revenue sources are shifting, the new revenue sources aren't fully developed yet.

In today's marketplace, as a filmmaker, you basically have two potential paths to follow. You either

1. Make a film and sell it into the traditional system, or
2. Make a film and pursue DIY or hybrid distribution.

Unfortunately, I find that, in general, most filmmakers and producers are out of touch with market realities. And, of course, they are. It's not their job to know what particular market forces are in play at any given moment. However, if you spend just a little bit of time studying what kinds of films “sell,” you will be able to glean enough insight to assist you in making educated decisions throughout your production process.

Here's something you can do: this may seem overly simplistic, but have a look at what's playing in the theaters, what's still for sale on the video shelves, what's showing on cable, and what's premiering on cable and Internet VOD. Look at the quality of these films, the actors they're using, the artwork used to promote them. It's cliché but it's true: there has to be some kind of “hook” in order for your independent movie to find distribution, whether it's star appeal; a popular genre like horror, family, or sci-fi; or a “niche” film (gay, sports, children, etc.), there has to be a special hook that makes your film stand out from the rest.

Here's a story that illustrates what I'm talking about. I was working with some filmmakers who wanted to make a romantic comedy to go straight to video and cable. Despite potential red flags, the filmmakers were very attached to their story and did some basic market research

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before even writing the script. They started by taking a trip to several video stores to see if there were any independent romantic comedies on the shelves that hadn't already had a U.S. theatrical release. Red flag #1: there weren't any. Next, they made a target list of 10 cable networks where the movie might air, including HBO, Showtime, A&E, and IFC, among others. They visited the websites of these 10 cable networks and scrutinized their programming schedules. What they found was that most of these networks aired only films that either had a major U.S. theatrical release or were one of their own original productions (which are becoming increasingly more common). In the rare cases where we saw an independent film on the program schedule that hadn't had a U.S. theatrical release, the film had either a star-driven cast or was in the "family" genre category (red flag #2).

After researching video stores and cable networks, the filmmakers made a list of some romantic comedies they had seen in the past year and indicated what the hook was in each of them that garnered them distribution. The most common reason on the list was cast, followed by remake or adaptation of some previous film or book.

The last thing the filmmakers did in the market research process was visit the American Film Market (AFM) and visit the booths of foreign sales agents and distribution companies to see what was being sold at the market. How many posters for romantic comedies did they find? Red flag #3: not many. In talking to a few foreign sales agents and even buyers visiting the market, they ascertained that romantic comedies were not a popular sale at the time and incidentally didn't translate well to overseas markets.

In this particular case, the results of a little basic market research were clear. The only circumstances under which it made sense to move forward with a romantic comedy would be if the filmmakers could raise enough money through private investors to attach at least two A-list cast members. Because the filmmakers were so committed to the project, they decided to give it a shot by increasing their budget and reformatting their business plan to raise the money they needed to hire A-list actors.

And Don't Forget to Carefully Consider Genre...

Certain genres of films do better than others at certain times. For example, horror, action, thriller, and sci-fi films have been doing well for a while in the straight-to-video market (whereas dramas, comedies, and art-house films have not). Therefore, it makes sense to engage in market research for the particular genre you have in mind, and if you find there is low demand for it, consider switching to a genre that is in higher demand. Seems like common sense, right? Keep in mind that the market is continually changing: one year horror may be a hot commodity, and the next year it's saturated. The market is a fickle place, so chances are a

project you put on hiatus now can most likely be resurrected at a later date when there may be a place in the market for it.

There are some genres, though, that I find to be consistently in demand. Family films, animation, current affairs documentaries, and action films (with B-list stars or higher) are generally wildly popular genres nowadays because they can always seem to find an audience. (Please keep in mind that these genres are just a partial list and represent what is currently happening. When it comes time to make your film, research the market and find out what the hot sellers are because the results may be different.)

CAST FOR DISTRIBUTION

One of the best investments you can make during preproduction of your film is in casting. Because casting can literally make or break distribution for your film, you should budget for casting one or two A-list stars in your movie, even if it is for one day of work. You will certainly get your money's worth. If you cannot get one to two A-list stars, your next best strategy is to get three to four B-list stars to act in your film.

For example, there was a filmmaker who had a dark comedy script budgeted for \$250,000. She had initial interest from some private investors who were interested in financing the film; however, she needed to attach star names to the project.

She started by going through the budget and allotting \$100,000 to hire two A-list stars. She made a cast wish list and presented that list to a handful of domestic and international distributors for feedback. She heard back from the distributors which names had value in their markets. From that feedback, she narrowed down the list of which stars were realistic to go after. This "distributor-approved" cast list was passed on to the casting director to go and secure the talent. The good news is that the filmmaker knew going into this situation that no matter which actors decided to accept from that list, the film was almost guaranteed distribution in certain territories.

The final result was that the filmmaker was able to get two A-list stars attached to the project. This satisfied her financiers and got the film funded and eventually distributed in several territories.

Another option when it comes to casting, especially if you are dealing with a budget of less than \$1 million, is to utilize B-list and current or past television stars. I have witnessed films packed with these second-tier stars that end up selling very well both domestically and overseas. Again, I recommend making a list of potential stars and getting feedback from distributors first to learn which stars will secure financing for your film.

For an example of how second-tier stars can be an ingredient to success, you need not look any further than John Travolta in *Pulp Fiction* or

John Ritter in *Sling Blade*. Both of these men were known as has-beens before these films, but their careers were completely resurrected after the films' releases. If a distributor can "break" or revive a star's career with your movie, you're basically set. If you've secured a U.S. domestic release and this happens, you can bet the international audience will come flocking.

When all else fails and you cannot even afford to hire B-list stars for a few days' work, at the very least, take advantage of Screen Actors Guild (SAG) low-budget schemes and cast professional talent in your film. This approach will save you lots of time, money, and headaches. With SAG actors, you know from the beginning you are getting professional, experienced talent. And not too many producers and filmmakers know about these schemes or how to utilize them to their advantage. For more information, do yourself a favor and visit www.sagindie.org.

Paul Bales's film *Legion of the Dead* was made for under \$500,000 utilizing one of the SAG low-budget schemes. For his directorial debut, Paul made it a priority to use SAG actors. Under the SAG low-budget scheme, he was able to use professional actors at a fraction of the cost. For a total budget of less than \$500,000, he had to cut corners somewhere, so he stuck to an 11-day shooting schedule. Although this schedule was definitely tight, he made up for it by using the SAG actors who were able to knock out their scenes faster and consequently saved time in the end. He also shot on 35 mm film. Paul's film got shelf space in Blockbuster video stores, and the producers recouped their initial investment and made a profit.

One of the disadvantages, however, to using any SAG contract, be it low budget or otherwise, is that when your film starts to make money, SAG will be the first in line to get paid, NOT the filmmaker. SAG will have written security agreements with you, as the filmmaker, to make sure of it. And if you are lucky enough to have a big hit with your film, SAG will require you to pay up. The devil, as always, is in the details.

Furthermore, distributors hate having to sign SAG's distributor's assumption agreement. Collecting, paying out, and paying residuals on a low-budget indie is a waste of time for the distributors. Unfortunately, the filmmaker will be left with paying for all this extra work.

The bottom line here is that SAG contracts can work great for your film as long as the budget is big enough for it to make financial sense, with all the deferred payments you'll have to make later. So be sure to crunch the numbers before you sign any SAG contracts. And remember, even if you are going after A- and B-list actors but not using SAG, always make sure the terms you negotiate with your actors are favorable (that is, watch those deferred payments), so you can avert financial disaster later.

A question I get asked quite frequently is exactly how I go about casting A- or B-list stars for my indie film. Here are two ways to get started.

Hire a Casting Director

Hiring a casting director may seem like an obvious solution, and it is, especially if you have the budget to hire someone with experience casting for independent films. What a good casting director can do for you is get your project to the top of actors' reading piles. Casting directors have relationships with agents and managers, so they can actually get to the actors much more easily than you can on your own. In fact, most agents and managers won't even take your call unless you're a known casting director.

Casting directors also bring a lot of value to the table when it comes time to write offers and handle the paperwork (deferred payments, etc.) because they have experience in this, too. They know how to run casting sessions and make listings in the breakdowns. Casting directors also may be privy to upcoming stars that you do not know about and can make creative suggestions to fit your budget.

So, in short, when it's time to go after your A- and B-list stars, casting directors can make this happen for you, and they are worth their weight in gold. The way to find experienced casting directors is to look at the credits of some recently successful films in your budget range and even genre. You'll see some of the same names appear again and again, and you can research them through Google or IMDB and contact them directly via their websites.

Submit Offers to Agents

If you don't have the budget to hire a casting director but have some potential financing lined up, you can always make your own cast wish list and submit offers to agents and managers yourself. Be forewarned, though: you really need to know what you're doing here because you will be disregarded as an amateur if you don't do it right.

First of all, to find out who represents the actor you wish to make an offer to, you can call around to the major agencies (Creative Artists, International Creative Management, William Morris Endeavor, United Talent) and simply ask the receptionist, "Do you represent so-and-so?" The receptionist will tell you yes or no. If the answer is yes, ask who the responsible agent is. If the answer is no, say "Thank you" and move on.

You can also utilize websites such as www.whorepresents.com or www.imdbpro.com and, for \$10 to \$12 per month, have access to an entire database of actors and who their representatives are, along with contact details, and so on. Still another option for finding out your chosen actors' representation is to call SAG's Actors to Locate service, and they will give you the representation they have on file for up to three actors you request at a time.

After you find out who the agent is for the actor you wish to submit an offer to, you can call that agent and ask if so-and-so is available for

whenever you plan on shooting. The agent will tell you yes or no and/or tell you the actor's availability. You can tell the agent you will be submitting an offer for your film.

From there, you will need help from either a lawyer or casting director on how to draft a written offer. You don't want to seem like an amateur here, so make sure you get this part right. After you work out your formal offer on paper, you send it into the agent with a copy of your screenplay and other details of the film. With a written offer in hand, the agent is obliged to present it to the client. Remember that you should always add some kind of condition that would allow you to back out of the offer if necessary. It's like buying a house with contingency (that is, "if you fix up the bathrooms, I'll buy it"). This condition is usually disguised as "based on the positive outcome of a meeting with the actor."

And beware that the agent may ask for a "pay or play" offer for her client. What this means is that you pay the actor's fee whether or not you end up casting him in your film. So be careful of the "pay or play" offers!

After you submit an offer to an agent for her client, you wait ... and probably wait some more until you hear back yes or no. This process may take two days; it may take two months. You can be a squeaky wheel if you want, but you must also be patient.

It is not okay to present multiple offers at the same time for the same role. So, unfortunately, you will have to wait until you hear back from your first choice before approaching your second choice. However, you can work on casting multiple roles at the same time, so hopefully you have three to four offers out there for the three to four roles you are casting with A- or B-list actors. And if you do decide to present multiple offers at once, by all means keep your mouth shut about it. If the agents whom you are dealing with find this out, they won't be happy and can automatically decline your offer to their clients.

A great example of this DIY packaging strategy involves filmmaker Adam Cultraro and his film *Corrado*. For his debut feature, Adam decided to take on casting the main roles himself and ended up with Tom Sizemore as the lead, which ultimately helped immensely in landing distribution for the film. Like Adam says, the biggest advantage of attaching cast yourself is that *you* make the relationships with agents and managers that you can then use in the future. Adam didn't have existing relationships with agents and managers before *Corrado*, but by the time the film was finished, he had made a few key relationships that enabled him to turn to them for his next film, *Hanger 14*. So you can see the huge advantage in beginning the casting process yourself. Then you can always bring in a casting director later to cast the smaller roles.

The disadvantage of this DIY casting approach is that obviously it's not easy to get through to agents and managers when you don't have a financed film (otherwise, everyone would be doing it, right?). After all, clients retain agents to bring them paid offers; that is their job. But

here's a tip: if you research an actor on IMDB and you can see he has both an agent *and* a manager, always start by approaching the manager first because the manager is usually much more approachable and less focused on an immediate paid offer.

Also, when you are contacting agents and managers, email them first with an introduction to you and your project. Often they will get back to you right away, and if they don't, you can follow up with a phone call; it's not a "cold" call because they would have already been briefed in your email what it is you want.

Here's another suggestion for casting if you don't have financing in place yet: raise some initial development funds possibly even through crowd funding platforms (see "Interview with Filmmaker Jon Reiss, On Target Audience") to get a small portion of your budget together, and either hire a casting director or go out to attach cast yourself empowered with some money in the bank to make offers if necessary. You'll notice everyone from casting directors to agents and managers will take you much more seriously if you have even a small portion of your film's budget already raised, and you will stand out from the hordes of other filmmakers trying to attach cast to their projects with NO budget raised at all. Even 10 to 20 percent can make a difference.

CREATE YOUR INITIAL CAMPAIGN AND AGGREGATE YOUR AUDIENCE

Creating an initial campaign for your film has become a critical step during preproduction. With the advent of social media and the general growth of the World Wide Web over the past few years, instead of your waiting till a film is completed to create marketing materials for it, the process has been pushed forward to beginning this process during preproduction.

So what exactly do you need to be concerned about creating during this stage? Primarily, I want you to think about getting your key art or concept art done and establishing a preliminary web presence.

- **Artwork:** You will need the artwork to design an initial one-sheet and/or for your main website and social media pages. Remember, this doesn't have to be the final artwork because it will probably change a few times between now and when your film is distributed. BUT that doesn't mean it shouldn't be professionally done, and I actually recommend looking at other movie artwork (for example, DVD covers of studio films) and adapting something like that for your film. You can even reference these other films' artwork to your designers to give them direction on what you want yours to look like.
- **Web Presence:** You should design a website for your film that integrates all the necessary elements: concept art, sign-in box, synopsis, bios of you and your team, and a teaser trailer or sizzle reel if you

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have one. You also want to have your social media buttons so people can connect to you on places like Facebook. While I'm speaking of Facebook, you should have both a personal Facebook page and a page specifically for your film where you can start building a fan base. I often hear from filmmakers how difficult it is to build up a fan base during preproduction when generally not much is going on to keep fans engaged. I hear you loud and clear, and I agree this can be a challenge. So your goal at this stage is to start building the fan base for your film with friends and family and do your best to keep people engaged with what you have going on by posting your artwork, teaser trailers, website designs, and so on, and even asking them to get involved and give you feedback on the process.

A great example of this is what Linda Nelson and Michael Madison did with their film *Delivered*, which they started from the script stage in building up their fan base on Facebook. Take a look at www.facebook.com/DeliveredMovie, where during preproduction the filmmakers leveraged their Facebook fan page and community to hold "virtual" auditions, get feedback on their key art, hold design contests, and perform other activities.

When you can begin engaging your fans during preproduction like the *Delivered* moviemakers did, you will help build your brand as well as your film's brand in the marketplace.

BUILD YOUR MARKETING TEAM

No doubt about it: you can't tackle all the important audience-building and buzz-building functions in preproduction alone because you'll also be focusing on packaging your project, raising financing, and getting the project into production. Fortunately, there is now a crew position called the Producer of Marketing and Distribution (PMD) whose job it is to oversee all the marketing and distribution-related duties from the early stages of preproduction all the way through distribution of the film.

Interview with PMD Adam Daniel Mezei (www.pmdforhire.com)

In today's democratized filmmaking universe, just about anyone can shoot a movie. Prove it, you say. Okay, simple.

Yesterday's industry-insider roadblocks barring filmmakers from their true audiences are now as good as gone. Want to get into show business? Well, here's how: pen a script, grab a low-cost camera, recruit some of your buddies and family as actors (or yourself), and—*voilà!*—you're making pictures!

While making a film sounds like a snap, the even bigger magic trick is getting folks to *watch* your movie. Since the middle of the past decade, product has simply flooded the market. There's more competition in 2011 than ever before. Split between iTunes, Netflix, Amazon VOD, and

traditional DVD channels (not to mention tens of other avenues), audiences must contend with so much choice with so little time. So how do you get them to even watch *your* movie?

Well, all this is the playing field of the PMD, the Producer of Marketing and Distribution. PMDs are above-the-line, PGA-accredited (pending) marketing personnel who work directly with your film's lead producer to tweak your film's marketing budget, to review its various digital and nondigital distribution sales options, and engage your film's true audience over the long term.

Let's break these components down individually.

The Marketing Budget

Most filmmakers shoot their movie without thinking about what happens after postproduction. This is why a marketing plan is absolutely critical. Given that Hollywood spends over 40 percent of its blockbusters' budgets on marketing and distribution (P&A = prints & advertising), marketing is almost *half* as important as the process of making your film. Filmmakers must now embrace what Jon Reiss has termed "the new 50/50": 50 percent of your current budget must now be earmarked—*in advance*—for marketing and distribution efforts. Why 50 percent, you ask? Well, there are film festival submission fees and overheads, press kit expenses, not to mention paying yourself between projects, among other outlays.

Digital and Nondigital Distribution

It's the PMD's job to know the best and most effective avenues to get your film into the marketplace and revenue back into your pocket. That's what they spend their days researching, so when you hire one, you should be getting the best of their expertise and contacts. PMDs help you to strike a balance between old- and new-world distribution channels to help promote and evangelize your project.

Engaging Your True Audience

Why reinvent the wheel each time out? Well, this is your career we're talking about, right? So why cultivate your film's audience—from scratch—each time out? Better to nurture a fan base which you can "deploy" from project to project. An audience that will not only appreciate your work, but will also help extend the otherwise limited reach of your marketing efforts by seeding your film in *their* various communities. We're talking about your "true" fans here, okay?

When's the Best Time to Hire a PMD?

As early as possible in the filmmaking process, ideally before the cameras start rolling.

So How Much Do PMDs Cost?

Not as much as you think! But given how much effort you put into making your movie, don't you want people to know about it and pay to watch it? That's where a PMD can help.

ADDITIONAL RESOURCES

Case Study/Interview with Ryan Barton-Grimley on "Packaging *The Truth*": www.FilmSpecific.com/RBG

Case Study/Interview with PMD Adam Daniel Mezei: www.FilmSpecific.com/PMD

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Financing Strategies for Distribution

The highest ROIs have come from the micro budget world that delivers quality to a quantifiable audience, particularly when they have a somewhat recognizable cast.

—Ted Hope

When you are trying to finance your independent film, it pays to raise the extra money to be able to hire a professional cast, shoot on film or high-definition (HD) video instead of standard video, and in general make a better movie. I know many filmmakers who follow the “down and dirty” philosophy and pull together whatever funds they have, slap something together on a miniDV camera using their relatives as actors, and then expect their movie to get distribution. As a general rule, this approach doesn’t work.

We’re in an interesting predicament in today’s marketplace in that you really need to step things up and make a film of a certain quality while at the same time keep the budget as low as possible because potential revenue streams are still very low.

I want to spend some time going over which sources of financing are most prevalent right now—both traditional and nontraditional forms.

TRADITIONAL FINANCING SOURCES

Private Equity

Love it or hate it, private equity is still the most common financing source for independent films in the United States. In essence, what private equity boils down to is raising money from friends, family, high-net-worth individuals, and/or investors. The biggest advantage to private equity is that for the most part it leaves you most in control of your film. By contrast, the biggest disadvantage to private equity is that it can be

very difficult to find, especially in the tough economic climate of the past few years. Another advantage of private equity is that money tends to beget other money—meaning if you can raise some initial private equity for your film, typically it is then easier to raise additional money elsewhere because the first money in is always the riskiest (and it's hard to get people to take a big risk on the unknown!).

Presales

Presales are literally distributor financing because they mean a distributor is willing to “prebuy” the rights to your film for a particular territory and advance you the money for production. When distributors prebuy rights, the presale is advantageous to them because if they know in advance that you have a hot property, they can secure the distribution rights up front instead of waiting until the film is completed and then having to compete with all the other distributors in their territory for the distribution rights. For this reason, distributors also tend to get a good deal when they prebuy their territory because they are taking a risk that, once executed, the film will be the hot property they thought it was and will be able to recoup their advance through ticket sales.

Presales have become more difficult since the late 90s because distributors, particularly foreign distributors, have been badly burned by prebuying into films and those films turning out to be total flops. In many instances, distributors have lost their entire investment. As a result, foreign distributors have tacked on more and more technical requirements for presales over the years. In other words, instead of just having A-list cast attached, as was once the case, you now have to have an experienced director and producer attached with proven track records. These extra requirements further ensure that the film not only will have the stars to attract an audience but also will be executed well and will actually be seen to completion, make it into the theaters, and garner ticket sales.

For obvious reasons, presales are advantageous to filmmakers. For one thing, preselling is a way to raise money for your film while securing distributors at the same time. Another advantage is that a presale gives your film cachet in that if people believed in your movie enough to prebuy for their territory, it is very likely that other distributors from other territories also will be attracted to a presale. Pretty soon, by preselling a few territories, you can raise all the money for your film with the assurance that your film will be seen in those countries.

Presales are generally made with the help of foreign sales agents because they are the ones who have the relationships with foreign distributors. However, you may be able to secure your own presale by submitting to the distributors directly. Be warned, though, that this form of financing has become extremely rare these days and isn't even worth considering unless you have an A-list cast and are a producer or director with a proven track record,

The one exception that I've seen happening over the past few years is if a film is packaged with proven B-list straight-to-video stars, U.S. DVD distributors have stepped up to the plate to prebuy their rights. So if you're not in a position to get any A-list stars attached to your project and you want to explore presale financing, your best bet is to find three to four straight-to-video stars and attach them to your movie.

International Coproductions

An international coproduction is a form of a presale in which the distributor takes a much larger stake in the film and, in fact, becomes a coproducer on the movie. International coproductions grew out of presales. When distributors started getting badly burned, they decided that if they took a greater involvement in the films, their involvement could act as insurance that the films were executed properly. With this further insurance, at least distributors could somewhat rely on making back their investment.

International coproductions, like presales, are very rare these days and pretty much carry the same requirements as presales in terms of a sellable project and A-list cast potential. However, with the increase in demand for nonfiction programming by cable and satellite networks, I have actually seen an increase in international coproductions for documentaries and special-interest films that fit a programming mandate. For example, when a new travel network began broadcasting in Germany, network programmers were so hungry for travel documentaries that they entered into several international coproduction deals to fill their programming pipeline and ensure they would have enough shows in the coming year to air to their burgeoning audience.

Sometimes you can finance a film with one international coproduction, or several at a time, and as with a presale, distributors also retain the distribution rights for their territory in a coproduction arrangement.

Also, if you're seeking an international coproduction as a way to finance your movie, your best bet is to work with foreign sales agents because they have the relationships and know the intricacies involved in coproduction deals, including all the contractual issues.

Tax Incentives

Everyone should be using tax incentives right now because they represent "free money." Using these incentives, you can usually get 20 to 40 percent of the budget credited back to you after the film is completed, depending on where you shoot. You can also get these same types of incentives by shooting in foreign locations—everywhere from Canada to Eastern Europe—BUT you need to partner with local production companies and keep in mind that when you're shooting overseas, any savings in taxes can be wiped away depending on currency fluctuations and the cost

of flying your cast and crew to location. Another point to keep in mind is that you still have to monetize tax incentives for production, so that means getting a private investor, bank, or other source to cash flow them for you.

Interview with Director Adam Paolo Cultraro on Financing His Film with Presales

Q: Last AFM, in one of the worst economic downturns in recent history, you managed to presell \$1 million of your \$4 million budgeted film. How did you do it?

A: It was actually pretty easy. And not just because I'm some sort of presales superstar (I'm not), but because I followed the rules. AFM is an event that distributors, studios, and sales agents around the world congregate at every year. Like other film markets, they come for TWO reasons only: to buy or to sell. Most everyone present is there to either *buy* a movie that is either a script, in production, or complete ... or ... to *sell* a movie that is either a script, in production, or complete. That's it! I was a seller. I knew from studying the markets that I would need certain things in order to have my film be of maximum attractiveness to buyers. This is the elusive *package*. The package is comprised of the who, what, and when of the film. *Who* is in it? *What* genre is it and what is it about? *When* will you shoot it? Once I had these three things, I made up one sheets, which are a poster on the front with a synopsis on the back. I then obtained the buyers' database for AFM (which you get access to when you pay to get in). I then proceeded to send a series of targeted emails to buyers pitching my film and requesting a meeting at AFM.... I received over 50 responses and appointments. When AFM finally came around, I took meetings, pitched the project, and obtained commitments to prepurchase the film. It was easy as that. There was nothing particularly hard about it ... because I followed the rules. My one sheets looked like everyone else's one sheets. My film was a genre movie with name cast. I was speaking the language buyers were speaking, not some pie in the sky "great-movie-win-awards" type rant. All buyers care about is the cast, the genre, and that you have the ability to actually make the movie you are trying to sell them.

Q: How important do you think cast and genre were in the success of your presales? Or were there other important factors at play as well?

A: Wait—you mean there's something other than cast and genre that buyers are looking for? Seriously, those two things ARE the package. Even my ability to make the film (i.e., what director is attached) is a distant third place consideration. Buyers have a degree of comfort in your ability to make the movie if you have significant name talent attached. They are relying on the actor's agents vetting you before they have to. Having a name actor attached is instant credibility. Second in importance is a marketable genre. Oh, there's no doubt in my mind that you could get a film market and sell a Tom Hanks period piece costume drama, but this will require an inordinate amount of work on your part even though there is a name attached. If you have a marketable genre and name actors, buyers will come to you, plain and simple.

Q: So where did you go from there? How did you end up pulling together the rest of your \$4 million budget, and what important lessons did you learn?

A: The one problem with a presales-driven model is that you will never sell enough of the film to *not* require an equity investment. Not only is it difficult (close to impossible) to finance 100 percent of a film's budget using presales, it's not a good business strategy either. So you're left with a portion of the film's budget accounted for in presales, then another portion in film tax credits—which is easy, and every filmmaker should avail themselves of—then you can usually get gap financing

on the unsold territories through most entertainment banks. All that stuff is relatively easy compared to the final thing you need: EQUITY. This is what stops most filmmakers, novice and veteran alike, cold in their tracks. You need to convince someone to *give you money*. This is always difficult and separates the men from the boys. Of course, if you bring a \$4 million movie with tax credits, presales, gap financing, etc., and you only need \$500,000 to get it off the ground, suddenly your package is pretty solid, and you'll be in a better position to get the equity and get the movie made. The most neophyte mistake I find out there is when a filmmaker is trying to raise *too much* equity. They'll have a \$4 million picture and be looking for \$3 million of it in cash. Even if you could do it, it's not the way it's done, and just marks you as being new when you go bang on the doors, hat in hand. In my case, after we had all those pieces, we started looking for the equity. This was a tough road, and frankly, the producer I originally had on board could not do it after six months of trying. Finally, I found a new producer, and we approached another, more seasoned producer with the package, his company then funded the remainder of the film, and we shot it. The lesson I learned here is to begin tracking the producers that regularly make the type of film you are trying to sell, and take your package to them early on. In many cases, these filmmakers produce so many films that they can take your script, cast, and presales, and quickly roll that whole ball into a movie that will get made. These producers have large revolving lines of credit and can bank your presales cheaper than you can, so they can just look at your package and say "yes" right on the spot. It's what they do!

Q: As a young director, you've taken a different approach than most other directors who are making low-budget films and self-distributing them. What are your thoughts on this, and why did you decide to take the route you chose?

A: Well, I find myself in a unique and precarious situation. I'm a writer-director who only wants to shoot my own material. Call me strange, but like Tarantino, I only do my own stuff. So that presents a huge challenge to getting the films made. My goals are very different than most other directors. I'm not trying to win a festival so I can get noticed and land a bigger gig. I'm not making calling cards of my work in the hopes of getting hired. So my process necessarily has to be different than other directors. Since no one will hire me to shoot my own script (would be nice, but alas ...), I have to actually get the movie made, meaning self-distribution strategies don't cut it. I need a budget, and I need it now, and the easiest way of accomplishing that goal has been to attach cast and presell the movie. So you see that my way of getting films made is out of necessity. It was either this method or scrape \$20,000 together and shoot a crappy feature and try and get it in a festival or otherwise noticed. The path I've chosen is a calculated business decision, since if I felt like I could win major film festivals with \$20,000 features, I'd probably be doing that. The young filmmaker doesn't actually realize that the odds of accomplishing that goal are far, far more remote than actually piecing together a film with presales or name cast. And this is where so many filmmakers fail before they've even started.... They make not one, not two, but several of these low-budget, noncommercial movies with no name cast in them, and then they wonder why they're still begging, borrowing, and stealing to make yet another forgettable and tiny picture—all the while not getting paid to make movies. I've unashamedly chosen the path of commercialism because that's what works in Hollywood. It's a business first and an art form second.

Q: What are some of the things you wish you would have done differently along the way or will be doing differently in the future?

A: Well, I have a series of regrets that are only natural as one progresses in one's career. I'm just smarter than I was five years ago, plain and simple. My regrets and lessons are comprised of two categories: Creative Regrets and Business Regrets. Even though I normally speak of only the business side, many directors fail to note that the two are inextricably linked to each other. Most of these are from my first feature, *Corrado*. I did not repeat many of these mistakes on *Hangar 14*. Here goes:

Creative Regrets

- Never allow a lead actor to substantially rewrite his lines. (*Corrado*)
- Ensure the producer of the project shares the *identical*, not *similar* vision that you do for the picture—they are putting up money, which gives them some creative rights! (*Hangar 14*)
- Never allow the lead actor’s management to linger on set and offer critiques. (*Hangar 14*)
- Fight to the death for final cut or something close to it. (*Hangar 14*)
- Just because a lead actor sells doesn’t mean he is right for the role or is even a good actor. (*Hangar 14*)

Business Regrets

- Never borrow more equity than you absolutely need to. Presell more. (*Corrado*)
- Deliver the picture with enough speed that your lead actor’s value stays high. Waiting too long drops the values as your actor continues to act in film after film. (*Corrado*)
- Don’t try to do too many jobs and wear too many hats. (*Corrado*)
- Talk to distributors about selling your movie, not sales agents, and be able to recognize what the difference is. (*Corrado*)
- Negotiate your sales agency contract even harder and have a competent attorney review it. (*Corrado*)
- Negotiate your profit participation up front with the rest of your contract, not “afterwards, in good faith.” (*Hangar 14*)
- Don’t cast “familiar faces” in your film—burned-out-but-recognizable actors who demand more money than scale and add absolutely nothing to your sales. (*Corrado*)
- Don’t buy your own production equipment. It’s cheaper to rent, and you’ll get better stuff. (*Corrado*)
- Contingency funds are to be used for the purpose intended—in case of emergency—which doesn’t help if you’ve spent them beforehand. (*Corrado*)

What I’m doing differently in my next film is not doing any of the above, which is a step in the right direction. I will have another, smaller list on the next film of things I learn on that journey. Most notable in my next feature is the movement away from smaller distributors to larger studios to get the film made, and almost no dependence on presales.

NONTRADITIONAL FINANCING SOURCES

Crowd Funding

Crowd funding is a new form of financing that’s taken shape and involves raising part or all of your film’s budget via fans and supporters, usually in the form of donations. Crowd-funding campaigns can take place either on your own film’s website or on dedicated crowd-funding websites such as www.kickstarter.com or www.indiegogo.com.

The deal with crowd funding is this: at this time for most filmmakers, it’s not a MAJOR source of funding yet. In other words, instead of going into crowd funding thinking you can finance your entire budget, think of this approach more in terms of supplemental financing that you can use to complement traditional financing schemes.

One of the biggest advantages to using crowd funding as part of your overall financing plan is that it can be a great source of development money that you can leverage to get other financing. For example, I’ve seen several filmmakers ignite a crowd-funding campaign; raise

\$10,000–\$50,000 in development funds; use that money to create initial marketing collateral, a business plan, website, etc.; and then leverage those assets to approach financiers for additional financing to get into production.

On the other end of the spectrum, many filmmakers utilize crowd funding more as finishing funds rather than development funds and create a crowd-funding campaign to raise financing for postproduction, deliverables, prints and advertising (P&A for a theatrical tour), or even festival submissions.

Really, the sky's the limit with crowd funding, but what I will tell you is this: no matter if you're using crowd funding to finance development, production, or finishing funds, no crowd-funding campaign will be successful unless it's promoted properly. Think about it—unless you market and promote your crowd-funding campaign, how do you expect people to find your site or your page on Kickstarter or Indiegogo if you aren't driving traffic to it? Unfortunately, I've seen way too many crowd-funding campaigns completely fall flat because of lack of adequate promotion.

Lessons on marketing and promoting your crowd-funding campaign can easily take up an entire book by itself, but in general, this effort all goes back to the audience building we talked about in [Chapter 2](#). Ideally, you want to leverage both your social network and your email database to let people know about your campaign and ask them to donate.

I think it's a lot easier for you to see what a crowd-funding campaign actually looks like in action, so I recommend going to www.kickstarter.com and www.indiegogo.com and browsing around at some of the campaigns that are going on. Be sure to pay special attention to how the intro videos were constructed as well as the different levels of contributions and what the filmmakers offer in return for different levels of donation. This is the best way to get inspired on how to create your own successful crowd-funding campaign!

Interview with Crowd-Funding Expert Thomas Mai (www.thomasmai.net)

Q: Is crowd funding your film as easy as it sounds?

A: Crowd funding can take as long or as short a time as traditional funding does. It all depends on the film, cast, subject, etc. One good idea is to do a crowd-funding campaign while you are working on the traditional financing plan. You will find that the two different models complement each other very well. It is easier to convince any investors, film fund, distributor, or sales agent to get involved in your project if you can show that you are already in contact with your audience before any of the film is shot. If you have sold t-shirts, DVDs, or posters for a couple of thousand dollars, you are proving to everyone and yourself that there is an audience. It is harder for a financial entity to turn your film down when you can prove that there is an audience. If you already have some traditional financing in place, it is easier to start a crowd-funding campaign, as you can show your audience that there is a real financial commitment behind the film. The question should be rather if you can afford not to do a crowd-funding campaign.

Everything you do online is marketing for your film, including crowd funding. No film survives in the market if there is just a trailer and a poster on the day of release. You need to get your audience involved before, during, and after you have made your film. A crowd-funding campaign is part of the many strategies you can do to be successful. What few people seem to realize is that the audience you get in contact with today are the ones who can help you fund your next film tomorrow. Look at Robert Greenwald. He has millions of fans/audience members in his database, and it is so much easier for him to finance his next film because he is loyal to his fans and they are in return loyal to him because he delivers to them exactly what they want.

Another important aspect of crowd funding is that it allows you to find out if anybody even cares about your film BEFORE you have shot it. If you can't raise any money online before the film is made, then there is a good chance that it will have an equally dismal release. Once you realize this, then it is so much easier to find out which film project you should focus on. Ask your audience and they will tell you. No more wasting five years of your life and your dentist's money on a film nobody cares about. Use crowd funding to build and get your audience involved.

You definitely need to make a video that stands out in order to find money online. The better the video is, the bigger a chance you have of making it viral (that your audience will start to spread the video to their friends on their own).

Most crowd-funding campaigns try to get everyone and their grandmother involved. Every film is not for everyone. If I had a penny for every time a director told me that their target group for their film is for everyone between 16 and 65, I would be very rich today. No film is for everyone. Accept this and find your niche of a niche within a niche of your audience, and start building an audience from the core on the given subject, cast, mood, [or] story of your film project. I don't care if your film is about karate or cancer; there is an audience out there who is heavily interested in the subject of your film. Contact them and get them involved, and they will become your ambassadors.

To answer your question if crowd funding is easy. No, it is not easy to create a crowd-funding campaign, but neither is making film, and that hasn't stopped thousands of filmmakers from trying every year.

Q: When's the best time to start a crowd-funding campaign and why?

A: The sooner, the better is the answer. Get in touch with your audience and find out what they like and don't like about your film project. Crowd funding is great, but crowdsourcing (where you can ask for ideas or feedback on story, script, cast) is not bad either. Any way you can connect with your audience and make them feel part of your film is a good thing.

Remember that every dollar that is raised online with crowd funding you get to keep with no ownership from the funders attached, unlike traditional financing. The more you raise, the more of the film you can own/control for yourself. I believe that "independent" filmmaking is turning into "fandependent" filmmaking. The filmmakers who truly understand this will end up owning all rights to their films, including distribution on a global scale, and thereby become truly independent. I think that this is the biggest shift we are seeing right now—that the creators of a film will actually end up owning the film, which is fair and very democratic in my opinion.

Q: You speak all over the world on the virtues of crowd funding. What's the biggest objection you hear from filmmakers when you introduce the concept of crowd funding to them?

A: I get many questions and objections to crowd funding. I think it is because deep down people in general don't like change; change brings a lot of unknown and stress, and that is a valid concern. A few people, however, thrive on change, and they are the ones who are currently leading the field in crowd funding.

I see crowd funding as the next step in getting closer to your audience. Making films has always been about the audience, but somehow we forget that part when we are trying to raise

financing, cast, shoot, and edit a film. Audience has always been something that comes later down the line. Now, thanks to social media and crowd funding, we can have a dialogue with our audience before the film is made. This is, in my opinion, a great thing.

Some of the questions and objections to crowd funding I get are

- **If crowd funding is so great, why isn't everyone doing it?** It is a good question, but it assumes that if the majority is not doing it, then it is not valid. Most people look at the limitations instead of the possibilities, and there are a lot of possibilities with crowd funding. Most people who are doing crowd funding today are doing it because of necessity; they don't have any other financing means. I don't see why a Steven Spielberg or Michael Moore shouldn't crowd fund their films. They would end up owning and thereby controlling more of their films. The era of gatekeepers (the expensive middleman or the fat guy with a cigar in a boardroom, as I like to label the traditional gatekeeper) [is] coming to an end. Why should you continue to allow the gatekeepers to control your film? You do have a choice today.
- **Great idea, but it won't work for my film!** I hear that one a lot. Are you making a film that has no audience? If so, then please find a different career. I don't care how auteur and arty you are, a film has to have an audience no matter how big or small. I have sold films from some of the biggest auteurs in the world (Lars von Trier and Thomas Vinterberg), but they still want an audience to see their films. I believe that every person out there who invests a dollar into a film as crowd funding represents a great silent majority that will only come forward once the film is completed. The "smaller" your film is, the more you need crowd funding, as traditional financing will most likely not apply to your film. Treat your crowd funders as ambassadors for you and your films, and they will stick with you for a long time.
- **But I just want to make my film, and now you're asking me to do all this other stuff!** Yes, making films [is] getting more and more difficult. The old Sundance dream where you make a film for a hundred thousand and go to Sundance and sell it for \$5 million is over. Most of the independent distributors are closing shop around the world, including in the U.S. All the major studios closed their independent arms because the traditional revenue models are drying up. Box office is still healthy, but DVD sales are way down, and TV is not paying what they used to, so less money [is] coming in. Many distribution offers today come only with a small advance or nothing at all, and they still want you to sign over all the rights to your film for the next 10, 15, 20 years. Why should we keep accepting this? Yes, we need to start wearing more hats to get our films financed, made, and distributed, but we also end up controlling and owning more of the films that we make. It takes A LOT of work to be an independent filmmaker today, as there are [fewer] people around who can sign a check to you. And that is the real challenge for our independent industry; we are trained to be creative [about] how to make a film but not how to run a business. And it is hard to survive in the long run without doing both.

Q: What are a few of the most successful crowd-funding campaigns you've seen, and why do you think they were successful?

A: There are some really good ones out there. One person told me that crowd funding is nothing new. The Catholic Church has been doing it for the last 1,500 years.

Some of the most famous campaigns are

- *The Age of Stupid* (<http://www.ageofstupid.net>): The girls from the film were on a mission to get their film made, so they could make a film about the environment. They more than succeeded. As an added bonus, check out how they reinvented home screenings and created indie screenings (<http://www.indiescreenings.net/>).
- *Ironsky* (<http://www.ironsky.net/site/support/finance/>): A film from Finland that is close to raising 1 million euros online. Not bad at all.
- *I AM I* (<http://www.kickstarter.com/projects/2115598587/i-am-i-feature-film>): For a great example on how to connect with your audience, check out the video.

- *Neither the Veil Nor the Four Walls* is a great example of combining grassroots organizations and filmmaking (<http://www.neithertheveilnorthefourwalls.com/donate.php>).

Q: What tips do you have for filmmakers who are embarking on crowd funding for their film?

A: Nothing is set in stone, and there is no right or wrong way to crowd fund. The most important thing is to connect with your audience and tell them why you *absolutely must* make your film. Most people do want to help, especially if you can connect with them emotionally. [Because I am] a former sales agent, it was often easier to sell a film *before* it was made because buyers would play their own film on their inner projector (which, unfortunately, often was way better than the final film).

Everything changes, and nothing changes faster than the Internet. Six months online is like a lifetime offline. Your website and campaign should change based upon user feedback and contribution. Oh, and most importantly, have fun connecting with your audience!

BUDGETING FOR DISTRIBUTION

I already mentioned that in terms of production budget for your film, under \$1 million is what's realistic in today's marketplace, and without name actors and/or director, consider \$500,000 or less.

Also, in addition to your production budget, there are two things you don't want to forget to budget for (which most people do):

- **Distribution Expenses aka Deliverables:** Budget at least \$20,000–\$30,000 for deliverables, NOT INCLUDING prints. This amount will include masters, M&E tracks, artwork, website, trailer production, maybe E&O (more on this later).
- **Marketing Budget:** Set aside 25 to 50 percent of your production marketing budget for distribution and more (up to 100 percent) if you're planning a theatrical self-release. For example, a film budgeted at \$100,000 would need an additional \$25,000–\$50,000 for a marketing budget, or up to an additional \$100,000 if planning to do a theatrical release tour.

Sample Distribution Expenses List

1. **Music and Effects (M&E Tracks):** M&E tracks can cost anywhere from \$5,000 to \$10,000 and upward, depending on the sound mixer you are using and the quality of production sound you have to work with.
2. **Film Print:** If you plan on outputting your movie to film, transfer costs to a print (if you didn't shoot on 35 mm to begin with) plus the cost of the print and all the lab fees can run anywhere from a few thousand dollars up to, say, \$30,000–\$50,000, depending on the lab you're using, the length of your film, and many other factors.
3. **Advertising:** If you decide to self-distribute your film and need to purchase advertising to promote it, the price can run anywhere from a few thousand dollars to a few hundred thousand dollars, depending

what markets you are advertising in (obviously Los Angeles and New York are much more expensive markets to advertise in than Chapel Hill and Portland are), and if you are utilizing print, Internet, or grassroots advertising campaigns.

4. **Publicity:** If you plan to hire a publicist to help with advertising, promotions, and publicity, plan on setting aside anywhere from a few thousand dollars to \$10,000 and up, depending on how long you plan to keep the publicist on retainer, what you are requiring him to do, if he is freelance or belongs to a big PR firm, and so on.
5. **Music Clearances:** If you plan on using music in your film that is from an artist with a record deal or publishing deal, plan on setting aside anywhere from a few thousand dollars to a few hundred thousand dollars, depending on how popular the artist is, how big the hits are you wish to license, how much the record labels and publishers decide to charge you, and how well you can negotiate with them to keep licensing fees to a minimum.
6. **Stock Footage:** Even if you don't think you'll need to license stock footage for your film, I recommend setting aside anywhere from \$2,000 to \$10,000 in case you need to fill in any holes in your film that you didn't anticipate. Stock footage is a great tool during post for enhancing your film and filling in gaps, but it costs money. So be prepared by having a little extra in the budget expressly for licensing stock footage.
7. **Film Festivals:** Don't forget to set aside a few hundred or a few thousand dollars for film festival submission fees, depending on how many festivals you plan to submit to and which ones.

I've seen many instances when filmmakers don't think about raising extra money for deliverables during preproduction and then pay for it later. For instance, one of the most common and worst examples I've seen is filmmakers actually getting interest in their film from a foreign distributor and having no money to go back and make the M&E tracks that were never made in the first place because they didn't plan ahead and set aside money to make them during post. When there are no M&E tracks, the foreign buyer refuses the sale because the foreign language dub is made using the M&E tracks. Although a lot of films imported to the United States are shown with subtitles, this is not true for the rest of the world. In most countries, any film in a foreign language is dubbed. This is pretty much the case in most territories. Without the M&E tracks, the sale will be lost because buyers will have a film they cannot dub; therefore, the film is essentially useless to them. M&E tracks are expensive yet necessary, and foreign buyers are not in the habit of putting up money for these tracks to be added on. When they buy a film, they generally buy it "as is" save for the actual foreign language dub.

I've also seen disasters with music clearances. If you get distributors interested in your film using a screener with uncleared music, they will not take kindly to your removing those songs. They will assume you paid

the clearance costs, and if you cannot offer to pay them at this stage, sadly, the sale of your film won't go through.

How Much Will I Make?: Realistic Sales Projections for Your Film

I fully recommend figuring out revenue projections of your film BEFORE you go into production. Not only will it allow you to raise the proper amount of financing for your film, but you will also have a better chance of paying back your investors later. Figuring out revenue can sometimes be a rude awakening when the distribution deals start closing. What you thought you might make in terms of revenues at the outset of production might not be the case at all. In fact, most filmmakers are grossly unaware of what realistic sales projections are in the first place.

I often have filmmakers coming to me saying they want to make a film for \$1 million or even \$5 million; in fact, this is a huge mistake I see filmmakers making all the time. Why? Because if you look at the acquisitions history over the past few years, you'll see that even at the higher end of the spectrum (for example, all-rights deals that come out of the biggest festivals like Sundance and Toronto), the acquisition prices are rarely over a \$1 million. And that's for all rights! So I have to ask, "Why would you budget your film over \$1 million in this market when even in the best-case scenario IF you get into the best festival, your all-rights acquisition price is a breakeven?"

Of course, there are exceptions to this, and every year a few films will get acquired for \$3 million, \$5 million, and sometimes more, ... BUT they are only one or two films, and if you really look closely at them, they have an A-list cast and/or an A-list director and/or A-list producers. So you can't compare your film to theirs!

Another issue to keep in mind before you start getting depressed about the state of acquisition prices is that it won't always be this way. Everything is cyclical, and if you play your cards right and do well with your first few films, as you develop a track record you will have leverage later in your career to negotiate better deals for yourself and therefore be able to justify making higher-budgeted films.

Because all-rights deals are so rare (and really happen only at a few top-tier festivals each year), a more realistic way to project revenue for your film is on a platform-by-platform basis because most likely this is how you will be finding distribution deals for your film.

Creating Realistic Revenue Projections for Your Film

Realistic revenue projections are a big point of contention these days. When I'm working with clients, one of the biggest mistakes I see them making is completely overestimating the amount of revenue they can generate for their films. I pride myself on being totally realistic when it comes to projecting revenue for films—and this comes from my direct experience actually selling films all over the world to every kind of

platform. Additionally, I speak on a regular basis with digital aggregators, sales agents, and distributors who tell me point blank what they're paying and what kind of revenue filmmakers are making.

Another big mistake I see filmmakers making is overbudgeting their films and not "backing into their budget" by doing realistic revenue projections first. You don't want to set your budget at \$1 million only to find out that the film you're making can only realistically generate \$100,000 revenue in the marketplace. So you must go through this exercise first!

Here's something to note: When you see box office numbers thrown around, understand that these have absolutely no relevance to you or what revenue your film is capable making.

Why? For two reasons:

1. Box office numbers represent what the theater makes, not what the distributor or producer makes. Also, the revenue that does make it to the distributors' hands gets spent on marketing and advertising, so rarely does the producer see a cut of box office revenue.
2. Even if it's an indie film that is making good box office numbers most of the time, people don't take into account the **BACK STORY**, whether a film has won at Sundance, and that's why they were able to achieve those numbers.

Therefore, I find that putting box office numbers in your business plan is a gross misrepresentation of revenue that you, as the producer, and your investors will make on the movie. And that's assuming you're able to get a theatrical deal in the first place.

In the following chart, I break down each of the six distribution revenue streams and give you an idea of high- and low-end revenue possibilities for each one. Then I tell you how you can get these numbers to scale higher to justify a higher-budgeted film you want to make.

Broadcast	\$50,000–\$5,000
Traditional DVD	\$50,000–\$10,000
Foreign	\$250,000–\$10,000
Cable VOD	\$100,000–\$30,000
Internet VOD	\$100,000–\$10,000
Direct-to-Consumer DVD	\$100,000–\$10,000
TOTAL	\$550,000–\$75,000

Note: These numbers vary wildly and will depend on what your specific film is, which is why I recommend you hire someone to help you nail down these figures for your film OR get out there and do the research yourself.

These figures are gross any sales agency or digital aggregator commissions, which can be anywhere from 20 to 35 percent and any expenses from the sales agency and distributors.

You may be wondering about theatrical distribution revenue because it's not included in the preceding table. Actually, theatrical distribution is not considered a revenue stream; rather, it's actually a marketing expense. So even if you plan on doing a theatrical self-release or tour with your film, plan on breaking even in the best-case scenario.

Say the film you're about to make is budgeted over \$500,000. What can you do? Here are a few suggestions:

1. **Partner with a bigger producer.** When looking for leverage, you can always try partnering with a producer who has more of a track record than you do and who has experience making films in the budget range you're wanting to go to and the types of films you aspire to make. For example, when you do your research on IMDB, you may come across producers who produce films in your budget range, but those films are straight-to-video action flicks and that's not the type of film you have. Consequently, those producers are not ones you would want to partner with.
2. **Attach a bigger cast or director.** I've said this before and I'll say it again: attaching a name director and stars to your film is the best way to "insure" it for higher returns. Of course, it's not guaranteed by any means, but all things being equal between two films, the one with name cast and/or director will justify a higher budget any day of the week.
3. **Plan a theatrical tour for the film.** I mentioned previously that doing a theatrical release is a marketing expense. Well, it happens to be a very effective marketing expense! If you can work out how to pull off a theatrical tour for your film at a reasonable price, it may give your film the extra bit of credibility that it needs to justify raising your budget by about 25 percent.

These three courses of action will help ensure higher acquisition prices in every territory and on every platform plus increase overall higher visibility of the film.

Interview with Producer Mark Shields on Packaging and Financing His Film

Q: Give us a little background on your project, please. You started shopping it at Cannes Film Market when it was just a script, right? How did that go, and what was the outcome of your efforts there? How did you make the most of the Cannes market with a project in the early stages?

A: That's right. When we first took the project to Cannes, we did not have any cast attached; we had the script and the director. As you know, sales agents are much less likely to get attached at that stage, and prebuys, etc., are much tougher. What we had planned to do was try to get them hooked on a strong concept and build relationships that we could utilize to help us make better casting decisions and to potentially take on the project when it was more developed. To do that, we made sure we had a professional presentation with concept artwork, synopsis, team description, and potential cast all put together in a slick sales brochure. Additionally, prior to Cannes, we had

attached a veteran [executive] producer who had been a former sales agent and a major player in sales and distribution. His personal connections with sales agents added a lot of weight to the project when presenting in Cannes. At the end of the festival, we came away with various sales agents interested in attaching to the project, and the intelligence we gained from them was very useful when it came to selecting the most commercial cast. It became apparent that the easier you make their job for them, the greater the level of interest. By that, I mean a title, pitch, and concept artwork that allows them to gauge the genre and potential audience.

One of the most important factors we found in presenting the project at a very early stage was to be clear and credible when describing how we intended to put the financing together. A clear plan, which was achievable and backed by the credibility of an exec with a solid track record in financing, certainly helped convince sales agents that the project was going to get made and encouraged them to get involved at an early stage. This was something that again would become important in the casting process.

Q: Now you're in prepro on the same project, what's happened since then that got you to this point now where you've got your lead role cast with a name actor?

A: After Cannes, it had been our intention to sign with a sales agent as we approached cast, but due to various reasons, we didn't do so, although we did have decent offers from high-profile agents. After the presentations in Cannes and follow-up meetings, we knew that we could get a sales agent to attach with the right package, but it was vital to get the best lead cast attached so all of our efforts now shifted to casting.

We knew the key would be building relationships and credibility with the A-list talent agencies and talent management companies in order to get to the level of cast that we needed. We approached this in a number of ways. Firstly, we attached a reputable casting director who was known to the agencies and very active in dealing with them on high-profile projects. Additionally, we utilized existing relationships of our exec producer to make introductions to agents, and we built personal relationships ourselves by flying to meet with the agents in person in LA.

As the agencies are bombarded with projects, many of which do not have financing, it is much easier for them to say no or for their clients to pass on projects than to say yes. We endeavored to show them that we understood their position and did everything we could to make it easier for them to say yes. This was done in a number of ways, including presenting a realistic financing plan, which gave the agents and talent the confidence that the film would be financed even if that financing was not yet confirmed. Additionally, we rewrote elements of the script to make it more appealing to lead actors, and we shot a teaser trailer which showed the production values and vision the director would bring to the feature. All of this showed that we were prepared to work with the agencies to make it easier for them to sell the project to their clients, and in return, they have been fantastic in their support of the film and helping us approach the cast we want. As a result, we have attached our lead actress and are just about to close the remaining lead casting, all with name actors who have value to sales and are recognized by audiences. Finally, the agencies and management companies offered a lot of support in releasing publicity pertaining to the lead cast attachment, all of which helped both the visibility of the project and also their clients.

Subsequently, the attachment of the lead cast will enable us to move forward with the financing. We had the potential of various presales as a result of prior distributor meetings which were cast dependent, and now we are able to look at the best way to utilize those to fit into the mix.

Q: Tell us about your teaser trailer. Why did you decide to do that, and where did it get you?

A: That came about as mentioned above as a result of trying to understand the challenge the agents would have in getting their talent to commit to the project, and indeed for them to see the project at a certain level. We had to remember that even with the script in front of them, there was

no real way for actors, managers, agents, financiers, distributors, etc., to know what the execution of the material was going to be like, and that was crucial when the project was to be helmed by a director they were not familiar with. So we decided that shooting something would be the best way to showcase the ability of the director, but also to show the production values and the quality level of the project. This was also suggested by a well-established sales agent we had been working closely with after meeting in Cannes. They agreed it was a good idea and that it would help sell the director and the style of the project to potential prebuyers.

There was some discussion over what exactly to shoot, whether it would be better to shoot one scene from the script, or just a collection of moods and atmospheres. In the end, the director custom wrote a short piece which captured key moments from the script and highlighted the aspects of tension at the film's core. We sourced an excellent cast for the teaser which enabled the director to showcase more dialogue and gave a great insight into his ability to direct performances as well as composition.

The response to the trailer was great. Apart from anything else, it, when combined with script changes, showed the agencies that we were actively committed to doing everything we could to make it easier for them to work with us. Similarly, financiers, distributors, and sales agents had a similar reaction, as it made it so much easier for them to see how they could sell the film as well as showing that the director knew where to point the camera. The nature of the script meant that you could assume the director was either going to shoot the film as a no-budget slasher flick on DV running around with handheld cameras or as something with higher production values. Without the promo, there was no real way of seeing which immediately. With the promo, we were able to elevate the project in the eyes of agents and managers, who became more keen to push the project with their higher-profile clients. It also gave them instant security in the director's ability and showed how he would handle their talent. The actors we approached have all reacted well, and it made the conversations with the director so much easier as they had faith in his ability.

In conjunction with the other marketing elements such as business plan and brochures, the promo has played a vital role in attracting financiers, distribution, talent, and other key players, and we expect it to continue to do so.

Q: What about cast? You hear all the time about the Catch-22. You can't get cast without financing, and you can't get financing without cast. Yet you were able to get past the gatekeepers and get the agents and managers to take you seriously enough to get cast on board your project. How did you do that?

A: We initially got past the gatekeepers by bringing people onto the project who had credibility with the agencies, such as the casting director and an experienced exec. With the introductions made, we flew out to LA to have face-to-face meetings and present the project. Once in the room, to be taken seriously, we presented a serious project and had serious, credible answers to the questions we knew they would ask. We presented a professional package with solid/realistic financing and distribution strategies and made realistic offers. We have always been very up front and honest in all the dealings and presented a strategy for producing the film that they knew was credible and achievable.

Q: Is there anything you'll do differently on your next project from the lessons you've learned along the way? Any tips for filmmakers who are where you were a year ago with your project?

A: Be realistic about the level of cast that you approach. Casting can burn a lot of time up, and relationships with the casting agencies are key. Trying to attach cast with enough profile to finance a low-budget picture is tough, and a lot of time is burnt up waiting for offers to get through the system and to get a reply. You may have a timescale, but you are low priority in their system. If you start applying deadlines to offers, they will often just pass. It's like trying to reel in a big game

fish... You need to learn when to let them run and when to start hauling, but if you haul too hard at the wrong time, the line will snap and that could be another six weeks of work lost on an offer. If you can establish a good working relationship with an agent within one of the agencies, you will be able to find out if their talent is available and provisionally open to an offer before you put an offer out. This can save a huge amount of time.

Do whatever you can to make your project more enticing to lead talent as early as possible. Make sure you have really good lead roles with enough to do for a lead actor that will be attractive for them to play.

Anything visual you can provide that supports the director's vision is always extremely useful. From concept art to full teasers or trailers. Just make sure it is of high enough quality; otherwise, it will do more harm than good.

We have found plenty of financing opportunities and even prebuys available if you have a solid, marketable concept, backed up with a tight script and name cast that will be shot to a high standard, and you can demonstrate that you are capable of pulling the financing together in a realistic way. However, if one or more of those elements is missing, the battle is going to be a lot tougher than it needs to be. We are already applying lessons learned to our current slate of pictures and making sure they have all those elements in place right from the very start.

ADDITIONAL RESOURCES

Case Study/Interview with Adam Paolo Cultraro on "DIY Packaging": www.FilmSpecific.com/Adam

Case Study/Interview with Thomas Mai on "Starting a Movement": www.FilmSpecific.com/Thomas

A Crowd-Funding Case Study, "Financing Your Micro Budget Film": www.FilmSpecific.com/Crowdfunding

"Dissecting Distribution Revenue," Video Training: [www.FilmSpecific.com/Distribution Revenue](http://www.FilmSpecific.com/DistributionRevenue)

"5 Ways to Decrease Your Budget & Find Financing in the Current Economy," Video Training: www.FilmSpecific.com/Budget

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Production and Post Geared toward Distribution

[Chapter 2](#) touched on steps you could take during preproduction that would increase the chances of your film getting distribution. Here, I cover what you can do during production and postproduction to increase the chances of acquiring distribution for your film. Taking the time to make a few smart choices during production and postproduction will save you headaches down the line when you finally finish the film and start looking into distribution options.

I'm not saying that your film cannot get distribution deals while you are actually in production because I've seen that happen on a few occasions. One time I was working with a filmmaker who was in production of a sci-fi thriller. He had tried to secure U.S. and foreign presales during preproduction but didn't have any luck because he was a first-time director with no high-profile cast attached to his film. He ended up raising the money for his film through a private investor and began production.

About three-quarters of the way through production, the filmmaker's editor cut together a promo piece from all the footage they had captured, because by then they already had the best action-type sequences in the can anyway. After the promo piece was completed, the producer began shopping it around to distributors. He caught the eye of a U.S. DVD distributor who closed on a distribution deal and advanced him some money (which sure came in handy during postproduction). The producer was up front with the distributor and told him that they were still shooting but gave him a realistic time frame for delivery of the film. The DVD distributor and producer agreed on an acceptable delivery date, and everyone was happy.

This is just one example of how you can not only start gearing up for distribution during production, but can actually go out and shop

distribution deals. If you are not in a position to cut together a professional-looking trailer or promo from the material you have shot, there are other things you can do during production to at least give you a head start on distribution for the time when your film is completed.

SHOOTING FORMAT

One of the best investments you can make in your movie is shooting on film or high-definition (HD) video rather than on standard-definition (SD) video. Many filmmakers are tempted to save money on production by shooting their movie on SD miniDV, for example. However, if you shoot on film (16 mm or 35 mm) or HD or RED, your movie will have an infinitely better shot at getting distribution. Here's why: when digital video became popular, the barriers to making a movie came way down. Aspiring filmmakers were finally free to make movies for significantly less money. This was a blessing and a curse. The blessing is obvious. The curse is that the market was flooded with independent films, so much so that after a few years, this glut of films drove down the demand and prices that buyers were willing to pay. Furthermore, the quality of independent films on the market plummeted. Currently, one of the first questions distributors ask me when I'm presenting a film is "What was this shot on?" In almost every case, they immediately reject a film shot on standard-definition video.

It should also be noted that shooting on native HD formats is widely accepted by domestic and international distributors. But beware: if you plan to convert your HD movie to film and strike a print, you may well end up spending the same amount as if you had shot on film in the first place.

Regardless of those facts, the upsides to shooting on HD versus film are the following:

- No film and processing costs during production and most of postproduction
- Instant replay of the take
- Extra takes with no additional film and processing costs
- Relatively inexpensive color correction and special effects
- Vast control over color manipulation and special effects
- Cheap, easy, fast ability to re-edit, while, say, on the festival circuit, in response to audience feedback (that is, tweaking is cheap and easy; there is no need to recut a negative to make a new interpositive and new print)

The bottom line is that if shot correctly, with the right equipment, director of photography (DP), and video tech, HD can look as good as film.

Something else to keep in mind if you're shooting on HD is that there are several different HD formats and new ones popping up all the time. If possible, always go with the highest-quality camera and shooting resolution that your budget allows, because by the time you release your

film, there is likely to be a newer and higher-quality HD format on the market.

THE IMPORTANCE OF STILLS

Another great investment during production is taking still photographs of your actors in action on the movie set. If you can afford to do so, hire a professional photographer for this task, especially someone who's had experience shooting film stills. Your photographs will have a more professional look to them, and you'll find this is important later. If you cannot hire a pro, study some film stills; you can find many online with a simple search, or you can visit a movie memorabilia shop, where you'll find bins and bins of stills. By looking at a few, you'll quickly learn just what a proper still looks like.

A good set of still photographs is important for two reasons. One, you can use them later when developing the campaign for your film as well as for your website. Two, sales agents and distributors will demand high-resolution still photos as part of your deliverables—items you must deliver to them upon signature of the distribution contract and prior to their making sales. Sales agents and distributors need a good set of still photographs to be able to develop their own marketing campaigns, sales sheets, and posters. Not providing these stills makes the sales agents' job that much harder when they try to sell your film. Distributors need all materials presented to them in as clear and concise a package as possible (and they do expect a package). Not providing a complete package can make your film a less attractive candidate for distribution before they even know anything about it. Distributors always have a lot of choices in front of them, and by doing the little things that make marketing as easy as possible for them, you automatically increase the chances of getting them interested in your film. Ideally, you should shoot your stills with a high-end digital camera and deliver them on a DVD to the distributor.

AUDIENCE BUILDING AND BUZZ BUILDING DURING PRODUCTION

During production is a great time to continue the audience building you started during preproduction and to start creating a buzz in general. When you create a buzz during production and focus on your audience, by the time you finish your film, you will already have a following and people who want to see it. Creating a buzz can be valuable in terms of marketing to distributors or sales reps because if you can show them you already have an audience for your film, obviously your project is more appealing to them.

The following sections look at the things you should make sure you're doing during production to keep the buzz going.

Video Clips

Start by creating production diaries daily, every other day, or just a couple times a week. Add snippets of video, or stills, and when you have enough footage, create a preliminary trailer. You should add your video clips to your Facebook film page and also your film's website or blog, plus video sharing sites such as YouTube. Video is the most common form of content to go viral, so that's why it's so important to include video in your buzz-building campaign. Video is easily shared and therefore can help expand your audience and fan base quickly.

Email Updates

This advice may sound obvious, but I recommend putting out weekly production updates via email to your mailing list. If nothing else, doing this keeps friends and family in the loop of what you're doing and keeps the excitement going during production.

Email updates can be in simple text format, or you can add links to video clips from that week's shoot. Also, add JPEG photos to the email to really give people an idea of what things look like. They'll see your film developing right before their eyes!

One famous and classic example of filmmakers starting publicity and buzz building during production is *The Blair Witch Project*. The filmmakers, way ahead of their time, started a website and put up daily production diaries and video clips. The site quickly caught fire and generated such interest online and had such a massive following that by the time the movie was released, audiences flocked to theaters in droves. The film wound up grossing over \$100 million at the box office. This was really the first time the Internet had been utilized in such a way that it literally "made" a movie, but had there not been such a buzz online during production, it's a safe bet the movie would never have become a cultural phenomenon or grossed anything near what it ended up earning.

Don't forget that we are now living in a much more "interactive" world. People like to immerse themselves fully in a visual experience, whether it's films, television shows, or video games. The Internet has trained us not to be passive viewers but instead active participants. An online production diary can allow your viewers or potential viewers to immerse themselves in the production process, making them feel a part of the filmmaking.

Another way production diaries can be useful is if site visitors find an interesting little quip or story included in a production diary, they may refer a friend or friends to the site to enjoy the story also. More traffic on your site means more viewers. Word of mouth is a very powerful tool, and it can make or break a film. It's important to realize this effect early and capitalize on it fully.

Producer Linda Nelson, In Her Own Words, On Buzz Building during Production (www.nelsonmadisonfilms.com)

Building Audience and Buzz Building during Production

The days of making your film in a vacuum and turning it over to a distributor when you are finished [are] over for independent filmmakers. If you want a distributor to be interested in your film or even if you plan on self-distribution, the time to start building an audience and buzz for your film is when you enter the Development Phase of production. With a small investment of time (no money; it can be done for free), you can ensure that you have a strong core audience of global ambassadors for your film by the time you finish production.

During the Development Phase

Start at the beginning, when your film is still an idea or a script. This is important for several reasons, especially when it comes to ensuring that you can get the title/name that you want for your film.

- Create a Facebook movie page with your script title page as the profile picture and a landing page that captures email addresses.
- Create a free blog on one of the many free blog platforms.
- Start a Twitter account.
- Obtain the domain for a website (even if you don't wind up having a website, you can direct people to your Facebook movie page with the domain name).

Think of your FBMP (Facebook movie page) as an interactive production journal that brings your audience "behind the scenes." Everyone is fascinated by the moviemaking process, and this is a great way to engage your audience from Day 1. If you keep this audience engaged with interesting content, you will find them invaluable as a focus group as well as the foundation for your future marketing.

During the Preproduction Phase

It's easy to engage your audience during this phase because you are creating so much content yourself. While you are casting, scouting locations, and crewing your film, you can easily share this process with your audience. Even more important, you can engage them and even streamline your work. When we were producing our last film, *Delivered*, this allowed us to keep our costs to a minimum. Some of the things you can do:

- Cast some of your roles using your FBMP. We uploaded sites for each part with a description of what we were looking for and asked actors to prepare an audition video and then upload it to our FBMP. This was an amazing process, helped us cast our lead female, and saved us a ton of money. You can use the Notes App that is provided by FB for this. Once you have your Casting Notices ready, there are hundreds of pages and groups on FB where you can post links to your notices. As you cast your film, you can do little interview videos with your cast and post them on your site. This is great for your cast and for your film.
- Scout locations using your FBMP. We put up descriptions of the locations we were looking for and had our "Likers" upload photos of potential locations with contact information. We got some of our most important locations by using this method.
- Reach out for crew and other production talent using your FBMP. The graphic artist who designed our poster is from Amsterdam and he found us on Facebook. We had many amazing composers contact us to provide music for the soundtrack.
- If you are using a lot of effects, props, and/or costumes, you can document the creation of these items with photos and videos. We found that people were extremely interested in how we created fake body parts, etc.

During the Production Phase (Principal Photography)

While you are shooting your film, it is extremely easy to create content daily using phone cams, Flips, etc., and to blog. You don't have to do all this yourself; you can pass out a few inexpensive

cameras, though most phones have HD video capabilities these days. Our audience engagement was very active during this phase (you can track all this with the Insights provided by Facebook). Type of content can include

- Production stills (FB now lets you upload high-definition photos that you can download later for press, etc. Make sure you choose this option; it's free.)
- Behind-the-scenes videos
- Interviews with the cast and crew

During Postproduction and Beyond

As the film comes together and you are preparing for film festivals and solidifying your post-filming marketing plans, there are ever-expanding opportunities to build your audience:

- Share some of your moviemaking "secrets."
- Let your audience vote on elements of your "Key Art."
- Prepare and let people comment on several versions of your trailer.
- Set up demand maps to find out who wants to see your film and what festivals you should submit to.
- Take tons of photos and videos at any film festival you attend.
- Post and keep all your press and reviews.
- Appoint your cast and crew as "Super Ambassadors" for your film. Educate them so that they understand that if they blog, tweet, and comment about the film with links [and] photos, they will increase their own exposure as well as the film's. It's important that they tag themselves whenever they appear in photos or videos, as all these activities create entries to everyone's newsfeed and will help your audience grow.

If you invest a few hours a week using social media to engage your audience, you will have a core audience that really appreciates your film. They will help you discover your niche. For example, we never realized that we would have a huge niche market of Mustang enthusiasts for our film. They discovered us, and then we were able to reach out to them. Whether you are looking to attract traditional distribution or plan to self-distribute, you can use social media to prove that you have an audience in place.

POSTPRODUCTION WITH AN EYE TOWARD DISTRIBUTION

During postproduction is still a perfect time to begin looking for distribution. Although postproduction is mostly associated with editing, there are still a host of other things that you will need to pay attention to in regards to finding distribution. They are called **deliverables**.

Deliverables are the items that a distributor will require you to deliver as part of your distribution contract with them. I cover deliverables in greater detail further down the line, so for now I stay focused on postproduction deliverables.

Keep in mind that until you deliver all the items on a distributor's list, the distributor can (and will) hold back payment to you. That is why I recommend getting these things together now in postproduction so that when you get a distribution deal you don't have to go scrambling around to get everything together and, in some cases, spend unnecessary money creating things you should have done during post.

The following are samplings of postproduction deliverables.

M&E Tracks

Music and Effects (M&E) tracks are copies of your sound mix without dialogue. These tracks allow foreign buyers to create a foreign language dub of your film. They are done during postsound and can be pretty costly, which is why most filmmakers avoid making an M&E track at all. However—and I cannot stress this point enough—making the track at this stage of the game is a wise investment. If you wait until later, you will have to go back and re-create the M&E track from your original audio stems, and this will end up costing you a lot more.

I have witnessed sales of a film fall through on several occasions because there was no M&E track available, and the buyer couldn't wait the amount of time that it would take to create one. It pays to have one made during postsound so that when international sales are made, you are ready to deliver a master with full sound on channels 1 and 2 and M&E tracks on channels 3 and 4.

Trailers

A trailer of your film is equally important or, in some cases, more important than the film itself. Furthermore, I strongly suggest hiring an experienced editor to cut together a trailer for you, if nothing else but to have a fresh pair of eyes. A good trailer, front-loaded with action and set to good music, is the primary sales tool for your movie. At markets, there is only ever time to show trailers of movies, and **buyers will buy films based on the trailer**. Furthermore, when I send out screening cassettes for buyers to view, I always put the trailer at the head of the tape so the buyer screening it can watch the trailer, get excited about the film from the outset, and then continue watching the whole thing.

Another increasingly effective sales tool is to upload the trailer to your blog or website. Buyers constantly refer to websites to view trailers online. This approach saves so much time and money. If buyers like the trailer and want to see more, you can send them a full screening cassette or DVD. If they don't like the trailer, you don't have to waste your time and money sending them a screening cassette, and you can move on to the next buyer.

Music Clearances

Music is often considered as an afterthought in the production process. However, if you plan your songs and budget for clearances during the production process, you won't be caught in a scenario where you get to postproduction and realize you cannot afford the songs you want.

When buying your film, a distributor will assume all the music in it is cleared. Having your music sorted out ahead of time will increase your chances of getting distribution.

So how do you get the music cleared in your film? The first option is to hire a music clearance professional. Of course, this option will depend

on what budget you have left in post because this person will want to be paid a fee up front most of the time. Music clearances take time and hard work, and obtaining them is a specialty unto itself. Most music clearance professionals are adept at all the legal paperwork involved in getting written clearances, so in my opinion they are worth their weight in gold.

Another option is to hire a music supervisor, but music supervisors are typically hired during preproduction and will be negotiating music rights all throughout production and into post. Music supervisors differ from music clearance professionals because they act almost as music curators for your film and you will be paying for that expertise.

Nowadays, movie soundtracks can be as popular as the films themselves, and music supervisors have been riding that wave of popularity. Creating a soundtrack album for your film is a great way to bring added value to your film, as well as recoup initial investments. Many times you can sell the audio rights along with the DVD rights of your film to the same buyer, and the buyer will release the two together. It's a value-added proposition for you AND the buyer.

When I worked at the William Morris Agency, I started in the Soundtrack department. The independent film department referred to us their clients who had just completed their films. We packaged the movies' songs and sold the soundtrack rights to record labels. Granted, it wasn't always a huge advance (anywhere from \$10,000 to \$25,000), but the filmmakers received royalties, which was revenue down the line. It was also excellent PR for these films. I realize that not all filmmakers are lucky enough to have William Morris representing their films, but this route is something you can certainly explore on your own or with the help of a sales rep. If you're inclined to go the DIY route, research which record labels are releasing independent film soundtracks and contact them yourself to see if there is any interest in your track listing.

The bottom line is that to be able to profit from a soundtrack album or even promote your film's soundtrack as part of the film's appeal, you must get all your music clearances in place (in writing!) during postproduction.

Digibeta and HD Masters with Certified QC Reports

When you do the final output of your film in post, make sure to make clean Digibeta and HD masters and have the lab run a Quality Control (QC) report. I can't tell you how many distribution deals I've done that have fallen apart because the master couldn't pass the distributor's QC process.

Here's how it works: whenever you get a distribution deal for your film, whether it's domestic or foreign, the buyer (a DVD distributor or broadcast network) will put your master through its own QC process. If the master does not pass, there is no deal. Of course, you will be given the opportunity to fix what isn't up to par—for example, if the sound levels are too low—but at that point, it could cost you a lot more money than if the problem were fixed while you were still in post.

Take the time in postproduction to run a QC report with your lab. That way, when you get a distribution deal and deliver your film, you can attach your own QC report to show everything is in order.

Slides

Remember those all-important stills I talked about earlier in the chapter? Well, postproduction is a good time to go through and pick out your 20–30 best action shots and put hi-res formats on a disc. The reason distributors want action shots is that they will be creating your DVD box art with these shots, as well as posters and other publicity, and therefore they need images that can literally sell your movie to audiences.

A distributor's contract might require actual slides because that is the traditional delivery form for still images. However, a CD-ROM or DVD is also normally acceptable.

Producer Buzz McLaughlin, In His Own Words, On Deliverables

Oh, yes, and then there are those deliverables....

When we were in the process of producing our first feature film, *The Sensation of Sight*, the idea of having to deal with deliverables seemed far off on some distant hill, barely in our consciousness and certainly not in our line of sight. We had this vague idea that somehow we'd land a distribution deal that would magically take care of this essential piece of the puzzle. We marched into the whole process of producing our movie with the attitude that one way or another we'd make it all happen.

And, of course, we did. But the lessons learned along the way were sometimes painful and often expensive, including this whole area of delivering our deliverables. So if I had to list what to prepare for when it comes to deliverables for your first film, it would look something like this:

1. Make sure that you have investigated early on what the average deliverables list from a distributor looks like and get a reasonable idea of what would be involved if you had to produce *and pay for* all the items on the list. You may get lucky and be fortunate enough to land a distribution deal that allows some wiggle room in terms of what you have to come up with, but these days you're asking for trouble if you don't include in your budget a reasonable amount to cover this likely expense at the back end.
2. Hire a top-notch post supervisor (which we were fortunate enough to do) when you're still in preproduction and take the time to work through with him or her what exactly is to be expected when it comes to dealing with a standard deliverables list, including estimated cost. When the time comes and you have a deal pending, items sometimes can be negotiated down or off the list if your super knows his stuff and can show your distributor that items are not needed given your specific deal.
3. Make sure that you consider foreign distribution in your planning and not just domestic. It's not the same list. Work through your deliverables budget carefully with your post super and be sure that there are lines that cover any additional items that you can reasonably assume will be on the foreign deliverables list. And be sure you still have funds available to manufacture all critical items during post and not [be] pushed off to be dealt with at a later time—something that suddenly becomes much more costly.
4. Don't touch the money you have set aside for paying for your deliverables, both domestic and foreign, no matter how tempting.

5. Ask your super to come up with two identical copies of a professionally put together deliverables binder that includes every item on the list neatly organized—one copy for the distributor and the other for you to keep. The same for foreign. This way, you're covered when and if questions come up and you need proof that indeed you have delivered what your contract has stipulated. This will also get you off on the right foot with your distributor(s) as they are used to deliverables often arriving helter-skelter in a cardboard box.
6. Along with thinking about and planning in advance for your deliverables and how they're going to materialize, I suggest you do the same with your key art, press kit, trailer, and still production photos—some or all of what your distributor will ask for. And start all this thinking and planning in preproduction so that items can be produced at the right time and at the least expense.
Overall, the biggest thing I've learned is to go into the entire producing process with your eyes open and don't expect that you won't be responsible for procuring and paying for your deliverables. Given the way the playing field has changed in the last few years for low-budget films, you really don't have a choice if you expect to get your film into distribution.

DON'T FORGET TO GET OBJECTIVE THIRD-PARTY FEEDBACK

I can't stress this point enough: **FEEDBACK IS CRITICAL!** During post-production is the perfect time to get objective third-party feedback on your movie because you can still make changes. I recommend giving a finished cut to at least ten people in your target market and particularly anyone you know in the distribution field. Ask them to give you feedback on things that can be tinkered with, such as structure, look and feel, music, special effects, and editing. Then swallow your pride and take their advice seriously! This book you hold in your hands today would not be a fraction of what it is now without the relentless feedback I solicited from both filmmakers and distribution executives.

Take your notes carefully. Keep in mind that if only one person out of ten has a problem with a particular element, then it may not truly be a problem. You can't please everyone all the time. A general rule of thumb is that if three of your testers have a problem with something, then it's a real problem. Could they be seeing something you're not? Yes. Being the filmmaker, you are so close to the film that most of the time you cannot adequately divorce yourself from the material and look at it objectively. Your test audience can do that for you. And also remember to trust your instincts. If you have a problem with something, then it **IS** a problem. If something just doesn't feel right but you don't know exactly what it is (as will be the case with a lot of filmmakers because they are so close to the material), point it out to a trusted third party or a small group of your viewers. With enough scrutiny, it will be found and you can fix it. Making the best film you can is crucial to making your film stand out from the pack, and standing out from the pack is essential to acquiring distribution.

Even hiring a distribution consultant at this point in the process is a wise investment. A distribution consultant is a professional who can

give you feedback on your film strictly from a distribution perspective. Distribution consultants are often former sales agents or sales agents moonlighting as consultants.

Using a distribution consultant in conjunction with feedback from your test audience is the best way to get an overview of how your film is playing; however, if a distribution consultant points out something, it's in your best interest to give great weight to this advice. This person's job is to tailor your movie to fit the needs of distributors. The consultant knows the market and the players and can possibly give your film that extra fine-tuning that will translate to distributor interest.

LICENSING STOCK FOOTAGE

As I mentioned previously, stock footage is an excellent tool to use during postproduction to spruce up your film and make it more attractive to distributors. Earlier I described the benefits of utilizing stock footage to make a promo or trailer to raise presale money, but now that your film is completed, you'll want to actually go back and license those shots for your film.

Stock footage can be used in many creative ways. For example, if you have a completed documentary, an obvious solution to further legitimize your subject matter is to license archived news footage from reputable sources such as CNN, BBC, APTN, Reuters, and others. Think about it. If you're doing a documentary on the history of something or a profile on someone, then wouldn't money be well spent to license archived interviews and footage of these places or people that you obviously weren't able to get while you were shooting? Furthermore, when you are approaching distributors, it helps to say that included in your film is "licensed footage from the BBC" or whatever the case may be. This can be a huge selling point that makes or breaks distribution for your film.

Narrative features have also discovered the value of licensing stock footage to add cachet to their production. George Clooney's film *Good Night and Good Luck* utilized archived footage of Edward R. Murrow from CBS; this footage really added a whole other dimension to the film and gave it an incredible texture.

I have seen many narrative films in recent years feature archived footage similar to the *Good Night and Good Luck* example, but another great use of stock footage is to insert difficult shots that you didn't have the budget to obtain. For example, say you need an aerial shot of Los Angeles to create an establishing shot in your film. Obviously, aerial shots of cities are very expensive to get, but to license a shot like that could cost only a few hundred dollars. Other examples of expensive shots that are cheaper to license are underwater footage, foreign countries/cities, other faraway places, explosions, and nature shots. If you can sprinkle enough of these valuable shots throughout your film, they can significantly add

value to the film, which, of course, makes it a more attractive product to submit to distributors.

The point to keep in mind about licensing stock footage during postproduction is not to license more rights than you need. For instance, if you plan to submit your film to film festivals, start with a film festival license because it will be much cheaper than licensing All Media, Worldwide, in Perpetuity rights up front. The truth is, until you get a distributor, you don't know which rights you need to license. And unless you get a major distributor, you're not going to need All Media, Worldwide, in Perpetuity rights anyway. So my recommendation is to play it conservative at this stage, and you can always come back and upgrade your licenses later to encompass the rights you need (for example, Worldwide DVD or U.S. broadcast).

Here are some great places from which you can license stock and archived footage:

- Getty Images: www.gettyimages.com
- Corbis: www.corbis.com
- ITN: www.itnsource.com
- Thought Equity: www.thoughtequity.com
- Footage Bank: www.footagebank.com
- Footage Net: www.footage.net

BUILDING YOUR PRESS KIT

During postproduction is the time when you want to start building your press kit. Even though you may not have any press yet, you can pull together other elements that will help in presentations to distributors. It is customary to submit a press kit at the same time you present a screener.

Following are the “Seven Essential Steps to Creating a Press Kit” by Elliot Grove, director of Raindance Film Festival in the UK (www.raindance.co.uk). Elliot has seen loads of press kits in his time, and I consider him an authority on this subject.

Elliot Grove, In His Own Words, Seven Essential Steps to Creating a Press Kit

Step 1: Create a Folder

A stationer will sell stock folders with flaps in which newspaper clippings and press releases can be organized. Ultra-low-budget press kits use stock folders from stationers with self-adhesive labels on which the name of the production company is printed. Self-adhesive labels went out with Margaret Thatcher. A better alternative is to get a printer to emboss the folder with the title of your film. Acquisitions executives are notoriously snobbish. The flip-side is that they are easily impressed, and you would be amazed what the effect of a little bit of gold embossing can do for your press kit.

For the low-budget press kit, you will need to buy 100 folders. A normal film might send out a thousand or more press kits—beyond the reach of lo-to-no budgets. Through skillful manipulation,

you aim to create the impression that you have mailed a thousand press kits to international executives and journalists, and so create the impression that your film is hot.

Step 2: Write a Synopsis

A synopsis is a summary of the story of your film told in an engaging way that captures the readers' interest and makes them want to see the film. A synopsis should never sound like "and this happened, followed by this, and then this happened." This type of synopsis is certain to bore. A well-written synopsis should be a teaser. There are three kinds of synopses that you should include in your press kit.

Hint: You are writing a synopsis that should sound like the paragraph on the back of the DVD or video jacket. The point of the synopsis is to make the reader want to see the movie.

- **The long synopsis:** A single page, double spaced, in which the story is summed up in three-quarters of the page, and the last three or four lines of the page contain an anecdote from the making of the movie which demonstrates your incredible talent.
- **The medium synopsis:** Three-quarters of a page long, in which the story is summed up yet again, only more concisely, with the last two or three lines devoted to another production anecdote which again demonstrates the talent you know you have.
- **The short synopsis:** A half page, in which the first three-quarters is a tight and punchy story summary, followed by another production anecdote, this time a mere line long.

The reason you supply three synopses to journalists is that you want to make it easy for them to write a review of your film, and you offer three different lengths of synopsis because you don't yet know how much space they have in their publication. These are now ready to be photocopied.

Step 3: Write Cast and Crew Bios

You should include brief biographies of the key people you worked with on your movie. Actors' bios should include previous film roles (if any), stage work, and awards they may have won. Key crew bios like director of photography, production designer, editor, and composer should detail other directors and productions they have worked on, or work-related experience. For example, my DoP shot a commercial for Burger King, and my production designer designed a table for Ikea.

Be certain that you have a brief, concise, and interesting biography for yourself. If this is your first film project, and you have absolutely no other film experience, then you could include your work in your previous life. For example: "Elliot Grove, an ex-carpenter, produces his first feature film using project management and organizational skills he learned on building sites." If your previous work experience, like mine, sounds too lame to be of interest, you might simply list your education credits. Your total cast and crew bios should run to no more than three or four pages and when photocopied should be stapled together to keep them separate from the synopses.

Step 4: Create Ten FAQs

Creating hype and publicity for your film means that you have to give precise direction and guidance to the people who hear about your film: film festival programmers, film journalists, and, of course, acquisition executives. I was in London during the launch of Quentin Tarantino's *Reservoir Dogs*, and was fortunate enough to see his press kit. Scanning it reassured me that Tarantino was not relying on the judgment of film critics or even the film-going public to determine that he was an amazingly talented filmmaker. He was printing it himself in his press kit, under the guise of the "Ten Most Frequently Asked Questions of Quentin Tarantino During the Making of *Reservoir Dogs*." Immediately following the questions was printed his answers.

Hint: Film hype is not earned. It is manufactured by you. It is you who has the power to turn yourself into a cult filmmaker, and your film into a cult movie.

Doing this for yourself will be an easy thing to complete, because the ten questions will be the same ten questions that everyone has been asking you during the making of the film. On my film, the questions were: what was it like working with nonprofessional actors? If you had to do it over again, what would you do differently? What did you learn about directing films? How did you get the

notorious Mad Frankie Fraser to star in your film? Who are your influences? Where do you see the future of British filmmaking?

List your ten questions on a page, and after each question type an answer about five lines long. You are hoping that a journalist will be intrigued by your film, but for whatever reason be unable to reach you in time for their press deadline. If this happens, then the journalist could write: "Contacted today from New York, Elliot Grove said . . ." By listing these questions and answers, you are also giving the journalist a taste of how you will react to similar questions, and accordingly how you will appeal to the readership of the particular publication.

Step 5: Get Publicity Stills

Although your press kit has a slick, glossy cover, three synopses, cast and crew bios, and FAQs, you still need to have photographs. Getting a good publicity still is a true art form. The right still can be used on the poster, in newspaper ads, on video and DVD covers, on t-shirts—in fact, everywhere your movie is mentioned. Truly memorable images, like the eyes from *The Blair Witch Project*, cross into popular culture and are mimicked by others. Publicity stills that work are photographs that include action. The stills photographer you hire should have a portfolio of stills that demonstrate movement and action within the frame. Ask the stills photographer to attend the shoot on the days that the most action is happening. Perhaps it is the day with the dueling swordsman, the pistol shot, or the day you managed to get a large crane onto the set. The photographer needs to take four kinds of stills:

1. Stills of the cast re-enacting key moments of the movie. The photographer cannot click away during the shoot because the microphones will pick up the shutter noise. After a suitable take, ask the actors to hold their marks. You can then rearrange the actors to suit the frame, and get the photographer to capture the moment for posterity.
2. Stills of the cast and crew showing off the production values of the movie: show as much film equipment as you can, show the fake head being glued onto the actor, the fingernails being ripped off, whatever—but make sure it contains loads of action. Journalists and the public all concur that a picture tells a thousand words.
3. Get pictures of yourself producing. If nothing else, you will want a record of your efforts to prove that you actually produced a movie. But photos of a person producing a film are pretty lame: generally they are shots of them reading a script or signing a cheque. In order to make the photos of yourself more dramatic, turn to the theatre and use a stage trick used by accomplished stage actors when they are on the stage with another actor and wish to upstage them. They pull out their finger and point. Try it. Look at some photographs of filmmakers and they are invariably pointing. Take your still photographer to the set, tell them that every time you point, you want to hear the shutter go. You can point at anything. You can point at a speck of fluff on someone's jacket, you can point at the sun, you can point at your foot, you can even point at your nose. It doesn't matter. Point and make sure you hear the click of the camera. In actual fact, there are really only two times that you point when you are on the set as a producer. The first is when you say "You, with the attitude—you're fired. Off the set. Now." And the second is: "Thank you for sharing that with me." At this point you will usually wander off to watch a movie for an hour or two until things cool down.
4. Photos of yourself with celebrities. Even if you do not have a celebrity working on the film, try and convince a local celebrity to attend your set, again on a day with a lot of action. When they show up, give them a polite tour of your set, introduce them to the key people on the crew, and allow them time to ask questions. For many, this will be the first time they have been on a film set, and your lo-to-no-budget shoot may not fall into their preconceived ideas of what a film set should be like. At the appropriate moment, ask them politely if you could have a picture or two with them. If necessary, offer to send them a copy. When you are ready, make sure that you are standing stage right (camera left). And point!

Hint: Always stand on stage right to have your picture taken. Why? Captions run left to right, and this position guarantees that your name will appear first. If you start studying the publicity stills used by successful film people, you will see that they follow these rules.

Step 6: Include Reviews and Third-Party Endorsements

Third-party endorsements always work wonders in the world of promotion. All commercial enterprise uses third-party endorsements. You may use toothpaste recommended by the British Dental Association, eat a certain breakfast cereal on the recommendation of a leading nutritionist, and see a movie because a certain journalist—probably well known for their taste and judgment—has put a film onto their own “must-see” list.

By getting a journalist to see and review your film, you are starting to create buzz for your film. Make a copy of the review and include it in your press kit. Even if the journalist disliked your film, the review they print will most likely include a superlative somewhere in the opening one or two sentences. Film journalists have careers too. They want to be quoted and have their name splashed on the poster. If they didn't like the film and include a superlative, they know that you will quote them out of context. So “an amazingly inept first film” becomes “an amazing first film.” When you print their name and publication after the quote, you are helping them with name awareness of their magazine and themselves. Journalists are always trying to increase their stature among the readership, or get a better job. With your poster in their portfolio, their reputation is enhanced and they have an even better chance of moving their career upwards. Essentially, you are helping each other.

Journalists and Film Festivals

Journalists have love-hate relationships with film festivals. On one hand, they enjoy and thrive in the glamorous atmosphere of a film festival. If the right filmmakers come to their festival, they will be able to do many interviews in a short space of time that they can warehouse until needed. What they dislike about film festivals is the fact that they have to watch movies—and lots of them. Usually, they screen these films alone at home from cassette. Few festivals have the resources to screen the films ahead of time at private screenings for journalists. Suppose you have entered a small regional festival in Europe or America in a town or small city that has a weekly community paper. This paper will have an entertainment section devoted to printing the press kits and photographs of films released by the distributors in the area. The entertainment editor probably has another area to cover as well: perhaps it is sports or holidays. When the local film festival arrives, this film journalist will be asked to cover the festival and preview all the films. When they reach your film, they discover that your press kit has three synopses: long, medium, and short. The journalist knows that their work will be made easier by this simple addition to your press kit. Next, they discover the cast and crew bios, which are short and succinct.

Finally, they see the ten FAQs. Now they can watch the film, make notes, and know they have ample information on which to base their review. And even if they hated your film, they will be able to write an intelligent article based on the information you have provided. Journalists tend to include a superlative in the review of a film they dislike because they know you will quote them out of context. For example: “Elliot Grove's first film was an extraordinary example of incompetence.” The quote out of context would become: “Elliot Grove's first film was extraordinary.” Journalists want to be quoted, they want a big line printed on your poster, and they want their name printed underneath the quote. They are hoping to get a job on that city's daily paper, or maybe move to a national paper or magazine.

Step 7: Create an Electronic Press Kit

An electronic press kit (EPK) is a set of videos and CD-ROMs with photos and interviews with the principal cast and crew, duplicated and distributed to appropriate people. It is difficult to accomplish on a lo-to-no budget.

During the shoot, hire a documentary filmmaker to take high-quality video footage of the shoot. Include interviews with the key actors, director, producer, and other principal crew where appropriate. For example, if your film features prosthetic heads being lopped off, interview the prop-maker and the special effects artists. You are looking for angles that might help you sell in the story of the film later.

When doing interviews, have someone ask key people on the cast and crew questions from your ten FAQs. Then film the answers. If possible, set up some of the interviews in front of a simple

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cloth or curtain with a poster behind the interviewee. In this way, you can deliver the interview to a television station, and they can cut in their own reviewer making it look like they were in the same room, when in actual fact they have never met. You should make VHS copies as well as Digibeta copies (for television). The tape can also include a short trailer for the movie.

Broadcasters welcome EPKs because [they represent] free content. You will have to guarantee to any television station that the music rights are cleared for broadcast.

ADDITIONAL RESOURCES

Case Study/Interview with Buzz McLaughlin on “Dealing with Deliverables”: www.FilmSpecific.com/Buzz

Case Study/Interview with Linda Nelson on “Social Media for Indies”: www.FilmSpecific.com/Linda

It's in the Can.

Now What?

After you complete your film, you're at the stage where you start getting eager to find distribution. You've put in all this hard work, and it's time to get your film out there and find its audience.

Many filmmakers' instinct when they have a finished product is to immediately start shopping it to every distributor in sight. However, this is not an effective approach. I advise taking a more methodical approach to finding distribution for your film, which I outline in this chapter.

For example, the first thing you should do before you even start approaching anyone to distribute or represent your film is to put a solid strategy in place. You don't want to be haphazardly submitting items to distributors and reps without taking into account any type of protocol.

THE THREE PATHS TO DISTRIBUTION

In today's market, there are effectively three paths to distribution. They are Traditional, Do-It-Yourself (DIY), and Hybrid. In [Chapter 6](#), I describe the five distribution platforms and what to expect, but here I outline the three different paths to distribution so you can decide which path is right for you.

Traditional

Traditional distribution is what we all normally associate with film distribution: theatrical, DVD, and broadcast. Unfortunately, as the market has changed, traditional distribution has become more and more rare for independently produced films. Filmmakers used to be able to rely on the tried-and-true method of premiering at a big festival followed by being picked up for theatrical distribution, DVD, and/or cable distribution, but those days are few and far between now and occur for fewer and fewer films. Furthermore, many filmmakers even reject traditional distribution deals given the choice nowadays because the offers may be so low that

they feel they could do better distributing their films themselves (more on that later).

An example of this approach is the movie *Bottle Shock*, which premiered at Sundance in 2008. When the film's producers got no real offers from distributors, they decided to strike out on their own and implement a DIY strategy. The result was that they were able to make far more money than they would have with any of the traditional deals they were offered.

So something to keep in mind is that even though you may still view traditional distribution as the ultimate goal for your film, it may not always be the *best choice* for your film, and in most cases, it isn't totally realistic in today's market.

DIY

DIY (do-it-yourself) distribution has replaced traditional distribution as the go-to route for most filmmakers with independently produced films. As I mentioned previously, due to supply and demand in the marketplace, there are just too many films and too few traditional distribution outlets left, so what has surfaced in its place is this new DIY route. DIY (sometimes called self-distribution) has now supplanted traditional distribution as Plan A, whereas it used to be Plan B.

But don't worry; DIY doesn't have the stigma that it once did, and now many mainstream filmmakers are turning to DIY voluntarily because they wish to keep more control of their films and release them *how* they want to, *when* they want to, and *on their own terms*.

Of course, there are both upsides and downsides to self-distribution. The biggest upside in my opinion is that any sale you make, any distribution deal you sign, you get to keep all the money for yourself. It goes directly to your bottom line, in paying your investors back and toward your profit. Conversely, the biggest downside to self-distribution that I can think of is that in exchange for not having to pay anyone a sales commission or fee or percentage of sales, you have to do all the work, which can be an enormous amount.

Don't be fooled. The DIY route takes a tremendous amount of work and patience, but it can pay off handsomely to those who are consistent with their efforts. Before I got a publisher for this book, I self-distributed it as an eBook online. And the number one thing that made it a successful venture for me was my consistent effort at tirelessly marketing my product. Some weeks were good, some weeks were bad, but being absolutely consistent in my marketing efforts, I believe, was the top contributor to the book's success.

With all the new DIY platforms out there, some of which I discuss later in this chapter, remember that because you do not have a distribution company behind you, you will have to do all the marketing, promotions, and advertising yourself (or with a team you hire)—whatever it takes to drive sales of your film. I describe specific ways to market your film with each self-distribution method.

**Filmmaker Michael Roland Williams, In His Own Words,
On Distributing His Film *Black Mold Exposure*
(<http://www.blackmoldexposuremovie.com>)**

I was clueless and thrilled when I came across your site, www.FilmSpecific.com, a couple of years ago. I submitted my documentary film *Black Mold Exposure* to festivals. No acceptance. I decided to release my film into theaters and hopefully get a review or something to take to a DVD distributor. I called Landmark Theaters and asked if my film could screen, and they asked to see a copy of it. They came back to me and said my film could screen but I'd have to four-wall it, and they would present it as if it was a regular feature at the theater, meaning box office time and marquee, posters in the lobby, etc. I would have to pay for my own ads though.

I world premiered in Dallas, April 2009, with a premiere event and "black" carpet, with a few screenings to follow in Dallas, Houston, Austin, Seattle, San Diego, Chicago, and Boston.

I broke even on the theatrical run:

Total ticket sales: \$2,700

Sponsor revenue: \$3,000

Minus rental fee for the run: \$5,500

What's next? I think I can still sell many more DVDs. I think that not going to rental has forced more DVD sales. People who are ill from mold or in the mold business want to see this movie strong enough to buy it. I don't think word of mouth from rentals would help me much. I could be completely wrong, but when I feel I've exhausted DVD sales from my site, I'll move to rental. The DVD is also in a couple of online retailers. One of those is NEEDS.com who sell health-related products.

I would like to do some test advertising in certain mediums and see what happens. I'm still submitting queries to distributors too. I think a change of the cover art and website will make it more "mom" friendly. My primary market is women [in their] thirties to fifties and people [who] are ill, or know people who are ill from mold exposure or in a mold-related business. Right now, the marketing looks too scary to be an enjoyable film for moms. I also would like to get the DVD into home improvement stores next to the mold kits. I'll be submitting to them in the next month. My goal with marketing has always been to at least break even, which means I'm still in business and can market in another medium or try something else. As you do your breakeven marketing, the word is getting out about your project. The hope, of course, is to do better than break even and find something that works that you can build upon.

I have a lot of ideas, but I need some extra money to execute them and I haven't had that this past year. I've barely been making ends meet, and I'm still trying to recover from being ill from mold myself. It's hard to make a living and not be able to work. That is the "Sixth Sense" moment in my movie—when the viewer realizes at the end of the doc that the guy in the movie is the director and producer. Completely shocks people who have no idea!

I eventually want to do more films, but I can't use the same model as this one for sure. Too long of a production time, and I don't want to use my own funds. I also don't want to be the producer, director, editor, driver, grip, etc.

Hybrid

There is also a hybrid distribution model that is part traditional, part DIY. For example, if you make a film that doesn't immediately get distribution, you may choose to do your own platform theatrical release. While you're doing your own platform theatrical release, you may decide to sell your own DVDs at the screenings. At this point, you will probably also want to sell DVDs or streams/downloads off your website to

capitalize on the fact that you are out there creating a buzz doing public screenings. With all this in place, you are completely self-distributed.

Suddenly, a traditional DVD distributor picks up on all the buzz you're getting and sees that there is a market for your product and that you are actually selling DVDs, and it wants in on the action! BUT ... you have a nice, successful online operation going and you don't want to give up that revenue. After all, for every DVD you sell off your own website, you could be pocketing \$5–\$15, depending on the selling price of the DVD. After a DVD distributor picks up your film, you will make perhaps only \$1–\$3 per unit sold, at most.

Consequently, you are left with a conundrum. Although you always wanted a DVD distributor to offer you a deal, you also are enjoying the revenue that you're making while self-distributing. The perfect solution is to negotiate in your contract with the distributor that you, the filmmaker, retain online distribution rights to your film. This type of agreement would have been unheard of a few years ago, but surprisingly DVD distributors are realizing that they have to acquiesce in this area if they want to be able to acquire hot-performing niche films that are already out there collecting a buzz in the marketplace. Distributors are also realizing that filmmakers who are heavily promoting a film online will only help their retail sales in the long run anyway. So everybody wins.

I interviewed famed distribution strategist Peter Broderick about this topic because he effectively pioneered this concept. Peter contends that distributors don't have a choice anymore; rather, they absolutely have to alter their business models to accommodate filmmakers in this area. Traditional DVD distributors will be more like retail partners in the future, and filmmakers will leverage the new technologies available to them and handle their own online distribution.

Another part of the hybrid distribution model that Peter Broderick has been instrumental in popularizing is known as **house parties**. For example, while some filmmakers are taking their platform theatrical release to art house and independent movie theaters, others are choosing to do targeted screenings in people's homes.

A great example of this model is Robert Greenwald's *Wal-Mart: The High Cost of Low Price*. Robert really wanted to get his message out there and knew how to find his target audience online. By galvanizing online support, he organized grassroots screenings at people's homes all across the country and built a tremendous buzz for his film. He ended up having somewhere around 1,000 house parties, each with around 10–15 people in a living room. Within a couple of months, he had sold 100,000 DVDs from people buying them at the parties and off his website.

Granted, the house party strategy works very well with documentaries that lend themselves to strong grassroots opinions and campaigns, BUT you could also apply this strategy to a narrative feature if your film applies to a core audience (for example, surfers, teenagers, sports

enthusiasts ... whatever). Think about what groups people belong to online and how you can reach them. Then capitalize on that enthusiasm and organize screenings around it.

It almost makes sense these days to think in terms of what types of films could appeal to which groups online and work backward from there. At least that way, you will always have the insurance of direct sales of your DVD online and know that you'll be able to make the revenue that way to pay back your investors. Even if a traditional distributor never picks up your film, you know you can do some grassroots promoting and selling all on your own.

Something else to think about is that while you're out there doing grassroots screenings, building an audience for yourself, you may well be able to raise money for your next film. I know of a few filmmakers who, while previewing their films to a targeted demographic at private screenings, met investors for their next films. So keep your eyes open and be prepared!

APPLYING TO FILM FESTIVALS: YOUR FILM FESTIVAL STRATEGY

Should you submit to film festivals or not? I get this question a lot!

My theory is this: there is only a handful of festivals that really matter in terms of getting distribution for your film. What I mean is that there is only a handful of festivals that acquisition execs actually attend to go "shopping" for new films. On the other hand, there are also hundreds of smaller film festivals that acquisition execs don't attend but in some cases can still be good for additional exposure of your film. Any chance to garner awards for your film or get local press/reviews can be an asset to your overall campaign and your press kit.

The film festival strategy that I personally recommend is to have a Plan A and Plan B in place. Here's how it works:

Plan A is to apply to Tier One festivals first: Toronto, Sundance, Cannes, Berlin, Los Angeles, SXSW, and Tribeca. What makes these festivals Tier One? The fact that they are the festivals that most distributors will attend is reason enough for you to target them first. If your ultimate goal is to get traditional distribution for your film, wouldn't you want to be at festivals where the distributors go? Of course you would!

My advice is to take an honest look at your film and listen to the feedback you get from third parties. If you think your film is up to par for getting into one of these top festivals, by all means apply to them all. Keep in mind, however, that most of these festivals will require a worldwide or North American premiere, which means if you accept an invitation to one of them, you cannot technically premiere your film in any of the others. For this reason, it is imperative to check the rules and regulations of the festivals you are interested in. That is another reason why I say to

apply to the big festivals first—because if you happen to accept an offer from a smaller festival prematurely, you automatically disqualify yourself from premiering in one of these top-tier festivals. Wouldn't you kick yourself if, after accepting an invitation to some small festival, Sundance came calling and you had to decline? (Yes, I've had this happen to a client of mine before!)

With Sundance in particular, the other point to keep in mind is that many films are accepted way in advance and already have distribution deals in place; in other words, oftentimes distributors will make a deal with Sundance to premiere a film there without the film having to go through the normal submissions process. This, of course, means even less of a chance that your film will get accepted simply because there are so few spots available for actual independent films.

The good news in all this is that in most big festivals, there are both competitive and noncompetitive categories. Therefore, even if your film is not World Premiere status, it may still be submitted as a noncompete entry. And even if your film gets accepted but not placed in competition, you will still benefit from the exposure of being at one of the big festivals.

After submitting your application to the top-tier festivals, sit tight. I know the wait can get nerve-racking and you'll be tempted to go on a festival application spree, but remember that the mere chance of getting into one of these top festivals is worth the wait. It can be the difference between getting distribution and not.

Wherever you decide to premiere your film will be considered your Launch Festival. Just remember to choose it carefully.

If Plan A fails and either you honestly don't think your film is up to par for one of the top-tier festivals, or you apply to them all and don't get accepted to any, it's time to invoke Plan B.

Plan B is to submit your film to the many Tier Two festivals out there. Some Tier Two festivals include Palm Springs, Santa Barbara, Chicago International, Austin, Hamptons, and Raindance. This is by no means an exhaustive list, and actually I recommend checking in with the online festival submitting service Without A Box (www.withoutabox.com) for the definitive list of festivals out there. In general, anything in or near major cities is a good bet because there might be a chance that one or two distributors will be present (especially if the festival is near New York or Los Angeles, where most distributors are located).

When you're applying to second-tier festivals, it's okay to cast a wide net because they will most likely not require a world premiere like the first-tier festivals do. Your strategy once you get to any of these festivals should be to get as much press as possible. Even if there aren't any distributors present to see your film on the big screen, you can at least work on building up your press kit so that when you do start submitting to distributors and reps, you'll have some favorable press to show them. A good press kit goes a long way in attracting a distributor's attention.

Some people ask how exactly to go about getting press at a film festival. Whether you've been accepted to a first-tier or second-tier festival, I definitely recommend hiring a publicist who specializes in independent films at least one or two months prior to the festival. The more lead time, the better. A publicist will be very adept at writing a press release and getting it in the hands of the right journalists to come and cover your film.

PLATFORM THEATRICAL RELEASE

What many filmmakers are doing these days in lieu of entering festivals is essentially creating their own theatrical premiere by orchestrating a **platform theatrical release**.

With this approach, you release your film in one or two local theaters, start to generate significant buzz, and then slowly and strategically release it in additional theaters—with the ultimate goal being that one of the big distributors takes notice, buys the film from you, and gives it a wide release.

On a more positive note, I want to share with you my favorite platform theatrical release success story by far in the past few years. The producers of *What the Bleep Do We Know!?* made a film that appealed to a niche audience, made sure to put aside enough money for marketing to this niche audience, and went on to do a very successful platform theatrical release. They first released the film for one weekend in a theater in their hometown, made sure every screening was sold out, and then platformed the movie like this in city after city until Samuel Goldwyn stepped in, bought the film from the producers, and took it out wide and released it on DVD.

FINDING PRODUCER REPS AND SALES AGENTS

While you're waiting to hear back from film festivals, it's a good time to start researching reputable producer representatives and sales agents. Sometimes filmmakers will sign on with producer reps or sales agents prior to going on the festival circuit, and sometimes they will wait to find representation while attending one of the festivals. My suggestion is the following: while meeting with reps and agents during the film festival application process, you might come across one who is crazy about your film and who wants to work with you on launching your film at a festival and on coming up with a distribution strategy. If the relationship really clicks for you, then go ahead and sign on with this person. Alternatively, if all the reps and agents you are meeting during this period seem not quite up to par with what you had in mind, with no real strategy for your film to speak of, then it's best to wait until you're actually at the film festivals themselves, because you may get approached by more reputable ones there—ones who can appreciate your film more now that it is showing at a festival.

Many filmmakers ask what the actual difference is between a producer rep and a sales agent. Technically, they are the same thing, but the argument can be made that a producer rep takes a greater interest in a filmmaker's long-term career goals. For example, whereas a sales agent is solely responsible for getting distribution deals for your film, a producer rep will guide you to choosing the right launch festival for your film and making sure all the right people attend your screening. Producer reps generally do not specialize in foreign sales, however, so they will often help the filmmaker find a reputable foreign sales agent to take over those duties.

Historically, most distributors have said that films represented by a producer rep or sales agent have a certain cachet over unrepresented films. However, with technology the way it is today, and self-distribution more of a real option than ever before, the general attitude of distributors is starting to change. Granted, there will always be a certain cachet to films represented by the most high-end sales agencies and producer reps, but only a few of these top-tier companies have that kind of sway. So for 90 percent of the independent films out there, it doesn't make that much of a difference to distributors whether or not you are represented.

One benefit of working with reps or sales agents is that because they work on commission, it is always in their best interest to get the highest price for your film per territory. Furthermore, reps may be able to squeeze more revenue out of a film by splitting up rights. For example, splitting up cable, DVD, and theatrical rights rather than doing an "all media" deal can mean more money down the line for the producer. A producer may unknowingly sign away all rights—cable, DVD, and theatrical in an all media package—for far less money than he could get by selling the rights separately.

In some cases, distributors may prefer to deal with experienced salespeople rather than producers themselves. Think about it: filmmakers may not always know the nitty-gritty details of negotiating distribution contracts. Distributors know this about filmmakers and are often more willing to play ball with agents or reps rather than going through the hassle of having to educate unrepresented producers regarding how to negotiate their own distribution contract. This is also why some producers can get taken to the cleaners by distributors; they just may not know the intricate details of distribution contracts and therefore not get the best deal they could if they had someone on their side whose business it was to know these things.

In my experience, producer reps and sales reps charge fees of anywhere between 10 and 25 percent per distribution deal, depending on whether or not they have big company overhead. If they do, they will charge closer to 25 percent. If you can find good independent producer reps or sales agents, they will charge closer to the 10 percent fee because they don't have the huge overhead and operating costs of bigger sales companies. Instead, you will most likely be responsible for making all

your own dubs, shipping out screening cassettes to buyers on your dime, and covering all the costs of printing up flyers and other marketing materials (these materials are all called deliverables).

Reputable sales agents should not charge you any fees up front; rather, it is customary that they will take their distribution fee off the top of every sale they make. Furthermore, if you are dealing with a big agency, keep in mind that it bears the cost of marketing your film to distributors and therefore shares in the financial risk. In this way, the sales company is motivated to sell your film and recoup its initial investment. Agents and reps have long-term established relationships with various buyers that can make a difference in securing a sale.

Selling films is a specialized business that requires comprehensive knowledge of distribution and market trends. Producers who try to make their own sales (particularly international sales) could find they've bitten off more than they can chew.

The best way to find producer reps and sales agents is to attend film festivals and get word-of-mouth recommendations. Producer reps and sales agents will be representing their films and actively recruiting new clients at film festivals, so this environment may give you a chance to get an introduction and see them in action right then and there. Another great word-of-mouth resource for getting recommendations on agents and reps is Internet message boards (we have a lot of this on the FilmSpecific.com message boards, for example).

Tips for Searching for Reputable Reps and Foreign Sales Agents

You should do the following when searching for reputable representatives and foreign sales agents:

1. Ask around to see what their reputation is. Ask the reps for references from other producers, and be sure to call and check their references. If reps refuse to give you references or give you the runaround, this is generally a red flag that their reputation may be less than stellar or they may have something to hide. I then advise you to move on and find reps who will gladly stand by the work they've done and their track record.
2. Look at their catalogue and the other films they're selling to see if yours fits in.
3. Remember that producer reps are adept at getting you a U.S. deal, so you still need to get a foreign sales agent.
4. Look at what their success rate has been in selling films.
5. Really sit down with potential reps and ask questions about what territories they think they can sell your film in. Try to take several meetings and choose wisely. Decide who will work best for you and your film.

And remember, bigger isn't always better. For some, a larger sales agency is a good fit, especially if you've been doing this for a while and have

an established reputation. Larger agencies have big catalogues and can leverage their might. They can also wrap several films around one really sought-after property. This means if agents or reps are representing a film that distributors are clamoring for, they can often make the sale contingent on a distributor also buying several other films in their catalogue. It's basically selling several films as a package deal. Smaller reps can't wield this card, but for many filmmakers, especially those just starting out, smaller reps may be the better option. Since the larger agencies have such extensive catalogues, this is a blessing as much as a curse because filmmakers can often get lost in the shuffle. Smaller reps often have the same contacts as bigger reps and will most likely give your film more individualized attention than those with a huge slate. It is also in the best interest of the smaller reps not to let your film fall by the wayside because their livelihood depends on the film selling for as much as possible. Sometimes young and hungry is the best and most effective way to go.

Additional Tips to Keep in Mind

- 1. Have measured expectations.** Don't expect to make back your investors' money through foreign sales alone. Count on recouping your money through a U.S. deal, and let the foreign sales be icing on the cake.

Nine times out of ten, filmmakers will not see any money from foreign sales because the sales agencies typically have to recoup their marketing costs FIRST before they pay out to filmmakers. And with international prices at an all-time low, sales agencies rarely recoup the marketing expenses for independent films and therefore rarely pay out to filmmakers.

- 2. Negotiate distribution fee and marketing expenses.** As I stated previously, most sales agencies charge a 25 percent off-the-top distribution fee for sales they make on your film. In addition to that, they will want to keep the first \$30,000–\$50,000 in sales of your film and claim it as “marketing expenses.” In all fairness, I will say that a lot of money is expended in marketing films through artwork, flyers, shipping, dubbing, and the international markets and trade shows.

My suggestion is to try to negotiate these marketing caps in advance, and either ask for a lower cap (say \$10,000) or try for a straight 30 percent distribution fee with no recoupment of expenses. This would mean that for every sale the agency makes, it takes its 30 percent distribution fee and sends you the balance. In other words, you would start getting paid from dollar one, instead of after marketing expenses are recouped. This approach means a little less money for you in the short run, but at least you'll be getting paid something.

- 3. Use a collection account.** You can always make a part of your contract with the foreign sales agency that when sales of your film are made, proceeds will go to a collection account. A collection account is an

independent third party that provides filmmakers full insight into the financial status of a project and protection against default and fraudulent behavior (that is, the foreign sales agency's failure to disclose actual sales made and/or failure in paying out proceeds from sales).

Ask your local bank about setting up a collection account. You will better learn the details and ins-and-outs by hearing about this type of account directly from a financial institution.

Interview with Filmmaker Ryan Barton-Grimley, In His Own Words, On Working with Reps

My name is Ryan Barton-Grimley. I'm the writer/producer on *The Truth*, an indie home-invasion thriller starring John Heard, Brendan Sexton III, and Daniel Baldwin that was shot in late 2008 and finally released ... in 2010. Find us on the web at www.thetruthisalwayscomplicated.com. We're currently available for sale or rental through most VOD options, traditional DVD options, and Showtime/TMC throughout the U.S. and Canada. Internationally, we're available in Germany, the Middle East, and Turkey.

The Truth started as a small thriller with no names, SAG ultra-low budget, small crew, a 12-day shoot, and no real distribution plans. From there, I worked with Stacey Parks on getting a real shot at distribution. I hired casting directors in LA and pursued a name cast, which I ran by Stacey for her take on their distribution value. This led to a major cinematographer and his crew signing on. Before I knew it, we were officially pushing the ceiling of our SAG-modified low-budget contract, had a 3-week shoot complete with name cast, trailers, and a 60-person crew. It's probably a good idea to point out too that in late 2008 when we were shooting, the recession was just hitting, but we were still budgeted for and paying prerecession rates for crew, gear, and cast. The point being that by the time we'd done our postproduction, a ton of distributors were going belly-up, not taking on new films, or were sending us such low offers that we couldn't in good faith accept them.

After being in distribution limbo for about a year, we finally signed with a foreign sales company based out of Europe and a producer's rep based out of LA, both specializing in selling indie films. While our foreign sales have been dismal at best, our U.S. rep has sold all of our available rights with the exception of theatrical, piecing together separate VOD, pay-TV, and cable deals. Again, what distributors are paying for your average indie film with B and C names is considerably less than it was when we raised our money and budgeted our film. That being said, the B and C names we had have really helped *The Truth* weather the storm and get distribution, almost like insurance.

All in all, it was a baptism-by-fire learning experience that has been invaluable. My major take-aways have been: keep costs super-low, names are doable if your script is good, and market as early as possible. And lastly, at the end of the day if you're going to go this route and produce a film, you're going to be living with the film for years, working on it, selling it, marketing it, so make sure you really like the film.

NAVIGATING INTERNATIONAL FILM MARKETS

Producer reps and sales agents take their slate of films to international film markets to sell to distributors. Film markets differ from film festivals in that film markets are essentially big trade shows for buyers and sellers of films, whereas festivals are more of a showcase and competition. Also, whereas U.S. distributors attend the big film festivals I outlined

previously, international distributors in general do not attend film festivals. They wait for the film markets to buy rights to the films they want. Film markets are essential for independent films because unlike studio films that have output deals in every foreign territory, independent films must be sold territory-by-territory.

A film market is set up as follows: sales agencies and production companies will purchase space to set up their "booths," that is, their little piece of real estate at the market. The booth contains posters and other sales tools for the films they are representing. Sellers make appointments with buyers in advance and carry on meetings at the booth every hour on the hour for the duration of the market (usually five to ten days).

During a buyer's appointment at a seller's booth, the seller will screen several trailers of appropriate films, depending on what type of buyer it is. For example, if the seller is meeting with a Thai DVD buyer, the seller will be sure to screen all the action and horror film trailers that it has in its slate. If the seller is meeting with a broadcast buyer who is interested in nonfiction programming, the seller will screen its documentary trailers.

Oftentimes, distributors will commit to buying a film on the spot, especially if they don't want their competitors to have it. In this case, the buyer and seller negotiate prices and terms on the spot, and sign a deal memo to confirm all the deal terms. When the market is over, it is the seller's responsibility to take all the deal memos signed at the market, draft formal contracts for the deals, and then follow up with the buyers for signature and payment.

Filmmakers often ask me if it is in their best interest to attend film markets themselves. My answer is twofold:

One, if your film is currently being represented at the market by an agent or rep, then no, it does not make sense for you to attend. Why? Because most likely the sales agent will want to stay focused on selling your film and will not want you in the way. Plus, if your film is being represented there anyway, it will only make you nervous to be there wondering whether any sales are being made on your film and knowing there's nothing you can do about it one way or another. In fact, it is best to wait until a couple weeks after the market to get an update from your rep.

Two, if your film is NOT currently being represented at the market by an agent or rep, then it could be advantageous for you to attend the market simply as an observer. It can be beneficial to walk around to the different booths and take notes on which companies are selling which types of films. You can then approach these companies after the market about possibly representing your film. Do NOT approach these companies to represent your film at the actual market. Companies are there for one reason only—to sell films. And they spend an enormous amount of money to be there. Therefore, they will not take kindly to being approached by filmmakers for representation.

The key film markets to keep in mind are

- Cannes, *Le Marché du Film*: Held simultaneously with the Cannes Film Festival
- American Film Market (AFM): Held simultaneously with the AFI Fest in Los Angeles
- MIPCOM/MIPTV: In Cannes and geared toward DVD and broadcast buyers
- European Film Market: Held simultaneously with the Berlin Film Festival

You will notice that some of the film markets are actually held in conjunction with film festivals. The reason is that if a film is accepted into a film festival such as Cannes, distributors from all over the world are able not only to view the film at a proper screening, but also to bid on it right then and there.

SOME DO'S AND DON'TS WHEN ATTENDING A FILM MARKET

- DO:** Make appointments to meet with sales agencies in advance for the second half of the market.
- DON'T:** Just walk up to a booth or suite during the first few days of the market and start pitching your film. Remember, sales agencies are there to sell and that is their first priority.
- DO:** Come to the market prepared with one sheets/flyers of your film and a copy of your trailer.
- DON'T:** Be surprised if the people you're meeting request that you send materials after the market when they have more time to look them over.
- DO:** Make sure to get your hands on a buyers' list for the market so you can target distributors directly after the market.
- DON'T:** Corner distributors in the corridors while they're in between meetings. It's their worst pet peeve ever!

SHOULD I HAVE A DISTRIBUTOR SCREENING FOR MY FILM?

A very common question I am asked is whether to have a distributor screening, and I understand it makes sense to want to screen your newly finished masterpiece for distributors. You want them to see your work on the big screen and not with all hurriedness of a film festival. You want distributors to see your film the way it was meant to be seen.

But how do distributors feel about going to distributor screenings? Quite honestly, they would rather watch your movie from the comfort of their desks. After being in the office all day screening movie after movie, the LAST thing an acquisitions executive wants to do after work is go to a distributor screening of someone's film.

There are exceptions to this advice, of course, and I have heard of filmmakers having a couple of distributors show up for their screenings. However, I wouldn't recommend allocating resources to such a screening because your money can be spent so much more productively elsewhere. Whether or not anyone shows up for your screening, you'll still be stuck paying for the theater, invitations, and mailout.

Producer Allen Green, In His Own Words, On Film Markets

After discovering Stacey Parks's book and website, FilmSpecific.com (FS), on a filmmaker's podcast, I quickly saw the value of the material, bought the book, and subscribed to the website knowing that film distribution is a key element if one is to make a career of this very expensive art form called "Filmmaking."

That year I listened to every case study and virtual seminar on the FS website and read the first edition of *The Insider's Guide to Independent Film Distribution* at least twice. I knew that distribution was one of the most important things I needed to know. I found both the book and FS became my distribution bible. It's almost impossible finding all this info in one place.

Around that time, we found ourselves in the midst of the production of our first film, *The Killing Strain*, a fan-based zombie genre film. Finishing principal photography in October and realizing that we needed to try to attend the American Film Market (AFM, the premiere market for genre films), my partner Ron Zimmerman and I signed up before the first deadline (which saves you some money and gives you some seminars free). AFM offers many seminars paneled by industry professionals, and it is worth registering early.

From listening and reading about the markets on FS, we wanted to go and see how they worked. We also wanted to get familiar with the whole concept and not come across as total newbies. We started a bit late, so I made appointments to meet with just two people; neither of them [was a] buyer or sales rep. One was an FS member who had a booth and was preselling his newest project. Our 15-minute meeting turned out to be the most informative of the show. I had followed his blog on his first film and used much of the valuable advice that he provided.

We had a trailer on an iTouch and a set of headphones. We then worked up a one sheet with a synopsis and artwork. I would ONLY play it for someone who [asked,] "What project are you working on?" Then I would give them the one-minute synopsis and one sheet [and] ask if they would like to see a trailer. This is very hard to do because you want to sell yourself and push the film. My advice is PATIENCE. I can remember talking to someone in one of the suites, and the dreadful comment went something like "It must be the start of half-market badges; I can't tell you how many people have pushed their script to me." Then I knew we had done the right thing. We just met people, got cards, and when asked, pitched our project. We found the later it was during the week, the more people would talk to you. They obviously had taken care of their business and were now open to conversations. This is how we met our current foreign sales agent. To our surprise, he didn't want to see our trailer. "Anyone can make a cool trailer," he commented, then he [continued,] "I want to see the film when you've finished the edit." We signed with him after he saw our completed film.

The next year our film was in the market. We attended and only met with our sales agent once. We left him alone to do his job. We met up with people we had seen the year before and made new friends. If you are a filmmaker, I recommend you go—even just to meet people. Don't be too aggressive pushing your project. Remember, the people who are in the suites are like you—they have films they are selling. You'll find people will ask you about your project sooner than you think. This business, like many, is based on relationships. Go to the market and cultivate them.

ADDITIONAL RESOURCES

Virtual Seminar recording: “Using Film Festivals as a Platform for Release”: www.FilmSpecific.com/Festivals

Case Study/Interview with Allen Green on “Using Film Markets to Find the Right Sales Agents”: www.FilmSpecific.com/Allen

Case Study/Interview with Rahul Gandotra on “First Timer’s Experience at a Film Market”: www.FilmSpecific.com/Rahul

Case Study/Interview with Mary Mazzio: “When the Filmmaker Takes On the Role of Theatrical Distributor”: www.FilmSpecific.com/Mary

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Getting a Distribution Deal and What to Expect

So how do you actually go about getting distribution deals for your film? In the previous chapters, I discussed things you can do during each stage of the production process that will give your film infinitely better chances at getting distribution. So now that you've mastered that, how do you actually secure deals for your film and what should you expect?

As I explained in previous chapters, traditional distribution deals have become harder and harder to come by in recent years. But the good news is that, by contrast, DIY or self-distribution has become more and more accessible.

The five distribution platforms we're going to discuss are

- Theatrical
- DVD
- Broadcast
- Video-on-demand (VOD)
- Foreign

Within this list, I cover both traditional and DIY distribution as it applies to each platform where appropriate.

THE FIVE TYPES OF DISTRIBUTION

Theatrical

TRADITIONAL THEATRICAL

Traditional theatrical distribution has been the dream of every filmmaker for many years. It involves getting picked up by one of the studios or mini-majors such as Sony, Universal, Fox Searchlight, Focus Features, Lionsgate, and so on, and having a broad rollout of the film across the country in movie theaters everywhere. Unfortunately, traditional theatrical deals are extremely rare these days and, in fact, happen to only a

select few filmmakers who get their films accepted into a top-tier festival such as Sundance or Toronto, but even then, they're still rare!

What happened along the way? Once again, the answer is down to simple supply and demand. Since the late 90s, the supply of independently made films has gone through the roof, so much so that there aren't enough theatrical distributors or theaters to exhibit them. So in short, traditional theatrical distribution is a dying model and out of reach for most independent producers, which is why I instead focus on the direct distribution model of DIY theatrical.

DIY THEATRICAL

If you want to do a DIY theatrical release—or platform theatrical release, as it is often called—basically you would release your film in one or two local theaters, start to generate significant buzz, and then slowly and strategically release it in additional theaters.

A platform theatrical release normally requires raising additional capital because you'll need both prints and sufficient advertising to get booked into a theater. For example, when you approach theater owners to see if they will book your film for a weekend, they will normally require you show proof that you have purchased advertising in local newspapers. The purpose of the advertising is to ensure, of course, that there is at least a minimum guarantee that people will show up to see your movie. Booking a theater for a weekend takes precious real estate for theater owners. For them to take the risk with your film, they will definitely want to know your plan for driving ticket sales.

If you can prove yourself to theater owners, they will agree to book your film for a weekend. If the film does good numbers for the weekend, they will extend you another week. If your film does good numbers for another week, they will extend you again. And so on.

Conversely, if your film happens to tank that opening weekend, by Monday it will be removed. I've seen this happen many times with films that have impressive casts but just couldn't garner an audience. So keep in mind that the key to keeping a platform theatrical release going is to market your film as hard as you possibly can. Get creative and start early. Hire a publicist. Get press and interviews, and do guerilla marketing to your core audience. You have to do whatever it is you can to drive ticket sales.

Of course, if you have a traditional distributor for your film, these are all the things it would handle, but the distributor would be under the same pressure as you to sell tickets. And if your film didn't sell tickets, it would be out of the theaters after one weekend even if you had a big distributor behind you. The theater owners do not discriminate when it comes to ticket sales.

Ultimately, if you have the resources to go the route of a platform theatrical release, I strongly encourage doing so. This effort might just give you the bump you need to get noticed by a major distributor.

Keep in mind that opening your film in one of the bigger markets (New York or Los Angeles) will cost significantly more money, and you will be competing with numerous other films for viewers. Alternatively, if you open in a smaller market, advertising costs will be cheaper, and viewers may consider your film a welcome alternative to studio fare.

If you don't have money left in your budget to do a platform theatrical release of your film, you can hire an independent sales rep to do sales projections and a cash flow statement for you, which you could use to raise the necessary capital from investors. The point is that having a U.S. theatrical release of your film raises the value of the film internationally and thus opens you up to international sales potential. However, I must say that, from my personal experience, international buyers will want to know how many theaters the film was released in, what the gross ticket sales were, and so on. It's not enough just to say your film had a theatrical release. You really need to put the marketing muscle behind your film to make it successful enough to grow "legs" and spread to more theaters in your market and then additional markets.

For example, I was working with a filmmaker who had a very well-produced independent film, complete with an A-list movie star and a very popular TV star. So far, so good. We decided to do a platform theatrical release and began marketing the film about four months prior to the release. We got a national television interview, several radio interviews, and blurbs in a couple major magazines. We also paid for advertising in the major newspapers and purchased billboards. We even had a huge premiere party. There was tremendous buzz for this little film.

The film opened in one theater in Los Angeles, and even with all the marketing and advertising behind the picture, there were hardly any ticket sales, so after one weekend, the film was dropped. That's the danger of opening in a market like Los Angeles. This film had all the right ingredients for success but no ticket sales to back it up.

In any case, we took all the press the film had garnered and made quite an impressive press kit that I used to try to make international sales of the film. I screened the well-made trailer for buyers, showed the press kit, and touted the fact that the film had enjoyed a U.S. theatrical release. The first thing the buyers asked me was how many theaters and what were gross ticket sales. After they found out the film was in only one theater for one weekend, they weren't interested.

The moral of the story? If you can pull together a platform theatrical release for your film, great. However, like I said before, make sure you not only market the daylights out of it to get people to come and see it, but also seriously consider the market in which you're opening. Also, if you're borrowing more money from investors to make the platform release happen, be clear that unless the film is a sell-out success in your first few theaters, it will never reach other theaters and markets, which is where your investors' money would be recouped.

DIY Theatrical Case Study: Doug Block, On His Film *The Kids Grow Up* (<http://www.thekidsgrowup.com>)

Q: For your most recent film, *The Kids Grow Up*, you did a theatrical self-release and partnered with a theatrical service company. How did that work out for you?

A: Our main goal was to utilize a theatrical release to distinguish *The Kids Grow Up* from the hundreds and hundreds of other film titles coming out this past year. We already had a U.S. television presale (to HBO), so the idea was to utilize what we anticipated would be strong reviews, press coverage, and word of mouth to create long-term value for all the other ancillaries. The big challenge was to do all this without losing our shirts in the process. It requires that you enter the fray ever hopeful but with very realistic expectations.

We would have loved to do better at the box office. It's all relative, of course, and with such a grim economy, it's a tough time for documentaries theatrically, in general. Still, it was a disappointment.

On the other hand, the theatrical release paid off in every other way. Our distributor, Shadow Distribution, managed to book *The Kids* into Manhattan's premiere art house, the Angelika Film Center, and our publicist, Susan Norget, did a great job of positioning the film as one of the season's notable indie releases. We got some amazing reviews (the lead *New York Times* film critic, A.O. Scott, called the film "remarkable") and had any number of feature articles in major publications. Furthermore, as the follow-up film to a very successful personal doc (*51 Birch Street*), *The Kids Grow Up* further cemented my reputation as a director, and my producing partner Lori Cheatele's reputation as a producer. So, all in all, mission accomplished.

Q: How did film festivals play a part in your release strategy?

A: We learned from our distribution experience with *51 Birch Street* that our HBO sale would all but rule out going the normal distributor route. The larger distribution companies are corporate rivals of HBO's owner, Time Warner, and the smaller ones depend on a U.S. TV sale to offset the losses they anticipate from the theatrical release. So we pretty much knew from the start we were going to do a service deal.

Our festival strategy therefore became all about raising the film's profile, especially within the documentary world. That meant primarily going after documentary festivals, and happily we wound up being shown in virtually all of the world's leading ones, including IDFA, Full Frame, Hot Docs, Silverdocs, and Sheffield. Winning the Special Jury Prize at Silverdocs helped enormously, especially in later securing a Washington, DC, theatrical booking (which earned us the mother of all great reviews from Ann Hornaday at the *Washington Post*).

Not having the pressure of needing to whip up a frenzy of attention and buzz in order to attract a distributor enabled me and my family and our small film team to really enjoy the festival experience. And that's hugely important. Making documentaries is tough work, and personal docs are difficult on every level. So traveling with *The Kids Grow Up* to cities like Amsterdam, Toronto, Kosovo, and Helsinki, and having such a deeply personal story resonate with large and appreciative audiences from very different cultures, well, it's why we do what we do. And makes it worth the torturous parts of the process.

Q: What type of distribution did you seek out after your theatrical release, and did you find the theatrical release helped getting other distribution for the film?

A: Having a theatrical release in place certainly helped us to secure a DVD and digital rights deal (with New Video), but I'm not sure it was absolutely necessary. And we already had our U.S. and international broadcast rights locked up. So, in this case, I think it mostly added value to what we already had.

Q: What are the specifics of your service deal, and how did you find it? Did it turn out to be a profitable endeavor or more of a loss leader?

A: We had a total budget of just \$50,000 for our entire theatrical release, which we squirreled away from what we raised for the production. We had a budget line item of \$30,000 for song rights, which was what we spent on them for *51 Birch Street*, but we wound up using only original music. And Lori and I each put in \$10,000 of salary we were owed upon delivery of the finished film to our broadcast partners.

From that \$50,000, we paid Shadow (which also took a split of the box office), the publicist, an outreach team, our associate producer, a few small print ads, posters, postcards, screeners, and a surprisingly large amount to FedEx. We had to really resist the temptation to spend a penny more than we had, so when Shadow pushed us to make 35 mm prints, we never seriously pursued investors, and we didn't bother spending the minimum \$20,000 it would have cost to qualify for Academy Award consideration.

In the end, theatrical turned out to be mostly a loss leader, but we always looked at it primarily as a marketing tool for the DVD and digital release, which is where we have the most potential to make some serious money. I think we'll eventually see our money back and perhaps even more, but only time will tell.

Q: What did you find to be the most successful promotional strategies for your release? What were the least successful ones?

A: Ironically, the least successful strategy may well turn out to be our most successful strategy, in the end. *The Kids Grow Up* is mostly about my daughter's last year at home before leaving for college, as both a husband and father dealing with the prospect of letting my only child go. We felt from the beginning that the film would appeal to a wide general audience, and it does, but that the core audience who would relate to it most strongly and emotionally is parents.

Aside from the usual outreach to parent groups and organizations, we spent a lot of time and energy putting together a database of the most popular and influential mom and dad bloggers from the millions of them out there reading and writing blogs about parenting. It wasn't until shortly before our New York theatrical premiere that we realized it would be a huge waste to have them write about a film that their huge national readership either wouldn't be able to see or wouldn't want to pay babysitters on top of steep ticket prices to see in a theater. So we decided to hold off for many months and utilize the parent bloggers for the HBO broadcast and DVD release (which happens a month after that).

We also caught a break when HBO decided to premiere *The Kids Grow Up* on Father's Day, which got a lot of fatherhood organizations and dad bloggers very excited. We decided to put a greater emphasis on one of the film's themes of the changing roles of fathers and how much more involved in their children's lives dads have become. This gave much more interesting fodder for bloggers to write about than simply commenting on whether the film works for them or not as a story.

Finally, New Video has a generous affiliate program that enables anyone who joins to embed a small banner link on their website or blog that links directly to their order page for the DVD. Any sales that come directly through that link return 10 percent to the affiliate. So for the more popular bloggers and national organizations, apart from supporting the film, there's the potential for them to earn some decent money in return.

As of this writing, it's a couple of months before the HBO broadcast and DVD release, so, again, only time will tell. But New Video has a very favorable split with producers, and we stand to do quite well if we sell as many units as we did with *51 Birch Street*.

DVD

TRADITIONAL DVD

Traditional DVD distribution is kind of in the same boat as traditional theatrical distribution: it has gone the way of the dinosaur! Well, not really as much, but with the decline in DVD consumption overall, many DVD distributors themselves have become extinct. And as the number of DVD distributors has declined, obviously so has the deal volume in this area. Nowadays, it's actually pretty rare to get a traditional DVD deal for an independent film unless the film is in one of the more marketable genres such as horror, action, thriller, sci-fi, or family ... but make no mistake, even then it's rare!

So how do filmmakers go about getting traditional DVD deals in today's market? Well, if there's one pattern that I'm seeing with regard to which films get picked up for DVD distribution, it's films that have name cast involved because that seems to be the only piece of insurance left for distributors that they will actually be able to sell the films to audiences. The second biggest factor is in line with what I said previously and relates to the genre of the films: the higher the concept film you have, the better chances of getting picked up for distribution.

DIY DVD

DIY DVD distribution is one of the most profitable distribution platforms there are. If you decide you want to do DIY DVD distribution, you can either choose to manufacture and fulfill your own orders or do On-Demand DVD manufacturing.

On-Demand DVD distribution is one of the easiest and most profitable do-it-yourself distribution strategies. You are able to sell professional-quality DVDs without stocking your own inventory (and storing it in your spare room or garage). Instead, the On-Demand DVD companies manufacture and ship discs as customers order them.

On-Demand DVD distribution is an affordable and low-risk way to make your film available to millions of customers. Furthermore, you get to keep control of your title and earn royalties from dollar one. Plus, you are free to remove your film at any time should you land a traditional distribution deal.

Rather than wasting time managing production of your DVD and shipping the orders yourself, you're able to focus on marketing your film while the On-Demand DVD companies handle the order-taking, manufacturing of units, shipping, and customer support.

When you open your film to the massive audience online, there is an opportunity for your work to be discovered and for people to buy your film. Several filmmakers I know have landed traditional distribution deals after they have successfully built buzz by selling their films through On-Demand DVD channels.

To get started with On-Demand DVD distribution, you must own all the needed rights to your film, and it must meet certain content guidelines. Usually, there are no setup fees, and you send the company your DVD master. If you don't have a DVD master, these companies will even digitize your film for you from a tape format. Then you set your title's suggested list price, and the company will send you commission checks, normally on a monthly basis.

Unlike traditional distribution deals, with On-Demand DVD companies, you maintain the rights to your film. And there is normally no commitment period or exclusive terms, so you can sell it on as many On-Demand DVD sites as you wish.

Currently, the biggest player in on-demand DVD distribution space is CreateSpace (www.createspace.com), which is owned by Amazon.com. When you use the CreateSpace service, you are guaranteed exposure to the tens of millions of customers who visit Amazon.com on a daily basis.

Interview with Producer Sue Maslin, On Direct Distribution of DVDs (www.filmartmedia.com)

Q: I know you've had some success directly distributing your DVDs. Did you turn to that by choice? Or did you try for traditional distribution first?

A: I have been producing documentaries and feature films for the past 25 years, and up until 3 years ago, I had always placed those films with traditional distributors. Despite the commercial and critical success of many of the titles ..., the films always seemed to return income to the sales agents, the distributors, the investors, but never to the producer. This has a number of undesirable outcomes, including diminishing any incentive for the producer to become proactively involved in distribution of their product over the medium or long term, even when there are clear indications that significant returns could be achieved.

My business partner, Daryl Dellora, and I decided to radically change that approach in 2008 in an attempt to gain financial reward from the success of our films, a return from our marketing efforts, as well as build a business model whereby returns could contribute to our ongoing sustainability.

We did not set out to become distributors so much as vertically integrate our development, production, and distribution activities so that we remained in control of managing content rights throughout the entire process. In August 2008 we launched a new company, Film Art Media (www.filmartmedia.com), and theatrically released our first title, the feature documentary *Celebrity: Dominick Dunne*, later that year.

In summary, Film Art Media is an innovative development and rights management company. We develop screen content (film, television, digital media), [and] then assign rights to a special-purpose production company or our production company, Film Art Doco, to produce the work. Film Art Media then acquires the rights upon completion in order to market and distribute the work. We consistently work across media platforms (William Bligh, www.abc.net.au/bligh; Re-enchantment, www.abc.net.au/re-enchantment; Rekindling Venus, www.rekindlingvenus.com) and have effectively exploited the online platform in the publicity, marketing, and sales of our screen content.

Q: What has been the biggest challenge doing direct distribution of your DVDs? What about the biggest upside?

A: The biggest challenge is having available capital and resources to successfully market and distribute. There are many outgoings before any returns start flowing. We started this process without any major backing capital and sought sales for back catalogue content by relicensing in-flight, pay television, and free-to-air television licences that had expired. This is not always possible for titles, so we also took out loans with “soft” terms to fund marketing costs and repaid the loans within 6–12 months from returns. Each DVD title needs at least \$10,000–\$20,000 for DVD authoring, design, production, packaging, and promotion costs, not to mention web marketing and advertising costs. A theatrical release doco needs a further \$30,000–\$50,000 for P&A; however, costs can be reduced by distributing digitally on hard drive to selected cinemas.

Our core business has always been and remains developing and producing content, so we have needed to keep the balance right so we are not overwhelmed by the demands of self-distribution. This has meant bringing on more people (and being able to pay their salaries!) and being careful about how many titles we release in any one year (at present around two per year). We need to assess the amount we can do in-house and what needs to be outsourced. At present, we do all trailers, design materials, marketing, social media campaigns, dispatch in-house but we have outsourced website development and accounting services. The renewed energy around the company has attracted many interns and volunteers who, in turn, want experience with Film Art Media, and this has been invaluable, particularly in terms of labour-intensive online and social media marketing (Facebook and Twitter). We have had interns from as far away as Denmark working with us, and many are highly skilled and web literate.

The biggest upside is that our films are earning higher revenue, and returns are now going into *our* bank account and not someone else’s! For example, in 2008, *The Edge of the Possible* (1998) was an underperforming back catalogue title about the design and building of the Sydney Opera House and featured a rare interview with the architect, Jorn Utzon. It was ten years after the initial successful release delivered by the distributor.

Q: Do you agree that the key to a successful DVD release is in the marketing and promotion? What types of marketing and promotion have worked best for your films?

A: Strategic marketing and promotion and plain hard work [are] the key to maximizing returns. We tailor a specific marketing strategy for each title and actively market across all platforms in Australia and nontheatrical outlets overseas (i.e., public institutions, libraries, architecture, and cultural institutes, etc.).

Essentially, our strategy has been to hold as many rights back for new content and reacquire back catalogue content rights; identify markets not previously tapped into by existing distributors; and proactively market our content to multiple niche audiences using online, direct, and retail marketing strategies.

Our competitive edge is that we do not market “product” but *high-value screen content that is directly linked to experiences, locations, and characters*. That is, we link *The Edge of the Possible* DVD to the *wonder* of the Sydney Opera House experienced by visitors and make sales via online sites, blogs, and retail outlets at the Sydney Opera House, airports, architectural libraries, conferences, galleries, museums. We link *Michael Kirby: Don’t Forget the Justice Bit* to the charismatic experience of prominent Australian judicial figure Michael Kirby via his website (www.michaelkirby.com.au), his public appearances, conferences, publications, relevance for specialist law book shops, educational institutions, etc. The DVD was launched during Australia Law Week in 2010, and we built on their substantial national publicity campaign by hosting sponsored Law Week screenings in capital cities.

We link *Re-enchantment* to the fascination and, at times, obsession people have for fairy tales. We readily find these communities online, amongst artist and writer groups, psychological

organizations, and teaching and research institutions. This interactive work about the hidden meanings of fairy tales for adults is available online as well as a 10 × 3-minute television series, a radio series, and an interactive study guide for educational institutions. Devising work for release across platforms is increasingly the key to future success.

We don't have the financial or human resources at this stage needed to actively market to international film and television markets, so we still work with foreign sales agents for sales to these windows and assign only those rights as necessary. Likewise, we will work with cinema distributors on a joint venture basis for features if we are planning a theatrical release that requires a scale of P&A beyond our resources.

Q: Any tips for filmmakers who wish to follow in your footsteps and take on direct distribution on their own?

A: Good strategy and a passion for reaching audiences [are] one-half of the equation, but it needs to be backed by adequate startup capital, or you will be destined to fail. Always take the long-tail approach to distribution and don't underestimate the value of the educational sector. We are now building our first interactive study guide for use on iPads and tablets and doing this in conjunction with the major supplier of educational resources in Australia, ATOM (Australian Teachers of Media). Joint ventures for initiatives like this should always lead to returns back to the producers' company.

Finally, in the short time that we have been actively marketing and distributing our screen content, the online tools have exploded and not only enable us to better reach our multiple niche markets, but also track our audiences and buyers via the analytics available in more and more refined ways.

Ultimately, we are seeking to establish a recognized brand for delivering quality content as well as a two-way relationship with our audiences as they start to participate in our interactive online content. And hopefully continue to value and pay for our content!

Broadcast

Broadcast distribution in today's market means getting your film on cable TV. Unfortunately, this, too, has become more and more rare for independently made films. What happened? Well, basically, the big cable channels such as HBO, Showtime, and Starz all signed big output deals with the studios so they can have a steady pipeline of well-made, mostly star-laden movies to fill their pipeline and at this point rarely if ever have a need to acquire independent films. So that leaves out the big cable nets!

Then there's the "indie-friendly" networks such as IFC and Sundance, but the majority of their acquisitions comes from the big festivals such as Sundance, Toronto, Cannes, and SXSW. So if you get into one of these festivals, you at least have a decent chance of getting a broadcast deal with one of the "indie" channels. There are also U.S. networks such as Lifetime, Syfy, A&E, and Discovery, but these networks actually acquire fewer third-party films these days and instead prefer to either develop and produce their films in-house, or work with established producers they already have a relationship with. This is not to say these networks never acquire independently produced films from unknowns, but in reality it's rare.

VOD

In contrast to On-Demand DVD distribution where end users receive a physical DVD of your movie, video-on-demand distribution allows end users to download your movie to their computer and watch it right then and there.

Several different companies offer different types of services, but in general you send a DVD master of your film to a VOD company, the company digitizes it and uploads it to its servers, and then customers pay a fee to download your film and watch it. The download time, of course, varies by type of VOD service and speed of the customers' Internet connection, but the idea is that instead of waiting for a DVD to be shipped to them, they have instant access to their purchase.

Like On-Demand DVD companies, VOD companies also send you monthly checks for your share of the revenue. For example, if the VOD company charges \$9.99 for a download of your film, you might receive a 30 percent royalty on that amount. Your share may not seem like much, but it can definitely add up over time. Plus, VOD companies license content on a nonexclusive basis, so technically you can license your movie to as many VOD companies as you like and benefit from the royalties of all of them at once.

One advantage to distributing your film on video-on-demand platforms is that customers get to see your film right away. This helps create a buzz quicker. And the fact that the viewing experience is all online helps spread buzz quicker because satisfied customers can post the link to your film on various message boards and chat rooms, as well as easily email to their friends and family. With video-on-demand distribution, you can see how word travels fast!

One disadvantage of video-on-demand distribution is that it still isn't a big enough source of revenue to rely on for recouping the investment in your movie. Most royalty checks that I have witnessed are only a few hundred bucks per quarter, or even per year. Over time, of course, as Internet distribution becomes more and more relied upon, the economics may change. Perhaps in the future, you will be able to recoup your investment just through Internet distribution as physical DVDs fall by the wayside. But for now, the revenue from VOD is still minuscule compared to the revenue from DVD distribution and even theatrical distribution.

Interview with Michael Murphy, EVP Digital Aggregator, Gravitas Ventures (www.gravitasventures.com)

Q: Gravitas is a VOD aggregator. What does that mean, and why do filmmakers need one?

A: A VOD aggregator is the entity between the licensor (a distributor, sales agent, producer, filmmaker) and the VOD platform (cable/satellite/telco—e.g., Comcast, DirecTV, Dish, Time Warner

Cable, Cox, Charter, Verizon FiOS, AT&T U-verse, etc., or online—Apple iTunes, Amazon VOD/Prime, Vudu, Xbox, Netflix, PlayStation, etc.).

While the VOD platforms desire independent content for their customers, there is a limit to the number of programmers or suppliers that they have resources to handle efficiently. If a VOD platform had to do a license agreement with every filmmaker, deals just wouldn't get done. They'd be bogged down in legal departments, and accounting would be challenging, too.

It's generally in the best interest of a filmmaker to use an aggregator who specializes in VOD because the aggregator is best positioned to license the film to the platforms. If a filmmaker decided to "go it alone," it's doubtful that he or she would be able to distribute the film as far and wide as an aggregator. Aggregators are also better positioned to negotiate favorable splits with respect to revenue sharing because they may be working on hundreds of films with a VOD platform, not just one or two.

Filmmakers should also consider using an aggregator for VOD because a good VOD aggregator lives and breathes VOD. That is, there's a big difference between licensing content to VOD platforms and licensing and *understanding* VOD platforms. Consumers aren't generally browsing the shelves of video stores anymore, but they are browsing the "digital storefront." ... [H]ow a film is merchandized within the digital storefront (this is also known as the guide user interface [GUJ], user interface [UI], or menu) can have a big impact on impressions and the bottom line. A good aggregator/programmer understands the nuances of each guide for each VOD platform and has a dialogue with those on the VOD platform side charged with mapping those unique guides.

Q: What are some examples of the most profitable VOD platforms in today's market, and how can filmmakers best support their VOD release to squeeze out maximum revenue?

A: We generally think of VOD platforms in three broad categories:

1. **Transactional VOD**, which incorporates cable, satellite, telco, and online VOD. Some of the most well-known transactional platforms include Comcast, Time Warner, Cox, Charter, Apple iTunes, Amazon Instant Video, Xbox, PlayStation, Vudu.
2. **Subscription VOD (SVOD)**, which is more an "all you can eat" proposition. A consumer generally pays a monthly fee in exchange for all the films on a platform. The best-known examples include Netflix Watch Instantly, Amazon Prime, and Hulu Plus.
3. **Ad-Sponsored VOD (AVOD)** generally makes content available on a "free" basis to consumers/users, but it is laced with advertisements. The distributor and VOD platform share in the ad revenues. Popular sites that offer AVOD include Hulu, Google/YouTube, and Daily Motion. The best way filmmakers can maximize their revenues on any of these platforms is to understand where their content might perform best. For example the gaming platforms (Xbox and PlayStation) may do well with male-focused action content, but "high-brow" documentaries might really perform on Hulu or Netflix. Generally, our strategy is to make sure that content is distributed as far and wide as possible and that the content enjoys a healthy transactional window before exploiting other opportunities.

Q: What does potential VOD revenue look like these days, and can filmmakers bank on VOD revenue to recoup budgets of their film?

A: VOD revenue is increasing overall, but there is definitely more and more content vying for VOD distribution and in some cases limited shelf space. Filmmakers can count on VOD revenue, but how much is definitely on a case-by-case and film-by-film basis. We at Gravitas will always try and give realistic expectations from the outset. It's no secret that DVD sales for independents are challenged. On film budgets, the most important thing a filmmaker can do is make sure that they aren't using a 2005 or 2006 playbook for a 2012 distribution landscape and reality.

Q: At what point in the distribution process should filmmakers seek out VOD distribution for their films?

A: Filmmakers should start thinking about all distribution, not just VOD distribution, at the onset of the project. When they have a finished film, they or their sales agent should send it out to distributors for acquisition feedback.

Q: What does “day and date” mean, and when should filmmakers utilize this?

A: “Day and date” has a few different meanings, but generally refers to the concept of exploiting multiple rights on the same day. Today, we believe that it’s in the filmmakers’ best interest to almost always exploit VOD and DVD on the same day—and in some cases exploit VOD before DVD. VOD platforms are increasingly sensitive about having the ability to release a program at the same time as DVD. Indeed as DVD revenues decrease and a filmmaker wants to maximize his or her revenue in the VOD window, he or she can incentivize VOD platforms to carry and promote their films by going at least day and date with VOD/DVD.

“Day and date” can also mean releasing a film theatrically and on VOD at the same time. We think this is a great approach for a lot of films. A filmmaker’s marketing budget can be used more efficiently when they are exploiting multiple windows at the same time. The idea is [to] put the film everywhere and let the consumers decide how they want to watch. Many VOD platforms may also give premium pricing and placement to a film that is on VOD while in theaters.

Q: What are the biggest mistakes filmmakers make when seeking VOD distribution for their films?

A: Here are three:

1. Starting social media (Facebook, Twitter, websites) in the 11th hour—right before the film premieres on VOD or in theaters. Social media has to start at the ground floor of the project. Social media also means working it every day and being creative. If you think you can set up a FB site and call it quits, you’re wrong. I am truly impressed by the filmmakers who send us screeners and good one sheets with links to what they’ve been up to—especially when their film has amassed tens of thousands of fans or followers. They then have a built-in base of people who can take action to buy, stream, download, rent, embed, or spread when the time is right.
2. Putting the film on one or two VOD platforms because they can. I believe that 99 percent of the time a filmmaker will be better served by having an entity like Gravitas distribute their film to potentially over 100 VOD platforms than trying to go it alone. Distributors who are sent films that have already been exploited in one or two VOD platforms may be disincentivized from working on a project because previous exploitation may prevent future exploitation on some VOD platforms. There are some windowing rules that should be followed. Our advice is talk to a few experts and fellow filmmakers who have been through the process before going it alone.
3. Not setting themselves apart from the crowd. We look at more than 2,000 films annually. Your aggregator/distributor should be excited about working on your project, but you can help. Bringing some executable ideas on marketing to the table that are unique to your film is great. You know your project better than anyone.

Foreign

TRADITIONAL

Working with foreign sales agents can be very effective in getting international distribution for your film. The main reason is that is what they are dedicated to. Their whole reason for being is finding international distribution deals for independent films.

One benefit of working with foreign sales agents is that they will bear the cost of taking your film to all the international film markets and therefore exposing your film to a very large contingent of buyers from all over the world. Going to the film markets is no small expense and is something you would be hard-pressed to do on your own, so for this reason alone, there is a huge value in working with foreign sales agents.

One downside to working with foreign sales agents is that their high costs of doing business get passed on to you in the form of high commissions per sale and recoupable expenses allowed. Therefore, at the end of the day, you may not actually see much money from the foreign distribution deals because the first \$30,000–\$50,000 in sales will go toward covering the agency's marketing and other hard costs. This is frustrating for many filmmakers (understandably so) because the acquisitions prices in the international marketplace are so low to begin with.

DIY

If the thought of working with foreign sales agents doesn't appeal to you, you can always go the do-it-yourself route. However, I must warn you that the do-it-yourself route to foreign distribution is not only more difficult than that domestically, but much more expensive. Be prepared for shipping costs, high phone bills, travel expenses, and film market expenses.

If you decide to go for it anyway, the first question is "Who ARE the foreign DVD companies and broadcasters that buy independent films?" You can buy lists on the Internet, but are they current and correct? Honestly, the best advice I have here is to see whether you can get some word-of-mouth recommendations from other filmmakers who have gotten foreign distribution for their films and then start contacting these companies directly. Internet message boards are a great source of word-of-mouth recommendations for foreign buyers.

The best approach I have found for filmmakers to contact foreign distributors directly is first via email (send an introductory email with a link to your website and trailer) and then follow up with a phone call. If a distributor requests a screening copy of your film, be sure to send it via FedEx or UPS so that you can get a tracking number. It is customary to follow up with an email and phone call to make sure the distributor received your package.

Another way to track down foreign buyers is to attend the international film markets. Filmmakers are now creating co-ops and pooling their funds together to get a booth in the actual market. This can be an affordable option if you can get five to ten filmmakers together. When you are registered as a seller at a film market, you will be given access to the entire buyers' list. This list is golden because it will serve you not only for the particular market you are attending, but for long after the market is over. When you have access to the buyers' list prior to a market, it is customary to send out emails to buyers requesting meetings. Of course, you will

need to come up with a listing of all the films you're selling at the market, complete with JPEG images of the cover art. You can email this list and direct buyers to your website(s) where they can view trailers. The goal is to set as many appointments as possible for the market. When you are there, you should hire someone who has experience selling at a market to be in the booth with you. Hiring an experienced person will be well worth the money, and his services will end up paying for themselves.

APPROACHING TRADITIONAL DISTRIBUTORS YOURSELF

As I mentioned previously, getting a traditional distribution deal these days is quite a feat. Many filmmakers ask me if they should start submitting to traditional distributors themselves after they have a completed film. My answer is always NOT YET.

What I recommend doing with traditional distributors is first waiting to see whether you get accepted to any of the Tier One film festivals. The reason is that if you end up premiering your film at one of these festivals, you will have much more leverage with distributors than if you go to them BEFORE the festivals. So Plan A is to wait and see whether you get into a Tier One festival.

If you are not applying to any Tier One festivals, or you do not get accepted to any, Plan B could be to submit to traditional distributors yourself. Now, I don't mean you should start submitting in a haphazard fashion. Rather, I mean you should start at the top and work your way down. If one of the bigger distribution companies decides to acquire your film and take all rights, great! If not, as you work your way down the traditional distributors target list you've created, just make sure that you separate out DVD companies from broadcasters and so on.

Here is a step-by-step list of what to do if you want to approach traditional distributors yourself:

- 1.** Take an honest look at your film and decide which distributor you think it's a fit for. Study distributors' websites as well as their past and present slates. Determine whether they only distribute movies with a big cast or if they specialize in foreign films or everything they distribute is from a star director. If your film doesn't fit into what their model is, don't waste your time or theirs.
- 2.** Research distributors that have had success with your type of film. At this point, you're probably looking at straight-to-DVD distribution, so head back to the video store or do a search on Amazon to see what companies put out your type of product. Make a list of them and investigate their websites. You'll be able to contact an acquisitions executive from there. Prepare an email to them with a link to your website, trailer, and synopsis so they can decide whether they would like to consider your film for distribution. After you send the email,

if you haven't heard anything back within a week, it is okay to follow up with a phone call.

3. Research broadcasters that have had success with your type of film. Do your research by flipping through the cable channels and checking out who broadcasts independent films these days. Again, go to their websites and look for submission guidelines. Send an email with a link to your website and trailer and, if requested, send a full screener copy of your movie. I've heard broadcast executives say they wish more filmmakers would contact them directly, so you can definitely do it yourself!

Regarding foreign distribution, unfortunately, these deals don't bring in the money they once did, but the good news is that there are still several types of foreign distribution deals to be made.

I'll start by saying that if you're lucky enough to get an all-rights deal from a U.S. distributor (like one of the mini-majors), you won't have to worry about getting foreign distribution for your film because it will be distributed in foreign territories through the various partnerships that exist between U.S. mini-majors and foreign theatrical and DVD distributors and foreign broadcasters. How does this work? Because most of the mini-majors fall under the big umbrella of a studio (for example, Focus Features is part of Universal Studios, and Sony Classics is a part of Sony), they automatically get to take advantage of the output deals that exist with foreign distribution channels, as well as international operations like local offices, and so on.

For the mini-majors that do not fall under the umbrella of a studio (Lionsgate, for example), the situation is a little different. Fortunately, by virtue of having domestic theatrical distribution through one of these high-level companies, you will have a much easier time finding foreign distribution because these nonstudio mini-majors are so well respected.

Distribution Expenses

Whether you sign directly with a distributor, go through a foreign sales agency, or self-distribute, you should be familiar with the expenses required to market and distribute a film—especially because you will be charged these expenses before you are allowed to share in the profits.

As you can imagine, it is very expensive to market and distribute an independent film. That is why when you sign a deal with distributors, they will want to recoup anywhere from \$10,000 to \$25,000, or more in some cases, before they begin sharing profits with you. Because they are investing this much in marketing and distributing your film, it is only fair that they get their investment back through the sales of your film.

When you are signed on with a domestic distributor or foreign sales agency, you will be accounted to quarterly, biannually, or annually in a producers' report. The producers' report will outline the expenses incurred for the period in question, and you will be able to see how close the

distributor is to recouping the contractual marketing expenses. When the distributor recoups the agreed amount of expenses, you will start receiving checks with your producers' report for your portion of the profit share.

You can expect to receive a producers' report or accounting statement normally 30–45 days AFTER the quarter, half-year, or year has ended. So if you are due quarterly accounting reports, and Q1 ends on September 30, you should get your accounting report around October 30 or November 15.

SPLITTING YOUR RIGHTS

In the past when you got a traditional distribution deal, you typically sold all these rights at once (for example, a DVD distributor also took broadcast and foreign rights). However, in today's market, filmmakers are able to split up their rights among different distribution "partners" who specialize in each rights group that can sometimes work in their favor. There are advantages and disadvantages to both.

The advantage of selling all your rights to a single distributor is that you should see a bigger upfront payment as an advance. For example, say your film wins an award at the Sundance Film Festival. If that is the case, you will most likely be approached by distributors who want to sign an all-rights deal with you on your film. Realistically, the only companies that should be offering these types of deals to you are the mini-majors (the independent arms of the major studios) because they are the ones with the deep pockets. A partial list of these companies includes Sony Pictures Classics, Focus Features, Fox Searchlight, and Lionsgate.

The disadvantage to selling all your rights to one distributor is that whatever payment you get from that one distributor is all you get. You do not have the opportunity to go after any other distribution deals or pursue DIY distribution. So if the advance offered isn't enough to pay back your investors, tough luck; you won't be able to go out and earn additional revenue on your film.

During negotiation with a traditional distributor, you should always at least TRY to carve out certain rights for yourself. For example, if you are negotiating with a DVD distributor, try to carve out broadcast and foreign rights from the contract as well as the right to self-distribute the DVD from your own website. Fortunately, this type of agreement is becoming more and more common, and many distributors are agreeing to split rights terms. However, be aware that some distributors will not allow you to carve out rights for yourself, so you need to decide whether this is a deal breaker for you or not (for many filmmakers, it definitely is!). Keep in mind that if you are successful at carving out some rights for yourself, you will have the opportunity to sell them directly to, say, a broadcaster and foreign sales agent and have the revenue from those rights groups go in your pocket instead of the distributor's.

One issue to look out for in the traditional distribution realm is that many *sales agencies* (not distributors) will offer you a distribution deal for little or no advance up front. This is a very common scenario for independent films because, as you can imagine, the Sundance example I outlined previously is for only a small handful of people each year. In fact, unless you get into Sundance or one of the other Tier One festivals, you have very little chance of getting an all-rights distribution deal with one of the mini-majors and a big payout.

My advice to you is the following: if you get offered a distribution deal by a sales agency, look very carefully at who it is and the types of films the agency sells. First of all, know that the agency is not offering you a “distribution” deal. It is offering to take all your rights to your film and sell those rights off to various distributors. So don’t get confused by the terminology! I hear so many filmmakers saying they have been offered distribution deals, but in reality, they have just received an offer from a sales agency that is going to turn around and sell their film to distributors.

Bottom line is that if you are going to sign with a sales agency for distribution, do NOT do an all-rights deal if you can help it. I recommend signing away only foreign rights to the sales agency and keeping your domestic rights for yourself. The reason is that it is much easier to approach domestic companies directly, so you do not necessarily need the services of sales agents for that task, BUT you may want their expertise with selling the foreign distribution rights.

What to Expect from a Distribution Deal: Interview with Orly Ravid from the Film Collaborative (www.thefilmcollaborative.com)

Q: What’s it like for filmmakers these days in terms of getting traditional theatrical, broadcast, and DVD distribution deals for their films?

A: I think that film, like any business, is affected by market forces. There’s more supply than there has ever been. The means of production have become less expensive and more accessible, and film has gotten even more and more popular as evidenced by the proliferation of film festivals and film schools and corporate brands who have initiatives relating to film (contests and such). There are thousands of films for sale in markets such as Cannes and AFM each year, and that’s not counting the projects in development, also for sale.

So the bottom line is that there’s simply an excess of supply over demand. And the other factor that has changed is the attrition, if not the collapse, of the middle B2B infrastructure that did emerge and sustain with VHS and DVD, but that does not maintain with digital distribution. The reason being is that when there were many DVD stores (and VHS before that), the businesses were in competition, and they all needed product and weren’t always sure of what would sell or rent well, so they actually stocked up, which gave the distributors a huge upside and that potential upside led to healthy competition, which led to a healthier business. These days, many video stores are out of business, and the ones that still exist (such as Walmart) buy cheap and then return what does not sell (not that that did not happen before, but to a lesser extent), and so the traditional distributors proceed with greater caution when it comes to acquiring new films for the pipeline.

Then there's the other issue of piracy, which leads to less consumption overall and now over 20,000,000 subscribers wait for a film to be available on Netflix, which can be healthy business for smaller films that otherwise could not sell well, BUT it's not great for films that could or would sell otherwise.

The theatrical business is also hurt by both oversupply and by the "Netflixing" of the U.S. market. Digital distribution is there. But again the oversupply makes things competitive, and the price points are different, so volume is critical. Hence, the middle man aggregator can do well—it has a breadth of content—but individual producers need to have a film that competes very well in order to be made whole.

And then lastly, there's the broadcast market. Well, as TV and the Internet become one, TV buying is less of a reliable source of revenue, prices have come down considerably, and more rights/revenue streams are impacted when prices are higher such that the net is affected. Of course, bigger films can be exceptions, and studios have their deals. But for the independents and smaller films, broadcast deals are harder to get and worth less when one gets them. And nothing but a change in supply can change any of this because technology is certainly not going backwards.

Q: I know you've been a champion of "newer" distribution platforms like video-on-demand (VOD), but what's in it for the filmmakers?

A: I don't champion them as much as I address that cable VOD is responsible for 80 percent of the revenue in the digital space, which is not the same as all VOD. Films that do well in VOD can make five and six figures in revenue. By contrast, films that don't do well make much less and sometimes almost nothing. The truth is VOD is not some magic pill; it's simply a new delivery mechanism, with some advantages over physical media in terms of accessibility, and with some disadvantages in terms of even greater glut and not always great recommendation engines or as easy of time to market (images are smaller; you don't have as much real estate to market the film). The proliferation of the iPad is expected to increase the transactional rental business (ex: Netflix) and that interface is also seemingly more filmmaker/film consumption friendly. In any case, no one in distribution thinks DVD and physical media is going up; it's only going down, so for home entertainment or entertainment on the go (e.g., mobile), digital is here; we have to make the most of it.

Q: In your opinion, do film festivals still play a key role in helping filmmakers find distribution for their films? Or have you seen cases where skipping the festival route and going straight to distribution is okay, too?

A: If your film is festival-worthy or festival-appropriate, going that route can never hurt and, in fact, often helps. The better the festivals are, the better the film can succeed in terms of sales and also often in terms of audience awareness and interest. Skipping festivals makes sense for non-festival-type films. For example, genre films normally don't need festivals although sometimes they can be helped by a good festival strategy. I think now more than ever festivals play a key role in helping audiences find films and filmmakers find audiences. AND, since at least five years ago, I have been championing festivals getting involved more in distribution. I expressed that enthusiastically to the folks at Sundance starting in 2009 and also to other niche festivals.... I truly believe that a more distribution-centric strategy makes sense for both filmmakers and festivals, though only for festivals with a strong brand or niche appeal.

Q: What about foreign distribution? In your experience, is this still a major revenue stream for the filmmakers you're working with?

A: Only for some of our filmmakers—for example, genre filmmakers, niche filmmakers, and some of the more commercial documentaries. For the others, it's not really a viable option. The money for foreign distribution deals is so small for most films, so we end up licensing the films when possible for a good enough deal and otherwise invoke a direct digital distribution and DIY strategy.

Q: What are some things filmmakers need to look out for when making any distribution deal? In other words, what are some of the biggest mistakes you see filmmakers making in regard to negotiating distribution deals?

A: I covered this a bit in my recent blog post, and I do encourage filmmakers to read the blog when the topic relates to them because it covers a lot. Some of the key mistakes in short are

1. Not getting references and checking on those in order to evaluate the verity of the distributor's claims.
2. Not knowing enough and analyzing enough the degree of middlemen between the distributor and each key revenue stream.
3. Not having enough protection for material breach.
4. Not defining and also capping recoupable costs properly.
5. Giving up too many rights for too little reason.
6. Having blind faith and being too passive in one's own responsibility to know the film's audience and how to reach it.
7. Not having good photography or images to help market the film.
8. And on the pro distributor side, sometimes filmmakers think they know better and can do a better trailer, for example. They may be right, but they can be wrong too and be too close to the film to know how to "sell it."

Generic Deliverables List (for Nontheatrical Release)

This guide is a standard list of deliverables for a nontheatrical distribution agreement for feature films seeking distribution in both the United States and internationally.

This is not a definitive list of deliverables, but rather a generic guide to the deliverables a producer's reps, sales agent, and/or distributor in the United States or abroad may require in order to distribute an independent film. Deliverable requirements may differ substantially among sales agents, distributors, territories, and release platforms. This list is not meant for a theatrical release. Depending on the company and release platform, there may be fewer items required to satisfy an actual distribution agreement.

HDCam SR (1080p 23.98)

- Channel 1—Stereo Composite Left
- Channel 2—Stereo Composite Right
- Channel 3—Stereo Left Fully Filled Music and Effects
- Channel 4—Stereo Right Fully Filled Music and Effects
- Channel 5—Left (5.1)
- Channel 6—Right (5.1)
- Channel 7—Center (5.1)
- Channel 8—Left Surround (5.1)
- Channel 10—Right Surround (5.1)
- Channel 11—Commentary Left (Optional)
- Channel 12—Commentary Right (Optional)

NTSC DBC (16X9 1:85 LBX)

- Channel 1—Stereo Composite Left
- Channel 2—Stereo Composite Right
- Channel 3—Stereo Left Fully Filled Music and Effects
- Channel 4—Stereo Right Fully Filled Music and Effects

PAL DBC (16X91:85 LBX)

- Channel 1—Stereo Composite Left
- Channel 2—Stereo Composite Right
- Channel 3—Stereo Left Fully Filled Music and Effects
- Channel 4—Stereo Right Fully Filled Music and Effects

NTSC DBC (4X31:85 LBX)

- Channel 1—Stereo Composite Left
- Channel 2—Stereo Composite Right
- Channel 3—Stereo Left Fully Filled Music and Effects
- Channel 4—Stereo Right Fully Filled Music and Effects

PAL DBC (4X31:85 LBX)

- Channel 1—Stereo Composite Left
- Channel 2—Stereo Composite Right
- Channel 3—Stereo Left Fully Filled Music and Effects
- Channel 4—Stereo Right Fully Filled Music and Effects

DBC PAL & NTSC—Trailer

- One (1) NTSC screening cassette and one (1) PAL screening cassette of final version of the trailer

DBC EPK (PAL & NTSC)

- On-set video interviews and comments if available

Key Art

- Both texted (composed) and textless, for the purpose of creating poster and/or video sleeves

DVD Cover/CD

- If available, minimum of 20 printed video sleeves

VHS Cover/CD

- If available, minimum of 20 printed video sleeves

Press Kit

- Both printed and on disk, including synopsis, biographies of key cast and crew, press releases, and press clippings

Dialogue/Action Continuity Spotting List

- Includes a detailed Subtitle Spotting List of the completed picture and trailer, conforming in all respects to and with the action and dialogue contained in the completed picture and trailer, in form and condition suitable for submission to various censorship boards

Production Notes

- Wrap file consisting of Production Calendar
- Crew List
- Vendor Contact List
- Final Script Supervisor's Script and Notes
- Final Script with Color Pages
- Call Sheets
- Shooting Schedule
- One-Liner or Boards
- Day-Out-of-Days (all available)
- Production Reports
- Actor's Time Cards
- Location Agreements
- Location Maps

- Camera Reports
- Sound Reports
- Visual/Audio-Visual Releases
- Product Releases
- Final Cast List
- Talent Agreements
- Extra Releases

Music Cue Sheet

- Two (2) copies of Music Cue Sheets listing (i) the title of the music compositions and sound recordings; (ii) name(s) of the composer(s) and their performing rights society affiliation; (iii) names of recording artists; (iv) the nature, extent, and exact timing of the uses made of each musical composition

Composer's Agreement

- Two (2) copies of DAT copy of the conductor's musical score

Certificate of Origin

- Ten (10) original notarized Certificates of Origin

Certificate of Authorship

- Ten (10) original Certificates of Authorship, notarized for use in foreign territories, for each writer who receives screen credit (either screenplay or story)

Copyright Certificate

Paid Advertising and Credit Obligation/ Main and End Title Credits

- A complete statement of final credits to be accorded in the main and end titles, paid advertising credit obligations, and photo kill obligations in connection with the picture

Title Research Report

- One (1) copy of a Thomson and Thomson Title Research Report

Copyright Search Report

- One (1) copy of a Thomson and Thomson Copyright Search Report

Lab Access Letters

Script

- One (1) copy of script

E&O Certificate

- From a qualified insurance company with liability limits of not less than one million U.S. dollars (US\$1,000,000) per occurrence and three million U.S. dollars (US\$3,000,000) in the aggregate with a maximum deductible of ten thousand U.S. dollars (US\$10,000), to remain in effect for a period of three (3) years following date of delivery of picture.

MPAA Rating Certificate

Characteristics of Picture

- Statement of the exact running time, aspect ratio, and film stock
- Approved QC Reports

ADDITIONAL RESOURCES

Interview with Michael Murphy on “Making VOD Distribution Work for You”: <http://www.filmspecific.com/MichaelMurphy>

Interview with Orly Ravid on “Minimum Guarantee vs. Back-End: How to Decide Which Is Best for Your Film”: <http://www.filmspecific.com/Orly>

Virtual Seminar on “Selling to Foreign Distributors ... On Your Own”: www.FilmSpecific.com/Foreign

After the Distribution Deal

Congratulations! You got distribution for your film. Now what? What can you expect to happen?

So many filmmakers think that once they get a distribution deal for their movie, all their hard work is over. Unfortunately, that is just not the case. Realistically, expect to continue your marketing efforts because although any distributor will create a marketing campaign of its own for your film, no one can market your film as well as you can. And distributors have more than just your film to contend with in their catalogs, so anything extra you can do to help drive sales will ultimately help your own bottom line.

And remember, the squeaky wheel gets the oil. Feel free to call or email your distributor with any suggestions you have for creative marketing ideas or promotions. Also, don't be afraid to ask for your producer's report or accounting statement whenever it's due. Take an active interest in the success of your film, and it will be successful.

If the distributor needs more artwork or slides from you or a clean master, go and get it done right away. The longer you take to turn in all your deliverables, the longer your film will sit there without getting any sales push. Work with your distributor as if you are partners, and pay attention to even the smallest of details so that your film gets the chance in the marketplace that it deserves.

WHEN WILL I GET PAID? DISTRIBUTION CASH FLOW

Another aspect of distribution deals that you want to be clear on is how distribution cash flow works. Some filmmakers assume that the moment their distribution deal closes, a check will come in the mail. Not the case at all. And the worst thing you can do is depend on your film's sales revenue for paying the rent or time-sensitive bills, for example, because it can take awhile before money starts actually hitting your account.

94 After the Distribution Deal

Another important reason for understanding distribution cash flow is so you can give realistic time lines to your investors indicating when they will start seeing repayment of their investment. The fact that repaying them is going to take awhile is okay, but you need to be up front with people so they know what they're in for BEFORE they invest in your film.

Also, it helps you to know when money is going to start rolling in so you can start planning for your next project.

As a general guideline, the following sections describe what you can expect in terms of distribution cash flow.

All-Rights Deal

If you are lucky enough to get an all-rights deal from one of the mini-majors, then your nice, big advance (you hope) will probably be processed within 30 days after signature of the hard-copy agreements, verified Quality Control (QC) report of your master, and all the delivery items on their list. I have seen it take three to four months or more to get signed hard copies of contracts in place after making a deal, so plan on three to six months after agreeing to the deal before you see your first check. Usually, the first check will be for a percentage of the total advance amount, with the balance remaining paid out over installments.

Traditional DVD Deal

With a traditional DVD deal, the norm for cash flow is 50 percent of the agreed-upon advance on signature of contracts, and the remaining 50 percent payment on full delivery of all materials and verified QC of your master. Sometimes, DVD companies will want to pay you the second 50 percent payment several months later, say on the release date of the film. I recommend negotiating against this option; otherwise, you'll be stuck waiting for six months to a year to see your second payment.

Also, with a traditional DVD deal, you will receive royalty payments. I recommend negotiating for quarterly statements and payments so that you recoup your money more quickly. Otherwise, DVD companies may try to negotiate your getting yearly or twice yearly accounting.

Traditional Broadcast Deal

With a broadcast deal, typically you will get paid 50 percent upon signature of contracts and verified QC of master, and the other 50 percent on the first date of airing. The catch here is that often the air date will be for six to eight months henceforth, meaning you won't see that second payment for quite some time. You can try to negotiate that the air date be moved up or that you get paid 100 percent upon signature of contracts and QC, but it is unlikely the broadcaster will agree to that.

One other issue to be aware of with broadcasters in particular is that it takes a LONG time to get hard copies of contracts generated. Count on

between two and three months, maybe even more. So plan on waiting this amount of time before receiving your first payment from them.

Foreign Distribution Deals

With foreign distribution deals, the cash flow situation can be surprisingly promising if you are selling to reputable DVD companies and broadcasters. I know that's a big IF in the foreign marketplace, but you can usually use your common sense to discern which distribution companies are reputable and which are not.

For example, most foreign DVD companies will offer you 50 percent payment upon signature of contracts, and YOU get to draft the contracts (using the standard AFMA/IFTA template). That means you don't have to wait for anyone else's business affairs department to generate contracts; rather, you have control over how quickly contracts get drafted, signed, and sent over to the buyer for countersignature.

I have also seen many foreign distributors offer 100 percent payment up front. Then you know they're serious buyers! The key is to negotiate as much as you can up front obviously, and if you get only 50 percent up front (which is great), negotiate for the second 50 percent payment upon delivery of materials and verified QC of your master.

A lot of foreign buyers will try to spread out payments over four equal installments, but do not fall for this plan. It might sound tempting as you get swept up in the excitement of having a distributor interested in your film, but trust me, I've had nothing but bad experiences with foreign buyers and payment plans.

Also, remember that with foreign distribution, you won't be counting on royalty payments, so you should try to negotiate as much up front as possible.

One last point to keep in mind is that tracking down or staying on top of foreign distributors is not as easy as it is with ones in your own country, so when a payment goes missing, there's not much you can do as recourse. Also, your payments will be coming via foreign money wire, so keep that in mind as well. From the time the buyer says the money has been wired, it could take up to one week or longer just to reach your account, especially with the level of security over bank wires these days.

VOD

With Internet video-on-demand revenue, the timing of cash flow is entirely platform dependent. For example, at the time of this writing, if your film is on the Amazon VOD platform, you get paid by direct deposit every month. By contrast, iTunes pays out to filmmakers quarterly. Most other platforms also send out producer reports and checks quarterly, but others might be only a couple of times a year. If you are working directly with the digital platforms themselves, then it's important to check the fine print

and see when they actually pay the producer revenues owed. If you are working with digital aggregators, it is their job to collect revenues for you from each platform and pay you what's due to you on a quarterly basis.

With cable VOD revenue, you will typically get paid 60–90 days after your two- to three-month run on the cable net. Because you most definitely have to go through an aggregator to get onto cable VOD platforms these days, your portion of the revenue will be sent directly to the aggregator; it will take its cut and send you the rest probably the following quarter.

**Filmmaker James Colie, In His Own Words, On
Distributing and Marketing His Film *Beyond Biba*
(www.beyondbibamovie.com)**

Beyond Biba is a documentary about the life of Barbara Hulanicki (a well-known UK fashion designer from the 1960s and 1970s and the founder of the Biba) and made for a budget of just \$25,000. From the first screening, we decided that the film had to bring in revenue, as we couldn't afford to take the long approach of submitting the film to festivals and crossing our fingers. Barbara Hulanicki has a small but dedicated following in the UK, but as with all DIY-released independent films with no marketing budget, it can be really tough finding them.

I had never released a film before in the UK, so just to test the water, I called my local theater, the Picturehouse Cinema in Notting Hill, which was close to one of the original Biba shops. It would cost \$2,000 to four-wall the cinema for one night, which was way beyond our means. A few hours later, we got a call from the cinema's head office offering us a 35/65 box office split, the only requirement being we had to make a Digital Cinema Master at a cost of \$2,000, which could then be delivered to each cinema on a hard drive.

The screening sold out four weeks in advance, which amazed us all. Hulanicki gave a talk at the screening, and we sold \$1,200 in merchandise (film posters), and along with \$1,000 from our box office, we were ahead. As a result of the screening, Picturehouse offered us one-night screenings in Edinburgh, Glasgow, Oxford, Leeds, and Brighton. We carried on screening the film for a year around the UK, culminating in over 60 screenings followed by a successful DVD release selling over a thousand units.

We were fortunate enough to have a marketing hook for the film, which was what happened to Barbara Hulanicki, who walked away from London and Biba. Once we started screening the film, national newspapers started featuring the film, which was critical in getting the word out. Not having any type of marketing hook to your film, you're really stacking the cards against yourself, and you've got a big enough challenge already ahead of you by making an independent film and getting it out there.

After selling the UK TV rights to SKY TV, we decided to partner up with the sales agent 3DD Entertainment, based in London, who went on to sell the film to a number of different territories, including the Sundance Channel, who bought the rights in over 20 countries.

The rewards from doing a DIY and hybrid distribution were great. I now have fantastic contacts with companies, venues, and individuals across the world. The downside is I'm regularly working till the early hours of the morning, but I can't wait to do it again!

YOUR DISTRIBUTION MARKETING CAMPAIGN

Here's the thing about distributing your film: you won't actually succeed in making sales of the film if it's not marketed properly. If you are

fortunate enough to get a traditional distribution deal for your film, then theoretically it's the distributor's job to market and promote your film, but practically speaking, you have to get involved in the marketing, too. Ask any filmmakers who have gotten a distribution deal for their film, and they will tell you the distributor did a lousy job of marketing their film. So at the end of the day, it's still your responsibility to get in there and do what you can to help support the marketing campaign.

Now let's say you don't get traditional distribution for your film, or you decide you don't want traditional distribution for your film and you go the direct distribution/DIY route. Well, then, you really have to be worried about marketing your film because that entire responsibility is now yours. Of course, if you have the budget available, you can hire someone or a company to do the marketing for you, but you still need to be the one driving the ship. Fortunately, you can also hire a Producer of Marketing and Distribution (PMD) whose sole job it is to look after the marketing and distribution for your film (see the interview with PMD Adam Daniel Mezei from [Chapter 2](#)). Depending on the type of film you have and who your target audience is, you'll want to utilize a combination of a platform theatrical release, social media marketing, partnerships, and advertising to get the word out about your film and promote it to its highest potential.

The bottom line is that distribution is only half the game... The rest is all in the marketing! It doesn't matter a hill of beans if your film makes it to market; if no one knows about it, you will completely defeat the purpose, and your film will go completely unnoticed. The final point I'll make here is that you should not just think that you'll be able to out-source the marketing function completely to someone else. Ultimately, it is YOU who has to take responsibility for making sure your film is marketed well and to the right audience.

**Interview with Laura Kim, Film Marketing Expert,
Inside Job LA (<http://www.insidejob-la.com>)**

Q: How important are festivals today in the overall marketing campaign of a film?

A: Festivals are really important to many films—films that can benefit from the press and word of mouth that come from them. For many films, festivals can be key in the film being acquired, as well as on their road to release. And for other films that may never get any real distribution, the festivals will ultimately serve as their actual “distribution.”

Q: Is it okay for certain films to skip the festival circuit and go straight to distribution?

A: There are also many films that aren't really “festival” movies. Some just might not play to audiences as well as one might think or hope, and then there are films that have budgets large enough that they can forgo festivals altogether. These films do not need to rely on fests to generate awareness and can just buy media and exposure.

In terms of criteria for choosing festivals, you should ask yourself some basic questions: What are your objectives? What are you looking to achieve by going to festivals? To potentially get a

distributor on board? To get reviews? To generate word of mouth? If these are your objectives, submit to festivals where industry/buyers, press, or audiences turn up. Other questions to ask yourself: What kind of film is it? What festivals are the most appropriate for this kind of film? What festivals make the best sense for the time frame of your film? Remember, most of the festivals you really want to be in may not choose to screen your film if you've screened elsewhere, so have a festival strategy in mind before you start.

And don't rush and show your film if it's not really done! Before you lock picture, screen it for a really smart, honest group of friends whose opinions you trust before you submit to festivals and get their thoughts before showing it to a real audience filled with reviewers, buyers, etc. Make sure it is the best it can be.

Should you ever skip festivals altogether? Be honest with yourself. Are you pretty sure your film will be reviewed well? Will the word of mouth be effusive and positive? If you're not really sure, you might want to reconsider.

Q: I'm noticing a lot more "event" screenings nowadays. What are they exactly, and how can they benefit a film?

A: Event screenings are generally (1) one-off screenings as opposed to a bona fide booking in a commercial theater, or (2) screenings that are used to generate awareness before a film opens in theaters or comes out in some capacity. People may choose to do this in an effort to get generate awareness, create word of mouth, get some publicity, and hopefully boost the film's ancillary values.

For many films, the film is the best tool, and there's nothing more compelling than great word of mouth, whether it be for one night only, or just before the film opens, or premieres on VOD, etc.

Also, many films may not justify a full week run, and one packed night at a theater might get you the same result as a few people in each show time during a weeklong run.

Q: How important is having an existing fan base when embarking on a marketing campaign for your film?

A: There are a hundred ways to get to the same place. It is reassuring to know there's a built-in audience, but a great movie is always the best place to start. Also, just because there may be a built-in audience for a film, you must be able to reach that audience and create a compelling reason for them to go. Do not assume they are coming!

Q: You come from a studio marketing background. I'm curious how the marketing campaigns you work on currently differ from the campaigns you used to do?

A: The principles are largely the same, but when working with smaller budgets, you have to be really resourceful. It takes a lot of elbow grease and effort to get the word out as opposed to being able to spend money to get the awareness.

Q: What are some of the biggest mistakes you see filmmakers making with their films?

A: For independent films, in my opinion, thinking too much about the marketing of the film before and during the making of the film, rather than concentrating on making the best film possible, is a mistake. Of course, these things are important; they should be considerations. But if you have a great film and great reviews, that will give your film the best lift possible. Also, spend the money and get great materials (photography) during production.

ADDITIONAL RESOURCES

Virtual Seminar: "Distribution Economics: How Does Revenue Flow from Distributor to Producer": www.FilmSpecific.com/DistributionEconomics

Appendix | A

Anatomy of a Distribution Agreement

In this appendix, I dissect a typical distribution agreement between producer and sales agent/rep. This is an invaluable tool for understanding what reps will ask of you before going into business with them.

I give you a general overview of what will be presented to you in the distribution agreement. However, this information is by no means comprehensive; each company and/or rep will tailor this basic agreement to best suit their needs. So the actual agreement may contain additional sections that are not presented here. Also, some things that are presented here may not appear in the actual agreement. Please note that after you choose a rep or company you wish to work with, and you begin the actual negotiation process of the contract, you should consult a lawyer to learn exactly what you're signing up for and to work out the finer points.

My goal here is simply to break down all the information for you in plain English (not all the legalese you'll eventually be faced with). I want to prepare you for what will be demanded of you in a contract and offer suggestions on what to ask for and how to make the terms more in your favor.

THE TERMS

Name, Company Name, and Territory

Be sure to use the name and address of your company—or, if you have one, the name and address of your limited-liability corporation (LLC).

The sales rep will refer to himself as “distributor” for purposes of the contract. Realize that you are signing an agreement with the rep to sell your film to other distributors (such as DVD companies, television networks, and theatrical distributors).

Be alert to what territory the sales rep is trying to claim. If you agreed on “U.S. rights only,” then be sure that the agreement indicates this—and not, for example, “North American rights.” Also, be very cautious in signing away worldwide rights of your film. Don't give these rights to just anyone; you need to have seriously considered the rep, checked references, and followed all the other advice I gave you earlier.

Term

It is customary to say that the term of the contract is “for seven years after complete delivery of all materials set forth in Delivery Materials List.” The first thing to note is that a rep will ask for at least a 5- or 7-year term and may ask for as much as a 15-year term. The reason the rep needs at least a 5-year term is that the distributors to whom he sells your film will demand at least a 5-year term—so the rep needs to show that he has the rights to sell your film for that amount of time.

Why does a distributor need as long a term as possible? Because it takes several years for the distributor to recoup the marketing and other expenses it invests in your film.

Regarding the term of your contract with the rep, it is to your advantage to negotiate the least number of years possible. That way, if you are unhappy with the rep’s performance, you can get out sooner rather than later and have the rights to your film revert back to you.

Exclusive Grant of Rights

It is important to note that during the term of the contract, whether it’s 5 or 15 years or whatever, you do not own the rights to your film. If, at any point during this term, you are approached directly by a distributor, you are contractually obligated to refer the sale to your rep so that she can execute the sale and earn her commission. Now, to clarify completely, this is only in regard to any territory you have sold off to a rep. For example, if you have an agreement in place for only the United States, you are still free to sell the film in England, provided that territory remains unrepresented with regard to your project.

Distributor’s Fee

As I mentioned earlier, a rep will take a commission of between 10 and 30 percent. Most common is 25 percent. These fees are taken “off the top” of each sale. This means that when the revenue from a sale comes in (moneys will be wired to the rep’s account, not yours), the rep takes her fee first and then calculates the balance as owed to you.

Obviously, it is to your advantage to negotiate as low a distributor’s fee as possible. Independent sales reps are more likely to accept a lower commission because they do not have the same overheads as bigger sales agencies do. The large agencies will most likely not budge on their commission. In my opinion, all sales reps definitely earn their commission. In most cases, they are able to get a much higher price than you could have on your own. So don’t sweat this part too much.

Distributor’s Expenses

You definitely want to pay close attention to the section of the contract regarding distributor’s expenses! This is the place where the rep states that

he will be able to recoup from the “producer’s share of gross receipts” all of the rep’s out-of-pocket servicing, marketing, publicity, promotion, delivery, distribution, and any other customary expenses paid or incurred by the distributor in connection with your movie. This means that before the sales rep begins paying you revenues from the sales of your film, he has the right to first recoup an agreed-upon amount (normally between \$10,000 and \$50,000) before he starts sharing profits with you. The Catch-22 is that with licensing fees so low out there, it normally takes several years before the sales rep recoups his expenses, if ever. I say “if ever” because I have seen many, many cases where the producer never actually sees any revenue from the sales of her film because the sales rep never actually accrues enough in licensing fees. For example, if the sales rep makes, say, five sales to DVD distributors in small territories (which is very common for an independent film with no stars), that could amount to as little as \$10,000 in revenue. You will not see this revenue; the distributor takes it as part of expenses. However, once additional sales are made that exceed the \$30,000 mark, the distributor will pay you 75 percent (or whatever percentage has been agreed upon) of every dollar of every sale.

Many people question whether or not sales reps actually rack up that much money in expenses, thus deserving to keep the first \$30,000 in sales of a film before paying out to producers. Without a doubt, the distributor will incur expenses. Just think of how much it costs to design campaigns, print flyers and posters, ship screening DVDs, and go to all the international film markets. Then think of how much this would amount to when amortized over the term of the contract. In most cases, the sales rep breaks even with expenses. In some unfortunate cases, however, the rep will “gouge” the filmmaker by putting a ridiculously high number in the contract, hoping the filmmaker doesn’t notice or doesn’t fully understand the process. In my opinion, anything over \$30,000 for an independent film without a theatrical release is a ridiculously high number.

Producer’s Share of Remaining Gross Receipts

This section explains that from each sale, the rep first takes her fee (normally 25 percent), followed by recoupment of any expenses. Thereafter, from all remaining gross receipts, 75 percent will be paid to the producer.

Here’s how this works: say that the rep makes a sale to a distributor for \$10,000. It is the first sale she’s made. Per the contract, the rep is allowed to recoup \$30,000 in marketing expenses. This means that the rep would claim \$2,500 as her fee and keep the balance of \$7,500 toward the \$30,000 in expenses she is allowed to claim.

Now, say that the rep makes a second sale for \$25,000. From this second sale, she keeps \$6,250 as her fee, and the balance of \$18,750 goes toward her marketing expenses. So far, in \$35,000 in sales of your film, the distributor has made \$8,750 in distribution fees and has recouped \$26,250 toward its \$30,000 in marketing expenses.

Meanwhile, you have made nothing ... yet.

Okay, so now the rep makes a third sale for \$15,000. She takes her fee of \$3,750, with another \$3,750 to reach her \$30,000 in expenses—and now you get the balance of \$7,500. From every sale here on out, the distributor will take only its 25 percent fee and give you the rest (now that it has recouped its \$30,000 in marketing expenses).

Delivery of the Picture

This section explains that until you deliver all the elements listed in the Delivery Schedule portion of the contract, the sales rep is not obligated to begin making sales of your film. In fact, until you've delivered all the appropriate materials, it is actually difficult for him to start making sales. Here's a typical list of materials that you can expect to have to deliver. Please note that there may be more (or fewer) items, depending on the rep.

1. Digibeta master or Betacam SP with certified QC (quality check) report from your lab
2. (20) Slides (in slide format or on disc)
3. Publicity
4. Synopsis
5. Music cue sheet
6. Dialogue script
7. Bonus materials
8. Trailer
9. Chain of title verification (that is, copyright)
10. E&O (errors and omissions) insurance certificate
11. M&E (music and effects) tracks

You have to understand that the reason the rep will be so strict about collecting these deliverables from you is not that he is trying to be difficult (although it will seem like that!); rather, it's that the distributors to whom he sells will demand each and every one of these items—maybe even *more*. I know some distributors who use this tactic to hold up payment. For example, on several occasions, I've made sales to DVD companies whereby I deliver the master, M&E tracks, artwork, dialogue script, and so on, but when I invoice for payment, the distributor will come back to me and say it won't pay until I provide an E&O insurance certificate. It doesn't matter that we both know that the distributor doesn't need the E&O certificate until it actually releases the film six months hence. No, it will absolutely not pay the deposit until each and every item on the list is delivered. This allows the distributor to hold on to its cash much longer; it knows how difficult (and oftentimes expensive) it is for independent filmmakers to get all these materials together.

Accounting Records and Audit Rights

In the Accounting Records and Audit Rights section, you want to make sure that the sales rep has to account to you every quarter. It is in her

interest to account to you fewer times a year than every quarter—in fact, she will probably push for once a year—but try to get her to agree to quarterly accounting statements. This allows you to keep better tabs on what sales are taking place. Also, when you start getting revenue checks, you'll get them four times a year rather than once.

Additionally, this section explains that you have the right, at your expense, to audit the sales rep or sales company once a year. That way, if you suspect that anything fishy is going on, or if you aren't getting straight answers regarding sales of your film and payments, you can hire an independent third party to look into the matter.

Default

In my opinion, the Default section is the most important part of the contract. Basically, it states that if either party violates terms of the contract, the other party has the right to explain in writing how terms are being violated. Then, if the other party doesn't make amends, the contract can be canceled. What this means to you is that you have an "out"—should you ever want or need one.

For example, suppose that the rep fails to send you accounting statements on a quarterly basis (or whatever has been agreed upon). In that case, you should notify him, in writing, that he is violating the terms of the contract. If, after thirty days, he still fails to produce an accounting report for you, you have the right to cancel the contract—at which point the rights to your film would revert back to you, and you could request the return of your masters, and so on.

Of course, the Default section works both ways. If you, the producer, fail to deliver all the materials defined in the contract (and believe me, this is often the most challenging part of getting into business with a rep), the rep or sales company has the right to give you, in writing, thirty days to deliver all the required elements. Then if you, after having received this notice, don't come up with everything, the rep can cancel the contract—and give you back your film for you to deal with on your own.

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Appendix | B

Sample U.S. Distribution Contract

Agreement made and entered into as of May 1, 2012, by and between hereby known as Distributor [Enter address, telephone, fax, email, production company] and hereby known as Producer [Enter address, telephone, fax, email]. In consideration of their respective covenants, warranties, and representations, together with other good and valuable consideration, Distributor and Producer hereby agree as follows:

- I. PICTURE:** Producer will deliver to Distributor the documentation, advertising, and physical materials (the “Materials”) set forth in the attached Delivery Schedule (Exhibit “A”), relating to the motion picture with the running time of 80 minutes currently entitled [Enter title of film].
- II. RIGHTS GRANTED:**
 - A.** Producer hereby grants to Distributor the irrevocable, right, title, and interest in and to the distribution of the Picture, its sound, and music, in the Territory (as hereinafter defined), including, without limitation, the sole, exclusive, and irrevocable right and privilege, under Producer’s copyright and otherwise, to distribute, license, and otherwise exploit the Picture, its image, sound, and music (as embodied in the Picture only) during the Term (as hereinafter defined) throughout the Territory (as hereinafter defined) for Home Video/DVD, Video On Demand (VOD), and Internet (collectively, the “Media”). Such rights do not include the rights to produce other motion pictures, or sequels, or remakes of the Picture, or any right to produce television series, miniseries, or programs or the rights to license clips from the Picture or other so-called ancillary rights (herein called “Reserved Rights”). Without limiting the generality of the foregoing, or any other rights granted to Distributor elsewhere in this Agreement, Producer •• the following rights:
 - 1.** Home Video/DVD Rights: All rights in and to the manufacture, distribution, exploitation, and nontheatrical, nonadmission, free home-use exhibition of the Picture, its sound, and

music (whether by sale or by rental), by means of any and all forms of videocassette, videodisc, video cartridge, tape, memory cards, or other similar device ("Videogram") now known or hereafter devised and designed to be used in conjunction with a reproduction apparatus which causes a visual image (whether or not synchronized with sound) to be seen on the screen of a television receiver, personal computer, personal handheld device (e.g., phone, PDA), or any comparable device now known or hereafter devised, including DVD (the "Home Video Rights" or "Video Rights" or "DVD Rights").

2. Video On Demand (VOD) and Internet: All rights in and to the distribution, exhibition, marketing, and other exploitation of the Picture, its sound, and music by means of "Internet" & "Video On Demand" as that expression is commonly understood in the motion picture industry.
- B. Advertising: Distributor shall have the exclusive right throughout the Territory during the Term to advertise and publicize (or have its subdistributors advertise and publicize) the Picture by any and all means, media, and method whatsoever, including by means of the distribution, exhibition, broadcasting, and telecasting of trailers of the Picture, or excerpts from the Picture prepared by Distributor or others, subject to any customary restrictions upon and obligations with respect to such rights as are provided for in the contracts in relation to the production of the Picture.
 - C. Title: Distributor shall have the right to use the present title of the Picture.
 - D. Distributor may add its own logo/branding/advertising to the packaging, advertising materials, and at the end or beginning of the Picture. Additionally, Distributor may add a "ghost logo" superimposed on Picture.
 - E. Licensing: Distributor has the right to grant licenses and other authorizations to one or more third parties to exercise any or all of said rights and privileges provided herein, for any and all territories throughout the Territory.
- III. RESERVED RIGHTS:** All other rights not expressly written herein, including, but not limited to, electronic publishing, print publication, music publishing, live-television, radio, and dramatic rights, are reserved to the Producer.
- IV. TERRITORY:** The Territory (herein "Territory") for which rights are granted to Distributor consists of The World.
- V. TERM:** The rights granted to Distributor under this Agreement will commence on the date of delivery to Distributor of all delivery items listed in Delivery Items (Exhibit "A"), and continue thereafter for nine (9) years ("Initial Term"). This Agreement will thereafter renew automatically for successive three (3)-year periods (each, a "Renewal

Term”), unless either party notifies the other in writing at least thirty (30) days prior to the end of the Initial Term or any Renewal Term that it does not wish to renew. If such notification is given by either party, this Agreement will remain in full effect for a one (1)-year “transition period” after the end of the then-current Term, to allow both parties time to make alternate arrangements. Exception: If Producer has not received fifty thousand dollars (\$50,000) prior to the end of the fourth year (during the “Initial Term”), Producer may terminate this Agreement by written notice to Distributor, thirty (30) days prior to the fourth-year anniversary of this contract.

- VI. ADVERTISING:** Producer will supply to Distributor advertising and marketing materials as set forth on the attached Delivery Schedule (Exhibit “A”).
- VII. COPYRIGHT:** Producer represents and warrants that the Picture is, and will be throughout the Term, protected by copyright. Each copy of the Picture will contain a copyright notice conforming to and complying with the most current requirements of the United States Copyright Act.
- VIII. PRODUCTION COSTS:** As between Producer and Distributor: Producer is and will be responsible for and has paid or will pay all production costs, taxes, fees, and charges with respect to the Picture and/or the Materials, except as provided herein. As used herein, “production costs” will include all costs incurred in connection with the production of the Picture and the Materials, including payments to writers, producers, directors, artists, and all other persons rendering services in connection with the Picture and/or the materials, all costs and expenses incurred in acquiring rights to use music in connection with the Picture, including synchronization, performance, and mechanical reproduction fees and union residuals.
- IX. PRODUCER’S REPRESENTATION AND WARRANTIES:** Producer warrants and represents to Distributor, to the best of Producer’s knowledge and belief, as follows:
 - A.** Producer has full right, power, and authority to enter into and perform this Agreement and to grant to Distributor all of the rights herein granted and agreed to be granted hereunder.
 - B.** Producer has acquired, or will have acquired prior to the delivery of the Picture hereunder, and will maintain during the Term all rights in and to the literary and musical material upon which the Picture is based or which are used therein, and any other rights necessary and required for the exploitation of the Picture, as permitted hereunder.
 - C.** Producer will state that neither the Picture nor the Materials nor any part thereof, nor any literary, dramatic, or musical works or any other materials contained therein or synchronized

therewith, nor the exercise of any right, license, or privilege herein granted, violates or will violate, or infringes or will infringe, any trademark, trade name, contract, agreement, copyright (whether common law or statutory), patent literary, artistic, dramatic, personal, private, civil, or property right or right of privacy or "moral right of author," or any law or regulation or other right whatsoever of, or slanders or libels, any person, firm, corporation, or association.

- D.** Producer has not sold, assigned, transferred, or conveyed, and will not sell, assign, transfer, or convey, to any party, any right, title, or interest in and to the Picture or any part thereof, or in and to the dramatic, musical, or literary material upon which it is based, adverse to or derogatory of or which would interfere with the rights granted to Distributor, and has not and will not authorize any other party to exercise any right or take any action which will derogate from the rights herein granted or purported to be granted to Distributor.
- E.** Producer will obtain and maintain all necessary licenses for the production, exhibition, performance, distribution, marketing, and exploitation of the Picture and/or the Materials, including, without limitation, the synchronization and performance of all music contained therein, throughout the Territory during the Term for any and all purposes contemplated hereunder. Producer further represents and warrants that as between the Producer and Distributor, the performing rights to all musical compositions contained in the Picture and/or the Materials will be controlled by Producer to the extent required for the purposes of the Agreement, and that no payments will be required to be made by Distributor to any third party for the use of such music in the Materials or on television or in Videogram embodying the Picture (or, if any such music payments are required, Producer will be solely responsible therefore).
- F.** Producer represents and warrants all artists, actors, musicians, and persons rendering services in connection with the production of the Picture or the materials have been or will be paid by Producer the sums required to be paid to them under applicable agreements, and the sums required to be paid pursuant to any applicable pension or similar trusts (e.g., WGA, DGA, SAG, AFTRA) required thereby will be made by Producer, in a due and timely manner.
- G.** Producer warrants that the Picture and Advertising Materials and Distributor's use thereof do not and will not
 - 1.** infringe upon or violate any copyright, trademark, trade name, trade secret, patent, moral right, literary, artistic, dramatic, contract, or other intellectual or proprietary or other right of any third party;

2. infringe upon the right of privacy or publicity of any person;
 3. constitute a libel or slander of any person;
 4. violate any applicable law, statute, ordinance, or regulation; or
 5. be deemed to be obscene or pornographic. Producer has not been charged or threatened with infringement or violation of any intellectual property or other right of any person or entity in connection with the Picture or Advertising Materials. The Picture and Advertising Materials do not and will not contain any defects, viruses, worms, Trojan horses, date bombs, time bombs, or other harmful components.
- X. DISTRIBUTOR'S WARRANTIES:** Distributor warrants that it is solvent and not in danger of bankruptcy. Distributor has the authority to enter into this Agreement, and there are and, to the best of Distributor's knowledge and belief, will be, no claims, actions, suits, arbitrations, or other proceedings or investigations pending or threatened against or affecting the Distributor's ability to fulfill its obligations under this Agreement, at law or in equity, or before any federal, state, county, municipal, or other governmental instrumentality or authority, domestic or foreign. Distributor warrants that all payments from subdistributors and other distributors will be by check, cash, wire transfer, letter of credit, or money order payable in the name of Distributor.
- XI. INDEMNITY:** Each party hereby agrees to defend, indemnify, and hold harmless the other (and its affiliates, and its and their respective successors, assigns, distributors, officers, directors, employees, subsidiaries, licensees, and representatives) against and for any and all claims, liabilities, damages, costs, and expenses (including reasonable outside attorney's fees and court costs) arising from or related to any breach or alleged breach (or claim which, if proven, would be such breach) by the indemnifying party of any of its undertakings, representations, or warranties under this Agreement, and/or arising from or related to any and all third-party claims which, if proven would be such breach. Each party agrees to notify the other in writing of any and all claims to which this indemnity will apply, and to afford the indemnifying party the opportunity to undertake the defense of such claim(s) with counsel approved by the indemnified party (which approval will not be unreasonably withheld), subject to the right of the indemnified party to participate in such defense at its cost. In no event shall any such claim be settled in such a way as would adversely affect the rights of the indemnified party in the Picture without such party's prior written consent; provided, however, that Producer hereby consents to any settlement entered into under any of the following circumstances:
- A.** the applicable insurance authorized the settlement;
 - B.** the settlement relates to a claim for injunctive relief which has remained unsettled or pending for a period of thirty (30) days or

longer which otherwise interferes with Distributor's distribution of the Picture hereunder; or the settlement is for not more than ten thousand dollars (\$10,000). All rights and remedies of the parties hereunder will be cumulative and will not interfere with or prevent the exercise of any other right or remedy which may be available to the respective party.

- XII. DELIVERY MATERIALS:** The Picture will be delivered as follows: (a) Within fourteen (14) days of signing this document, Producer will deliver to Distributor the materials specified in Exhibit "A" hereto, accompanied by a fully executed lab access letter (irrevocable for the Term) for access to the Master materials, if applicable. If any said materials are not acceptable to Distributor, Distributor will notify the Producer of any technical problems or defects within ten (10) business days, and Producer will promptly replace the defective materials at Producer's sole expense. Distributor shall have no right to terminate this Agreement unless and until Producer has failed to cure any such defects within thirty (30) days after notice thereof from Distributor. If no objection is made within ten (10) business days of delivery of an item, the item will be deemed acceptable. If Distributor creates its own artwork and trailers for the Picture, ownership of these materials shall vest in Producer, and Producer shall have the right to use said materials after the Term of this Agreement expires. (b) Producer will concurrently with the delivery of the materials deliver to Distributor a list of contractual requirements for advertising credits to persons who rendered services or furnished materials for such Picture and a list of any restrictions. (c) All materials delivered to Distributor shall be returned to Producer within thirty (30) days of the end of the Term.
- XIII. ADVANCE/GUARANTEE:** There shall be no advance.
- XIV. ALLOCATION OF GROSS RECEIPTS:** As to proceeds derived from Distributor's exploitation of all rights outlined in Paragraph II, division of the Gross Receipts will be made as follows: (a) Gross Receipts: As used herein, the term "Gross Receipts" shall mean all monies actually received by and credited to Distributor, less any refunds, returns, credit card/bank fees, taxes, collection costs, shipping & handling, and manufacturing or duplication costs. Distributor may receive advances, guarantees, security deposits, and similar payments from persons or companies licensed by Distributor to subdistribute or otherwise exploit the Picture. Notwithstanding Distributor's receipt of such monies, if any, and notwithstanding anything to the contrary contained herein, no such monies will be deemed to be Gross Receipts hereunder unless and until such monies are earned. (b) From the Distributor's exploitation of Home Video/DVD, Video On Demand, and

Internet, Distributor shall recoup all Recoupable Expenses (see Paragraph XV). From the remaining revenues, Distributor shall deduct and retain thirty percent (30%) of Gross Receipts. The net proceeds shall be paid to Producer. Copies of all statements, notices, and reports shall be sent to Producer at the address set forth above. (c) Deductions from Gross Receipts shall be taken in the following order: (1) Recoupable Expenses incurred by Distributor, (2) Distribution Fee of thirty percent (30%) of Gross Receipts, (3) Net Proceeds shall be paid to Producer.

XV. RECOUPABLE EXPENSES: As used herein, the term "Expenses" and/or "Recoupable Expenses" shall mean all of Distributor's actual expenses on behalf of the Picture, limited as follows: (a) DVD production and replication costs: These expenses include all direct out-of-pocket costs to produce and replicate professional standard DVDs. (b) Internet costs include, but may not be limited to, transferring and encoding. (c) Promotional Expenses: These expenses include the cost of preparing artwork (e.g., DVD covers, Internet images), posters, one-sheet, trailers, and advertising relating to the Picture. (d) Delivery Expenses: Delivery Expenses are the direct out-of-pocket costs incurred by Distributor to manufacture any of the film, video, or digital deliverables (as listed on Exhibit "A") which Producer did not supply. Delivery Expenses also include the direct out-of-pocket costs incurred between markets for shipping, duplicating, and delivery of marketing materials (i.e., screeners) to foreign buyers, although Distributor will make best efforts to keep these low. At Producer's request, Distributor shall provide receipts for each and every expense. (e) Recoupable Expenses do not include any of the Distributor's general office overhead, but may include expenses tied directly to the management of Producer's materials (DVD inventory, fulfillment, communication).

XVI. DEFAULT/TERMINATION:

A. Distributor Default: If it is found and proven that Distributor has defaulted on its obligations under this Agreement, upon notification in writing, including details of alleged default hereunder sufficient so as to enable Distributor to effectuate a cure, sent to the address above of that fact from Producer, Distributor will have thirty (30) days from receipt of said notice to cure said default. If the default is not cured within the allotted period, the Producer will have the right to initiate arbitration.

B. Producer Default: Distributor shall notify Producer in writing, including details of alleged default hereunder sufficient so as to enable Producer to effectuate a cure. Producer shall have thirty (30) days from receipt of said notice to correct alleged default before Distributor initiates arbitration.

- C.** Termination Rights: Failure by either party hereto to perform any of its obligations under this Agreement shall not be deemed to be a material breach of this Agreement until the nonbreaching party has given the breaching party written notice of its failure to perform, and such failure has not been corrected within ten (10) business days (thirty [30] days in the event of a monetary breach) from and after the giving of such notice. In the event of an incurred material breach, either party shall be entitled to terminate this Agreement (subject to arbitration) by written notice to the other party, obtain monetary damages and other appropriate relief, and, in the case of Producer, regain all of its rights in the Picture from Distributor, provided that Producer shall continue to honor all existing executed contracts and licenses respecting Picture. Producer shall have the right to terminate this Agreement and cause all rights herein conveyed to Distributor to revert to Producer, provided that Producer shall continue to honor all third-party agreements conveying rights in the Picture (in respect to which Producer shall be deemed an assignee of all of Distributor's rights therein in respect to the Picture), by written notice to Distributor in the event that Distributor files a petition in bankruptcy or consents to an involuntary petition in bankruptcy or to any reorganization under Chapter 11 of the Bankruptcy Act or dissolved by action at law.

XVII. ACCOUNTINGS:

- A.** Distributor will render or cause to be rendered to Producer semiannual accounting statements showing expenses and receipts. Statements will be produced fifteen (15) days after the 30th of June and the 31st of December. Processing of these statements will begin six (6) months after the signing of this Agreement and delivery of materials listed in Exhibit "A." All monies due and payable to Producer pursuant to this Agreement will be paid simultaneously with the rendering of such statements. Distributor has the option to hold back up to five thousand dollars (\$5,000) at the end of each six (6)-month window if funds are anticipated to be needed to cover Recoupable Expenses in the next six (6)-month window.
- B.** Producer will be deemed to have consented to all accountings rendered by Distributor or its assignees or successors, and all such statements will be binding upon Producer unless specific objections in writing, stating the basis thereof, are given within ten (10) days after receipt of statements by Producer.
- C.** Distributor shall keep and maintain at its office, until expiration of the Term and for a period of three (3) years thereafter, complete detailed, permanent, true, and accurate books of account and records relating to the distributing and exhibition

of the Picture, including, but not limited to, detailed collections and sales by country and/or buyer, detailed billings thereon, detailed play dates if applicable thereof, detailed records of expenses that have been deducted from collections received from the exploitation of the Picture, and the whereabouts of prints, trailers, accessories, and other material in connection with the Picture. Records shall be kept in accordance with Generally Accepted Accounting Principles (GAAP). Producer shall be entitled to inspect such books and records of Distributor relating to the Picture during regular business hours, and shall be entitled to audit such books and records of Distributor relating to the Picture upon ten (10) business days' written notice to Distributor, and provided that not more than one audit is conducted every twelve (12) months during each calendar year, and further provided that such audit shall last not more than ten (10) consecutive business days once begun and does not interfere with Distributor's normal operations. Within thirty (30) days of the completion of the audit, Producer will furnish Distributor with a copy of said audit. In the event that the audit discloses that Producer has been underpaid twenty-five thousand dollars (\$25,000) or more, Distributor shall reimburse Producer for all reasonable •• borne by Producer.

- XVIII.** NOTICES: All notices and other communications under this Agreement will be in writing and will be deemed given when delivered by hand or upon confirmed receipt of a facsimile transmission, two (2) days after being deposited with an overnight courier, or five (5) days after mailing, postage prepaid, by registered or certified mail, return receipt requested, to the address and numbers specified above or such other addresses as either party will specify in a written notice to the other. In all instances, hard copies will follow all fax correspondence.
- XIX.** ASSIGNMENT: This Agreement will be binding upon and will inure to the benefit of the parties hereto and their respective successors and permitted assigns. Producer may assign its rights to payment of monies. Distributor may assign its rights without the prior written consent of Producer, provided that Distributor assigns its rights to a successor company that may arise from Distributor's merging, being acquired, or partnering with another company.
- XX.** DISPUTE RESOLUTION: The parties agree that, in the event of an alleged breach or a dispute ("Dispute") in connection with this Agreement, they will first work together in good faith to resolve the matter informally by discussions between their management. In the event such attempts have not resolved the Dispute within

forty-five (45) days following either party's request to resolve a Dispute, the Dispute will be settled by binding confidential arbitration administered by the American Arbitration Association ("AAA") in accordance with its then-applicable rules. The arbitration will be conducted in San Francisco, California, U.S.A., in English, by a single arbitrator familiar with entertainment law, who will be selected by mutual agreement of the parties, or, if the parties cannot agree, by the AAA. The award of the arbitrator will be final and binding, and judgment on the award may be entered and enforced in any court having jurisdiction thereof. The parties agree to equally share the fees and expenses of the arbitrator. For purposes of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958, known as the "New York Convention," the award will be deemed an award of the United States. Nothing in this section will preclude either party from seeking interim or provisional relief concerning any breach or dispute, including a temporary restraining order, a preliminary injunction, or an order of attachment, either prior to or during informal discussions or arbitration.

XXI. ENTIRE AGREEMENT: This Agreement is intended by the parties hereto as a final expression of their Agreement and understanding with respect to the subject matter hereof, and as a complete and exclusive statement of the terms thereof (unless amended in writing by both parties), and supersedes any and all prior and contemporaneous agreements and understanding thereto. This Agreement will be understood to in all respects lay under the jurisdiction of California law and the laws of the United States of America. In the event of any conflict or action between the parties, the prevailing party shall be entitled to recoup its reasonable attorney fees and court costs and expenses from the nonprevailing party. Paragraph headings in this Agreement are used for convenience only, and will not be used to interpret or construe the provisions of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date hereof.

AGREED AND ACCEPTED: FILM COMPANY:

By: _____ Date: _____

By: _____ Date: _____

Appendix | C

Sample Digital Sales Agreement

SAMPLE VOD AGREEMENT

** This sample agreement is provided for educational purposes only.*

This agreement (the "Agreement") entered into as of February 10, 2011 (the "Effective Date") between OWNER LEGAL NAME ("Owner") and XXX ("XXX") sets forth the terms of Owner's engagement of XXX as Owner's agent in connection with the licensing, distribution and promotion of the motion picture (in whole or in part) entitled "XYZ" (the "Picture") in the Digital Media, as follows:

Owner Agreement	Owner hereby appoints XXX to act as Owner's exclusive (or non-exclusive) agent in connection with (i) the licensing, distribution and other exploitation of the Picture in the Digital Media throughout the Territory and for the Term, and (ii) the advertising and promotion of the Picture (the "Advertising Rights") in all media now known or hereafter devised (to the extent such advertising and promotion reasonably relates to the exploitation of the Picture in the Digital Media and/or the promotion of distributors, portals, vendors, exhibitors or other parties licensed to exploit the Picture). As Owner's agent and on Owner's behalf, XXX has the right to enter into licensing, distribution and other agreements with third parties for the exploitation of the Picture in the Digital Media ("Distribution Agreements") and for the Advertising Rights, on terms that XXX deems reasonable in its sole discretion.
XXX Agreement	XXX agrees to use good faith efforts to generate exposure for the Picture and to maximize revenue from the licensing, distribution and other exploitation of the Picture in the Digital Media, however, XXX makes no representations or warranties with respect to its ability to obtain Distribution Agreements or to generate any minimum amount of revenue.
Term	The initial term shall be three (1-3) years from the Effective Date with successive one (1) year extensions unless either party issues notice, in writing, of its intent to cease such extensions at least sixty (60) days prior to the end of the then-current annual period. Any decision not to extend the Term shall be effective prospectively and shall not affect Distribution Agreements entered into by XXX, including without limitation XXX's right to receive its share of Gross Receipts attributable to Distribution Agreements.
Territory	Worldwide.
XXX Fee	Twenty-Five Percent (25%) of Gross Receipts.
Owner Share	XXX shall pay to Owner One Hundred Percent (100%) of Net Receipts, as set forth below.
Gross Receipts	As used herein, "Gross Receipts" shall mean all non-refundable sums actually received by XXX from the licensing, distribution and exploitation of the Picture.
Net Receipts	As used herein, "Net Receipts" means "Gross Receipts" less deductions for the following: (i) the XXX Fee; (ii) actual, verifiable, third-party expenses incurred by XXX in connection with the marketing, promotion, distribution, or other exploitation of the Picture, including without limitation encoding and delivery expenses; (iii) actual, verifiable, third-party collection and/or audit costs incurred by XXX in connection with review of third party licensees of the Picture; and (iv) any taxes, duties or other amounts payable by law in connection with the distribution of the Picture.
Digital Media	"Digital Media" means all electronic and digital processes through which the Picture may be delivered for viewing, whether now known or hereafter devised, including without limitation as follows: (i) through all forms of Internet streaming, digital download, and electronic sell through;

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- (ii) through all forms of video-on-demand, including without limitation via cable, satellite, Internet, 'closed-IP' networks, IPTV, telco services, and wireless;
- (iii) through so called "disc on demand," "manufacture on demand," and similar fulfillment services;
- (iv) to mobile and handheld devices whether through wireless telephony and data networks or otherwise;
- (v) to hotels, educational institutions, libraries, and airlines and ships registered in and/or flying the flag of any country in the Territory.

Accounting, Reporting and Payment	XXX will deliver to Owner accounting statements, accompanied by payment of Net Receipts (if any), no later than ninety (90) days following the end of any calendar quarter in which Gross Receipts are received by XXX in connection with the Picture (the "Reporting Period"). All statements submitted to Owner shall include, at a minimum, transactional data and revenues generated by the Picture by each individual licensee (as reported to XXX by each such licensee). Once each year during the Term Owner shall have, on thirty (30) days notice, the right to review (a) the results of any audit conducted by XXX of third parties to the extent such audit relates solely to the Picture's Gross Receipts, (b) all records from third parties related to the Picture's Gross Receipts, and (c) records supporting XXX's expenses incurred in connection with the Picture.
Residuals & Third Party Participations	Owner will be solely responsible for any and all residual and other additional or supplemental payments payable to any union, guild or other entity (e.g., SAG, DGA, WGA, IATSE, AFM) required to be made by reason of the licensing, distribution, or other exploitation of the Picture and the Advertising Rights as set forth herein. Owner will be responsible for paying all third party participations granted by Owner in connection with the Picture.
Delivery	Owner shall deliver to XXX all of the required items set forth on Schedule 2 (the "Essential Materials"). All necessary clearance, preparation, and delivery to XXX of Essential Materials shall be at Owner's sole cost and expense. Owner acknowledges and agrees that Owner's failure to timely deliver Essential Materials may prevent XXX from making the Picture available for distribution, and any delayed performance or non-performance by XXX arising from Owner's failure to meet its delivery obligations shall not be a breach hereof.
Schedules	Owner will deliver to XXX a signed copy of the attached Schedule 1 (the "Producer Certificate") together with this Agreement. The Producer Certificate and the Essential Materials together shall be referred to herein as the "Materials." In addition, if requested by XXX, Owner will deliver to XXX any of the legal documents listed on Schedule 2, no later than thirty (30) days following XXX's request.
Editing	XXX will not edit, and will not permit third parties to edit the Picture except for the following purposes: (i) to prepare closed captioned, subtitled and/or dubbed versions the Picture; (ii) to avoid legal liability or conform the Picture to applicable laws, standards and practices; (iii) to present the Picture in serial form without altering its linear form; (iv) to compress the Picture and/or the credits as required by any third party licensee in connection with time limitations in a manner then customary in the motion picture industry; and (v) to create advertising and publicity materials for the Picture
Confidentiality	Other than as required by law, governmental authority, or to enforce its rights hereunder, neither party will, without the express written consent of the other party, disclose the terms of this Agreement or any other business information shared by the other party which should reasonably be understood to be confidential, except to its attorneys, agents, accountants, investors, lenders, or directors on a "need-to-know" basis, provided that such persons are similarly required to keep such information confidential.
Waiver	No waiver by either party of any provision of this Agreement or of any breach or default by the other party shall constitute a continuing waiver, and no waiver shall be effective unless made in a signed writing.
Assignment	Either party may assign any or all of its rights and/or obligations pursuant to this Agreement in the event that (i) it acquires or merges with another corporation or entity; (ii) all or substantially all of its assets are acquired by a third party; or (iii) it is involved in a consolidation, reorganization or similar transaction.

Representations & Warranties Each of the parties represents and warrants the following: (i) that it is a duly organized, validly existing corporation or other legally recognized business organization in good standing under the laws of its jurisdiction of incorporation or formation, and (ii) that it has the full legal right, power, and authority to execute this Agreement and to perform its obligations hereunder, and the consent of no other person or entity is necessary in connection with the foregoing. Owner further represents and warrants that it has obtained all rights and clearances necessary to exploit the Picture and all elements contained therein (as further set forth in the attached Schedule 1 and incorporated by reference herein) and that Owner has not entered into and will not enter into any agreement in conflict with XXX's rights hereunder.

Insurance Owner shall maintain a standard producer's and distributor's errors and omissions liability insurance policy in connection with the Picture, in the minimum amounts equivalent to one million dollars (\$1,000,000) per occurrence and three million dollars (\$3,000,000) in the aggregate, with a deductible of not more than ten thousand dollars (\$10,000). Such policy shall remain in effect for a period of three (3) years from the Effective Date. Upon request, Owner shall deliver to XXX a certificate of insurance evidencing the foregoing.

Indemnification Each party agrees to defend, indemnify and hold harmless the other from any claim, action, judgment or liability of any kind arising out of or in connection with any breach or alleged breach of any representation, warranty or agreement made by either party in this Agreement.

Owner's Contact Information	Street	ADDRESS 1	Office Phone:	PHONE 1
	Address:	ADDRESS	Mobile Phone:	PHONE 2
	City, State:	ADDRESS 2	Fax:	FAX
	ZIP / Postal Code:	ZIP/POST	Email:	EMAIL
	Country	COUNTRY		

By signing below, the parties agree to the terms set forth above.

XXX, LLC

OWNER LEGAL NAME

Name:
Title:

Name:
Title:

SCHEDULE 1

PRODUCER CERTIFICATE – “FILM TITLE”

1. Owner has sole and full power and authority to execute the attached Agreement.
2. There are no current or outstanding claims, liens, encumbrances, limitations, or restrictions or rights of any nature in or to the Picture or its contents which might impair or interfere with the rights of XXX.
3. No defects exist in the chain-of-title to the Picture which would adversely affect any of XXX's rights. Owner has obtained all personal releases and other rights necessary to permit XXX to exploit the Picture, including without limitation rights to the underlying literary rights and so called “life rights.”
4. Owner has obtained all necessary synchronization, public performance, master use and other rights necessary for use of musical compositions or recordings embodied in the Picture, and all royalties or fees payable under such licenses have been and will be fully paid by Owner.
5. Owner has paid all production costs, including, without limitation, all salaries, royalties, license fees, service charges and laboratory costs, and no such costs are currently outstanding.
6. Owner was, is, and shall be in full compliance with all applicable state and federal laws, as well as all regulations and requirements of any applicable union or guild.
7. Owner has obtained written authorization from all persons or entities whose names, voices, photographs, likenesses, works, services and materials appear in the Picture or in still images or clips provided by Owner for use in connection with the advertising, promotion, and other exploitation of the Picture.
8. The Picture, and exploitation of the Picture, will not violate or infringe upon any right or interest of any party, including without limitation the trademark, trade name, copyright, literary, dramatic, music, civil or property right, or right of privacy, or constitute libel, slander, defamation, invasion of privacy or unfair competition.
9. The credits contained in the Picture, as well as lists of credit, approval, publicity and advertising obligations and other related materials delivered to XXX by Owner are complete and accurate, and contain all relevant instructions for crediting any person's name, likeness or photograph in advertising, publicity or exploitation of the Picture.
10. The Picture has been validly registered for copyright and is not in the public domain. The Picture as delivered will contain all proper copyright notices required or permitted for protection of the Picture under the U.S. Copyright Act and the Universal Copyright Convention.

OWNER LEGAL NAME

By: _____
Print Name: _____
Title: _____

SCHEDULE 2

REQUIRED ITEMS

Video:

1. One (1) copy of the Picture in high-quality HD or SD uncompressed format (Quicktime preferred; 16:9 aspect ratio) on either data DVDs or external hard drive, or;
2. if the foregoing is not available, one (1) copy of the Picture on Digibeta or Beta SP.
3. Two (2) copies of the Picture on DVD;
4. A metadata form provided by XXX subsequent to execution of this Agreement, to be completed by Owner.

Marketing & Promotional:

5. (As available) any publicity slides or poster art in the rightful possession of Owner and fully cleared for use in connection with advertising and publicity related to the Picture provided as high-resolution digital files.
6. (As available) a trailer fully cleared for use in connection with advertising and publicity related to the Picture.

Documentation:

7. One (1) master music cue sheet specifying each musical composition contained in the Picture, and, with respect to each composition, the publisher, performer, composer and affiliated performing rights society.
8. Proof of Errors & Omissions liability insurance covering the Picture:
 - a. issued by an insurance carrier licensed in the Territory;
 - b. naming XXX, LLC as an additional insured;
 - c. with minimum limits of at least \$1,000,000 for any claim arising out of a single occurrence and \$3,000,000 for all claims in the aggregate with a deductible no more than \$10,000;
 - d. coverage term must be at least three (3) year from the Effective Date.
9. Copies of the copyright certificate for the Picture (and, as applicable, the screenplay) in the United States, OR if a certificate is not available to Owner at the time of delivery, a copy of the copyright application (Form PA), accompanied by proof of payment of the copyright application fees.

OPTIONAL ITEMS

10. If available, bonus material (such as interviews with personnel, bloopers, deleted scenes, etc.) subject to the same representations and warranties regarding rights and clearances set forth in the attached Agreement and Schedule 1, and submitted in the formats described in #1 above.
11. If available, chain-of-title verification of Owner's rights in and to the Picture.
12. If available, copies of fully-executed agreements or deal memos for the writer, director, producer, composer and principal cast members of the Picture, as well as all other cast members, talent and personnel who are afforded credit on-screen in the main and end titles or the billing block, along with a key cast and crew contact list.
13. If available, copies of music publishing licenses, master use licenses and other rights and clearances for the Picture.
14. If available, a complete statement setting forth the names of all persons to whom Owner is contractually obligated to accord credit and/or likeness in any advertising, publicity or exploitation of the Picture.

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Appendix | D

Sample VOD

Deliverables List

This sample list is provided for educational purposes only. Actual requirements may differ according to platform and/or aggregator.

In order to fulfill the VOD contract a number of delivery materials must be assembled that include:

1. Full film program (your movie in its entirety), labeled appropriately
2. Program trailer (a less than 2 and 1/2-minute trailer of your film), labeled appropriately
3. Artwork—Windows DIB and JPEG formats
4. Metadata—questions concerning your film
5. Documents—copyright certificate, E&O waiver

Please follow these specifications EXACTLY when creating your delivery materials.

1 FULL FILM PROGRAM—DIGIBETA

Program Format NTSC-Standard Definition-4 × 3 Full Frame/1.33 preferred—Digital Betacam

- Note 16 × 9 Letterbox versions are acceptable but anamorphic versions are not. Fotokem must output master elements that are anamorphic to letterbox.
- Channels 1 & 2 Full English or Primary Language Stereo Mix or mono comp on 1 & 2—no split track audio
- Channels 3 & 4 Spanish (if available)
- DROP FRAME TIME CODE (identical on LTC & VITC)
- NON TIME COMPRESSED (unless requested)
- Begin Time Code @ 00:58.00.00
- Bars & Tone From 00:58.30.00 to 00:59.30.00
- Program Slate From 00:59.45.00 to 00:59.55.00
- Black and Code From 00:59.55.00 to 01:00.00.00
- Start Program @ 01:00.00.00
- Continue time code & black for at least 1 minute after end of feature
- No FBI Warnings, MPAA Ratings or Format Notices After 01:00:00:00 PROGRAM ONLY

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- Features of 120 minutes or less should be dubbed on 1 piece of stock. No more than 2 pieces of stock should be used for any feature

2 TRAILER—DIGIBETA

Trailer Format NTSC-Standard Definition-4 × 3 Full Frame—Digital Betacam

- Note 16 × 9 Letterbox versions are acceptable but anamorphic versions are not. [Aggregators preferred lab] must output master elements that are anamorphic to letterbox.
- All trailers must be green band or—"G" rated/suitable for all audiences (No foul language or nudity)
- No reference to theatrical window, DVD release, or website mentions of programmer
- Audio 1st choice: split audio: DIALOGUE; ANNOUNCE; MUSIC; EFFECTS; each on its own channel
- Audio 2nd choice: composite stereo mix on 1 & 2 and Mix minus narration on 3 & 4
- Audio 3rd choice: fully mixed
- Length: trailers are REQUIRED and can be up to 4 minutes long
- Length: TV Spots are PREFERRED but OPTIONAL and must be :25 seconds only
- Please tie the trailers and spots listed on the same order to one reel and include log with in and out times

TAPE LABELING

- Labels must include Program Title; Program TRT (total run time); audio configuration; Tape number (i.e., 1 of 1, 1 of 2, 2 of 2)
- Include your/your company name and [Aggregator labels] must be printed, not hand labeled
- There must be a label on the spine and face of the cassette box, and the face of the cassette

3 ARTWORK

Format #1—Windows DIB (device independent bitmap) no alpha channel

- Aspect Ratio: 320 × 240 pixels
- Resolution: 72 dpi minimum
- Type: 24 bit
- File Size: 225 Kb

HOW TO MAKE A PERFECT CABLELABS SPEC BMP

This document assumes that you have access to a recent version of Adobe Photoshop (version 6, 7, or any CS version) and an original image that is of medium to high resolution.

TECHNICAL CONSIDERATIONS

- 1) Open the original image in Adobe Photoshop.
- 2) Click on the Mode menu and select RGB (even if it's already selected).
- 3) Press the C key on the keyboard to access the Crop tool, or click on it from the toolbar.
- 4) In the toolbar across the top of the screen, enter 320px for width, 240px for height, and 72 pixels per inch for DPI. NOTE: By default Photoshop will count this in inches. If you haven't changed the defaults, make sure to put the "px" abbreviation after the number; otherwise you will generate a gargantuan file that will consume all your memory.
- 5) Drag across the image to create your crop area. The rectangle will automatically constrain to the correct proportions. Double-click inside the frame or hit Enter when you are satisfied with the crop, at which point the cropped region will be resized to the correct resolution.
- 6) Go to the File menu and choose Save As Select BMP as your file format and click OK. Select 24 bit for the color depth. Leave all other options at their default settings.

AESTHETIC CONSIDERATIONS

- 1) Avoid all text whenever possible, including the title of the program. This is because, at the small file sizes being utilized, text is almost completely illegible once it gets to the TV screen. Note that the graphic will be appearing alongside metadata, such as the program name, who it's starring, etc., so there's no need for this information to be represented in the image.
- 2) Also due to issues of onscreen clarity, avoid complex images that have lots of detail. An example of a good image would be a headshot of one of the stars against a solid or gently textured background; an example of a bad image would be a pixelated abstract pattern that sort of looks like a face. With all that said, the key art for a given program (the main poster/DVD cover used to advertise it) is generally the preferred image, provided the textual images in the first point can be addressed.
- 3) If text HAS to be included, try to limit it to only the title of the program, as the title logo tends to be large and stylized and as such is more likely to be legible than normal text.

Artwork Format #2—JPEG

- Aspect Ratio: 160 × 229 pixels
- Resolution: 120 dpi minimum
- Type: 24 bit
- File Size: less than 75 Kb

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HOW TO MAKE A PERFECT CABLELABS SPEC JPEG

This document assumes that you have access to a recent version of Adobe Photoshop (version 6, 7, or any CS version) and an original image that is of medium to high resolution.

TECHNICAL CONSIDERATIONS

- 1) Open the original image in Adobe Photoshop.
- 2) Click on the Mode menu and select RGB (even if it's already selected).
- 3) Press the C key on the keyboard to access the Crop tool, or click on it from the toolbar.
- 4) In the toolbar across the top of the screen, enter 160px for width, 229px for height, and 120 pixels per inch for DPI. NOTE: By default Photoshop will count this in inches. If you haven't changed the defaults, make sure to put the "px" abbreviation after the number; otherwise you will generate a gargantuan file that will consume all your memory.
- 5) Drag across the image to create your crop area. The rectangle will automatically constrain to the correct proportions. Double-click inside the frame or hit Enter when you are satisfied with the crop, at which point the cropped region will be resized to the correct resolution.
- 6) Go to the File menu and choose Save As In the first dialog box, select JPEG from the Format dropdown and make sure the "Embed Color Profile" checkbox is not checked. In the second dialog box, adjust the Image Quality slider until the file size is 65–70 kb.

AESTHETIC CONSIDERATIONS

SAME AS FOR ARTWORK #1

ARTWORK FORMAT #3

Also a JPEG like Format #2 but different specs:

File Type: JPEG

Aspect Ratio: 105 × 147 pixels

Resolution: 72 dpi

File Size: <20 Kb

4 METADATA

Please provide the following details as described:

- Short Description (255-character limit with spaces)
- MPAA Rating (G, PG, PG-13, R, Unrated)
- Closed Captioning (Y/N)
- Movie Run Time (hr:min:sec)
- Copyright Year
- Genre (3 examples of similar movies separated by semicolons)
- Audio Type (Dolby 5.1, Dolby Digital, Dolby Pro Logic, Mono, Stereo)

- Trailer Run Time (min:sec)
- Actors (up to 4)
- Director(s)

5 DOCUMENTS

1. Copyright—A clear, complete, and accurate photocopy of the Certificate of Copyright which indicates that your Program has been duly registered for copyright with the United States Copyright Office
2. Errors and Omissions (E&O) Insurance waiver—A statement that:
 - a. Releases Bosko Group, Gravitass, and TVN from any/all liability arising from any Errors and Omissions action/claims brought about due to Program broadcast.
 - b. Agrees to payment of deductible for E&O policy held by Gravitass in event action/claims/litigation against Bosko Group/Gravitass/TVN ensues.

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Appendix | E

Sample Distribution Agreement

The following represents a sample agreement between a Producer and Sales Agent. As in any standard contract between Producer and Sales Agent, the Sales Agent will be referred to as "Distributor." (In this respect, it is always important for a Producer to be absolutely clear about the rights he is signing away and if he is signing with a Sales Agent, sometimes referred to as a "Distributor" in contracts, who represents his projects for sale in the marketplace, or with an actual "Distributor" who will license projects and exhibit the projects to audiences.)

This is a standard contract, which may be used in the United States and other territories as well. This is intended simply as a guideline for filmmakers to understand what a standard contract between a Producer and a Sales Agent consists of and what the Sales Agent may require of you by way of deliverables and terms of contract. While this is an actual standard contract between a Producer and a Sales Agent, this is one example, so do understand, different Sales Agents will have different specific guidelines and technicalities which they will require filmmakers to follow, depending on the type of project, the territories they are representing, the media they are representing your project for, etc.

The information appearing in this "sample contract" is by no means indicative of the terms a filmmaker may be offered and should not be taken as such; it simply represents some industry "norms." It is intended as an educational tool only, and the contract a filmmaker is offered by a Sales Agent may differ in content and scope. The terms of agreement and specifics of the "Elements" or deliverables will vary greatly as may other contractual terms such as length of term, recoupable expenses, and percentage of sale a sales agency will take for representing your film. This "sample contract" is not intended to represent the exact contract you might receive from a Sales Agent for representation of your film.

We always strongly recommend filmmakers consult a qualified and reputable entertainment attorney to negotiate the finer points of their individual contracts.

DISTRIBUTION AGREEMENT

DATE:	[DATE OF AGREEMENT]
DISTRIBUTOR:	[SALES AGENT] SALES AGENT ADDRESS LINE 1 SALES AGENT ADDRESS LINE 2
PRODUCER:	[PRODUCER] PRODUCER ADDRESS LINE1 PRODUCER ADDRESS LINE 2

- I. PICTURE: TITLE OF PICTURE**
TERRITORY: [The entire universe]
- II. TERM:** Seven (7) years following the date of the full and complete delivery of all delivery materials set forth in the Delivery Materials List (which is attached hereto and hereby incorporated herein) for Distributor’s exploitation of the Picture in the Territory (“Term”). All licensing and/or distribution agreements which Distributor enters into on behalf of Producer shall not have licensing periods which exceed the Term without the prior written consent in each case by Producer.
- III. EXCLUSIVE GRANT OF RIGHTS.** [PRODUCER] hereby grants to [SALES AGENT], solely and exclusively, throughout the Territory and during the Distribution Term all the necessary rights for [SALES AGENT] to manufacture, promote, market and sell, and otherwise exploit the Picture in any or all of the Formats by any means determined by [SALES AGENT] in its sole discretion (including, without limitation, In-Flight, mail order, catalog, non-theatrical, rental subscription service sales, box sets and direct response sales). All rights not specifically granted to [SALES AGENT] hereunder are expressly reserved by [PRODUCER].
- IV. DISTRIBUTOR’S FEE:** Twenty-five percent “off-the-top” (“Distributor’s Fee”) of all gross monies and revenue actually paid to or credited to the account of the Distributor from the sale, lease, license, distribution or exploitation of the Picture in the Territory without any deductions (“Gross Receipts”). Notwithstanding anything to the contrary contained herein, any advance payments or security deposits shall not be included in the computation of Gross Receipts until such payments or deposits are actually nonreturnable, earned, forfeited or applied by Distributor to the Picture.
- V. DISTRIBUTOR’S EXPENSES:** Distributor shall expend and recoup from “Producer’s Share of Gross Receipts” (as defined below), all of Distributor’s out-of-pocket servicing, marketing, publicity, promotion, delivery, distribution and any other customary expenses paid or incurred by Distributor in connection with the Picture (including,

without limitation, all costs of the marketing and advertising campaign for Picture) ("Distributor's Expenses"). Distributor's Expenses shall not exceed the sum of Thirty Thousand Dollars (U.S. \$30,000) without the prior written approval of Producer. Distributor's Expenses shall be included in the Picture's budget as a Marketing Fee.

- VI. PRODUCER'S SHARE OF REMAINING GROSS RECEIPTS:** From first Gross Receipts, Distributor shall deduct and retain a sum which equals the Distributor's Fee, then Distributor's Expenses, then recoupment of the Performance Guarantee. Thereafter; from all remaining Gross Receipts, seventy-five percent (75%) thereof shall be paid to Producer ("Producer's 75% Share"), in accordance with the accounting provisions herein below ("Producer's Share of Gross Receipts") and twenty-five percent (25%) thereof shall be paid to Sales Agent.
- VII. DELIVERY OF THE PICTURE: WARRANTIES:** The Picture and all delivery materials set forth on the Delivery Material List (Exhibit A) shall be delivered no later than [AGREED UPON DELIVERY DATE]. Time is of the essence. Producer warrants and represents that Producer owns or controls all rights granted to Distributor hereunder, that there are no liens and/or encumbrances and/or judgments against and on the Pictures and/or on the rights granted to Distributor hereunder, and that Producer has the right to enter into and be bound by the terms and conditions of this Deal Memo.
- VIII. ACCOUNTINGS:** Distributor shall render written statements yearly. All statements shall be sent not later than forty-five (45) days after the end of the respective accounting period and shall be accompanied by all monies due Producer. Distributor shall keep complete and accurate books and records at Distributor's corporate offices in [CITY OF SALES AGENT'S OFFICES] with respect to Gross Receipts, Distributor's Expenses and Producer's Share of Gross Receipts. Distributor agrees that Producer may, once during each one (1)-year period, but only once with respect to any particular accounting statement rendered hereunder, audit Distributor's books and records at Distributor's corporate offices in [CITY OF SALES AGENT'S OFFICES] only (as described above) and make extracts and copies thereof for the purpose of determining the accuracy of Distributor's accounting statements rendered to Producer. All audits shall be made during regular business hours upon thirty (30) days' prior written notice and shall be conducted on Producer's behalf by an independent certified public accountant. Each examination shall be made at Producer's sole cost and expense at Distributor's [CITY OF SALES AGENT'S OFFICES] corporate offices where books and records are maintained. In the event that an audit reveals a discrepancy of five percent (5%) or more, Distributor shall reimburse Producer the reasonable costs of such audit.

- IX. CREDITS/EDITING:** Distributor will not alter or permit to be deleted any credit, logo, copyright or trademark notice or other legal notice included in the Picture. Distributor will comply or cause the compliance with all billing requirements and restrictions provided to Distributor by Producer. Distributor will not have the right to cut or edit the Picture except as follows: for governmental censorship; to avoid legal claims; to meet standards and practices of broadcasters; and for length for particular media (such as television).
- X. REPRESENTATION AND WARRANTIES.**
- 1.** [PRODUCER] represents and warrants as follows:
- (a)** It has full right, power and authority to enter into and perform this Agreement and to grant to [SALES AGENT] all the rights herein granted, and will continue during the Distribution Term to possess such right, power and authority.
 - (b)** All of the following have been, or will be, fully paid or discharged by [PRODUCER]
 - (i)** all claims and rights of owners of copyrights in the Picture and in the literary, dramatic, musical or other material appearing, used or recorded in the Picture (including, without limitation, any and all guild and union payments which may be or become due) and
 - (ii)** all claims and rights of any persons, firms or entities with respect to the use, distribution, performance, and exploitation of the Picture, and any music contained therein.
 - (c)** Neither the Picture nor any part thereof, nor any materials contained therein or synchronized therewith, nor the exercise by [SALES AGENT] of any rights herein granted, violates or will violate, or infringes or will infringe, any trademark, trade name, contract, agreement, license, copyright (whether common law or statutory), patent, literary, artistic, dramatic, personal, private, civil or property right, or right of privacy or any law or regulation or other right whatsoever, or slanders or libels, any person, firm, corporation or association whatsoever.
 - (d)** It has not sold, assigned, transferred or conveyed, and will not sell, assign, transfer or convey, to any party, any right, title or interest in and to the Picture or any part thereof adverse to or in derogation of the rights granted to [SALES AGENT], and further, [PRODUCER] expressly acknowledges and agrees that it has not and will not authorize any person, firm or entity other than image to promote, market, sell, distribute or exploit the Picture in the Formats in the territory during the Distribution Term.

- (e) All Elements required to be delivered under Paragraph 5 are, or will be, made available to [SALES AGENT] pursuant to all of the terms and conditions of Paragraph 5 and must be of a quality suitable for the manufacture therefrom of commercially acceptable units, and notwithstanding the foregoing, the masters required to be delivered under Paragraph 5 must conform with the technical specifications described in Schedule 1 of this agreement, and the synopses, copyright, credit and other written information required to be delivered under Paragraph 5 and further described in Schedule 2 of this agreement must be true, accurate and correct in all respects.

XI. INDEMNIFICATION: [PRODUCER] and [SALES AGENT] hereby indemnify, defend and hold the other, and their respective subsidiaries, affiliates, licensees, agents, officers, directors and employees harmless from and against any and all demands, claims, actions or causes of action, assessments, liabilities, judgments, damages, losses, costs or expenses whatsoever (including reasonable attorney's fees of outside counsel of indemnitee's choice incurred (a) in connection therewith (which will also include costs and expenses incurred in investigating, preparing or defending against any action, suit, proceeding or investigation, commenced or threatened) and (b) in seeking indemnification therefore, which may be sustained, incurred or suffered by, or secured against, the indemnitee, or any of its subsidiaries, affiliates, licensees, agents, officers, directors or employees, by reason of or arising out of, a breach by the indemnitor of any of the representations, warranties, covenants or agreements contained herein, or in the exercise by [SALES AGENT] of any of the rights, licenses or privileges granted hereunder. Promptly after learning of the occurrence of any event which may give rise to its rights under the provision of this Paragraph 4, the indemnitee shall give written notice of such matter to the indemnitor. The indemnitee shall cooperate with the indemnitor in the negotiation, compromise, and defense of any matter. The indemnitor shall be in charge of and control such negotiations, compromise, and defense of any matter. The indemnitor shall be in charge of and control such negotiations, compromise and defense and shall have the right to select counsel with respect thereto, provided that the indemnitor shall promptly notify the indemnitee of all developments in the matter. In no event shall the indemnitee compromise or settle any such matter without the prior written consent of the indemnitor, and the indemnitor shall not be bound by any such compromise or settlement absent its prior written consent. This paragraph 4 will survive the termination of this Agreement.

XII. DELIVERY: [PRODUCER] hereby agrees to deliver to [SALES AGENT] all of the materials described below (the “Elements”). Preparation and delivery of the Elements will be at [PRODUCER]’s expense. All costs associated with the use of the Elements, except as expressly provided in this Agreement, as well as the cost of delivery of the Elements back to [PRODUCER], will be at [SALES AGENT]’s expense. [PRODUCER] hereby understands, acknowledges and agrees that all Elements delivered to [SALES AGENT] shall be pre-approved for [SALES AGENT]’s use and further understands, acknowledges and agrees that it will bear any costs and expenses incurred by [SALES AGENT] if [PRODUCER] deems any such pre-approved Elements unacceptable following [SALES AGENT]’s receipt of said Elements (ie: in the event [PRODUCER] delivers photographs for use by [SALES AGENT] in connection with the design of the Unit jacket but later deems said photographs unacceptable for use), [PRODUCER] will be solely responsible for 100% of the costs and expenses incurred by [SALES AGENT] in connection with said photographs.

1. The following Elements must be delivered to [SALES AGENT] as soon as possible but in no event later than thirty (30) days following full execution of this agreement, time is of the essence:

(a) The following masters:

(i) A digital Betacam NTSC video master in the original aspect ratio and enhanced for the 16:9 format (unless the Picture was originally shot full frame). Widescreen video masters not enhanced for the 16:9 format should be retransferred for the 16:9 format from film elements if available. Artificially squeezed video masters will not be accepted.

The parties agree that, in addition to the above-described masters, [PRODUCER] may deliver any other versions of the masters [PRODUCER] may have available; however, such additional masters may not be delivered in lieu of the above-described masters and, further, [SALES AGENT], in its sole discretion, may determine which master (or masters) to use.

The above-described masters must meet the technical requirements set forth on SCHEDULE 1, attached hereto and incorporated herein by this reference.

(b) 2 channel stereo and 24 bit 5.1 surround sound mix

(c) Video trailer of the Picture, if available

(d) Any ancillary materials available

(e) Detailed written information regarding run time, aspect ratio and type of audio track

- (f) Copies of all music publishing rights and clearance agreements
 - (g) Music cue sheets for each Format for the Picture, which must include complete song titles, the music publishers, song run times and all appropriate credits, including the complete names of the performing artists, songwriters and composers.
 - (h) Lyrics for each song contained in the Picture, as available
 - (i) The (original) artwork described on SCHEDULE 2
 - (j) A complete statement setting forth the names of all persons to whom [PRODUCER] is contractually obligated to accord credit in any advertising, publicity or exploitation of the Picture and to include in such statement excerpts from such agreements defining and describing the form and nature of such required credits.
 - (k) "Chain-of-title" verification in and to the Picture
 - (l) Evidence of Errors & Omission Insurance (One Million (\$1,000,000) each occurrence/Three Million (\$3,000,000) in the aggregate per Picture) including certificate of insurance naming image as an additional insured for the term of the Agreement.
2. Notwithstanding anything contained in this Agreement to the contrary, [PRODUCER] understands, acknowledges and agrees that the Elements delivered to [SALES AGENT] must, in all respects, contain current, correct and accurate information, and, further, must be of suitable quality and content to effectively package, market and sell the Pictures, as determined by [SALES AGENT] in its sole but reasonable discretion. Unacceptable material, for example, includes, but is not limited to, outdated or incorrect information, negative film, digital scans of printed materials, poor duplicate slides and frame grabs taken from the master. As soon as possible after the tendered delivery of each item specified in Paragraph 5.1 above, [SALES AGENT] will advise [PRODUCER] if any Elements are unacceptable, unsuitable or incomplete and [PRODUCER] will promptly thereafter deliver suitable and complete Elements. If such unsatisfactory delivery of any of the Elements has not been cured in total within thirty (30) days from receipt by [PRODUCER] of notice from [SALES AGENT] in accordance with the delivery requirements of [SALES AGENT], [SALES AGENT] will have the right to either:
- (a) create or cause to be created any and all materials necessary to remedy to unsatisfactory Elements delivered to [SALES AGENT] by [PRODUCER], the cost and expense of

which will be, at [SALES AGENT]'s sole discretion, either charged back to [PRODUCER] or offset against any unpaid Advance and/or Royalties and Net Profits due hereunder; or,

- (b) terminate this Agreement with respect to any Picture for which satisfactory delivery of the Elements has not been made, in which event all of the obligations of [SALES AGENT] hereunder with respect to such Picture will terminate.

XIII. ACCOUNTING RECORDS AND AUDIT RIGHTS: [SALES AGENT] will keep full and complete records of all transactions relating to the Picture. No more frequently than once per each year of the Distribution Term, and upon reasonable notice, [PRODUCER] may, at its own expense, audit [SALES AGENT]'s records in order to verify earnings statements rendered hereunder. Any such audit will be conducted at [SALES AGENT]'s corporate headquarters or such other location as [SALES AGENT] shall deem pertinent and shall be conducted by a certified public accountant upon reasonable notice to [SALES AGENT] and during [SALES AGENT]'s normal business hours. Any statement not questioned by [PRODUCER] by notice in writing within one year from the date of such statement will be deemed final and conclusive. [PRODUCER]'s right to examine [SALES AGENT]'s records will be limited to only those books, records and accounts applicable and relevant to this Agreement.

XIV. FURTHER ACTIONS AND CHAIN OF TITLE VERIFICATION: [PRODUCER] will execute and deliver to [SALES AGENT], promptly upon request of [SALES AGENT], any other instruments or documents considered by [SALES AGENT] to be necessary or desirable to evidence, effectuate or confirm this Agreement, or any of the terms and conditions hereof.

XV. DEFAULT: In the event either party should violate any of the material terms and conditions of this Agreement and such default will remain uncured for a period of thirty (30) days after written notice has been delivered to the defaulting party, then in such event the other party will have the right to terminate all or any part of this Agreement by delivering written notice to the defaulting party of its intention to terminate. In the event [PRODUCER] is in breach of the representations and warranties given in Paragraph 4, [SALES AGENT] will have the right to immediately terminate this Agreement and [PRODUCER] will be required to immediately reimburse [SALES AGENT] for any unrecouped Advance and all of its actual out-of-pocket costs and expenses incurred in connection with the Picture.

- XVI.** **TERMINATION:** Upon expiration of the Distribution term or pursuant to Paragraph 8 above, [SALES AGENT] will submit to [PRODUCER] written inventory of all Units subject to the expiration or termination; provided, however, that [SALES AGENT] will continue to have the right to sell such Units during the Sell-Off period. At the end of the Sell-Off period, at [PRODUCER]'s option, [PRODUCER] may either purchase any unsold Units at [SALES AGENT]'s cost or have [SALES AGENT] destroy said Units and submit to [PRODUCER] a certificate as evidence of destruction. [SALES AGENT] will also, upon the date of expiration or termination, return any materials delivered under Paragraph 5 then in [SALES AGENT]'s possession. [SALES AGENT] will account to [PRODUCER], within one hundred twenty (120) days after the expiration of the Sell-Off period, for all Units sales made during the Sell-Off Period, and previously made but not accounted for, and will pay [PRODUCER] the royalties and or Net Profits due.
- XVII.** **[PRODUCER]'S COPYRIGHT AND TRADEMARK OBLIGATION:** [PRODUCER] hereby agrees that it will promptly undertake to secure and diligently preserve throughout the Distribution Term of this agreement any and all necessary and proper trademarks, service marks and/or copyright registrations, in the appropriate class or classes, pertaining to the Picture.
- XVIII.** **GENERAL PROVISIONS:**
- 1.** **Amendments.** This agreement cannot be amended, modified or changed in any way whatsoever, except by a written instrument duly executed by both parties hereto, and this Agreement supersedes all prior written or oral agreements, statements or representations.
 - 2.** **Governing Law.** This Agreement will be construed and interpreted in accordance with the laws of California applicable to contracts made and fully performed in California.
 - 3.** **Force Majeure.** In the event that either party is unable to perform its obligations, pursuant to this Agreement due to any fire, casualty, lockout, riot, war, act of God, riot, labor strike, disability, sickness, death, insurrection, natural catastrophe, or the exercise of authority of either the federal or state government or any political subdivision thereof, or any event beyond either party's reasonable control, including, but not limited to, vehicular mechanical failures or accidents that are not under either party's reasonable control that renders either party's performance hereunder, in whole or in part, impossible, then, the parties agree that this Agreement will immediately terminate and that within fifteen business days thereafter, [PRODUCER] will immediately reimburse [SALES AGENT] for the full amount of the advances paid.

4. Relationship of the Parties. Nothing herein will be construed to create a joint venture or partnership by or between [PRODUCER] and [SALES AGENT] so as to make either party hereto an agent or partner of the other. Neither party will become liable or bound by any representation, act, omission or agreement of the other which is contrary to the provisions of this Agreement.
5. Delivery of Elements and Statements. All Elements delivered pursuant to Paragraph 5 will be sent to the parties, at the address set forth in Paragraph 15.6.
6. Notices. All notices hereunder will be in writing and sent by certified or registered mail, telecopier, or messenger to the addresses set forth below:
To [SALES AGENT]: [SALES AGENT] [SALES AGENT ADDRESS]
[SALES AGENT PHONE] [SALES AGENT FAX]
Any such notice or approvals sent hereunder will be deemed served or received upon delivery, except notices sent by telecopier, which will be deemed delivered when sent. Each party may designate in writing such other place or places that notices may be given hereunder; provided, however, that any notice of change of address will only be effective upon actual receipt thereof by the other party.
7. Assignment. Except with respect to assignments by either party to a parent entity which acquires or succeeds to all or substantially all of the assigning party's assets or voting stock, this Agreement cannot be assigned without the written consent of the other party provided that such consent is not unreasonably withheld.
8. Integration. This Agreement, together with any exhibits and schedules, is entire and complete, and no representations, warranties, agreements or covenants, express or implied, of any kind or character whatsoever have been made by either party to the other except as expressly set forth in this Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof.
9. Arbitration. Any disputes, controversies or claims arising out of or relating to this Agreement, including the issue of arbitrability of any such disputes, shall be resolved by binding arbitration before [ARBITRATING JUDGE]. The arbitrator shall award the prevailing party its reasonable arbitration, expert and attorneys' fees, costs and expenses. Any interim or final arbitration award may be enforced in any court of competent jurisdiction.
10. Attorneys' Fees. In the event of any action, suit or proceeding arising out of or related to this Agreement, the prevailing party therein will be entitled to recover, and the other party

or parties thereto agree to pay, the prevailing party's costs and expense in connection therewith including, without limitation, reasonable attorneys' fees.

- 11.** Severability. In the event that any provision in this Agreement will be held invalid or unenforceable, such provision will be severable from and such invalidity or unenforceability will not be construed to have any effect on the remaining provision of this Agreement.
- 12.** Waiver. The failure by either party, at any time, to require performance by the other party of any of the provisions hereof will be deemed a waiver of any kind nor will it in any way affect the waiving party's rights thereafter to enforce the same.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

[SALES AGENT]

By: _____

Sales Agent

Its: _____

[Company Title]

[PRODUCER]

By: _____

Producer

Its: _____

[Company Title]

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Appendix | F

Sample Self-Theatrical Release Budget

		Description	The Range (what you can spend)	High 35MM Service	Mid 35MM Service	Low 35MM Service	Low Service/Grassroots
A	B	C	D	E	F	G	H
9100	DISTRIBUTION LABOR AND FEES						
9110		Distribution Consultant/Strategist	\$500-\$5,000+				
		Conventional Theatrical					
9120		Booking Fee	\$0-\$25,000	\$25,000	\$20,000	\$15,000	\$4,500
		Alternative Theatrical/Community					
9130		Consultant	\$500-\$10,000+				\$10,000
9140		Researcher/Distribution Assistant	\$1000-\$6000+				
9150		Distribution Assistant	\$2500-10,000				
9160		Legal	\$1000-\$10,000				
		DVD Sales					
9170		Fulfillment Company Startup Fees	\$250				
9175		Webstore Conform	\$500				
9180		Fulfillment Company Monthly Charges	Approx \$30/mo.				
		Subtotal Distribution Labor and Fees	\$5500 - 66,000	\$25,000	\$20,000	\$15,000	\$14,500
9200	MATERIALS CREATIVE						
		Graphic Design					
9210		Key Art Creative	\$1000-\$25,000	\$15,000	\$10,000	\$5,000	
9220		Graphic Design Misc	\$2000+				
9230		Print Advertising Design	\$200-1000	\$1,000	\$1,000	\$1,000	
9240		DVD Cover Design	\$0-500				
		Editing					
9250		Trailer Creative	\$1000-\$25,000				\$5,000
9260		EPK Creative	\$1000-\$5000				
		DVD Authoring					
9270		DVD Authoring NTSC	\$0-\$5000				
9273		DVD Authoring PAL	\$0-\$2000				
9275		Subtitles	\$0-1000+				
		Subtotal Materials Creative	\$3200 - \$66,000	\$16,000	\$11,000	\$6,000	\$5,000
9300	MATERIALS PRINTING						
9310		Posters Full Size	\$600-\$4000	\$1,200	\$600	\$600	\$1,200
9320		11x17 Posters	\$300	\$300	\$300		\$300
9330		Postcards	\$300-\$2000	\$1,500	\$1,000	\$500	\$2,000
9340		Stickers Individual Cut	\$1000 - 2000				
9350		Roll Stickers	\$500-\$1000				
9360		Promotional T Shirts	\$400-\$1000+				
9370		Miscellaneous Promotional Printing	\$400+				
		Subtotal Materials Printing	\$3100 - \$10,700	\$3,000	\$1,900	\$1,100	\$3,500
9400	PRINT AND MASTER MATERIALS						
		35MM Film Print					
9410		35 MM Transfer from Video	\$30,000-\$40,000				
9420		Release Prints	\$1500 Each	\$7,500	\$7,500	\$3,000	\$2,500
		Trailers					
9430		35MM Trailer Conform	\$2,000	\$1,800	\$1,800	\$1,800	
9440		Trailer Blow Up	\$1,300				\$1,900
9450		Trailer Prints	\$200	\$200	\$200	\$100	\$300
		Video Screeners					
9460		Video Copies	\$300-\$1000	\$100	\$100	\$50	\$300
9470		Digital Screening Copy/Landmark	\$5,000				

140 Sample Self-Theatrical Release Budget

		Description	The Range (what you can spend)	High 35MM Service	Mid 35MM Service	Low 35MM Service	Low Service/Grassroots
A	B	C	D	E	F	G	H
9400		PRINT AND MASTER MATERIALS CONT					
		DVD Replication					
9480		DVD Replication NTSC	About \$1.10- \$1.30@				
9483		DVD Replication PAL	About \$1.10- \$1.30@				
9485		European Glass Master	\$250				
9490		iTunes Encoding	\$1,300				
		Subtotal Print and Master Materials	\$0 - \$50,000+	\$9,600	\$9,600	\$4,950	\$5,000
9500		MARKETING AND PUBLICITY					
		Publicists					
9510		NY and National Publicist	\$5,000-\$15,000	\$12,000	\$12,000	\$6,000	\$8,000
9511		Los Angeles and National Publicist Publicist	\$5,000-\$15,000	\$12,000	\$12,000	\$6,000	\$4,000
9512		Regional Publicists	\$500-\$5000	\$5,000	\$2,000	\$0	
9513		Affinity Publicist	\$500-\$5000				
		Supplies/Purchases					
9520		Press Screenings	\$200-\$5000	\$5,000	\$2,500	\$2,000	\$2,000
9521		Press Kit	\$0-\$2000	\$2,000			
9522		Misc PR Expenses	\$400-\$2500	\$2,500	\$1,500	\$500	
		Web Marketing					
9530		Viral Marketing Team and Campaign	\$0-\$20,000	\$20,000	\$10,000	\$5,000	
9531		Social Network Promotion	\$0-\$4000				
9532		Supplemental Email List Buy	\$100-\$750				
9533		Webdesign	\$1000-\$2000				
9534		Webhosting	\$130 a year				
9536		Email Blasts	\$0-\$300+				
		Street Teams					
9540		Street teams NY/LA	\$0-\$3000				\$3,000
9541		Street Teams Small Cities	\$0-\$750				
		Events					
9550		LA Party/Events	\$0-\$5000+				
9551		NY Party	\$0-\$5000+				
		Subtotal Marketing and Publicity	\$0 - \$78,050	\$58,500	\$40,000	\$19,500	\$17,000
9600		THEATRE EXPENSES					
9610		Four Wall NYC	\$0-\$18,000				
9620		Four Wall LA	\$0-\$5000				
9630		Special Video Equipment	\$0-\$2000				
		Subtotal Theatre Expenses	\$0 - \$25,000				
9700		DIRECT MEDIA					
9700		Print Media	\$2500-\$75,000	\$75,000	\$50,000	\$40,000	\$10,000
9710		TV/Radio Buys	\$0				
9720		Web Advertising	\$500				
		Subtotal Direct Media	\$0 - \$78,000	\$75,000	\$50,000	\$40,000	\$10,000
9800		TRAVEL EXPENSES					
9810		Travel Expenses	\$0-\$5000+				\$5,000
		Subtotal Travel	\$0 - \$5000+	\$0	\$0	\$0	\$5,000
9900		GENERAL EXPENSE					
9910		Telephone & Fax	\$0-\$500			\$1,000	
9920		Postage and Shipping	\$400-\$2500	\$2,500	\$2,500	\$1,200	\$1,500
9930		Office Supplies	\$0-\$500				
9940		Messengers	\$0-\$300				
9950		Accounting	\$0-\$2250				
9960		Bank Fees	\$0-\$300				
9970		E&O Insurance	\$3500-\$10,000				
		Subtotal General Expenses	\$0 - \$16,350	\$2,500	\$2,500	\$2,200	\$1,500
		GRAND TOTAL:		\$189,600	\$135,000	\$88,750	\$61,500

A	B	Description C	The Range (what you can spend) D	Bomb It Theatrical Expenses I	Bomb It Expenses other than Theatrical J	Bomb It Budget K	Mid Video Service L
9100		DISTRIBUTION LABOR AND FEES					
9110		Distribution Consultant/Strategist	\$500-\$5,000+	\$0		\$0	
		Conventional Theatrical					
9120		Booking Fee	\$0-\$25,000	\$5,000			\$15,000
		Alternative Theatrical/Community					
9130		Consultant	\$500-\$10,000+		\$500		
9140		Researcher/Distribution Assistant	\$1000-\$6000+	\$700			
9150		Distribution Assistant	\$2500-10,000		\$6,000		
9160		Legal	\$1000-\$10,000		\$5,000		
		DVD Sales					
9170		Fulfillment Company Startup Fees	\$250		\$240		
9175		Webstore Conform	\$500				
9180		Fulfillment Company Monthly Charges	Approx \$30/mo.				
		Subtotal Distribution Labor and Fees	\$5500 - 66,000	\$5,700	\$11,740	\$0	\$15,000
9200		MATERIALS CREATIVE					
		Graphic Design					
9210		Key Art Creative	\$1000-\$25,000	\$0		\$0	\$10,000
9220		Graphic Design Misc	\$2000+	\$150	\$2,000	\$0	\$0
9230		Print Advertising Design	\$200-1000	\$150		\$0	\$500
9240		DVD Cover Design	\$0-500		\$300		
		Editing					
9250		Trailer Creative	\$1000-\$25,000	\$250			
9260		EPK Creative	\$1000-\$5000				
		DVD Authoring					
9270		DVD Authoring NTSC	\$0-\$5000				
9273		DVD Authoring PAL	\$0-\$2000		\$1,000		
9275		Subtitles	\$0-1000+		\$600		
		Subtotal Materials Creative	\$3200 - \$66,000	\$550	\$3,300	\$0	\$10,500
9300		MATERIALS PRINTING					
9310		Posters Full Size	\$600-\$4000	\$2,000	\$0	\$0	\$240
9320		11x17 Posters	\$300	\$325		\$0	\$0
9330		Postcards	\$300-\$2000	\$2,500		\$1,000	\$200
9340		Stickers Individual Cut	\$1000 - 2000	\$800		\$900	\$0
9350		Roll Stickers	\$500-\$1000		\$500		
9360		Promotional T Shirts	\$400-\$1000+		\$6,000		
9370		Miscellaneous Promotional Printing	\$400+				
		Subtotal Materials Printing	\$3100 - \$10,700	\$5,625	\$6,500	\$1,900	\$440
9400		PRINT AND MASTER MATERIALS					
		35MM Film Print					
9410		35 MM Transfer from Video	\$30,000-\$40,000				
9420		Release Prints	\$1500 Each				
		Trailers					
9430		35MM Trailer Conform	\$2,000				
9440		Trailer Blow Up	\$1,300	\$1,340		\$0	\$2,500
9450		Trailer Prints	\$200	\$250		\$0	\$160
		Video Screeners					
9460		Video Copies	\$300-\$1000	\$314		\$0	\$600
9470		Digital Screening Copy/Landmark	\$5,000				

142 Sample Self-Theatrical Release Budget

		Description	The Range (what you can spend)	Bomb It Theatrical Expenses	Bomb It Expenses other than Theatrical	Bomb It Budget	Mid Video Service
A	B	C	D	I	J	K	L
9400		PRINT AND MASTER MATERIALS CONT					
		DVD Replication					
9480		DVD Replication NTSC	About \$1.10- \$1.30@				
9483		DVD Replication PAL	About \$1.10- \$1.30@		\$1,300		
9485		European Glass Master	\$250		\$250		
9490		iTunes Encoding	\$1,300				
		Subtotal Print and Master Materials	\$0 - \$50,000+	\$1,904	\$1,550	\$0	\$3,260
9500		MARKETING AND PUBLICITY					
		Publicists					
9510		NY and National Publicist	\$5,000-\$15,000	\$7,500		\$7,500	\$15,000
9511		Los Angeles and National Publicist Public	\$5,000-\$15,000				\$15,000
9512		Regional Publicists	\$500-\$5000				
9513		Affinity Publicist	\$500-\$5000	\$500			
		Supplies/Purchases					
9520		Press Screenings	\$200-\$5000	\$0		\$0	\$1,600
9521		Press Kit	\$0-\$2000				
9522		Misc PR Expenses	\$400-\$2500	\$100			
		Web Marketing					
9530		Viral Marketing Team and Campaign	\$0-\$20,000	\$150		\$0	\$3,000
9531		Social Network Promotion	\$0-\$4000	\$600		\$0	\$0
9532		Supplemental Email List Buy	\$100-\$750	\$200		\$0	\$0
9533		Webdesign	\$1000-\$2000				
9534		Webhosting	\$130 a year		\$650		
9536		Email Blasts	\$0-\$300+				
		Street Teams					
9540		Street teams NY/LA	\$0-\$3000	\$2,700		\$1,600	\$0
9541		Street Teams Small Cities	\$0-\$750	\$600		\$0	\$0
		Events					
9550		LA Party/Events	\$0-\$5000+	\$1,000		\$1,000	\$0
9551		NY Party	\$0-\$5000+	\$0		\$500	\$0
		Subtotal Marketing and Publicity	\$0 - \$78,050	\$13,350	\$650	\$10,600	\$34,600
9600		THEATRE EXPENSES					
9610		Four Wall NYC	\$0-\$18,000	\$0		\$0	\$10,000
9620		Four Wall LA	\$0-\$5000	\$0		\$0	\$6,000
9630		Special Video Equipment	\$0-\$2000	\$0		\$0	\$2,000
		Subtotal Theatre Expenses	\$0 - \$25,000	\$0	\$0	\$0	\$18,000
9700		DIRECT MEDIA					
9700		Print Media	\$2500-\$75,000	\$2,800		\$0	\$15,000
9710		TV/Radio Buys	\$0				
9720		Web Advertising	\$500				
		Subtotal Direct Media	\$0 - \$78,000	\$2,800	\$0	\$0	\$15,000
9800		TRAVEL EXPENSES					
9810		Travel Expenses	\$0-\$5000+	\$2,673		\$0	\$0
		Subtotal Travel	\$0 - \$5000+	\$2,673	\$0	\$0	\$0
9800		GENERAL EXPENSE					
9910		Telephone & Fax	\$0-\$500	\$0	200	\$150	\$0
9920		Postage and Shipping	\$400-\$2500	\$1,136	\$1,200	\$300	\$600
9930		Office Supplies	\$0-\$500	\$130	\$300	\$50	\$0
9940		Messengers	\$0-\$300	\$150		\$0	\$0
9950		Accounting	\$0-\$2250	\$0		\$0	\$2,250
9960		Bank Fees	\$0-\$300	\$300		\$0	\$0
9970		E&O Insurance	\$3500-\$10,000	\$0	\$3,500	\$0	
		Subtotal General Expenses	\$0 - \$16,350	\$1,716	\$5,200	\$500	\$2,850
		GRAND TOTAL:		\$34,318	\$28,940	\$13,000	\$99,650

Appendix | G

Sample Deliverables

Budget

Courtesy of Jack Binder, FilmBudget.com

THEATRICAL MOTION PICTURE DELIVERY SCHEDULE & DELIVERABLES

Theatrical feature film Delivery Schedules are contractual agreements agreed with a Sales Agent or Distributor for your film postproduction materials which enable a film to be physically distributed. These critical items are referred to as Deliverables.

It is critical to allow for Deliverables for your production in order to be able to negotiate and close a Distribution Agreement.

As technology has changed, so have Delivery Schedules; however, most such lists are mind-numbingly outdated. Therefore they contain items not necessarily required. Keep in mind, however, that many Distributors have legacy agreements themselves with their Distributor partners and have language in their agreements which directs them to provide items as stipulated.

As always with Deliverables, all items are negotiable. While it is best to have a complete set of Deliverables to receive worldwide distribution and the best deal terms, you should carefully scrutinize your inventory and budget and only agree to what you can actually deliver.

Failure to deliver agreed items can most definitely, and will, delay payment of funds owed to the production company by the Distributor or Sales Agent until all agreed items are delivered by the Producer or Production Company.

Likewise, prices, costs, and items are variable, flexible, negotiable, and subject to constant change as technology, market conditions and negotiating positions vary. This is where a good postproduction supervisor earns his or her value. While it is best to obtain the services of a well-regarded vendor that Distributors are familiar and comfortable working with, due to the incredible availability of low-cost technology, many deliverables can and are being produced in the editing rooms or via vendors offering good value. Make sure your vendors are approved, however.

Your agreements will contain language specifying the approval of the quality of your deliverables by the Distributors' laboratories. Not surprisingly, the Germans are famous for being extremely strict on the quality of their materials. The saying goes if you are good for Germany, you're good for the world.

Costs will vary tremendously for high-budget films versus low-budget films, 35 mm versus High-Definition, 2k, 4k digital video, studio versus independent, U.S. versus international productions.

Contact FilmBudget.com to determine your actual requirements, obligations, and negotiating position. To have your film analyzed for Delivery items with a proper film budget, contact Jack Binder, Producer (*Reign Over Me*, *The Upside of Anger*) and Founder of FilmBudget.com (<http://filmbudget.com>) via info@filmbudget.com to obtain a custom finance and camera-ready film budget and schedule for your production as well as having your production vetted for Deliverables.

Here are some basic costs, tips, and strategies associated with Delivery Items for a Low-Budget Indie Film Production (which, of course, may overlap with postproduction and marketing expenses). This list is not intended nor should it be considered all-inclusive or complete. Contact FilmBudget.com for an accurate determination of your film's specific costs and expenses and an entertainment production attorney for legal requirements associated with your Deliverables obligations.

Materials	Notes	Costs
Filmed Productions		
Negative—Access to the negative by Laboratory Agreement		Allow: \$12,000 (sample low-budget deal)
Answer Print—Access to Answer Print by Laboratory Agreement		Allow: \$12,000 (sample low-budget deal)
<i>—Above amounts may be reduced in combination with a Digital Intermediate (D.I.)</i>		
Masters		
Interpositive (IP)	For average 110 minute film	Allow \$11,000 (sample low-budget deal)
Internegative (IN)	For average 110 minute film	Allow \$11,000 (sample low-budget deal)
<i>—Additional Masters and quantity may be required by some Distributors.</i>		
Digital Intermediate (D.I.)	Access to the Digital Intermediate (D.I.)	Varies: \$110,000–\$200,000+
Show Print		Allow \$5,500 ea.
Check Print		Allow \$2,800
Textless Titles	Include in D.I./Title Manufacture deal	Varies: Allow for textless: \$5,000 (Basic titles)
Title Manufacture	Main/End Title sequences	Varies: \$10,000–\$45,000+
Optical Manufacture	Fades/dissolves/wipes, effects, etc.	Varies: \$5,000–\$50,000+ depending on counts/styles
Video Masters	Negotiate with Digital Intermediate deal	Varies: Allow Additional to D.I. \$50,000–\$80,000+
Allow for versions:	Full Frame (FF), Letterbox, 4 × 3, 1:85, 2:40, 16 × 9, NTSC, PAL, VHS, Beta, Secam	Transfers, stock, downconversions, color-correction, spotting, etc.
<i>As per Distribution Agreement</i>		
Sound Delivery	Review Deliverables Agreement with PrintMaster(s)	Varies: Allow Additional to Sound Deal: \$30,000+
Optical Soundtrack	Sound Production Facility in advance	(include M&E tracks for film, trailer)
	Negotiate items within overall Sound Deal	Delivery of stems, tracks, files, tapes, etc.
	Optical Soundtrack	Allow \$8,000 ea. (quantity may vary)
Marketing Materials		
Trailer	As available	Varies: Allow \$5,000 negative/print/textless materials
Photos	Print/Slides/Negatives/Digital	Varies: Allow \$8,000 or less for all digital deals
Negotiate amount of photos and media		

146 Sample Deliverables Budget

Materials	Notes	Costs
Poster	As available	Varies: Allow min. \$4,000 for basic design, production
EPK	Electronic Press Kit	Allow: Minimum \$5,000 for onset production/edit
Press Kit	Photos, reviews, biographies, covers, copies	Allow: Minimum \$10,000
General Expenses		
Insurance	Errors and Omissions (E&O)	Varies: Negotiate with overall insurance deal
	Allow \$10,000–\$14,000+ as per legal liability	
Chain of Title	Critical Above the Line (ATL) Contracts: Writers, Director, Producer, Actors, etc.	Consult Production Legal Representative
Combined Dialogue/ Continuity List		Allow \$3,500
Music Licenses	Worldwide rights in perpetuity in all media master, synchronization rights	Varies: Allow as per Music Licensing Budget Range: \$50,000–\$1.5 m +
Stock Footage Licenses	Worldwide rights in perpetuity in all media Range: \$500–\$85,000 +	Varies: Allow \$2,500 for lab, transfers
Code & Vendor Seals	MPAA, Unions (IATSE, DGA, WGA), Dolby/SDDS/DTS, Laboratory, Film Commissions, etc.	Varies: Consult Production Legal for obligations Allow \$20,000

Contact FilmBudget.com (<http://filmbudget.com>) info@filmbudget.com to determine your actual requirements, costs, obligations and negotiating factors. This list is not complete nor is it intended to be. For Sample purposes only.

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Appendix | H

Film Festivals

There are countless film festivals across the county and the world, and new festivals spring up (and fall) constantly. Here is a list of just some of the festivals you might be interested in.

CALIFORNIA

American Film Market

www.afma.com

California Independent Film Festival

caindiefilmfest.org

Film Arts Foundation—San Francisco

www.filmarts.org

Palm Springs International Film Festival

www.psfilmfest.org

San Francisco International Film Festival

www.sffs.org/festival

Santa Barbara International Film Festival

www.sbfilmfestival.org

Los Angeles

City of Angels Film Festival

www.cityofangelsfilmfest.org

Hollywood Film Festival

www.hollywoodawards.com

LA Shorts Fest

www.lashortsfest.com

Los Angeles Film Festival

www.lafilmfest.com

Los Angeles International Film Festival, AFI

www.AFI.com

Mill Valley Film Festival

www.mvff.com

Santa Monica International Film Festival

www.smfilmfestival.com

COLORADO

Denver International Film Festival

www.denverfilm.org

Telluride Film Festival

www.telluridefilmfestival.org

Vail Film Festival

www.vailfilmfestival.com

ILLINOIS

Chicago

Chicago International Children's Film Festival

www.cicff.org

Chicago International Documentary Festival

www.chicagofilmfestival.com

Chicago International Film Festival

www.chicagofilmfestival.com

Chicago International REEL Shorts Film Fest

www.projectchicago.com/

Urbana Roger Ebert's Overlooked Film Festival

www.ebertfest.com

FLORIDA

Florida Film Festival

www.floridafilmfestival.com/

MASSACHUSETTS

Boston

Boston Film Festival

www.bostonfilmfestival.org

Boston Underground Film Festival (BUFF)

<http://bostonunderground.org/>

Independent Film Festival Boston

www.iffboston.org/

NEW YORK

Hamptons International Film Festival

www.hamptonsfilmfest.org

New York Film & Video Festival, Margaret Mead

www.amnh.org/programs/mead/2011/

New York Film Festival, Human Rights Watch

www.hrw.org/iff

New York Film Festival New Directors/New Films

www.filmlinc.com

New York International Documentary Festival, Docfest

www.docfest.org

New York International Film Festival

www.filmlinc.com/

New York Underground Film Festival

www.nyuff.com

Tribeca Film Festival

www.tribecafilm.com/festival

OHIO

Cleveland

Cleveland International Film Festival

www.clevelandfilm.org

PENNSYLVANIA

Philadelphia

Philadelphia Cinefest

www.phillycinefest.org

Philadelphia Film Festival

www.filmadelphia.org

TEXAS

South by Southwest (SXSW)

www.sxsw.com

Texas Film Festival

<http://txfilmfest.com/>

UTAH

Slamdance Film Festival

www.slamdance.com

Sundance Film Festival

www.sundance.org/festival

WASHINGTON

Seattle

Seattle International Film Festival

www.seattlefilm.com

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