

Contemporary Film Industry - A Business Perspective

Offered by: PGP

Term 6

Instructor: Bharathan Kandaswamy

Course credits: 1 (One)

Course Open for:

	PGP+Exchange	FABM	PGPX	FPM
# of students	50	10	5	2

i. Introduction:

To provide a comprehensive insight into the working of the film industry, with special focus on India, from an economic and business perspective, correlating the practices prevalent in the industry with core management concepts in the functional areas of Production, Finance, Marketing, Human Resources and business strategy.

ii. Objective:

The course has been designed to achieve the following objectives:

- To appreciate the unique and differentiated nature of the creative industries such as Film, Television and Music and understand how these differences impact their business.
- To understand the business practices and organizational skills of the film and entertainment industry
- To introduce students to the basic aspects and processes of film production including preproduction and postproduction
- To gain insights into the different businesses that exist within the industry and identify new business possibilities
- To understand how new digital technologies are disrupting the entertainment business
- To familiarize students with the underlying patterns that characterize the industry and provide conceptual tools and techniques for effective business decisions
- To understand the process of setting up a business in the industry and promote entrepreneurship

iii. Pedagogy:

The pedagogy comprises lectures, case-studies, a virtual movie business workshop (assignment) and exercises such as games, role-plays and theatrical exercises. There will be a total of 20 class sessions of 75 minutes' duration.

There will also be one or two sessions where Guest speakers from the Indian movie industry would be invited to share their knowledge and professional experience with students. In the past, we have had Mr. Aamir Khan, Mr Madhavan, Ms. Shreya Saran, Mr. Prahlad Kakkar, Ms. Rita Kothari, Mr Karan Johar, Dhanush and others visiting IIMA and addressing our students.

iv. Evaluation Scheme:

Quizzes	10%
Attendance and CP	15%
Exam	25%
Workshop	50%

Note:

- i. Weightage for CP should not exceed 20 per cent which includes weightage for attendance not more than 10 per cent.
- ii. The weightage of components related to individual assessment shall not be less than 50%.
- iii. There will be minimum three evaluation components for any core or elective course having credit of 1 or more.

v. Course Books/Reference Materials:

- (1) "Hollywood Economics: How Extreme Uncertainty Shapes the Film Industry" by Arthur De Vany (Supplementary reading for Sessions 9, 10, 11 & 12)
- (2) "The Pixar Touch" by David A. Price (Supplementary reading for session on Leadership lessons from Movies)
- (3) "The spirit of Lagaan" by Satyajit Bhatkal
- (4) "The Complete Film Production Handbook, Fourth Edition" by Eve Light Honthaner
- (5) "Film Directing Shot by Shot: Visualizing from Concept to Screen" by Steven D. Katz (Supplementary reading)

vi. Session Plan:

Session 1: Introduction & Overview

- An overview of the global entertainment industry
- Comparison of Hollywood, Indian film industry and French film industry
- Economic contribution of the industry
- Sectors of the industry - Filmed entertainment (movies), Broadcast & Cable television, Music, Online & Mobile entertainment, Theme parks, Animation, gaming -- maturity and life cycle dynamics of the industry.

Session 2: Overview of the Film Industry – Art or Business?

"Nobody knows anything!"

- Is it art?
- Is it a business?
- Film as a product
- Film (making) as a creative process
- Film as a socio-cultural communication tool
- Film as a collaborative art form
- Unique challenges of managing a business which is a blend of art, creativity, technology and management

Sessions 3 – 7 deal with Content Creation in the Film Industry including the technological environment of cinema

Session 3: Preproduction – It's all about choosing your story!

A film must have a beginning, a middle and an end but not necessarily in that order.

- Sourcing the story – role of scriptwriters & directors
- Script development – evolution of screenplay and storyboard
- Sourcing stories through acquisition of book rights
- Stories from remakes of successful movies

Case Study – Golden Studios (A)

This case was prepared by Professor Kandaswamy Bharathan based on his experience of evaluating many scripts for greenlighting movie projects. The Case helps students to learn and weigh the different criteria for evaluating a basket of film scripts based on genres, star power, casting factors, operational challenges and financial considerations among others to assess the viability of a movie investment.

Session 4: Preproduction

My film is finished, only the shooting is left – Steven Spielberg

- Casting – importance of casting for your movie
- Auditions
- Script reading workshops
- Location scouting – the creative vs business conflict
- Music in Bollywood films – do we need 6 songs in a movie?
- Planning a period/historical movie
- Art department and its role in pre-production
- You have to look the part! – planning your costumes
- Preparing the preliminary budget for the Movie
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Case Study of Jodha Akbar

This 2007 movie is a historical film, set in the 16th century focuses on the life of Jodha, a Rajput princess who gets married to Emperor Akbar. The film is an excellent case study on issues involved in the planning of historical/period films and visualization of sets and costumes of a by-gone era which we know only from history books.

Session 5: Production dynamics

- Scheduling production activities
- Relevance & application of PERT/CPM as project management tools
- Role of production managers
- Managing production related risks on the set
- Concept of output in movie industry, challenges in measurement
- Defining 'quality' of a film – creative quality and technical quality
- How does the Audience perceive quality of a movie?
- Production values of a movie – concepts of High and Low production values

Case study of the movie Roja (1993) – Prepared by Prof Kandaswamy B.

Roja was produced by Kavithalayaa Productions in 1992/93. The film won 4 National Awards including for its Music and was responsible for bringing both Mani Ratnam and A.R. Rahman to the national stage. The film is also noteworthy for exploring the use of management tools such as PERT to reduce production time and costs.

Session 6: Technological environment of cinema

- Film production technologies
- Analogue cinema, digital cinema and electronic cinema – technology evolution and business impact
- Challenges in adoption of digital cinema technology

Dolby Labs video on Digital cinema technology

Session 7: Postproduction

- Description of Post-production processes
- Editing – role of editing in the making of films
- Editors – the unsung heroes in our movies!
- Non-linear editing – hardware and software
- Dubbing vs live sound – sound effects recording --- background music rerecording
- Computer graphics imagery (cgi)
- Final mixing
- Studio Investments – in-house production vs. outsourcing decisions

Case study of film “Robot (2010)”

Demo videos illustrating concepts in post-production of films – examples from Gravity, Avatar, 2012, Transformers and Krish 2 would be played in class.

Section B: Finance & Risk management

The next 4 sessions deal with Financing of films and understanding/management of risk

Session 8: Risk & Uncertainty

There is no such thing as a risk-free movie

- Concepts of risk and uncertainty in Film business
- Understanding “risk in films” -- elements of financial risk, production risks & business risks
- Hedging mechanisms – Evolution of film insurance and their effectiveness
- Managing the risk-reward function – creative decisions which impact risk
- Bose-Einstein process and adaptive contracting model as applied to Film industry

Session 9: Finance & Control

Every creative decision in your movie has an economic impact!

- Budgeting as a control tool

- Fixed costs and variable costs
- Creative impact on production costs -- costing methodology & variance analysis
- Managing cost overruns in film projects
- Setting appropriate ROI based on the project

Session 10: Financing strategies:

I have the story; can you find me the money?

- Traditional sources of funds
- Equity funds
- Debt funds
- Presales (of rights) as a risk-free source of funds
- Role of banks after recognition of film industry
- IDBI & Exim Bank in film funding – challenges in obtaining institutional funding – cost benefits of institutional funding
- Financial sanitization of the industry – evolution of new accounting principles
- Equity financing -- Role of PE (private equity) in Indian film industry -- Venture capital funding
- IPOs in Film sector
- Financial analysis of listed entertainment companies

Case study of Zee Entertainment Network – the focus of this case is on the financial analysis and understanding of film accounting practices.

Session 11: IP and Valuation aspects

Where are the land and buildings?

- Concept of Assets in the entertainment industry
- Creative assets (IP) & Technical Assets
- Building a diversified Film library
- Leveraging creative infrastructure
- IP in films & music
- Valuation of IP – DCF method & Alternate methods
- M & A in the Indian entertainment sector – Caselets of Reliance Big Cinema, UTV with Disney and others

(A case study on IP valuation is currently being written by Prof Kandaswamy B.)

Section C: This Section (Sessions 12 – 15) deal with Marketing of movies

Session 12: Film Marketing

Do you know what your customers (audience) want?

- Film marketing concepts – Marketability and Playability
- Market segmentation – does this work in films?
- Product positioning – understanding regional and national markets
- Importance of rural markets in India
- Consumer behavior – understanding the audience mindset
- Creating a sense of urgency
- Cross-cultural factors – leveraging India's cultural diversity

Case-study of “Muthu- Dancing Maharaja” – Case prepared by Prof Kandaswamy B.

Session 13: Value Chain in Film Industry

Where is the money, honey?

- Understanding the Film business value chain
- Pricing decisions
- Cost-plus and Market based pricing models
- Brand based pricing model
- Multiple revenue streams -- theatrical, home video, cable & broadcast television, overseas rights, music, pay TV, internet rights, mobile & wireless platform
- Dubbing & remake rights – *a good source of revenue only if.....*

Session 14: Distribution

You can put your movie on a 1000 screens but you cannot make people like it!

- Distribution of films – trends in distribution
- Role of technology – digital disruption and its consequences
- Pareto model – 80/20 analysis
- Long tail theory
- Role of sales agents & distributors
- Identifying the right distributor for your product
- Distribution contracts – *Can you have the cake and eat it too?*
- The multiplex revolution
- Recent trends in film distribution

Case Studies of some Blockbuster films such as Shah Rukh Khan's “My name is Khan” and Rajanikanth's ‘Robot’ along with two low profile films such as Lunchbox, Kahani etc.

Business videos on Film Distribution based on Hollywood movies will be shown in class

Session 15: Advertising & Promotion

I have two stars in my movie, do I really need promotion?

- Advertising and promotion strategies
- Your movie must become a Brand
- Print, Television, Radio & OOH
- Role of Trailers, Posters and POS materials in Movie screens
- Product placement and its role in promotion
- Promotion on Internet and Mobile platforms
- Importance of Social media –How film marketing involves Facebook, Twitter, Instagram & YouTube channels

Session 16: Guest Speaker session

Session 17: New Media platforms

These are exciting times for the Film industry!

- Emergence of “new media” for content delivery
- Mobile entertainment with VAS & 3G/4G technologies
- Broadband internet – Home video
- Pay TV and Video on demand (VOD)
- IP television
- Opportunities and challenges in monetization of content
- Changing landscape of media & Entertainment industry

Videos on how the business is changing dynamically as told by industry experts would be used in class

Session 18: Leadership lessons from Film industry

The Director is the captain of the ship!

- Human Resource Management without an HR department!
- The Director is the first among equals
- Managing creative resources
- Managing technical resources
- Managing diversity in your teams – educational, economic and cultural
- Motivating through passion and shared vision
- Leading from the front but patting your back

Videos from selected scenes of movies such as ‘Behind Enemy Lines, Apollo 13 (Failure is not an option), Any Given Sunday providing leadership styles would be played in class

Session 19: Legal & Regulatory environment

Agreements get better results than Arguments

- Legal aspects of the business – Copyright & Trademarks
- Intellectual Property protection
- Movie piracy, a global challenge
- The fight against piracy – no holds barred!
- Negotiation of contracts for artists & technicians
- Film distribution and exhibition contracts
- Recent developments in legal aspects of Copyright for Creative sector

Session 20: Summary and review

What is it like to work in the Creative industry?

- Trends in corporatization and professionalization of Film industry

- Opportunities & challenges for management professionals in the industry
- Developing your networking skills
- Potential employers in entertainment sector
- MBAs in the Entertainment industry – there is plenty of room still...

vii. Pre-requisites & Eligibility:

None

viii. Relationship to other courses:

None