Course Number: MMA 804
Course Name: Leading Change

Assignment Name: levelFILM – A Targeted Path to Film Portfolio Success
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Order of files:

Filename	Pages	Comments and/or Instructions
Levelfilm – Acquisition Strategy.docx	14	
804 Project_Main.ipynb		Python for the model

Additional Comments:

0. Executive Summary

To: Evan Attard, Manager of Sales Strategy, levelFILM Inc.

From: Team Gordon Consulting Inc.

Date: April 25, 2025

Subject: Recommendations on Film Acquisition Strategy

Since 2013, levelFILM has relied on a fixed genre allocation to compete. However, with increased market competition from the “Big 5” and changing consumer trends and preferences it is not a favourable market for levelFILM. Recent underperformance of drama acquisitions underscores the limits of intuition alone.

Data from the IMDb Top 1000 and levelFILM’s own history reveal that micro-budget (<$5 M) and indie ($5 M–$20 M) films deliver stronger average ROI than blockbusters (> $20 M). Seasonal peaks in late fall/winter and summer further highlight the importance of release timing, while talent influence and niche language markets (e.g., Hindi, German). These insights point to four priorities: disciplined investment in smaller-scale projects, timing releases to seasonal demand, incorporating talent valuation, and diversifying by demographic segment.

Over the next twelve months, we will design and deploy an ROI scorecard mechanism based on budget tiers, talent coefficients, demographic appeal and seasonality. The model will undergo continuous refinement based on actual performance and industry trends. Additionally, we will create an executive dashboard that tracks projected versus actual ROI that will be refreshed daily, and automatically flags any deviations beyond our tolerance bands, and delivers a concise weekly variance report for leadership’s review.

From year two onward, this framework will become an integral tool to aid in the decision making and strategic positioning at levelFILM. Streaming-performance signals and early audience feedback from theatre and digital partners will feed scenario simulations, enabling leadership to model thousands of “what-if” acquisition strategies. Dynamic rules will cap exposure to high-volatility genres and languages, and trigger budget reallocations if opening-week revenues fall below thresholds.

By embedding a continuously learning optimizer at the core of your acquisition process, levelFILM can turn market volatility into a competitive edge. Predictive models, real-time dashboards and disciplined risk controls will make ROI more predictable, protect capital and position levelFILM for sustainable growth in Canada’s dynamic distribution landscape.

1. Introduction to levelFILM

Established in 2013, levelFILM is an independent Canadian film distributor that specializes in acquiring and distributing independent films. As the middleman, the levelFILM's selections dedicate which films end up being viewed by the end customers, whether in theatres or through streaming services across Canada. Currently, levelFILM is using a diversified approach in its film selection based on its internal expertise and knowledge of industry norms, resulting in the following acquisition methodology: 35% Drama, 30% Comedy, 15% Romance, 13% Thriller and 7% belonging to miscellaneous genres. With the increased competition present in the film distribution industry, this static approach to film acquisition prevents levelFILM from selecting films that best align with viewer behavior and preferences. For levelFILM to be sustainable, they need a data-driven strategic approach to acquiring films that will optimize their returns.

2. Film Industry

The film distributor industry is experiencing numerous hurdles that make it difficult for smaller independent distributors to be successful. Currently, the industry is being dominated by the "Big 5" production companies (Walt Disney Studios, Paramount Pictures, Warner Bros, Universal Studios and Sony Pictures), which have exclusive rights to their productions and are choosing to use their in-house distributors instead. This dynamic creates an imbalance of high budget films that have popular franchise content, high-profile actors and directors, that cannot be accessed by independent distributors.

The industry's high capital requirements also give larger distributors an unfair advantage, as they can absorb substantial losses from failed acquisitions. In fact, our internal analysis of historical movie data shows that 30% of films operate at a loss, and of those that turn a profit, only 13% achieve blockbuster status. This volatility arises because film performance is dictated by consumer preferences—unpredictable and ever-changing. As a result, market uncertainty and extreme swings in returns create another barrier for independent distributors with smaller budgets.

3. Need for Change

With recent drama acquisitions underperforming relative to expectations, this is signifying the need for change in levelFILM's acquisition strategy. levelFILM's static approach is exposing it to the risks associated with the unpredictability of viewer preferences and overall volatility in the industry. This is consistent with our overall analysis using the Customer Value Map (see Appendix – Exhibit I), where we noted the value add levelFILM is providing is mostly "Not Competitive". We found there is no customization on levelFILM's end on catering their film selections based on viewer preferences regarding directors, actors, genre preferences (during specific seasons), cultural or demographic relevance.

levelFILM's one-size fits all approach is putting them at a disadvantage in a market that is already very competitive and high capital driven. Failing to understand viewer needs and preferences, levelFILM will continue to acquire underperforming films and risk losing critical theatre and streaming partnerships. For levelFILM to survive in this market, it needs data powered film acquisition model and insights, that factors industry trends and viewer preferences. This will not only allow them to predict and acquire films with high ROI potential but identify insights that can influence their daily business rules and decisions to best maximize their budgets, ensure long-term viability and growth.

4. Analysis

The analytical approach we've applied integrates essential frameworks from the Leading Change course, specifically focusing on Root Cause Analysis, Propensity Modeling, and Portfolio Optimization, to systematically tackle levelFILM's underlying challenges. Supporting visual analyses are included below. Note, additional external data source was utilized to generate these insights, including IMDb Top 1000 Movies and TV Shows dataset from Kaggle (Harshit Shankhdhar, 2021).

As noted in our Strategy Road Map (see Appendix – Exhibit II) analysis, it identifies a few key gaps driving levelFILM's current challenges. First, market volatility driven by rapid shifts in audience preferences and strong seasonal effects, makes it difficult to predict which films will succeed. Second, limited access to capital prevents levelFILM from building a diversified portfolio, meaning each investment carries outsized risk. Finally, decision-making processes rely too heavily on intuition rather than predictive analytics, leaving the company vulnerable to external shocks like changing trends or unforeseen controversies.

The current strategic approach at levelFILM shows critical gaps. Without structured analytical frameworks, film acquisitions yield inconsistent results. Key analytical dimensions, notably talent influence (actors/directors) and demographic targeting, have been systematically overlooked despite clear evidence of their significance. Moreover, investment strategies overly focus on drama and comedy, neglecting potentially lucrative niche genres and international market segments such as action and horror.

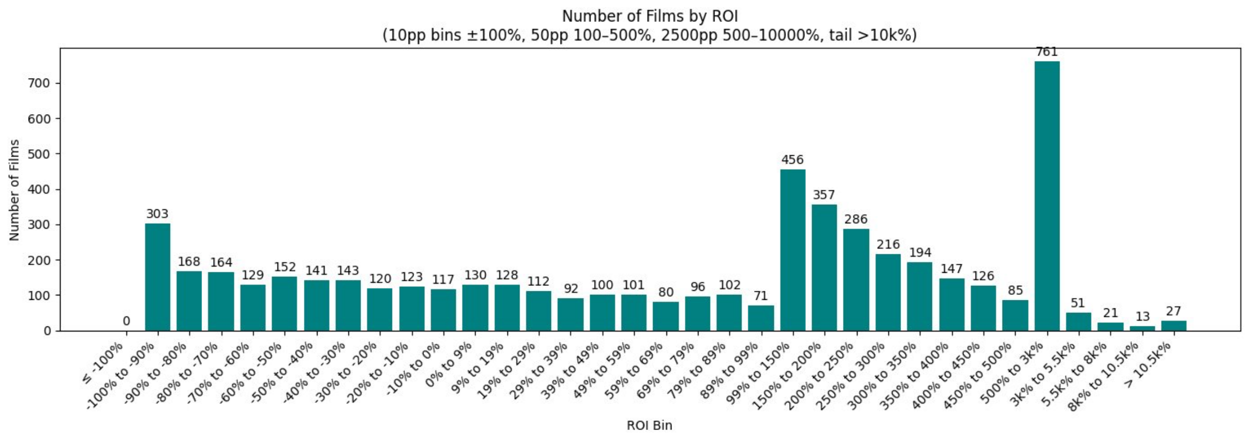

Figure 1: This figure categorizes films into micro-budget (<$5M), indie ($5M-$20M), and blockbuster ($20M+) tiers, showing average ROI for each group. The data highlights that micro-budget and indie films consistently outperform higher-budget productions in ROI, supporting a strategic emphasis on smaller-scale projects.

Considering levelFILM's limited resources and industry volatility, we strongly advocate a diversified portfolio strategy rather than relying heavily on high-risk blockbuster films. Historical industry data consistently highlights the wide variance in box office performance, underscoring the importance of diversification to manage risk effectively. Implementing quantitative screening tools, like ROI Scorecards based on historical film performance (Figure 1), will enable systematic evaluation of each film's revenue potential and profitability. The ROI performance across budget tiers (Figure 1) highlights that micro and indie films deliver stronger returns relative to larger-budget films, supporting a strategic focus on smaller-scale projects.

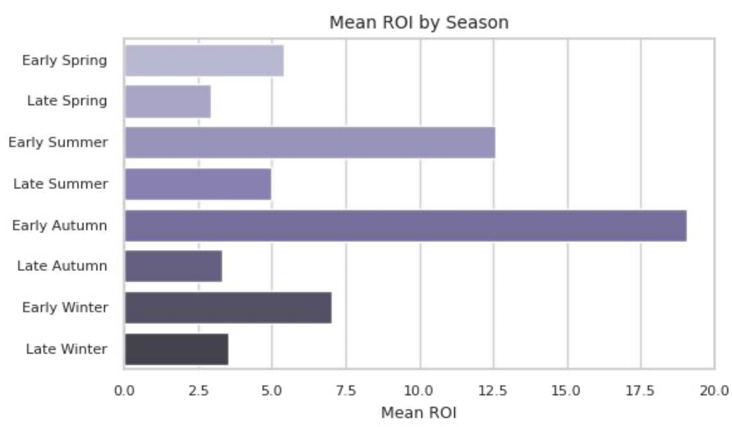

Figure 2: This graph plots box office performance across different release months, identifying seasonal peaks in profitability. Major surges are visible around award seasons (late fall/winter) and summer months, indicating that strategic release timing can materially boost returns.

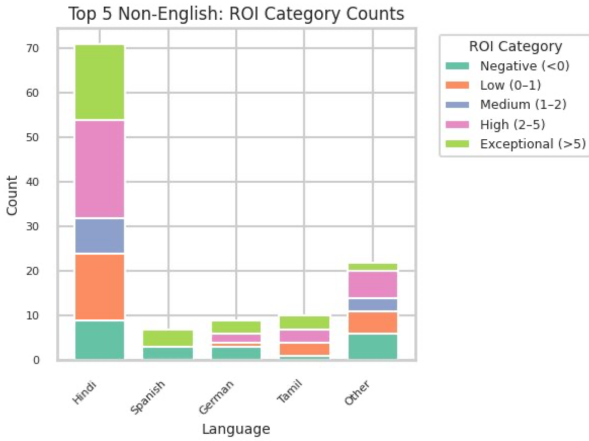

Figure 3: This analysis breaks down film performance by primary target language groups, showing that films targeting Hindi and German-speaking audiences achieve higher average ROIs compared to mainstream English-language films.

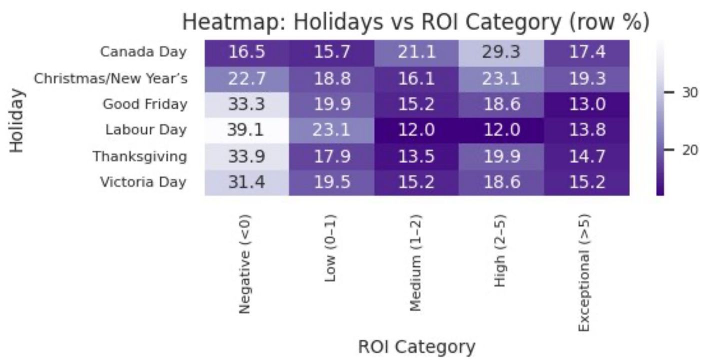

Figure 4: This figure presents the impact of releasing films around major holidays, revealing clear revenue uplifts that support the importance of aligning release strategies with key calendar events.

Strategic decision-making will be significantly enhanced through actionable insights on talent influence (Figure 3), demographic targeting (Figure 4), and optimal timing of film releases (Figure 2). The Seasonality Analysis (Figure 2) reveals that release timing has a considerable impact on box office performance, with peaks around award seasons and major holidays, indicating that strategic timing can materially boost profitability. The Talent Impact analysis (Figure 3) demonstrates that films associated with top-tier actors and directors exhibit higher ROI, suggesting that incorporating talent valuation into acquisition decisions can enhance expected returns. Meanwhile, the Demographic Targeting insights (Figure 4) show that films aimed at specific international demographics, such as Hindi and German-language markets, achieve higher profitability relative to general market releases.

Establishing a dynamic workflow that regularly integrates updated market and performance data will maintain adaptability, ensuring long-term strategic effectiveness and resilience.

Additional industry research and insights from subject matter experts will assist in reinforcing our recommendations. The success of independent distributor A24 exemplifies how a diversified portfolio, supported by strong audience analytics and strategic niche acquisitions, can yield exceptional results. Current market trends further validate increased profitability potential from micro-budget and niche genre films, especially those with strong international appeal. Notably, industry data showing that only 13% of films become blockbusters emphasizes the critical need for disciplined, analytical film selection processes to manage inherent risks.

Our recommendations are firmly supported by extensive data analysis. These insights strongly indicate higher returns from micro-budget and indie films (Figure 1), strategic advantages of timing releases (Figure 2), and positive impacts of key talent (Figure 3). Furthermore, demographic analyses demonstrating robust returns from Hindi and German-language films (Figure 4) justify targeted diversification efforts.

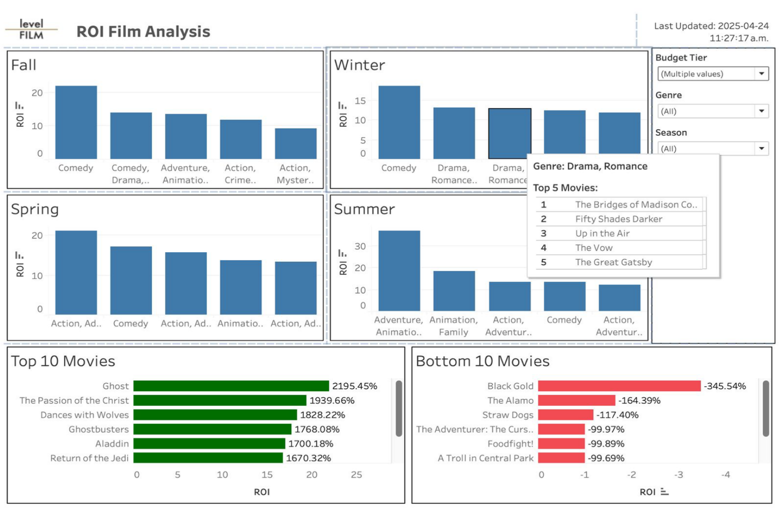

Figure 5: A sample design of a real-time dashboard that consolidates ROI metrics across budget tiers, talent involvement, demographics, and seasonal factors. The dashboard supports agile decision-making and continuous strategic optimization.

Implementing an analytics dashboard, as proposed in (Figure 5), will facilitate ongoing tracking of ROI across critical strategic areas. The dashboard will allow levelFILM to monitor performance by budget segments, talent involvement, demographic targeting, and release timing in real-time. As noted in our Operating Plan (see Appendix – Exhibit III), this centralized system will provide leadership with immediate access to key metrics, enabling rapid, data-driven strategic adjustments and improving overall portfolio management.

Ultimately, adopting an analytics-driven diversified portfolio approach will substantially reduce risk, improve ROI predictability, and sustainably position levelFILM in the dynamic film distribution landscape. Systematic application of quantitative selection criteria, portfolio optimization techniques, and actionable business insights, backed by robust historical analysis and real-time market data, will provide a competitive advantage and stable operational foundation for the company.

5. Recommendation

The analysis reveals that immediate gains lie in better screening and tighter risk controls, while long-term advantage depends on an adaptive portfolio engine.

Short-term (0–12 Months)

The immediate priority is to build and deploy an ROI Scorecard that weaves together budget tier, talent coefficients, demographic appeal, and seasonal release timing. Scorecard metrics will refresh daily and roll up into concise weekly summaries so leadership can monitor variance trends in near-real time. In parallel, a dashboard will compare projected versus actual ROI for every acquisition and issue instant alerts whenever performance drifts outside predefined tolerance bands. To validate the model's predictive strength, levelFILM will green-light a micro-budget slate of five films, deliberately diversified by genre and language and track their outcomes against forecast benchmarks. As such, the short-term plan focuses on the tactical priorities outlined in our Strategy Roadmap (see Appendix – Exhibit II) and Operating Plan (Appendix – Exhibit III), where we emphasized the importance of the ROI scoring model, performance monitoring dashboard and A/B testing approach.

Long-Term (12–36 Months)

In the next 1 to 3 years, evolve today's optimizer into a full decision-support platform capable of simulating thousands of acquisition scenarios, powered by inputs such as streaming-performance data. In parallel, strengthen relationships with theatres and digital services so levelFILM receives early audience signals before and during release windows. This will help the dashboard become an executive overview that shows core KPI's like portfolio variance and cumulative ROI. As such, aligning with the vision outlined in the Strategy Roadmap (see Appendix – Exhibit II) and continued importance on refining strategies to reflect market trends. Giving leadership a clear, forward view.

We will also mitigate risks by using three safeguards: diversified genre and language exposure; budget caps tied to historical volatility bands; and dynamic rules triggered by dashboard alerts if opening-week revenues fall below modeled thresholds.

Barriers to Effective Change

To survive in this rapidly competitive environment, change is not an option but is a requirement to stay relevant. One of the significant barriers levelFILM may face in executing our data-driven recommendation is the lack of existing data analytics tools and resources. We recommend the company invest in this area, as it will propel the company's strategic vision but will equip it with the tools to make data-driven decisions.

6. Conclusion

Using a data-driven portfolio and rolling out dashboards in stages, with tight risk guardrails baked in, levelFILM can turn market volatility into an edge. The optimizer at the heart of this strategy is fully dynamic: each new release feeds fresh performance data back into the model, refining its scenario simulations and decision rules. Insights from our initial test and learn stage will help in the next iteration of both the optimizer and the executive dashboard, ensuring each tool evolves alongside market signals. When every acquisition is backed by hard data and the learning loop never stops. ROI becomes far more predictable, capital stays protected, and the company builds a strong portfolio of films.

7. Appendix

Exhibit I – Customer Value Map:

Attribute	**Not Competitive**	**Somewhat Competitive**	**Very Competitive**	**Regional Best**
Production Quality (i.e. notable Directors)	X – levelFILM's current film selection does not consider directors as part of their acquisition decisions.			
Presence of high –profile Actors	X – levelFILM's current film selection does not consider actors as part of their acquisition decisions.			
Genre Preferences	X – levelFILM's current genre selection is not tied to customer preferences (i.e. certain genre are favoured during certain times of the year).			
Story & Artistic Quality of Film		X – levelFILM does not target the flashy blockbuster films, instead they attempt to select films with a more focus on storytelling and artistic creativity.		
Cultural /Demographic Relevance	X – levelFILM's current selection does not differentiate the languages/cultural association of films.			

Exhibit II – Strategy Roadmap

Where will we play? Who is our customer ?	**Who is your company?** levelFILM is an independent Canadian film distributor based in Toronto. Currently they distribute mostly drama, comedy, romance and thriller films to Canadian theatres and streaming services. levelFILM's customer base consists of filmgoers that want high-quality independent content with captivating storytelling and artistic creativity.		**Vision & Goals** To create a data-driven acquisition strategy which aligns with customer preferences while ensuring levelFILM generates a high ROI.
How will we win? What does that customer want?	**Gaps, Needs & Challenges** Acquisition selection is based on the generic approach (Drama –35%, Comedy – 30%, Romance – 15%, Thriller – 13%, Other – 7%), it is not catered to customer preferences (i.e. actors, directors language). The current acquisition strategy is based on judgement instead of industry and customer data insights. Lack of seasonal based selection for film genres.		**Tactics & Projects** Implement ROI scoring model to predict and acquire which films will generate the highest returns. Design business rules and constraints based on the data insights (i.e. optimal genre splits during specific seasons). Utilize a ROI dashboard as a quality check to oversee whether acquired films are performing against expectations. Perform A/B tests to refine model performance. Combine industry research and insights from subject matter experts to validate and assess data findings.

Exhibit III – Operating Plan

Opening Remarks:

Powered by data-driven insights, levelFILM will successfully predict and acquire high earning films to be further distributed to its theatres and streaming service partners.

Given the increased levels of competition, high volatility and high capital requirement, the film industry is very challenging to compete in. Our new strategy will allow levelFILM to select films most likely to be successful, better target their customers, while optimizing their internal budget constraints.

Company Goals:

- Film acquisition aligns with evolving viewer preferences and market trends, through the use of data insights and the formal ROI model.
- Diversify the film selection (i.e. across genre, languages and budget tiers) to better target customers while mitigating overall portfolio risk.
- Use data insights identified to further guide business rules, decisions and constraints for levelFILM (i.e. strategic genre selection during specific time of the year)
- Use Dashboard as a quality check mechanism to monitor acquired film performance.

Divisional Targets:

- Average ROI will increase by at least 10% at year-end.
    - If not, we encourage you revise the approach and select the top 5% of top performers per genre.
    - If met, continue to monitor performance.
    - If exceeds, it indicates the model is performing strong.

Financial Summary:

- Planned film acquisition budget is $1M, given the average film costs $50,000 to $75,000.
- Target metric of at least 10% increase in ROI.

Key Operating Indicators:

- Average ROI increase across the portfolio
    - Predicted at Start of the Year - Jan 1: 5%
    - Target at Year-End - Dec 31: 15%
- Percentage of film acquisitions using data-driven approach
    - Predicted at Start of the Year - Jan 1: 0%
    - Target at Year-End - Dec 31: 100%
- Percentage of films released during the peak seasons
    - Predicted at Start of the Year - Jan 1: 25%

- Target at Year-End - Dec 31: 60%

Projects in This Plan:

1. Phase 1 - Implement the ROI-score based model for film acquisition
   a. Project Lead: Evan Attard (Sales Strategy Manager, levelFILM)
   b. Project Budget: $70,000 CDN (data tool, staff training)
   c. Targeted Completion: May 2025 (assuming start in January 2025)

2. Phase 2 - Apply data insights to business rules, decisions and constraints
   a. Project Lead: Evan Attard (Sales Strategy Manager, levelFILM)
   b. Project Budget: N/A - leveraging existing resources, no incremental cost will be incurred.
   c. Targeted Completion: N/A - this will be completed throughout the year.

3. Phase 3 - Expand and diversify the film portfolio
   a. Project Lead: Evan Attard (Sales Strategy Manager, levelFILM)
   b. Project Budget: N/A - leveraging existing resources, no incremental cost will be incurred.
   c. Targeted Completion: N/A - this will be completed throughout the year.

4. Phase 4 - Develop real-time ROI performance dashboard for monitoring film performance
   a. Project Lead: Data Analytics Manager
   b. Project Budget: $30,000 (development of dashboard and reporting tools)
   c. Targeted Completion: July 2025

Roll Out Plan:

- Communication Strategy:
  - Who: The above operating plan will be first communicated internally to the following stakeholders: Sales Strategy Team, Data Analytics Team, and Executive Leadership Team. Once internal staff are on board, a more high-level announcement will be made to levelFILM's key partners (i.e. Theatres, streaming service platforms) on upcoming changes.
  - Where/When: Strategy change should be initially introduced during a mandatory company townhall meeting and should be continuously communicated through other platforms (i.e. quarterly meetings, memos, emails).
- Challenges/Resistance:
  - Potential resistance from management or staff who traditionally acquired films based on judgment and industry knowledge.
- 20/70/10 Rule:
  - 20% Early Adopters – Sales Strategy Team Leaders (i.e. Evan) and Data Analytics Team
  - 70% Majority – Sales Strategy Team and levelFILM management team
  - 10% Resistors – Staff that believe in the legacy approach.

References

Kaggle. (2021). *IMDb Dataset of Top 1000 Movies and TV Shows* [Dataset]. Retrieved from https://www.kaggle.com/datasets/harshitshankhdhar/imdb-dataset-of-top-1000-movies-and-tv-shows