

Workaround for *The Hollywood Reporter's* "The Going Rate"
(For readers of *Getting the Money: A Step-by-Step Guide
for Writing Business Plans for Film* by Jeremy Juuso)

Since the book was readied for publication, *The Hollywood Reporter* revised the format, and then apparently ceased publication, of its "The Going Rate" chart. I provide here an alternative solution utilizing Stacey Parks' Film Specific sales projections. They can be accessed at www.filmspecific.com for a monthly fee of \$24.99. (I receive no kickback or free or discounted services in exchange for this recommendation.)

As of the time of this writing, the text preceding some of the Film Specific projections may alarm you because of typos and references to the 2007-2008 writers' strike. However, I checked with Ms. Parks about the projections themselves and she stated that they are updated quarterly and based on market intelligence. She has 7+ years experience as a foreign sales agent. Her bio can be found at www.filmspecific.com/public/department86.cfm.

Three things to keep in mind as you use the sales projections from Film Specific (or any other source, for that matter) in conjunction with *Getting the Money*:

1. The film for which you are making projections is presumed to be successful (see p. xvi of *Getting the Money* for what "successful" means). This implies films with no significantly name actors will be extremely highly sought-after when compared with unsuccessful films having no significantly name actors. (See *Getting the Money* pp. 168-169 for criteria on significantly name actors.)
2. Net Foreign Receipts for a successful low-budget American independent film should rarely, if ever, approach its Net Domestic Receipts. (See *Getting the Money* pp. xi, xii, 5 for relevant definitions.) That is, the crux of your business plan's financial success should not rest on foreign receipts. Generally speaking, successful low-budget American indies generate the bulk of their revenues for investors from the domestic market.
3. Working with a bona fide foreign sales agent (not one who charges a fee upfront in exchange for repping your film) to estimate a Foreign Gross tailored to your particular situation will far supersede general sales projections such as the ones provided by Film Specific or a trade magazine. The trick, of course, is that many foreign sales agents will not work with you unless you are bringing a partially funded project to the table.

STEPS 2F, 2H, and 2I (pages 11, 12, and 13) – In these three steps you are creating your "Low Success," "Medium Success," and "High Success" Foreign Gross projections. If the budget of your film is less than, or equal to, \$3 million, used the Film Specific \$1 million-\$3 million sales projections. Even if your budget is below \$1 million, use the \$1m-\$3m projections.

Remove the U.S. as a territory, since *Getting the Money* explains in detail how to compute each slice of domestic revenue. Add up the amounts in the low and high columns for the remaining territories (or just add up the all the low and high numbers separately, if you cannot see any columns). This leaves you with a corresponding “Low Total” and a “High Total.”

Additionally, for each territory, take the average of the low and the high to generate a middle amount. For instance, if the range of values for the U.K. were \$75K-\$125K, your middle amount would be \$100K, or \$100,000, since $(\$75K + \$125K)$ divided by 2 equals an average of \$100K. Total these middle amounts in order to generate a “Medium Total.”

If your budget is above \$3 million, multiply it separately by 20%, 40%, and 60%, and record each of these separate results as “Temp Low,” “Temp Mid,” and “Temp Hi.” For example, if my budget were \$5 million, the result of my multiplications would be:

$$\begin{aligned} \$5 \text{ million} \times 20\% &= \$1.0 \text{ million (my "Temp Low")} \\ \$5 \text{ million} \times 40\% &= \$2.0 \text{ million (my "Temp Mid")} \\ \$5 \text{ million} \times 60\% &= \$3.0 \text{ million (my "Temp High")} \end{aligned}$$

If Temp Low is less than, or equal to, Low Total, then leave Low Total alone. Otherwise, change your Low Total to equal your Temp Low. In the instance above, if my Low Total were \$200K, then I would change Low Total to equal a new Low Total of \$1.0 million. And if my Low Total were \$1.3 million, I would leave my Low Total at \$1.3 million. Do this same kind of comparison, changing Totals if necessary, for Temp Mid and Medium Total, and for Temp High and High Total.

Now you should have final Low, Medium, and High Totals. For each total, multiply by 0.75 or not if the film’s actors are significantly name or not (see pages 6, 173-174), and the result is your “Foreign Gross” for that specific scenario, “Low Success,” “Medium Success,” or “High Success.”

Don’t forget to adjust your resulting Foreign Gross total in each case by the same amount you adjusted your Medium box office and home video figures, if you ended up adjusting those figures at all – see page 11, fourth paragraph for a reminder. And remember, Temp Low, Mid, and High are just temporary totals used to calculate Foreign Gross.

STEP 1E (page 6) – Here you are establishing a “Foreign Gross” for each comparable film.

Check the budget of the comparable film you are working with and go through the steps above using the comparable film’s budget in place of your own budget. Once you have a Low Success, Medium Success, and High Success Foreign Gross calculated for your comparable film, throw out the Low and Medium numbers and only use the High Success number as its Foreign Gross. In other words, you will have only one scenario

you are dealing with – not Low, Medium, or High, but that of finding a Foreign Gross for you particular comparable film. Also, do not perform the adjustment mentioned in the last paragraph, as it does not make sense in the context of a comparable film.

DOCUMENTARIES – If you choose to use the Film Specific documentary all-rights projections, the above procedure holds, except that instead of distinguishing between films budgeted above and below \$3 million, your cutoff would be films above and below \$1 million.

SOURCES – The above analysis is based on examining past issues of *The Hollywood Reporter's* “The Going Rate,” as well as other public and non-public industry sources.

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