

# CASE STUDIES

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### Overview

Case Study #1:	<b><u>(\$154,937)</u></b>
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Case Study #4:	<b><u>(\$35,894)</u></b>



## CASE STUDY NOTES

The SCP case studies compare recently executed commercial projects using traditional processes vs. the cost savings that could have reasonably been achieved using SCP. The model works for either location and/or studio as described by the case studies. The case study metrics are based on:

- Original and actual completed productions.
- Same director & DP fees in original and case studies.
- Same skill level in production, art department, technical crew, etc.
- SCP entity production budget contains double casting in both original location and tax incentive state.
- Talent and agency compensation are projected.
- 18% SCP entity production fee vs. varying original production fees 20% and up.
- Client, agency and production travel projected.
- Assumes early stage volume to achieve cost and production fee reductions. Costs can decrease and values increase with greater economies of scale.
- NC and GA state tax incentives as of June 1, 2011.

The SCP model is considered non-mandatory and is not applicable to all projects. The model will benefit those projects whose creative and logistical characteristics can appropriately take advantage of the SCP capabilities.

The case studies here use Georgia and North Carolina as production incentive states. Other states with similar production incentives may be plugged into the model.



## Case Study

### #1

## Project Specifications

- **CASTING:** (3) hero/principal women, (7) extras. Clear, flawless skin.
- **TYPE:** Real body and beauty types, not model. Appear 30 yrs old.
- **WARDROBE:** Stylish age related, walking down street casual.
- **LOCATION:** "Anywhere USA" urban/city.
- **SET:** Stylized, moist feeling limbo behind skin close-ups.
- One (10) hr tech, one (12) hour location day and one (12) hr studio day.
- Over scale hair and makeup. Climate effects on location.

This beauty product project was created by a NY Agency. It was produced in Los Angeles in studio and on location. Agency and client traveled to LA for the production.

The commercial featured three actors using topical moisturizing lotion. Location was urban buildings and required "dry" effects transitioning to rain and wind effects with attendant streetlight treatments.

#### ON-SCREEN TALENT

The SCP/NC budget includes casting for LA and the NC/eastern seaboard areas. The SCP/NC budget assumes that all principal talent would travel from LA to NC. Extras are cast from the NC/eastern seaboard pool. Talent session fees are incentive qualified and budgeted here slightly over-scale. Talent travel costs and additional session fees can be reduced or eliminated if principal cast came from the NC/eastern seaboard casting session or if NY was cast instead of LA. Talent extra fees were included in the case study.

Union on-screen talent residual/reuse strategies are factored into the case study. Further descriptions and explanations of the SCP on-screen talent strategies are available upon request.

The SCP talent strategies also work for non-union talent buyouts.

#### TRAVEL

All budgets include agency and client travel. These costs are not traditionally reflected in the production company budget but qualify for the tax incentive so they are projected. Projected travel is for 5 agency and 3 clients calculated for 4 nights of hotels.



## **Case Study**

### **#1**

## **Project Specifications**

**(Continued)**

#### **CREATIVE COMPENSATION**

Creative compensation also qualifies for state tax incentives but was not factored into this case study.

#### **POST PRODUCTION**

Post Production qualifies for tax incentives including editing, graphics, special effects, music and other services. Post Production wasn't factored into the case studies.

#### **SUPPORTING DOCUMENTATION**

All supporting cost, expense and tax calculation detail is available upon request.



## Case Study #1

SUMMARY OF ESTIMATED PRODUCTION COSTS			<u>Original</u> LA	<u>SCP</u> NC
1 Pre-production & Wrap Costs	Totals A & C		83,109	85,375
2 Shooting Labor	Total B		104,136	96,641
3 Location and Travel Expenses	Total D		26,120	18,220
4 Props, Wardrobe, and Animals	Total E		37,000	24,300
5 Studio & Set Construction Costs	Totals F, G, & H		9,800	9,750
6 Equipment Costs	Total I		30,270	28,660
7 Film Stock Develop and Print	Total J		12,500	12,000
8 Miscellaneous	Total K		1,200	500
9 Sub-total A to K			304,135	275,446
10 Director/Creative Fees	Total L		38,000	38,000
11 Production Fee			69,951	48,149
12 Prod. Travel Costs & Expenses			22,500	8,000
13 Talent Costs & Expenses**	Total M & N		133,459	154,726
14 Creative Compensation				
15 Agency & Client Travel Costs*			23,500	18,500
SUB-TOTAL			591,545	542,821
NC Tax Credit*				(108,213)
*Projected **Extended	Grand Total		591,545	436,608



## **Case Study**

### **#2**

## **Project Specifications**

- **CASTING:** One mother, three babies
- **WARDROBE:** Appropriate for mother and babies
- **LOCATION:** Upper-middle class home interior and lawn exterior
- One (12) hr and one (10) location day in NY area
- Mother and baby shots in house and on lawn. Mother monologue to camera

This project for a baby product was shot on location in the NY area with a NY based Agency. The commercials featured a mother with monologue and background baby activities.

#### **ON-SCREEN TALENT**

The SCP/GA budget includes casting for NY and the GA. The SCP/GA budget assumes that the mother actress would travel from NY to GA. The babies would be cast out of GA. Talent session fees are budgeted slightly over-scale for the mother only, the babies are not included in the session fee analysis. Talent travel costs would be eliminated if mother came from the GA casting session.

Union on-screen talent residual/reuse strategies are factored into the case study and include the three baby reuse fees. Further descriptions and explanations of the SCP on-screen talent strategies are available upon request.

The SCP strategies also work for non-union talent buyouts.

#### **TRAVEL**

All budgets include agency and client travel. These costs are not traditionally reflected in the production company budget but qualify for the tax incentive so they are projected. Projected travel is for 5 agency and 3 clients calculated for 5 nights of hotels.

#### **CREATIVE COMPENSATION**

Creative compensation also qualifies for state tax incentives but was not factored into this case study.



## **Case Study**

**#2**

## **Project Specifications**

**(Continued)**

### **POST PRODUCTION**

Post Production qualifies for tax incentives including editing, graphics, special effects, music and other services. Post Production wasn't factored into the case studies.

**GA TAX INCENTIVE:** The GA incentive comes in the form of a credit, unlike the NC tax incentive, which is a cash payment. We have conservatively calculated the sale of this credit for cash at 81 cents on the dollar and this conversion is reflected in the case study figures.

### **SUPPORTING DOCUMENTATION**

All supporting cost, expense and tax calculation detail is available upon request.



## Case Study #2

SUMMARY OF ESTIMATED PRODUCTION COSTS			<u>Original</u> NY	<u>SCP</u> GA
1 Pre-production & Wrap Costs	Totals A & C		70,076	63,041
2 Shooting Labor	Total B		74,300	67,211
3 Location and Travel Expenses	Total D		29,520	16,140
4 Props, Wardrobe, and Animals	Total E		9,700	8,200
5 Studio & Set Construction Costs	Totals F, G, & H			
6 Equipment Costs	Total I		34,520	32,850
7 Film Stock Develop and Print	Total J		15,000	14,400
8 Sub-total A to J			233,116	201,842
9 Casting*			8,500	12,500
10 Director/Creative Fees			36,000	36,000
11 Production Fee			53,617	36,332
12 Prod. Travel Costs & Expenses			12,000	16,100
13 Talent Costs & Expenses**	Total M & N		129,296	131,400
14 Creative Compensation				
15 Agency & Client Travel Costs*				18,800
SUB-TOTAL			472,529	452,974
GA NET Tax Credit				(59,044)
*Projected **Extended	Grand Total		472,529	393,930





## Case Study

### #3

## Project Specifications

#### Creative Specifications:

- **CASTING:** (6) principals age 30 – 45. Various genders and ethnicity
- **WARDROBE:** General “stylish”, TBD upon selection review
- **LOCATION:** “Urban Anywhere” USA. To be shot in generic section of LA
- **STUDIO:** Green screen for interior coverage, effex and matting
- **FOOTAGE:** :30 second commercial with multiple versions

#### Car Prep Specifications:

- (9) Vehicles pick up in LA area
- Prep, Tint, Dim, Xenon Conversion and Plate
- Create (1) cutaway/buck
- Purchase of misc parts
- Wire head lamp to move
- Wire door mirror remotely
- R & R 2 wind screens
- (2) Men (6) vehicles/day
- (2) 14 hr shoot days in LA area

#### Production Specifications

- One (10) hr pre-light studio shoot day
- One (14) hr studio shoot day, green screen
- Two location shoot days; (14) & (10) hrs.
- (3) hero car models to be shot
- Car rigging and prep for interior and exterior shooting
- Special camera rigs for interior shots
- Equipment includes hot head, telescope lenses, dolly, camera car, steadicam, technocrane and additional lenses

This auto project was created by a NY Agency. It was produced in Los Angeles in studio and on location. Agency and client traveled to LA for the production.



## **Case Study**

### **#3**

## **Project Specifications**

**(Continued)**

The commercial featured six actors who drive a series of cars throughout various city areas. The commercial used exterior and interior car shots for product/beauty shots.

**DIRECTOR-CAMERAMAN:** The director on this project was a director cameraman with extensive car experience.

#### **ON-SCREEN TALENT**

The SCP/NC budget includes casting for LA and the NC/eastern seaboard. The SCP/NC budget assumes that all talent would travel from LA to NC. Extras are cast from the NC/eastern seaboard pool. Talent session fees are incentive qualified and budgeted here slightly over-scale. Talent travel costs can be reduced or eliminated if principal cast came from the NC/eastern seaboard casting session or if NY was cast instead of LA. Extras were not included in this case study but would have qualified for tax incentives.

Union on-screen talent residual/reuse strategies are factored into the case study. Further descriptions and explanations of the SCP on-screen talent strategies are available upon request.

The SCP strategies also work for non-union talent buyouts.

#### **TRAVEL:**

All budgets include agency and client travel. These costs are not traditionally reflected in the production company budget but qualify for the tax incentive so they are projected. Projected travel is for 5 agency and 3 clients calculated for 6 nights of hotels.

#### **CREATIVE COMPENSATION**

Creative compensation also qualifies for state tax incentives but was not factored into this case study.



## **Case Study**

**#3**

## **Project Specifications**

**(Continued)**

### **POST PRODUCTION**

Post Production qualifies for tax incentives including editing, graphics, special effects, music and other services. Post Production wasn't factored into the case studies.

### **SUPPORTING DOCUMENTATION**

All supporting cost, expense and tax calculation detail is available upon request.



### Case Study #3

SUMMARY OF ESTIMATED PRODUCTION COSTS			<u>Original</u> LA	<u>SCP</u> NC
1 Pre-production & Wrap Costs		Totals A & C	95,285	88,731
2 Shooting Labor		Total B	109,249	101,468
3 Location and Travel Expenses		Total D	72,825	36,180
4 Props, Wardrobe, and Animals		Total E	31,350	26,150
5 Studio & Set Construction Costs		Totals F, G, & H	142,049	120,528
6 Equipment Costs		Total I	70,425	63,735
7 Film stock Develop and Print		Total J	19,840	19,840
8 Miscellaneous		Total K	750	1,000
9 Sub-total A to K			541,773	457,632
10 Director/Creative Fees			64,500	64,500
11 Production Fee			130,025	82,373
12 Prod. Travel Costs & Expenses				10,800
13 Talent Costs & Expenses**		Total M & N	237,774	274,513
14 Creative Compensation				
15 Agency & Client Travel Costs*			25,600	16,800
16 Vehicle Prep			38,569	67,000
		SUB-TOTAL	1,038,241	906,618
		NC Tax Credit		(193,002)
*Projected **Extended		Grand Total	1,038,241	713,616



## Case Study

### #4

## Project Specifications

- **CASTING:** (1) Spokesperson
- **TYPE:** Authoritative, 35-45 yrs old.
- **WARDROBE:** Stylish age related.
- **SET:** High tech, clinical and efficient.
- **One (10) hr pre light and one (12) hr studio day.**
- **Over scale wardrobe stylist and hair/makeup**

This health supplement project was created and originated in Chicago. It was produced in a NY studio. Agency and client traveled to NY for the production.

The commercial featured one actor stating the health benefits of a vitamin/mineral supplement on a set.

#### ON-SCREEN TALENT

The SCP/GA budget includes casting for NY and the GA. The SCP/GA budget assumes the actor would travel from NY to GA. Talent session fees are incentive qualified and budgeted here slightly over-scale. Talent travel costs would be eliminated if actor came from the GA casting session.

Union on-screen talent residual/reuse strategies are factored into the case studies. Further descriptions and explanations of the SCP on-screen talent strategies are available upon request.

The SCP strategies also work for non-union talent buyouts.

#### TRAVEL

All budgets include agency and client travel. These costs are not traditionally reflected in the production company budget but qualify for the tax incentive so they are projected. Projected travel is for 5 agency and 3 clients calculated for 2 nights of hotels.

#### CREATIVE COMPENSATION

Creative compensation also qualifies for state tax incentives but was not factored into this case study.



## **Case Study**

**#4**

## **Project Specifications**

**(Continued)**

### **POST PRODUCTION**

Post Production qualifies for tax incentives including editing, graphics, special effects, music and other services. Post Production wasn't factored into the case studies.

**GA TAX INCENTIVE:** Unlike the NC tax incentive, which is a cash payment, the GA incentive is in credit form. We have conservatively calculated the sale of this credit for cash at 81 cents on the dollar and this conversion is reflected in the case study figures.

### **SUPPORTING DOCUMENTATION**

All supporting cost, expense and tax calculation detail is available upon request.



## CASE STUDY #4

SUMMARY OF ESTIMATED PRODUCTION COSTS			<u>Original</u> NY	<u>SCP</u> GA
1 Pre-production & Wrap Costs		Totals A & C	42,969	46,614
2 Shooting Labor		Total B	30,710	29,638
3 Location and Travel Expenses		Total D	5,145	5,500
4 Props, Wardrobe, and Animals		Total E	1,500	1,500
5 Studio & Set Construction Costs		Totals F, G, & H	41,566	34,679
6 Equipment Costs		Total I	16,550	16,350
7 Film Stock Develop and Print		Total J	6,255	5,400
8 Miscellaneous		Total K	500	500
9 Sub-total A to K			145,195	140,181
10 Director/Creative Fees			40,000	40,000
11 Production Fee			29,039	25,232
12 Prod. Travel Costs & Expenses				6,000
13 Talent Costs & Expenses**		Total M & N	32,671	36,621
14 Creative Compensation				
15 Agency & Client Travel Costs*			12,800	10,400
16 Casting NY/Casting GA		15%/10% MU	15,468	16,885
SUB-TOTAL			275,173	275,319
GA NET Tax Credit				<b>(36,040)</b>
*Projected **Extended		Grand Total	275,173	239,279