

Public Agencies and Creative Industry companies in the TV and Film Sectors.

"We cannot keep doing the same thing, and expect a different result" – President Obama on the US recent change of policy towards Cuba.

In the Enterprise sector, public sector agencies have been charged by the Scottish Government to work with companies of scale, or with the most growth potential. This is currently measured on 'number of FT/PT employees' and 'turnover'. They have also been tasked with developing six Key Priority Sectors, one of which is the Creative Industries.

This highlights a fundamental contradiction - the largest percentage of companies working in Creative Industries tend to be 1 – 4 person 'micro companies'. In the TV and Film sector – it's 80%. This contradiction could be more fully addressed than at present. This piece focuses on some of the issues that hinder the growth of the TV and Film sectors of Scotland's Creative Industries, how they can be overcome, and how opportunities can be capitalised on, showing successful UK and international examples of support for growing sustainable small, micro businesses.

One of the fundamental obstacles is that small micro companies cannot access the supports already in place for larger companies because they can't fulfil the client criteria of scale. If the public agencies charged with supporting micro TV and Film businesses made their qualifying criteria more flexible to enable them access existing schemes, it would revolutionise the sector overnight. That is not to say the focus on larger employing companies is not welcome or an important for this industry, but given these companies tend to be entrepreneurial and innovative in character, if the public agencies from Scottish Enterprise down develop an innovative, effective policy and strategy for this sector, it would result in more balanced, sustainable development, greater opportunities taken not missed, while improving on current wastes of talent, or talent leaving Scotland for London etc.

This point was well made in the Scottish Broadcast Commission report "Platform for Success," which was endorsed by government. It recommended Scottish Enterprise take a more flexible approach to their involvement in relation to the micro company sector.

Smart, Micro Companies – what are they? They are not to be confused with start ups planning to grow in orthodox ways. They are:

- entrepreneurial;
- employing 1 - 4 staff, supplemented by Freelancers.
- bespoke, working to innovative business models out with current business orthodoxies;
- dealing in IP assets in the international Film, TV, and on line marketplaces, working to maximise the current 'long tail' thinking and practice.
- making niche product in a global marketplace, creating growth from scaleable revenue.

They are lean, flexible, with international distribution strategies for co-production and sales. They have the ability to expand and contract by employing freelancers drawn from Scotland's maturing industry talent pool (which gets over some of the structural employment problems that come with FT in manufacture). This is a low overhead model, with maximum potential for profit. These are companies with a proven and established track record. They are increasingly working in cross platform/multiplatform Digital Broadcast. There are at least 40 good companies like this all over Scotland, but below the radar. At present they are falling out of the loop.

Opportunities in the Current Market

In TV and Film there is increasing demand for multiplatform content – the right content for the right platforms across TV, the internet, mobiles and public cinema. The smart media companies make TV, Film and increasingly, digital content, cross platform for multiplatform distribution.

The TV market is global and under stress, broadcasters look to global co-production to make up deficits in finance.

The international market place is where TV and Film companies need to be to scale up it's revenues. For example globally there are thousands of documentary/factual slots. The right single film, series, or multi-Platform project, can be sold over and over again across many territories (this has been identified as the Long Tail business model). Small companies are well placed to make these films.

Why are small companies not taking more advantage of these global market opportunities? They are, but it's limited, decreasing... ie there is decreasing Public Agency support to back them up.

Currently Scottish Enterprise sees the job of working with smaller creative industry companies as the work of its intermediary media agencies - Interactive Tayside, Hillingdon Innovation, The Research Centre, the Cultural Enterprise Office, and Creative Scotland. In practice, this is an academic point. The facts are: the nominated intermediaries of SE can't work with TV and Film Smart micro companies fully either because of having to comply with existing SE criteria of scale to engage fully (re no. of employees, 1 mill growth t/os in 3 years), or be seen to 'grow' in the orthodox sense. The effect is paralysing, preventing them from being as effective or innovative as they could be.

Scottish Development International as part of SE has opened up it's market export and consultation schemes to smaller, micro companies of late and this is to be welcomed, but they are also ham strung by this 'old skool' qualifying *criteria* to do the really great job they could do for this sector.

The Business Gateway schemes targeted for these companies in this sector can be a useful business support, but most do not have the capacity or specialist knowledge to address the TV, on line, or social media business needs identified and discussed here. They could be even more effective with specialist business support – mentor schemes, training initiatives?

Interactive Scotland focuses on digital content, with no full focus remit for broadcast TV or Film.

Overall, large companies qualify for more support than small companies, but the global market does not discriminate between large and small companies when it comes to buying, it all depends on quality and the slot for TV and Film.

Unlike it seems in Scottish Enterprise, in Europe the criteria for participation in Public Agency schemes is on the (commercial, or qualitative) strength of the project, not the size of the company. They know some companies may be small entities, but their 'product reach' can be huge and global.

To say that large companies delivering large TV series, blockbuster films brings bigger returns, as it is currently argued, is missing the pro rata point.

There is so much potential for increased Scottish sales and export, more targeted strategy is needed to overcome barriers of participation, to build on access to the international market.

Public Agency targeted strategies – Large v Small

Scottish Enterprise squares the contradictory circle mentioned by targeting the 'Digital' arena of gaming, apps, mobile content and the rest, especially through the work of Interactive Scotland, but this does not meet the market needs of all of the Film or Broadcast sector.

With Broadcast now established as part of their priority Digital industries, Scottish Enterprise implement this policy by strategically targeting work with local independent production 'companies of scale', (and inward investment). These companies in turn are committed to developing sustainable production by producing 'long running returnable series'. Production is geared towards UK Network and US Exports. *All welcome strategies, but why are they the only ones?*

The global market has infinite potential for small talented companies with the ability to produce and deliver niche TV content for Network, re selling across many territories in the global market. Without effective support to access these markets, and support these businesses, it's a waste of talent and potential (the Music industry has similar barriers, and potentially similar solutions) .

Since the Scottish Broadcast Commission has recognised this fully already, what is stopping us in Scotland developing a fully effective policy for the sector - large and small?

In Sum: Recommendations for public agencies working with small, micro sector companies.

- **Allow more flexible qualifying client criteria** for which smart companies can realistically qualify to include 'track record', award winners, competitive selection based on ideas/slides rather than size, quality product, 'niche to global' business models, IP rights held, re SE *and* their nominated intermediary media agencies, especially Creative Scotland, to allow them to work more effectively with small companies. At present, they are disabled because of the criteria barriers identified.

- **Meet the challenge of scale** by thinking creatively. Perhaps 'Grow the sector', not only individual companies (as it stands now), especially ones who have international strategies as part of their business plans. **For example:** The recently formed Independent Producers Scotland TV and Film group has sought to constitute their membership into a co-op as an innovative way of solving the problems of scale identified. They have an additional hurdle to overcome in needing to work with both Creative Scotland (as lead agency) and SE agencies together, as both agencies have different criteria for support. The hope is that they can agree criteria between them so Producer applicants can apply for support for projects to a set of criteria they can actually meet.
- **Re think 'growth' - innovate.** Contrary to established business orthodoxies, smart companies grow their *market* not so much their FT employees or premises. This is 'growth' is measured in terms of scaleable revenue, smart growth. Also number of Freelancers employed over time.
- **'Internationalise' the sector,** by transforming its viability and increasing its productivity creating more exports and more specialist employment opportunities.

In factual and documentary TV and Film there are massive, but 'niche' **market places for sales, co-production and pitching** throughout the year in Europe and US. MIP hosts MIPDOC, Hotdocs in Toronto, Sunny Side of the Doc in France, Asia and Amsterdam pitching Forums, Sheffield 'Meet Market' and Festival in England etc. There are schemes to attend MIP and Cannes Film Festival, can they extend to other niche markets? It's often easier to meet UK Commissioning Editors and financiers in Europe at these events than in poorer UK network events (with the exception of Sheffield Doc Fest). Scottish producers need access to flourish. At present support has gone down from 50% to 30% towards costs resulting in less affordable visits, less opportunities.

Creative Europe EU *international training schemes* help develop the relationships necessary for winning commissions. Scotland has had a democratic deficit in playing an effective part in their networks. Many countries host the training weeks and seminar organised by the big European international training initiatives (EAVE in drama/fiction, EURODOC, Documentary Campus and ESoDoc in factual and documentary cross platform, ARISTA for script, and the newer Cross Over Labs for multiplatform media projects etc. Scottish Development International is well placed to support co-hosting the training weeks - Scottish producers attend, but Scottish agencies rarely have the funds to host weeks back. International commissioners want to come here, meet producers and co-finance films made here and elsewhere by Scottish talent.

Another initiative to explore is the English Passport to Export Scheme that offers a subsidy to attend a series of international markets, which is not available in Scotland.

- **Sector specific Mentoring schemes** - the schemes initiated by the producer trade association PACT work well for TV in Wales, but similar Mentoring initiatives by PACT have not flourished in Scotland. Mentors brief would include not only business and financial planning and practice, but also helping win commissions by making ideas bigger, working cross platform, targeting audiences better, getting the right production teams, internationalising effectively, working to strengths that the

micro business model affords and strategising for the weaknesses large companies and small to strategise according to size).

Results - all deliverables that fulfil Scottish Enterprise remit, (but none of this works if existing client criteria doesn't adapt)

- More diverse Scottish production
- An increase in Exports
- Stronger companies with more IP assets to sell internationally
- More opportunities for specialist, niche employment
- Encouraging the retention of talent that drains to London for diverse work opportunities as a change from working on long running returnable format series, ironically.
- sustainable development of this part of the Scottish production ecology

In Sum – extend the client qualifying criteria to enable Smart companies access existing schemes, especially those run by intermediary agencies; internationalise the sector so they can grow through the 'long tail' business model; and start thinking about sector development instead of single company development (which squares the 'scale' problem); develop some targeted schemes - and the sector will flourish. What not to do – rely on tired dreams and old fashioned business orthodoxies and business models exemplified by the mantra 'long running returnable series....' Holy Grail, as the only way to develop in Scotland.

A Personal Perspective

Speaking personally as a micro company, the first film I ever made won a BAFTA for Best Documentary, we were also nominated for another Bafta in the Factual Entertainment category for a BBC1 two part 60 min series for prime time Sunday nights 'Bruce Goes Dancing'. Small companies can compete as much as large ones, but in different ways, often above their weight.

We are currently making a 6 x 30 min series on international political satirists for Al Jazeera English with other longer versions planned for international distribution, it would not have happened without the EU MEDIA program to start it off. Can Scottish agencies draw on what makes this program so successful?

Best Practice: 2 International Case Studies

1: The European Media Program, Brussels – globally brokers a myriad of tiny media companies through its various training and funding programs. Trade Fairs/Markets are only a part of it but their support is fully developed as identified previously. I regularly attend their events and join their schemes – which keeps me meeting new Commissioning Editors, financing films, and keeping up to date with market trends.

Ironically, I've made the best relationships with UK Commissioners through this program, meeting them in Europe more easily than London.

2 : 'The Hidden Art of Hackney' , UK In other areas of the Creative Industries 'the Hidden Art of Hackney' (a brand name of Mazorca Projects) is a fantastic brokerage agency for Designer/Makers in London's East End, it was founded 20 years ago – they do training, support for key market attendance (Milan for eg), umbrella market stands, broker small companies with manufacturers through innovative schemes like their smart dating nights and the like.. bringing micro companies to their markets and vice versa.

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