

In Conversation

# Prime Time Prime Product



*Graham King and his partner Cindy Cowan established Initial Entertainment just twelve months ago. In Conversation with Elspeth Tavares, he reflects on the "luck" element in the company's quick success, but points to the value of knowledge, contacts, and the firm determination to keep the company's goals within the status of theatrical films, with an accurate eye on the worldwide prime TV marketplace.*

**BoF:** It's just a year since Initial Entertainment opened it's doors and hit the ground running. The company seemed to have gone in only one direction, up. A degree of luck, perhaps?

**KING:** Yes, there was a degree of luck, but the objectives are, we are keen that our product is not just for the overseas video market unlike many other independents: It's not the run of the mill action-adventure genre, because the future I believe, is not only in computers but is television. We look at a script, the product and budget, and how we can recoup from foreign. It's no good believing that every film is going to be a theatrical picture and on that same level you cant believe you can get big video numbers foreign, so we key to television for the big numbers are in prime time overseas. So our product is geared to the prime time market although we don't label ourselves a television distribution company.

**BoF:** If that is your primary revenue source, why not?

**KING:** The company isn't just one entity. Take Germany and UK, for example. TV is very important and that's where the recoverable money is. It's not in the video markets anymore, so although the product is geared for prime time overseas TV, it's also geared for the video market if the client wants it, and he knows he has good security in the television. The game overseas today is very different now, depending on your contacts, some territories you either sell or break down your rights. Our upcoming products will be theatrical in a number of territories, but we can't rely on that for recoupment. A lot of independents do and get burned. I look at the sure bet that to minimise your risk is to look at product that could go theatrical, will do ok in video: not huge numbers but will be very well received in television.

**BoF:** But hasn't the adage been, certainly over the last two or three years, you look to the television end of the business. Everybody says the same thing but there are maybe 300 TV buyers and there are thousands of independent producers.

can they take, especially when they are also buying from the majors?

**KING:** Our product is for prime time. Action-adventure genre is very hard to sell, because governments around the world have cracked down. In the UK, France and Germany they wont show much action. When buyers buy Initial Entertainment's product, they are confident they can air between 5 o'clock and 8 o'clock at night. Therefore we can mutually recoup our moneys. In regards to how much the overseas networks can buy, like every other avenue of business, if you have the right product with the right cast, you can sell. When we set up the company, cast was key, and in our discussions with our distributors we continue to adhere to that policy. Our AFM line-up has Tom Berenger, Valerie Golino, Danny Aiello, Anne Archer, Rutger Hauer, Chris Lloyd and Teri Garr. You can't have a theatrical success all over the world but you can keep the budget at the level where you know you're going to recoup.

**BoF:** So in spite of the many markets and ancillary outlets opening up, product has to be theatrically driven to make it valuable to television with the possible upside of a theatrical release.

**KING:** Decidedly, that's why we don't label ourselves a TV company. We're not making TV movies. We are making theatrical movies that can go in prime time television slots. The difference between prime time and 3 o'clock in the morning, in terms of revenue recoupment, is huge. It can be a few hundred thousand for each territory, which quickly adds up. We had great success with **Rent A Kid**, which was made as a TV movie, when the producers realised they had a film on their hands, it was too late contractually to shift stream, however I got top dollar because it was prime time television and worked very well on video too. Even video today has to be cast-driven and television has to be a certain genre. We are making romantic comedies when there is a perception they don't work, because we believe they do at our budget level. You need to do

out what the buyers want in the big territories and that is what we're making.

**BoF:** But the market changes dramatically in the 18 months it takes you to make a film, which not only applies to the independents but the majors too as we've seen in the last two years, with a number of films released.

**KING:** It can and does, but most buyers, the smart ones, look ahead. When buyers know their own territories then with a degree of certainty they know what genre is coming on stream. Because of the crackdown on violence on TV, for some years now globally the buyers who buy all rights were having discussions because they knew what was taking place. The reason **Rent-A-Kid** was such a hit was because it had a lot of value. When a buyer buys all rights, he looks to the TV security now, before he didn't. What was doing 10-12,000 units in the UK is now doing 4-5,000 units so they can't pay the big guarantee unless you give them security. If a buyer releases a film with Tom Berenger and Valerie Golino theatrical or video in Europe, plus you know this is a prime time movie with a good cast, he has security and will pay the top dollar we ask.

**BoF:** How, looking from your perspective, has the market changed since you joined the international arena from the job you held domestically at Fox.

**KING:** Dramatically. In the last 10 years the upgrade of TV, cable TV, pay per view TV worldwide has meant the demise of the video business and if you look and analyse that buyers bought and bought and flooded the market and that's where it is now. The normal person living in Manchester doesn't want to rent a \$2 million action movie, or buy it on sell-thru because you can flick on TV or SKYTV and watch them. The change has been dramatic in the video business and somewhat in the theatrical because the studios are now making considerably more product whether it's low budget or high and they are cornering the market on theatrical overseas. When we make a picture I cannot say to my investors, banks or to ourselves we can recoup because we're

going to go theatrical here and theatrical there, because it's too tough. Having said that, of our line-up **Mojave Moon**, I think is a very special picture that has theatrical potential not only domestic but overseas.

**BoF:** It appears that you and Cindy have placed your company in a particular niche, good casts, decent stories.

**KING:** Yes. A lot of people have gotten greedy, they've over extended themselves in certain pictures and let their company fly away with their ego. Within Initial, we keep our feet firmly on the ground. Because we had a success with **Rent A Kid** we're not going make a 12 million picture and push the envelope. We're taking it a step at a time. A year ago we didn't know where we'd be right now and the type of films we'd be making. We're presenting some risky pictures at AFM, romantic comedies, pictures that, to use an appropriate phrase, are not slam-dunks. But we believe in these pictures.

**BoF:** You seem to be tapping into the wealth of really great actors. Is that through the connection with your partner Cindy?

**KING:** It is. One is the connection with her, the other is: take a Danny Aiello, you can see him in a low budget indie movie or you can see

him playing along side Al Pacino in **Heat**. In **Mojave Moon**, that we've just completed, he does a good job. Michael Biehn has not been noted as a good actor. In this film he does an incredible job. They all do. If you've got the right product and give actors a chance, they'll consider it. On the other side of the coin, a lot of actors nowadays will work just for money, they don't care what the project is and often, 80% of the time, the scripts don't suit the cast and that shows on screen. You can tell on screen whether someone's doing it for the money or for the love of acting or he or she read the role and said I can really get my teeth into this. In **Mojave Moon** again, Alfred Molina, a fabulous actor, shines, he's comical, he does a lot of independent movies and normally plays the bad guy as he did in **Maverick** with Mel Gibson. There a handful of actors out there who do independent movies at lower budgets and you know you can count on them for a good job.

*Projects at AFM: An Occasional Hell, starring Tom Berenger, Robert Davy, William Macdonald, Director Salome Breziner, in post-production. Changing Habits, Moira Kelly, Christopher Lloyd, Teri Garr, Dylan Walsh, Shelly Duvall, Eileen Brennan, director Lynne Roth, in post-production. Precious Find, Rutger Hauer, Joan Chen, Brion James, Harold Pruett, Director Phillippe Mora, screening.*



(L to R) Christopher Lloyd, Dylan Walsh and Moira Kelly in IEG's recently completed romantic comedy **Changing Habits**.

tribute to Rod Steiger  
on Sunday, Aug. 31

## Initial

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their presence.

This year though, along with veteran actor Rod Steiger — who will receive a special tribute — the festival has announced the attendance of such filmmakers as Ingmar Bergman, Carlos Saura, Liv Ullmann, Milos Forman, Gina Lollobrigida, Mickey Rourke, Alan Rickman and Emma Thompson.

The city itself — one of the most multiethnic in North America — will again bring its own influence to bear on the festival. "Montreal is more Old World and a charming place to be and some of that seeps its way into the festival," said Sterritt.

The festival is very user-friendly. Downtown festival sites are all within easy walking distance along busy St. Catherine Street and most of the festival's guests, filmmakers and journalists stay at the same hotel, making Montreal one of the most convivial of film fests.

This year, a record 413 films — 50 of which are features — will unspool in 15 theaters as well as an outdoor venue. The locals more than embrace this festival. Between 350,000 and 400,000 attend annually.

In all, 21 features will be in official competition including John Duigan's "Lawn Dogs" and Mike Barker's "The James Gang" from the United Kingdom. Saura's latest feature, "Pajarico," Iranian filmmaker Majid Majidi's "The Children of Heaven" and Kei Kumai's "Aissuru." □

of the big bank.

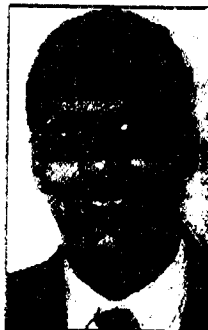
The senior debt line from Chase is seen as enabling the closely held movie company to step up to bigger budgeted features. Until now, IEG has largely relied on project financing.

"We are thrilled to be in business with Chase Manhattan," said IEG co-founder Cindy Cowan, "particularly since they tend to focus activities on such high-end companies as DreamWorks and All American. With this new-found source of finance, we will immediately begin to escalate our in-house production activity, with the expectation and goal of producing up to 10 medium-budget feature films a year."

Chase, which has more than \$300 billion in assets, is a major lender to both major studios and the indie film sector. The bank was an early lender to New Line, Orion Pictures, Castle Rock and Morgan Creek, among others.

"We have gotten involved over the years in companies at the early stages of growth in situations where we feel there's a management team with talent and the vision to really grow the company into something interesting and substantial with capital behind it," said Chase's Thomas.

Since being founded by Cowan and Graham King, IEG has produced 15 feature films, with budgets ranging from \$2 million to \$12 million. "Oliver Stone's Savior," which is now in postproduction, represents its most ambitious project to date. It stars Den-



King

nis Quaid and Nastassja Kinski.

IEG financed the Stone-produced action drama with a project loan from the Lewis Horwitz Organization and Kreditbank Luxembourg. Janet Yang also is producing the film, while Cowan is executive producer.

Colin Cotter, chief financial officer of IEG, said project financing deals have "limited the company's ability to do multiple pictures. Now, when the right pictures come along, we'll be in a position to do them."

Now in postproduction are IEG's "Family Plan," starring Leslie Nielsen and Judge Reinhold, as well as "Montana," starring Kyra Sedgwick and Stanley Tucci. Miramax acquired from IEG for the September release "Little City," starring Jon Bon Jovi, Josh Charles and Joanna Going.

Among the IEG films now in preproduction are "Very Bad Things," to be produced in conjunction with Interscope Communications, and "The Florentine," an American Zoetrope production.

"We take risks on pictures other companies will not do," Cotter said. "We feel there's a market for non-Hollywood mainstream movies. Studios are concentrating more on the \$100 million movies and making fewer lower-budget movies."

Cotter said IEG has steered clear of the direct to video market, which traditionally was a core business for Hollywood indies such as Trimark Pictures and LIVE Entertainment. Trimark and LIVE have set up their own theatrical distribution operations.

"We feel that the video market is a tough market right now, and dying," Cotter said. "We always focused on the same genre, which are high-quality cast and strong stories with theatrical potential." □

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