

Managing the Film Budget

Managing Film Production Series

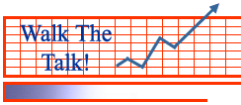
Like it or not, your performance is measured to some degree by how well you control the money. It's like "Directing", only you're "Directing" the money.



**Other Courses in the *Managing Film Production Series*:
Managing the Weekly Cost Report, Film Accounting 101, Managing \$ Controls**

John Gaskin, B.Eng, Production Auditor

www.talkfilm.biz



Managing the Film Production - Film Budgeting Basics

INTRODUCTION - PURPOSE:

This course will show you practical applications to Directing-Managing Film Budgets. Examples, charts and practice drills are all based on real situations derived from my 21 years in film production. This course is not designed to teach you to use sophisticated budgeting software – that comes later. A hundred page film budget can be a daunting complication of numbers if you aren't familiar with the basics of managing film budgets. By the end of this course you will be ready for any professional film budgeting software application.

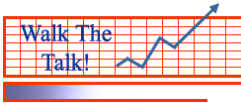
FILM BUDGETING

Film Budgeting is a specialized process of **translating creative ideas (for example, a script) into costs**. This is true for any film project of any size – commercials, feature films, TV episodes, industrial training, etc. Just as any good translator would do, you need to ensure the concept of the script does not get lost due to budget restraints. Conversely, you don't want to start putting more money into the budget than the investor can accept. There are creative ways to pad your budget that is acceptable to investors. That is covered in the Above The Line Budgeting Section. Such a balancing act is what professionals are intuitive about. The creative side of film budgeting is not to be confused with the detailed grunt work.

MANAGING THE FILM BUDGET

There are three practical stages to a film budget. The first is to raise financing, the second to make the budget more precise given the additional information at hand as the project is 'Green Lit', and the final stage is to provide a fixed standard (called The Final Approved Budget) from which all actual costs can be measured. The first stage requires that a professional looking budget be prepared from scratch; not the purpose of this course. The next two stages require a knowledge of budgets and an ability (the purpose of this course) to manage-direct the budgets. This is absolutely essential to good filmmaking.

1. Raise Financing - The Developmental Stage: In this stage the purpose for film budgeting is to raise the financing for your project. This is often referred to as a "Bottom Line Budget". The film budget must be a relatively accurate translation of the script into projected costs of shooting the various elements (stars and entourages, # of days shooting, # of hours of shooting per day, essential delivery requirements such as music/picture quality/etc.). In addition to the budget you must make clear what Quality of product the investor can expect for that budget (e.g. no car crashes, straight to DVD, Mega Stars, etc.). It is a budget that will make your target investors (a Hollywood Studio, a group of businessmen, a commercial house, your friends & relatives, etc.) willing to spend their money to create your film. They must be given the opportunity to assess your script and business plan and have enough confidence in you to say, "Yes, it's worth \$X to me and I hope like hell I'll make more than I'm investing." You simply need to make it clear what Quality of product the investor can expect for that budget.



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2. To Fine-Tune the Film Budget in the Prep Stage: The Prep Stage is the time period before the production starts and the project is ‘green lit’ by the financiers. Generally speaking the infamous “Bottom Line” has been established during the Developmental Stage. The budget that had been prepared by the producers during that stage may not have been entirely realistic. Very often it is in the Prep stage when the Line Producer, or Production Manager, see the budget for the first time. It is up to them to **balance the very practical demands of the Director, Producers, individual departmental budgets and the Financiers** to make the film budget workable but still stay within the “Bottom Line” of the budget. Managing the film budget in Prep is what separates the pros from the rookies.
3. Provide A Fixed Standard to Manage From - The Final Approved Budget: Just before starting to shoot the film a “Final Approved Budget” is agreed on and approved by all parties. This *is the budget* which is actually referenced into all financial deals, bank loans, tax credits, etc. It is also signed-off by all pertinent parties (Producers, Director, Production Manager, Accountant, etc.) as an attestation that all elements of the film can be completed for the Bottom Line. **To an investor your performance as a Filmmaker is measured by how well you ‘Direct’ the costs as compared to the Final Approved Budget.** This is true for any position on the film project, be it a Director, Producer or Department Head. Once the Final Approved Budget is fixed any “over-budget” costs can be offset by other categories, which can be made “Under-Budget”. This provides the Line Producer with management options to offset unexpected costs by making adjustments to any one of the departmental budgets, overall shooting hours for crew, reviewing the ‘on camera’ stunts and cast with the Director, etc. Again, managing this stage of the budget is daunting without some exposure and experience.

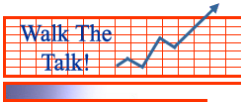
“Seriously, the final film product doesn’t have to be a masterpiece, it just needs to be completed for the amount agreed upon (The Final Approved Budget) and to the degree of Quality promised. You do that and you are assured success in the industry”.

What If I Make a Mistake in the Budget? What Are Accountants For? Why My Fault?

No matter your skill in budgeting, you will always find that some costs will be greater than the Approved Budget. For example, construction costs may have gone up, creating an over-budget variance. In those cases it is up to you to find another area of the budget that will spend less than the Approved Budget. And, that is what this course is all about ~*Learn or Improve your skills in How To Manage Film Budgets.*

END RESULT OF THE COURSE:

A course graduate who can manage (read, influence, defend or challenge) the Above-the-Line and Below-the-Line elements of a Film Budget.



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SECTION A: All Creative Ideas Have A Cost

Before looking at the overall budget top-sheet (next section) I would like to introduce the concept of managing a film budget. The first principle of managing a budget is: All Creative Ideas Have a Cost – and it's up to you to 'Direct' those costs.

Let's look ahead to the point where you DO understand how to manage a budget and how you can use that knowledge. Let's look at some examples of 'Directing' the costs and how the budget was managed effectively.

1. Read: Think in terms of 'Directing' the costs ([Pg.18-20](#)) _____
2. Read: Example – Re-shoots ([Pg. 27-31](#)) _____
3. Read: Example – Crane Shot ([Pg. 27-31](#)) _____
4. Read: Example – Stunts ([Pg. 27-31](#)) _____
5. Practical Assignment: If you have worked in film production, write up an example of where you DID 'Direct' the costs and what the beneficial results were. _____
Now write up another time where you feel you could have 'Directed' the costs better in the past. _____
If you haven't worked in film production before make up examples where you would not be 'Directing' the costs, and where you would be 'Directing' the costs. _____

In summary:

- 1. All creative ideas have a cost, and a benefit, attached to them.**
- 2. The bosses, whether they are Studio Exec's, a Producer, a Production Manager, a Bonding Company representative, etc. all think in terms costs and benefits – however, their emphasis is on comparing the Approved Budget with the Actual Costs, regardless of what they say. If you don't speak in their terms you have lost a large degree of control over your creative contribution.**
- 3. And, most importantly, you must have the ability to know enough about managing a budget to be able to trade-off a cost savings in one area and apply it to another area of your choice. It's just a matter of learning and practice.**