

The Death of the Spec Market?

Studios gobbling up studios. Buyers not buying. Writers feeling the hurt. What the heck is going on out there? Is it all doom and gloom? A special expanded Agent's Hot Sheet gives you the critical intel you need to plan your spec assault for 2005.

It all started with a cryptic five-word e-mail from UTA's Marty Bowen: "The marketplace is dangerously contracting." Unable to reach Marty for elaboration (at first), I began to dig—and what I discovered proved alarming. Most of our panelists agree that 2004 was a tough year in motion picture lit—the toughest ever. Corporate consolidation is taking major players out of the market and forcing the remaining ones to buy and develop less. The spec and assignment markets have dried up substantially; working writers are being hit hard. But in the midst of this ravaged landscape, like a flower sprouting through cracked pavement, opportunity emerges—for some.

INCOMING!

Driving the situation are the virtual shutterings of MGM, Miramax, and Dimension. One by one, each of these big players has folded their tents to some degree, and the effect was not unlike lobbing a fragmentation grenade into an already-constricted marketplace. Following a string of box office disappointments, MGM has been acquired by Sony. And Miramax and Dimension have apparently lost a large amount of their autonomy as parent company Disney moves forward with plans to absorb them—even as the House of Mouse shrugs off a laughable takeover attempt by Comcast. The consolidation continues, the immediate result: three major buyers have left the building.

ICM's Nicole Clemens comments,

"MGM is not buying right now. Dimension and Miramax becomes maybe a few acquisitions and a few productions. That is a massive loss. With these three companies out of the marketplace, think about how much lost development that is."

Manager Melinda Manos says, "We're losing buyers, and the buyers that remain are buying less or have bought themselves out in some cases. Disney is, on paper at least, bought out through '05 and half of '06. Fox is buying, and then there's other people, but things out there aren't exactly rosy." Clemens agrees, "Paramount's out of money right now. Warner Bros. is claiming they're out of money. At various times, some studios are flush and others are broke, but you add that on top of an already constricting market, and it's like, 'Whoa!'"

To prove a point, The Gersh Agency's Richard Arlook whips out the trades. "If we looked at *Variety* seven years ago today, there would probably be two cover stories for scripts that sold anywhere from \$500K to \$1 million. And now, Let's see... I'm now on page eight—nothing." Of course, the situation could improve at least a little by the time you read this, as several of the majors begin new fiscal years, "but you still have three major players gone," laments Clemens. "It's the same old thing we always complain about," says UTA's Bowen, "but this time the threat of a shrinking market feels much more real." Arlook sums it up succinctly: "The marketplace is shittier and smaller."

COLLATERAL DAMAGE

The ripple effects cut far deeper than simply the loss of a few studios. The balance of power has tipped so substantially towards the remaining buyers that agents are watching their leverage evaporate like a tureen of water in Death Valley. UTA's Julien Thuan says, "When you lose a number of potential buyers, as a result, when you go out with something, you're competing for fewer buyers spending fewer dollars. That affects the level of difficulty of selling material, but it also affects how difficult it is to actually break in writers or directors because you don't have as many options."

Add to that a dollop of unprecedented pessimism and skittishness on the part of buyers, and what you have is a spec marketplace that is a mere shadow of its former self. With corporate eyes increasingly mindful of the bottom line, speculation is on the endangered species list. It seems that the days of buying a script, then having the writers do another draft to fix the problems may be gone. "[We're seeing] a lot more knee-jerk reactions out of fear," notes Clemens, "because the corporations that own the studios now have put spotlights on the bottom line. People are afraid to go out on a limb, so they're buying a lot of what they feel already works and [are] really safe bets." Adds Manos, "Studios are pulling remakes and sequels out of a box or something. Everywhere you look, there's another remake. They're not taking risks."



Richard Arlook



Julien Thuan

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And if you're an established writer or director whose last movie just happened to tank? Well, pal, things are looking especially tricky for you. "[Those folks are] going to have a really hard time right now," says Thuan. Arlook says his big-name writers are still in the game. "When major writer clients of ours—meaning not only do you have to have a name, it means that the last thing they did was successful—or if the last thing wasn't, they had three things before that which were—I think that if those people write something truly great, we do have confidence we're going to set it up. But those are very few and far between."

So where does that leave the spec market? Are agents still blasting spec scripts out to boatloads of buyers? "Some people still do it, but the reality is that it just doesn't serve the writer," says Thuan. "It's too random, and I think that you have to be much more prescient. In the past, the spec market was kind of a game, like a bake-off." But that was then. Nowadays, Thuan feels there is greater value in approaching four production companies who are either strategically chosen or very invested in the idea, rather than in going out to dozens. "You have to partner really wisely and make sure that your producer gets what you're doing," he says. Even traditional spec market bastions—genre scripts like action and horror—are tough sells in this environment without elements. Says Manos about her action project, "The

agent absolutely does not want to go out. We will not stand a chance. It's a really good script; the director has a lot of fans, but he's a first-time director—as a second-unit director, he has a huge reputation. But we're not going out with it as a spec unless we get an actor attached. Material that should have been a slam-dunk sale years ago is now a struggle."

And pitches? Right now, forget it. "Clients practically have to write the script to get the job," says Clemens. "Unless you are a massively known quantity, or if you have major elements, pitches are nearly impossible. Sony and DreamWorks are simply not buying pitches at all." Which brings us to a very interesting phenomenon going on right now—the bifurcation of the marketplace. The bottom has not dropped out of the marketplace so much as the *middle* has dropped out of it.

CASUALTIES OF WAR

"It's either a massive sale, and you get that call at 7:30 in the morning like I did on *Failure to Launch*," notes Clemens, "or it's just that painful, dragged-out-over-several-days crawl to get someone to put up \$100,000. There are jobs for the people under \$300,000, and there are jobs for the high-six-figure to million-dollar closers. That \$300–\$600,000 area is a dangerous area." And therein lies the hard reality: the folks who are feeling the crunch most of all are the mid-level writers, the working stiffs who've enjoyed a little success.

It's "mostly the guys in the middle" who are taking the damage, Marty Bowen agrees. "There's a lot of cutting going on." Thuan adds there are also a lot more one-step deals—where a studio will pay for a draft but not the customary rewrite and polish—and "a lot of creative deals where they sort of backload the money [so they can pay less up front]."

Several of our panelists know of writers who are, frankly, getting desperate. Manos mentions a name writer who's putting himself up for low-six-figure assignments just to keep working. "These are guys who immediately get crossed off the list because the studios don't want to pay that kind of money," says Thuan. "Whereas a couple of years ago, it was really about the quality of the writing, desire and appetite, now they would much rather take a risk on a younger writer—[where they can] strike out once and have another shot—than go with one big writer and only one shot." Arlook feels that what's happened is that the \$250–500,000 writers "have either gone up [in price] because they're hot and have been delivering, or they're very lucky if they are staying the same."

Feeling depressed? Well don't tie that noose yet there, Sluggo; the news is not all bad. The truth is that for "baby writers," your odds may have actually just increased—although you can probably kiss your fantasies of that \$500K first-timer spec sale goodbye. Says Arlook,

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“Consolidate This” — Will ICM make a play for one of its rivals soon?

It's not just the major studios that are consolidating. The town's ten percenteries have caught the bug, too. In 2004, Sam Gores's Paradigm literary and talent agency gobbled up rivals Writers & Artists and Genesis, and they recently bought leading musical talent broker Monterey Peninsula Artists. The move was widely seen as Gores's attempt to compete with the big boys, and indeed, Paradigm is now roughly the size of UTA and Endeavor (although without the same revenue).

But this is just the tip of the iceberg. According to our source at one of the top five agencies, “Almost every agency has looked at every other agency to merge or acquire,” he says. ICM and UTA may make a play for Endeavor. CAA is eyeing several successful medium-sized agencies—BWCS was apparently being considered

for awhile. APA, Gersh, and other successful small to mid-sized agencies are often mentioned as takeover targets.

UTA's Julien Thuan says, “I think that anything that people can do to get expenses down, to get the cost of representation down, they're going to do. Right now it's really hard to compete without a big machine behind you.”

As for what this means to writers, there's good news and bad news. Consolidation means agent layoffs, and that means it could (incredibly) become even more difficult to not only find an agent but to remain represented. But it also means that these new juggernauts will have incredible packaging power at their disposal, and if you're their client, that's good news indeed.

—JIM CIRILE

“THE DEATH OF THE SPEC MARKET” CONTINUED

“There are young agents who find great new voices that they're really passionate about, and they [sometimes] set up those scripts as indies or Sundance movies or whatever.” Maybe not a big check, but heck, it's opportunity. Arlook continues, “Then there are those life-support projects where no one wants to really let go of it, but there's not a big appetite, and they don't want to spend a fortune on trying to make them work. So they say, ‘Find me some brilliant young writer who will come up with a take and crack this, who we can pay \$75K for, and we'll give him a shot.’” Seventy-five grand? That may be chicken feed in Tinseltown, but for a breaking writer, it's hitting the lottery.

So there is some money flowing, and our crafty panelists have naturally found ways of navigating the minefield that is the new Hollywood....

COUNTERATTACK

Literary representatives are fighting back using any and all material at their disposal. Their biggest weapon: alliances. “You have to be creative in finding ways to invest studios or producers,” says Thuan. “Specifically, in the talent meetings, you try hard to build a relationship with writers and directors so that the investment becomes personal.” The idea is that a producer is far more likely to fight for a project that he or she has a personal stake in, or feels some ownership of, than they would for a spec that just plopped on their desk. “Instead of just sending out a spec,” says Arlook, “a

lot of times we'll bring a producer into an idea early on. If a client has an idea for an action spec, maybe it's smarter to say to them, ‘Let me put you in a room with Melissa Reid or Chad Oman or Mike Stenson over at Bruckheimer.’ If they love the idea, give it to them twenty-five pages at a time. All of a sudden they're vested in it, and they believe in it. Then you've got Jerry Bruckheimer's name on it when you take it into Disney.” And even if the studios don't buy it, “the producer has discretionary money, so if they really love it, they can just buy it themselves anyway.”

Says Thuan, “I haven't done that, but I try to be really careful when I go out with specs. We try to be a little more prescient and say, ‘Will the producer take it seriously and push hard?’ And you put that on the producer when you call. You do the same thing with the executives. Is this person invested in the relationship? Will they really push hard if they like it? All I ask is if you like it, you have to really like it.”

As for specs, Arlook says that they're having to package a lot more now than ever before, but they're finding a way to make it work. Manos is packaging every single one of her clients' scripts right now. These pros are stacking the deck in their favor so that when the scripts finally do get submitted to buyers, there's a lot more to show than 115 pieces of 20lb. bond with some black ink on 'em. Thuan says, “You're look to use the elements you have access to, that are added value, to make it easier” to sell the project.

BWCS's Emile Gladstone says, “I always

try to get producers to come in. I never go in with a spec directly into the studios. That's short-term thinking. You need motors behind the project, so that when you go in to two executives who have seventy projects, there's still someone cheerleading, pushing.” But despite a tricky marketplace, Gladstone remains wary of attachments. “If a script is ready to go, and you have an actor or director with a slot, then cool. If it's Ben Stiller's next movie or Tom Shadyac's next movie, great. I think it's very helpful to have that sort of attachment. But if you're just looking to develop for a director who's three movies out—who already has his next two projects lined up—well, it may help the deal, but it's not going to help the movie. Development, for an actor, is a giant pain in the butt.”

NEW WORLD ORDER

So where does it end? Will there really only be three megastudios left after all the consolidation is done? Gladstone advises everyone to remain calm. “When Warner Bros. acquired New Line, everyone thought New Line was just going to become a releasing label. Well, New Line has gone on to be a true power in the business. I don't see Paramount, Sony, Disney, or Warner Bros. going away.” And don't forget that historically MGM has been bought and sold more times than anyone can count. Gladstone continues, “Miramax is a bummer, but guess what—another entrepreneur like Harvey Weinstein will step up, find some Wall Street money, or some tractor-pull money—which is my name for some really



wealthy guy who wants to be in the business—and start up a company. And if he hits one out of his first five, and it becomes either a critical darling or more importantly a financial success, suddenly they'll have infrastructure. Everyone thought DreamWorks was going away. DreamWorks isn't going anywhere. With the success of their IPO and the way that their business model works now, they're going to be making eight to ten movies a year. It's exciting."

Even as some buyers leave the marketplace, new ones will step up. Gladstone says it's important to cultivate those new studios, and he notes that Lions Gate was just a small Canadian company only six years ago. "And now they're publicly traded, very successful, very profitable. The guys are turning a real profit in the movie business. No one's supposed to return a real profit in the movie business, you know—creative accounting and all. It's up to us as agents and as industry leaders to support companies like that and not gouge them... so that they can grow until they get to a point where we *can* take advantage of them." And a well-known agent who requests anonymity also says that he doesn't expect Harvey and Bob to hang out with the Mouseketeers for long. "The Weinsteins will probably break off, start a new company. I mean, they're Harvey and Bob. They'll find a new life."

REDEPLOYMENT

In light of all this, what are we writers to do? First off, to paraphrase Python "This

parrot is not dead—he's resting." Make no mistake—reports of the spec market's demise may be premature. Gladstone has some choice words for the doubting Thomases. "The comment of 'the market has diminished to the point where I can't sell a script' is bogus. A good script still sells—period," he states emphatically. "We just sold one three weeks ago for half a million dollars. I've seen a lot of spec material sell in the last three months. I mean, it's not 1995. They're not buying six scripts a month at \$500,000+. [But] they're still buying. They still need material. They're still looking to break that next talent. All the rules that we have known still exist."

Thuan agrees with Gladstone, to a degree. "We can all be as frustrated as we want, but the reality is that good material still finds its way. There are still interesting films being made based upon difficult material if the cast is right and the budget is right. The best of them still seem to sell. I think what's more challenging now is to sell material that's not great or not polished or isn't a knockout concept."

As for us, we writers need to stay focused on what the corporations want. Says Gladstone, "You're not writing novels or plays where it's 'Wherever your muse takes you.' That's not the screenwriting craft. It's, 'Let's be a student of the business and find out how I can break in so that I can establish myself as a brand and then branch out and take chances.'" Manos agrees, and is advising her clients to seek out those home-run ideas. "I'm recommending that my writers just write

commercial right now," she says. "Don't do that pet project right now. Write high-concept, commercial projects. Save the dramas for later."

But we have to warn you: one favorite spec genre is now on life-support. "You're not going to sell a spec romantic comedy right now," says Gladstone, "because that's not a genre that has been rewarded in the marketplace." Gasp! The rom/com—dead? What's a romantic comedy writer to do? "Well, *Along Came Polly* was a romantic comedy," says Gladstone, "but that was successful why? It wasn't really that romantic. It was more comedic. It was a little "r" and a big "C." So be smart about it."

This is not your daddy's spec script marketplace. Things have changed. The days when a baby writer can break in and sell a script for huge money may be history... or are they? Gladstone tells us about a project called *Invincible* which he set up in conjunction with Clemens. "They went out to producers on a Monday, were into the studios by Tuesday and had an offer by Thursday—the way it's supposed to work," he enthuses. "And that was a sports movie! Those never sell. They have no foreign. But it sold for half a million dollars. It is not all doom and gloom. Imagine if that was *National Treasure* or *Honey, I Shrunk the Kids* or a 4-quadrant movie—it would have sold for twice as much." **CS**



JIM CIRILE is a WGA writer, artist, and musician from New York, now living in Los Angeles. He has sold, optioned, or written for hire seventeen screenplays, has had three produced features, and is the founder of the low-cost script analysis service Coverage, Inc. Email him at jim@creativescreenwriting.com.