

Entertainment Business Finance Leadership Portfolio

Patrick Masters

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It is important for today's entertainment business owner to not only understand the way their company is structured but also to understand the importance of financial decisions that will have an impact on the company's overall success. Two companies and their owners with differing target markets were interviewed about the creation of their companies and how they have help it to become successful in an increasing competitive marketplace.

Ryan Connolly, founder and Company Executive Officer of Triune Films, was interviewed recently about his company. Triune Films, L.L.C. is in its third year of business. Connolly graduated from Full Sail University in 2004 with a degree in Film Production. The experience that Connolly gained in his undergraduate program has helped prepare him to assist in the writing, direction, editing, and production for his company. Connolly worked in many different careers before securing a position with Alienware where he led the Video Production team that provided the experience needed to start his own business.

Bill Hunt, owner of Hunt Photography was also interviewed recently to provide the perspective of the sole proprietorship business owner. Hunt gained his Bachelors in Civil Engineering and Cinematography and is currently working on his Masters in Photography. Prior to starting his own photography company, Hunt worked as a Civil Engineer in the Petro-chemical industry.

Making the correct decision on the type of business entity to use is crucial in the beginning stages of a company. Both of these business types have advantages and disadvantages associated with them. In Hunts sole proprietorship company, he did not have to file any formal federal legal forms nor does he have any federal requirements for compliance. Hunt is able to

operate his business in a tight family structure and requires no formal organizational structure (Adelman & Marks, 2009). Hunt faces disadvantages in his sole proprietorship because it requires use of individual resources to operate his company and assumes all responsibilities for business debt and legal liabilities.

In Connolly's company, Triune Films benefits from taxation as a partnership while enjoying limited liability like corporate shareholders (Adelman & Marks, 2009). The LLC limits the liability for Connolly and any other members and management's income flow and individual tax returns. One advantage Triune Films has a LLC is once it creates a new demand for their product or establishes a positive track record of profitability it can then make the transition to a public corporation and offer stock in the company to the public.

An interesting similarity shared by both companies is each respective owner has acquired formal educational training in their fields but do not require their employees to possess the same formal education for employment. For Hunt Photography, many of the daily tasks required to operate his business is performed by Hunt. Hunt has taken additional courses and training to help him become more efficient and effective in managing his company. In contrast, Connolly has not participated in any additional training, instead adopted a self-taught approach through reading books and working with family members who already owned their own business. Connolly (personal communication, March 20, 2010) states "Mostly with this industry, I have found that marketing is everything. Creativity and talent takes precedent over knowledge gained in a formal academic setting for both companies."

Both owners use hands-on approaches for daily operation of their companies. Connolly delegates responsibilities to other areas that are essential to their production process that allows

him to focus on getting his company's name and brand out in the public eye and focus on the vision for Triune Films. Hunt conducts a one-man operation but occasionally hires support staff based on the need and size of the project that enables him to control his variable costs required for project completion. Triune Films does not require their creative personnel to possess business and finance skills but for the business aspect, Connolly understands as a new born company, one mistake could prove to be detrimental.

Condemnation Films can benefit using either approach. Hunt Photography provides a blue print for starting out until the company grows to the point that other staff is needed for areas where outsourcing becomes cost prohibitive. Similar to Hunt Photography and Triune Films, Condemnation Films will not demonstrate a need for formal education for the creative portion of the company but will require a formal education for the finance portion of the company.

Both Hunt and Connolly recommend the student's focus rely on the creativity and technical skills rather than focusing on business skills. Connolly (personal communication, March 20, 2010) believes "Writing emails and speaking with clients on the phone is an art form all to its self". Condemnation Films would be wise to acquire employees that are aware of the impact their positions have on the company and its finances. Even if their role is not directly related to finance, this awareness will help assist the company to maximize its profitability.

Hunt and Connolly agree that the ability to solve problems using analytical and critical thinking skills is essential to minimizing risks and losses. Connolly (personal communication, March 20, 2010) states "the more hats an employee can wear, the further he will go in the company". This can benefit Condemnation Films by utilizing all of the talent the staff possesses by helping to eliminate the need for hiring additional staff to perform additional business tasks.

Both companies hired employees that already possess the required skill set and do not provide company paid or assisted training for their employees. This would be a wise decision for Condemnation Films to adopt early in business to help lower expenses until company growth and a completed break even analysis would demonstrate the ability to increase sales and increase employee efficiency. Hunt (personal communication, March 20, 2010) notes that when he does outsource his work, he requires those positions that require handling of financial calculations to have formal training and a firm understanding of the company's finances and investments.

Triune Films first year in business was difficult and the company lost money. The second year allowed Triune Films to break even and earn a small profit. Year three has proven to be the most successful year for Connolly as profits are on pace to increase 400%. Hunt Photography shared the same growth pattern but on a smaller scale. Hunt (personal communication, March 20, 2010) believes in order to stay competitive in a media type company; the company's leader must remain aggressive in attempting to increase the company's profit margins by actively lowering the variable costs. Condemnation Films would be wise to adopt this strategy from the start to increase their ability to reach break-even more quickly and begin to return a profit.

Triune Films has relied on word of mouth advertising to this point. Connolly (personal communication, March 20, 2010) believes that expanding their advertising budget to include a large media push will increase company exposure and increase sales revenue that will result in a higher profit margin. Hunt relies on print and media advertising, targeting trade show magazines, and direct mailings to Art and Production Directors. Hunt has managed to lower or eliminate his advertisement costs by bartering his services with various publications in exchange for advertising space. Condemnation Films could benefit from similar deals to help increase their viewer base but must demonstrate caution with how much of its service to barter.

Connolly (personal communication, March 20, 2010) offered advice for startup companies and students to “get out there and do it”. Connolly suggests students and graduates need to take advantage of the opportunities out there to gain experience and knowledge even if it is unpaid. This helps build a portfolio for the graduate and demonstrates their passion to pursue their goal even if it means losing money at first. “This way you aren’t like everyone else who is just leaning on their degree to try and find work”, said Connolly (personal communication, March 20, 2010). Hunt believes for entrepreneurs, it is essential for the individual to invest in themselves first because they act as the structure of the company and to create a balance between the creative and business aspects of the company.

Triune Films and Hunt Photography have proven different types of startup companies can be successful if the company’s leader remains focused and effectively selects the appropriate staff that work in cohesion to grow the company and increase sales revenue. The new business owner must recognize the possibility of turning a profit the first year is not likely. Patience and persistence, combined with employees who efficiently work to maximize their efforts, will result by increasing the company’s profitability.

Reference

Adelman, P., & Marks, A. (2009). *Entrepreneurial finance*. Columbus, Ohio: Prentice Hall

Contact Information

Ryan Connolly – Triune Films CEO

rconnolly@triunefilms.com

If phone contact is needed, Connolly respectfully asks to be contacted through this email address.

Bill Hunt – Hunt Photography

Phoenix, AZ

602-938-3994