

In-house Production: A Better Business Model?

By Francois Chilot on 2nd April 2014

Francois Chilot asks; is this new business model a better service of production offered by agencies to marketers?

“Years back when I started my career at TBWA the structure of the industry was very clear and simple. Marketers hired agencies to create their campaigns and agencies hired production companies to produce the films of their campaigns.

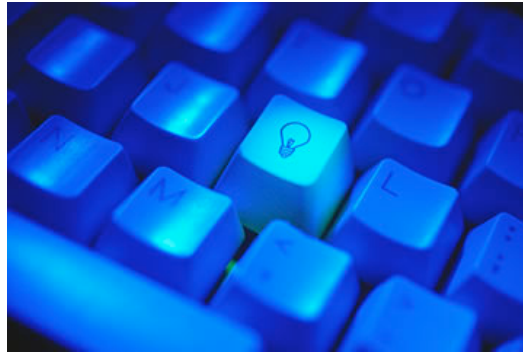
I could easily fall into the trap of being the guy who goes on about ‘the good old days’. Nevertheless, it is true to say that those days *were* good. They were good not only because the relationship between the three main actors of our industry was clear and simple but also because this relationship was based on two characteristics: trust and respect. Over those years, what we have gained in technological advances we have unfortunately lost in the quality of human exchanges.

Respect and Trust

The two easiest things in life for someone to lose and the hardest things to get back.

Changing times

Since the 80s we have gone through a series of major economic crises and phenomenal technological advancements. On one hand our business has become fiercely competitive, far more than it used to be. But on the other the technological revolution has opened amazing new doors to creativity, something to which the good old days cannot lay claim.



But those crises and advancements are still redesigning the structures of our industry. Medium-sized independent agencies tend to be disappearing while agency networks grow bigger and lean heavily on production companies.

The dismemberment of commercials by agencies

In the past, production companies were responsible for the making of their films from the beginning to the end, which is only natural. Over the years, agencies looking for new resources took over the post production. More recently, some of them 'crossed the line' and started to produce. The biggest agencies have created their own in-house production companies which compete with independent production houses to win the agency's own project, an approach which surely benefits one side over the other. Some agencies go even further and eliminate independent production companies from the competition.

But is this move from those agencies the start of a worldwide trend?

Before trying to predict what our world is going to be like, let's ask ourselves one question: When an agency handles the post production of a film and produces a film in-house, is this a guarantee of a better quality at a better price for its clients?



Promote and nurture

As president of [cfp-e/YDA](#) I remind, very often, the different actors in the making of commercials that the core of the producer's role is to discover, promote and nurture directors. Agencies, through their very professional TV departments, 'discover' directors who are promoted by independent production companies. Agencies cannot and will never nurture directors as they will never be able to offer the best work to the best talents.

Like any company, production companies must make a profit in order to develop and to invest. It is so obvious that it sounds a bit stupid to say it, but I have come to realise that agencies wish to forget what we do and how we do it.

We promote directors but we also promote all the other talents and technicians such as DPs, art directors, editors, designers, musicians, line producers, production managers, make-up artist, dress designers... We know who is the best for a particular job and how to put together the most efficient team.

Future facing

We also know how to give a chance to beginners. We are precursors because in our films we very often experiment with new technologies. More often than not we invest in the films we make, we willingly spend some of our mark-up, if not all of it, to enhance the quality on the film; producers work on a long-term basis. In-house production companies seek immediate return on investment; they work on a short term basis.

Production companies take risks. I doubt if in-house production companies will deliberately do that. If we go through the long list of the best international directors we will see that they all started their career in a production company. What we do not know is how much their production company invested to launch their career, but for sure they did. Independent production companies create value, in-house production companies do not.



The best of the best

Of course, agencies do not plan to take 100 per cent of the commercials market, they just want the post production and the films which they say do not require 'added production value'. Essentially, those films which are less risky, and which will not have a chance to get a Lion in Cannes. Producers can be reassured; they will still produce 'the best of the best'. Agencies do not deny our talent, they do not deny the fact that they need us, but their goal is to take over a large part of our turnover which is vital for independent production companies to survive and to invest in new talent.



On a short term basis the production market could be reduced by 20, 30, 50 per cent... this would mean that the medium-sized production houses will disappear, thus reducing dramatically the search for new talent, and also the very wide and creative choice which is currently offered to agencies and marketers.

If this trend is confirmed in the months and years to come it will create monopolies and push prices upwards, therefore leading to less creativity and innovation in filmmaking.

Producing talent

This year at the Young Director Award we have created a new award for producers who have been outstanding in promoting new talents over the last two years. I invite those who want to know what the next generation of filmmakers is up to, to come to our award ceremony on Thursday June 19 in Cannes and see for themselves why producers are so passionate about what they do. ”