



Department of Theatre
MICHIGAN STATE UNIVERSITY

“STEPS TO BROADWAY”

PRODUCING FOR THE COMMERCIAL THEATER

2022 - Semester 2



WHY STUDY THEATER PRODUCING?

If you intend to go into any area of professional theater as a career, you should have a basic understanding of the industry you are entering:

- 1) How the theater industry works,
- 2) Who is who in theater hierarchy / understanding the basic theater organizational system,
- 3) Understand how your chosen field fits into the overall show production team,
- 4) Understand the differences between the commercial (for profit) theater industry and the non-profit theater sectors

ONGOING ASSIGNMENT FOR THE ENTIRE COURSE:



Department of Theatre
MICHIGAN STATE UNIVERSITY

SUBSCRIBE TO "BROADWAY BRIEFING"

It's a FREE weekday newsletter for the Broadway industry.

READ it every week day!

(There will be assignments to discuss various articles found in BROADWAY BRIEFING throughout the course)



<https://broadwaybriefing.com>

WHAT IS COMMERCIAL THEATER?

COMMERCIAL THEATER is a **BUSINESS** engaged the presentation of a live stage production organized and produced by a “for profit” company.



HOW IS “BROADWAY” LEGALLY DEFINED?

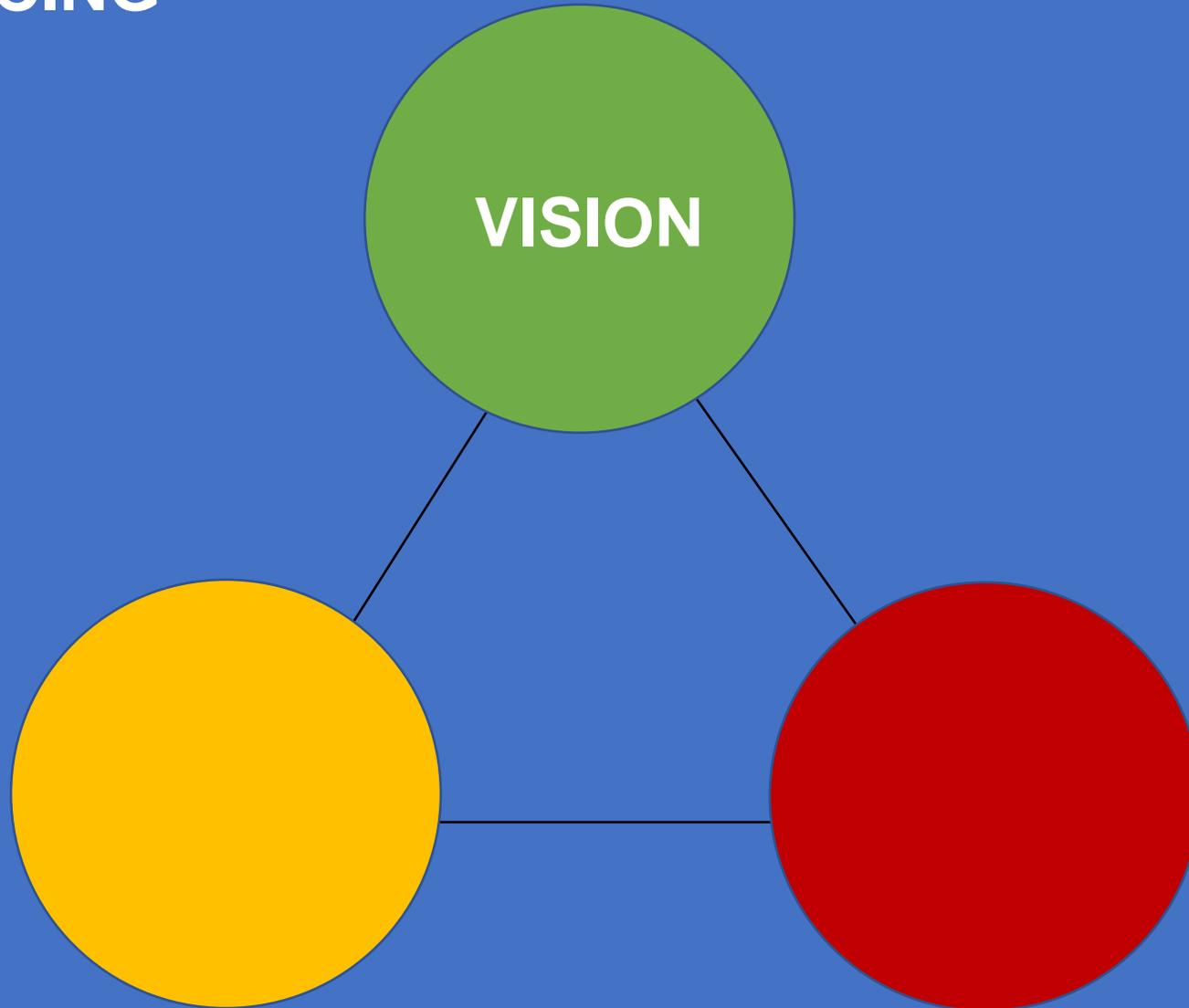
“BROADWAY” IS DEFINED *LEGALLY* IN VARIOUS UNION RULE BOOKS AS:

- The **geographic area** in New York City, Borough of Manhattan, between:
5th Avenue east to 9th Avenue west, 34th Street south to 56th Street north
AND
5th Avenue east to the Hudson River west, 56th Street south to 72nd Street north
- Theaters of **more than 499 seats**

THEATER PRODUCING



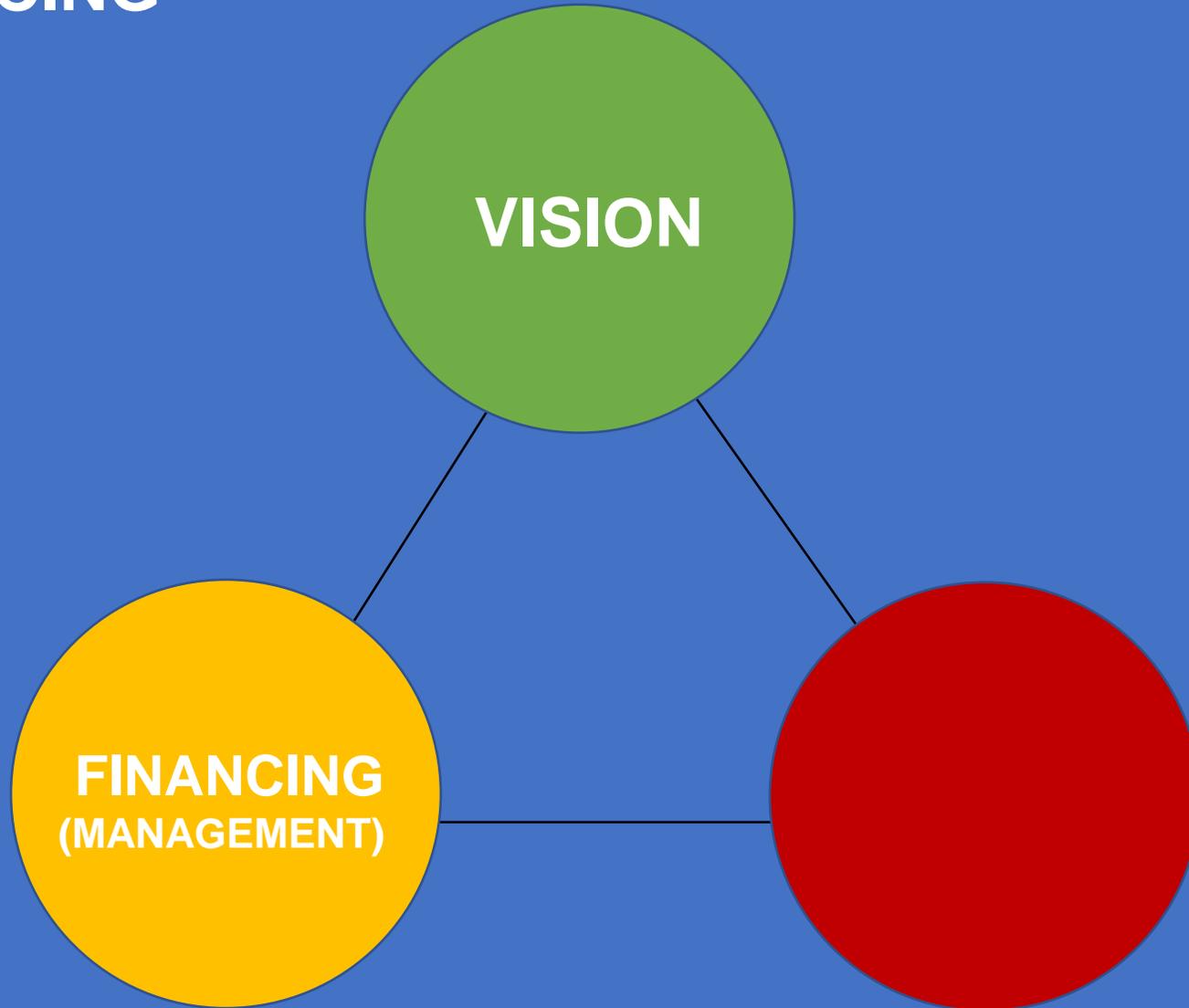
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THEATER PRODUCING



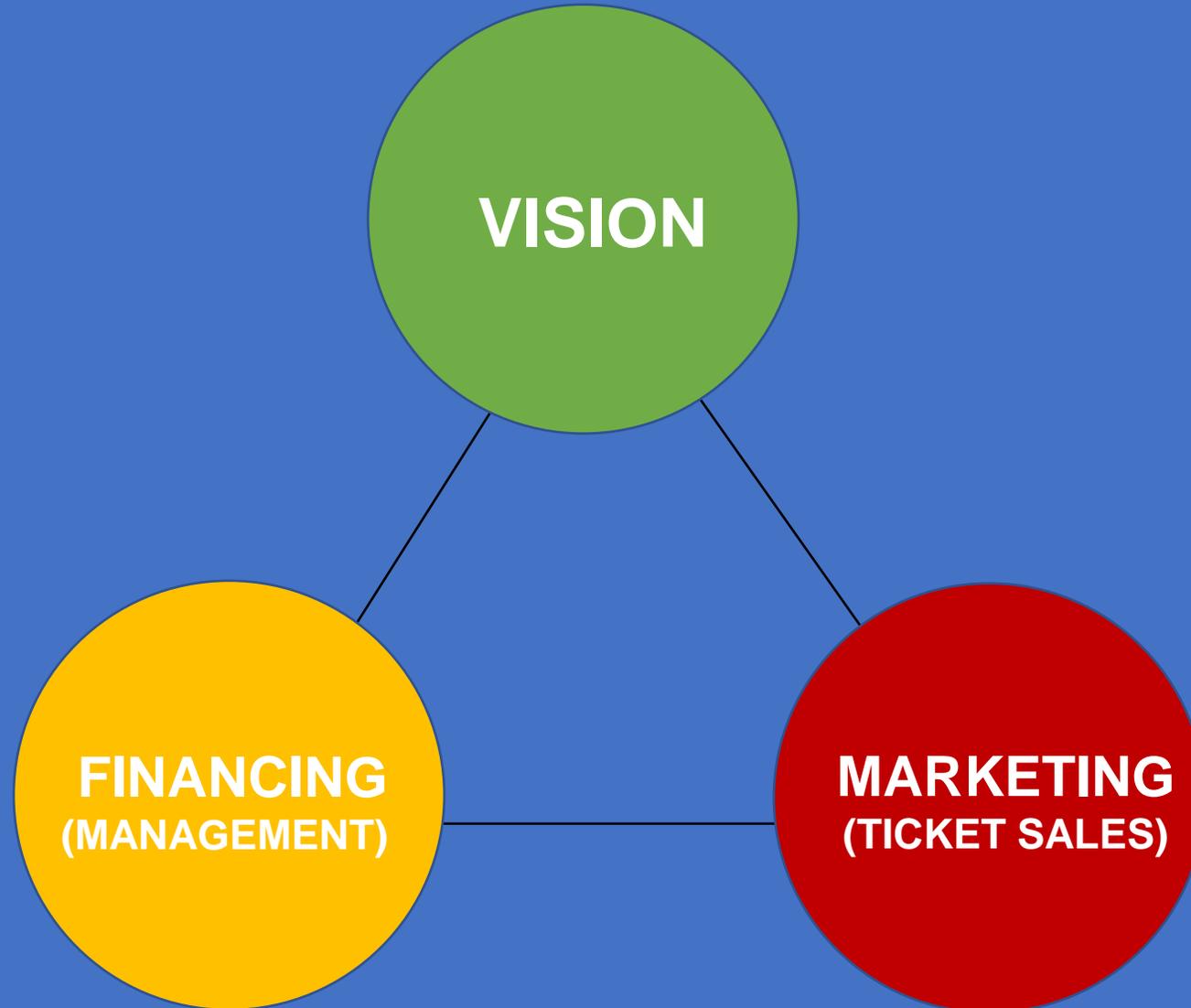
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MICHIGAN STATE UNIVERSITY



THEATER PRODUCING COMMERCIAL THEATER



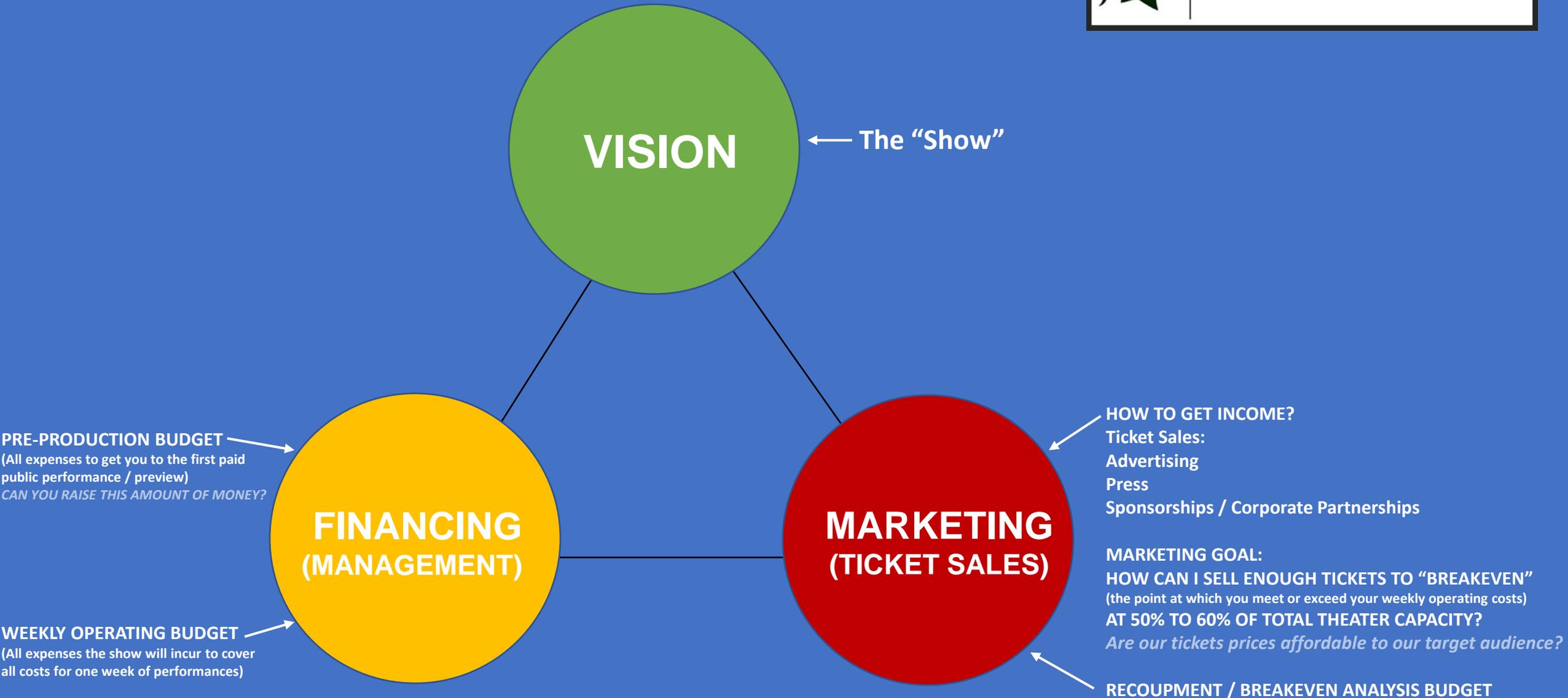
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THEATER PRODUCING COMMERCIAL THEATER



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THEATER PRODUCING COMMERCIAL THEATER



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PRE-PRODUCTION BUDGET

(All expenses to get you to the first paid
public performance / preview)

CAN YOU RAISE THIS AMOUNT OF MONEY?



**FINANCING
(MANAGEMENT)**

WEEKLY OPERATING BUDGET

(All expenses the show will incur to cover
all costs for one week of performances)





**MARKETING
(TICKET SALES)**

HOW TO GET INCOME?

Ticket Sales:

Advertising

Press

Sponsorships / Corporate Partnerships

MARKETING GOAL:

HOW CAN I SELL ENOUGH TICKETS TO "BREAKEVEN"

(the point at which you meet or exceed your weekly operating costs)

AT 50% TO 60% OF TOTAL THEATER CAPACITY?

Are our tickets prices affordable to our target audience?

RECOUPMENT / BREAKEVEN ANALYSIS BUDGET

WHAT IS COMMERCIAL THEATER?

WHAT IS THE GOAL OF COMMERCIAL THEATER?

COMMERCIAL THEATER is the presentation of a live stage production, usually utilizing union talent, organized and produced by a “for profit” company.

COMMERCIAL THEATER has one, and only one, goal or purpose... to turn a profit (to make money!).

While most, if not all, Commercial Theater Productions would like to be thought of as “having artistic value and merit”, make no mistake. Commercial Theater is first and foremost a BUSINESS. And like every business, its sole goal is to turn a profit.

Investors in Commercial Theater projects may be thrilled to win awards and have positive critical reviews, but they have invested hoping to get a positive R.O.I. / Return On Investment.

Here's the financial industry's definition of R.O.I.

Return on Investment (ROI)

Return on Investment (ROI) measures the benefit an investor will receive in relation to their investment cost.

$$\text{ROI} = \frac{\text{Net Income}}{\text{Cost of Investment}}$$



WHO ARE COMMERCIAL PRODUCERS?



COMMERCIAL THEATER PRODUCERS are individuals who:

- Identify a project they would like to present commercially (for profit) in a live stage venue;
- Have the ability to secure the legal “rights” to the project;
- Can raise the necessary financing to facilitate bringing the project to fruition.

From there, COMMERCIAL PRODUCERS can hire General Managers and a legal team to take over the logistics of bringing a massive “for profit” venture to life.

HOW DO COMMERCIAL PRODUCERS FIND PROJECTS TO PRODUCE?

I want to quote Broadway Producer Michael David (Broadway Producer of JERSEY BOYS and a multitude of other shows) from the book *The Commercial Theater Institute Guide to Producing Plays and Musicals*:

1. **Producer-as-shopper.** You find someone else's successful child and adopt it. Producers are constantly circling over both sides of the Atlantic these days, looking to find the next hit somewhere else that they might bring here to the Great White Way. (That seems more like presenting to me, but considering how dangerous and unwelcoming here is, it makes a lot of sense that you would want to vet something before you bring it in.)
2. **Producer-as-investor.** You find a child someone else is raising and you support it, and you buy into it. It is a way to learn, have a stake, rooting interest, cocktail party one-liner, and more and more these days a way to have control; as serious, sizable investors acquire a proverbial seat at the table. (It has always seemed to me that democracy and producing are counterproductive, or I suppose, a necessary evil. But that is a discussion for another time.)
3. **Producer-as-originator.** You cause an idea to happen; you make the baby. And that is—and I don't have to tell you—the most dangerous of these three producing styles. But it is also the most gratifying, the most fun, as well as the most risky.

THE TWO WORLDS OF COMMERCIAL THEATER

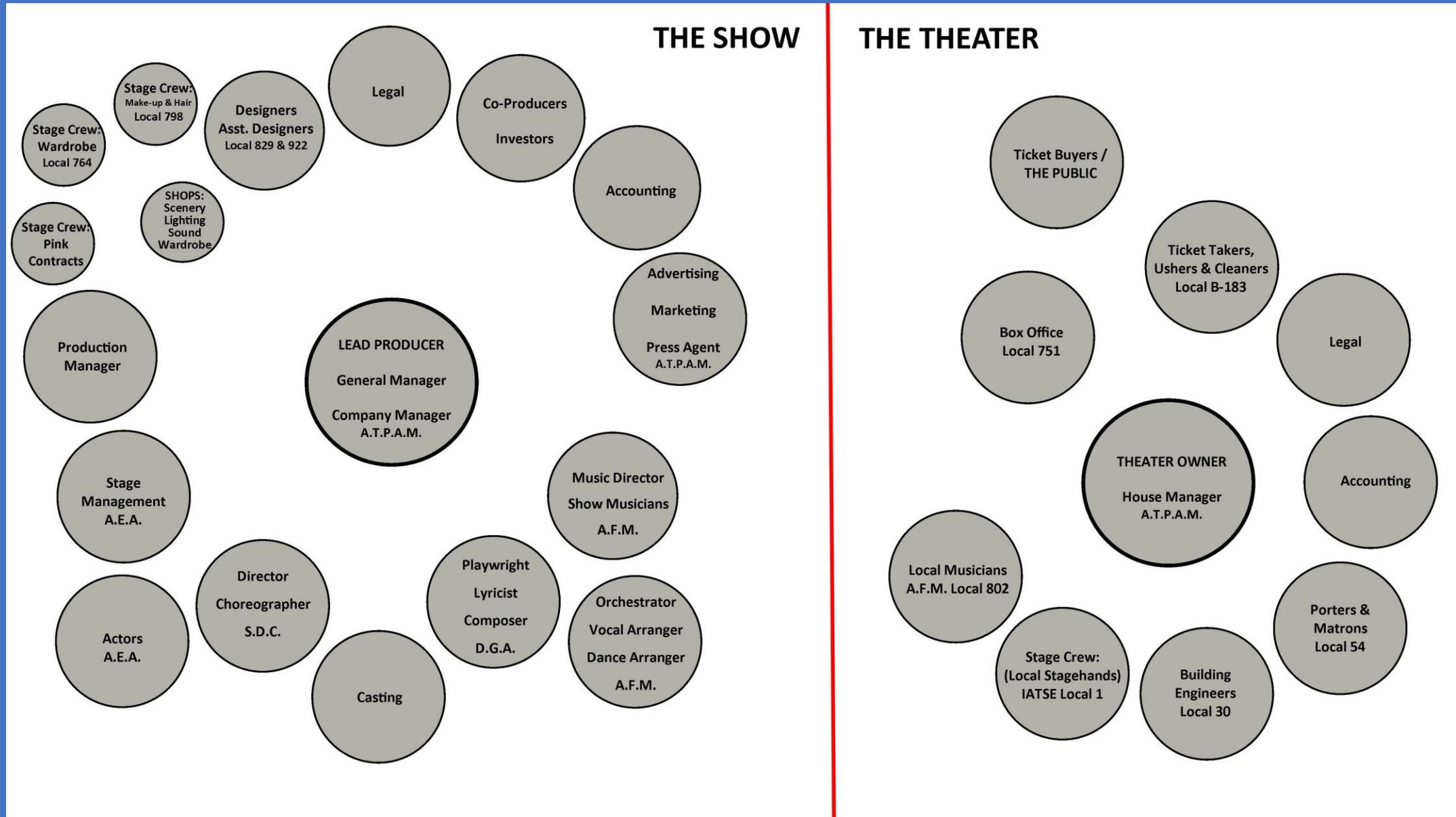


We will examine the world of THE PRODUCTION and the world of THE THEATER. While the public may assume that these worlds are all combined, in reality they are two very distinct worlds operating in tandem, side by side. And hopefully the interactions and operations of the two worlds will be seamless to the public.

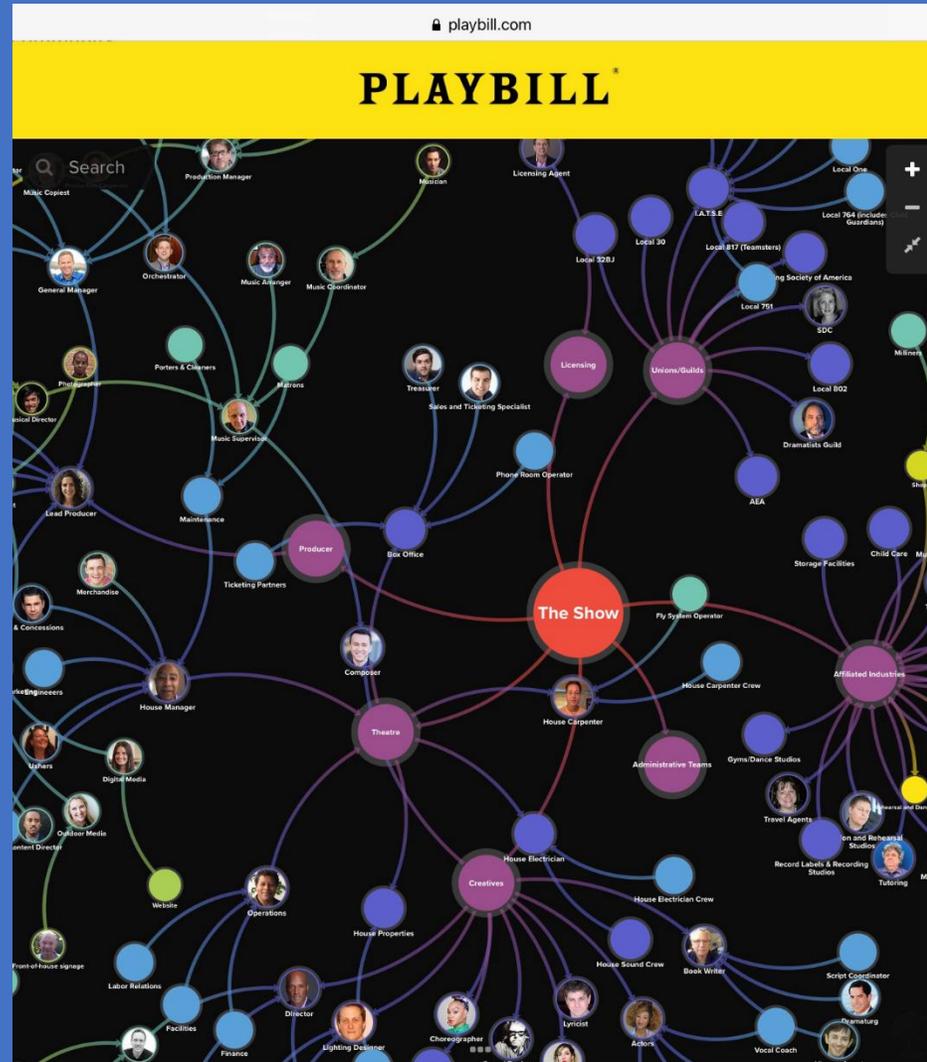
We will breakdown a Broadway Organizational Chart, which I adapted from the book ***THE BUSINESS OF BROADWAY***, look at each area of THE PRODUCTION and THE THEATER and discuss how each of these entities operate and interact with each other.

BROADWAY SHOW ORGANIZATIONAL CHART

CHART CREDIT: Adapted from "The Business Of Broadway"
by Mitch Weiss and Perri Gaffney



BROADWAY INTERACTIVE ORGANIZATIONAL CHART



<https://playbill.com/broadway-community-project>

UNIONS / GUILDS ON BROADWAY



PRODUCERS / SHOWS:

AEA - Actors' Equity Association
DGA – The Dramatists Guild of America
SDC – Society of Stage Directors and Choreographers
USA IATSE Local 829 – United Scenic Artists
THEATRICAL SOUND DESIGNERS – IATSE Local 922
TWAU IATSE Local 764 – Theatrical Wardrobe Attendants Union
MAKE-UP ARTISTS & HAIR STYLISTS UNION – IATSE Local 798
IATSE – Traveling Stage Hands “Pink Contract”
ATPAM – Association of Theatrical Press Agents & Managers
AFM – American Federation of Musicians
TEAMSTERS OF NEW YORK CITY

THEATER OWNERS:

IATSE Local 1– International Alliance of Theater Stage Employees
TREASURERS & TICKET SELLERS UNION – IATSE Local 751
LEGITIMATE THEATER EMPLOYEES UNION – IATSE Local B-183
THEATER SERVICE EMPLOYEES – IATSE Local 54
INTERNATIONAL UNION OF OPERATING ENGINEERS – Local 30
ATPAM – Association of Theatrical Press Agents & Managers
AFM – American Federation of Musicians
TEAMSTERS OF NEW YORK CITY



THE LEAGUE OF AMERICAN
THEATERS AND PRODUCERS, INC.

UNIONS / GUILDS ON BROADWAY



PRODUCERS / SHOWS:

AEA - Actors' Equity Association

DGA – The Dramatists Guild of America

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Actors

Stage Managers

UNIONS / GUILDS ON BROADWAY



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TEAMSTERS OF NEW YORK CITY

Dramatists Guild 
of America

Playwrights (for plays)

Book Writers (for musicals)

Lyricists

Composers

UNIONS / GUILDS ON BROADWAY



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Directors

Choreographers

UNIONS / GUILDS ON BROADWAY



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Set Designers

Lighting Designers

Costume Designers

Video / Projection Designers

ALL Assistant Designers

UNIONS / GUILDS ON BROADWAY



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Sound Designers

Assistant Sound Designers

UNIONS / GUILDS ON BROADWAY



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**Wardrobe Head of Department
Wardrobe Attendants / Dressers
"Day Workers" / Seamstresses**

UNIONS / GUILDS ON BROADWAY



Department of Theatre
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LOCAL 798

Make-up Artists & Hair Stylists

Hair Head of Department

Hair Stylists

Make-up Artists

UNIONS / GUILDS ON BROADWAY



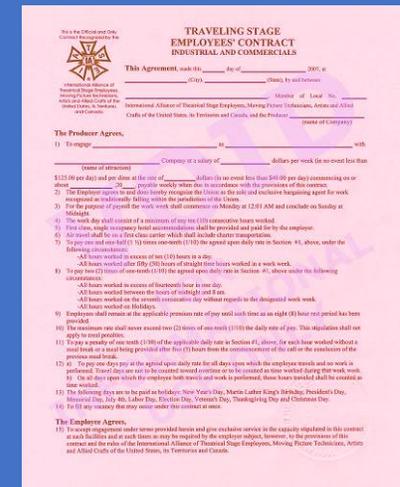
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- TEAMSTERS OF NEW YORK CITY



Production (the show) Department Heads:

- Carpentry
- Flyman
- Automation
- Lighting
- Front Light
- Props
- Star Dressers



UNIONS / GUILDS ON BROADWAY



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Company Managers

Press Agents

Apprentice Company Managers

Apprentice Press Agents

UNIONS / GUILDS ON BROADWAY



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TEAMSTERS OF NEW YORK CITY



Conductors / Music Directors

Essential Show Musicians

Orchestrators

Dance Arrangers

Vocal Arrangers

Music Copyists

UNIONS / GUILDS ON BROADWAY



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ATPAM – Association of Theatrical Press Agents & Managers

AFM – American Federation of Musicians

TEAMSTERS OF NEW YORK CITY



TEAMSTERS
Joint Council 16
Of New York City

Truckers

"Sidewalk Labor"

UNIONS / GUILDS ON BROADWAY



PRODUCERS / SHOWS:

AEA - Actors' Equity Association
DGA – The Dramatists Guild of America
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THEATRICAL SOUND DESIGNERS – Local 922
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AFM – American Federation of Musicians
TEAMSTERS OF NEW YORK CITY

THEATER OWNERS:

IATSE – International Alliance of Theater Stage Employees, Local 1
TREASURERS & TICKET SELLERS UNION – Local 751
LEGITIMATE THEATER EMPLOYEES UNION – Local B-183
THEATER SERVICE EMPLOYEES – Local 54
INTERNATIONAL UNION OF OPERATING ENGINEERS – Local 30
ATPAM – Association of Theatrical Press Agents & Managers
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THE LEAGUE OF AMERICAN
THEATERS AND PRODUCERS, INC.

UNIONS / GUILDS ON BROADWAY



House Carpenters
House Electricians
House Flymen
House Propmen
House Front Light
House Sound Men
All "Take-In" and "Take Out" Labor

THEATER OWNERS:

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UNIONS / GUILDS ON BROADWAY



Box Office Treasurers
Box Office Assistant Treasurers
All Other Box Office Personnel
Telephone Ticket Operators

THEATER OWNERS:

IATSE – International Alliance of Theater Stage Employees, Local 1
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TEAMSTERS OF NEW YORK CITY

UNIONS / GUILDS ON BROADWAY



Ticket Takers

Ushers

Directresses

Front Doormen

Backstage Doormen

THEATER OWNERS:

IATSE – International Alliance of Theater Stage Employees, Local 1

TREASURERS & TICKET SELLERS UNION – Local 751

LEGITIMATE THEATER EMPLOYEES UNION – Local B-183

THEATER SERVICE EMPLOYEES – Local 54

INTERNATIONAL UNION OF OPERATING ENGINEERS – Local 30

ATPAM – Association of Theatrical Press Agents & Managers

AFM – American Federation of Musicians

TEAMSTERS OF NEW YORK CITY

UNIONS / GUILDS ON BROADWAY



Porters

Elevator Operators

Cleaners

Matrons

THEATER OWNERS:

IATSE – International Alliance of Theater Stage Employees, Local 1

TREASURERS & TICKET SELLERS UNION – Local 751

LEGITIMATE THEATER EMPLOYEES UNION – Local B-183

THEATER SERVICE EMPLOYEES – Local 54 (Now merged with Local 32B-32J)

INTERNATIONAL UNION OF OPERATING ENGINEERS – Local 30

ATPAM – Association of Theatrical Press Agents & Managers

AFM – American Federation of Musicians

TEAMSTERS OF NEW YORK CITY

UNIONS / GUILDS ON BROADWAY

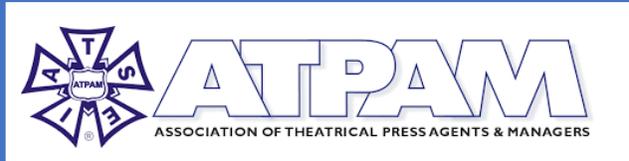


Operating & Maintenance Engineers for:
Heating Boilers
Heating Systems
Mechanical Refrigerating Systems
Air Circulation
Standpipes
Fire Pumps

THEATER OWNERS:

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TEAMSTERS OF NEW YORK CITY

UNIONS / GUILDS ON BROADWAY



House Managers

Apprentice House Managers

THEATER OWNERS:

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LEGITIMATE THEATER EMPLOYEES UNION – Local B-183

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TEAMSTERS OF NEW YORK CITY

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Orchestra Musicians

THEATER OWNERS:

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LEGITIMATE THEATER EMPLOYEES UNION – Local B-183

THEATER SERVICE EMPLOYEES – Local 54

INTERNATIONAL UNION OF OPERATING ENGINEERS – Local 30

ATPAM – Association of Theatrical Press Agents & Managers

AFM – American Federation of Musicians (Local 802, New York City)

TEAMSTERS OF NEW YORK CITY

UNIONS / GUILDS ON BROADWAY



Truckers
Sidewalk Labor

THEATER OWNERS:

- IATSE – International Alliance of Theater Stage Employees, Local 1
- TREASURERS & TICKET SELLERS UNION – Local 751
- LEGITIMATE THEATER ` UNION – Local B-183
- THEATER SERVICE EMPLOYEES – Local 54
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UNIONS / GUILDS ON BROADWAY

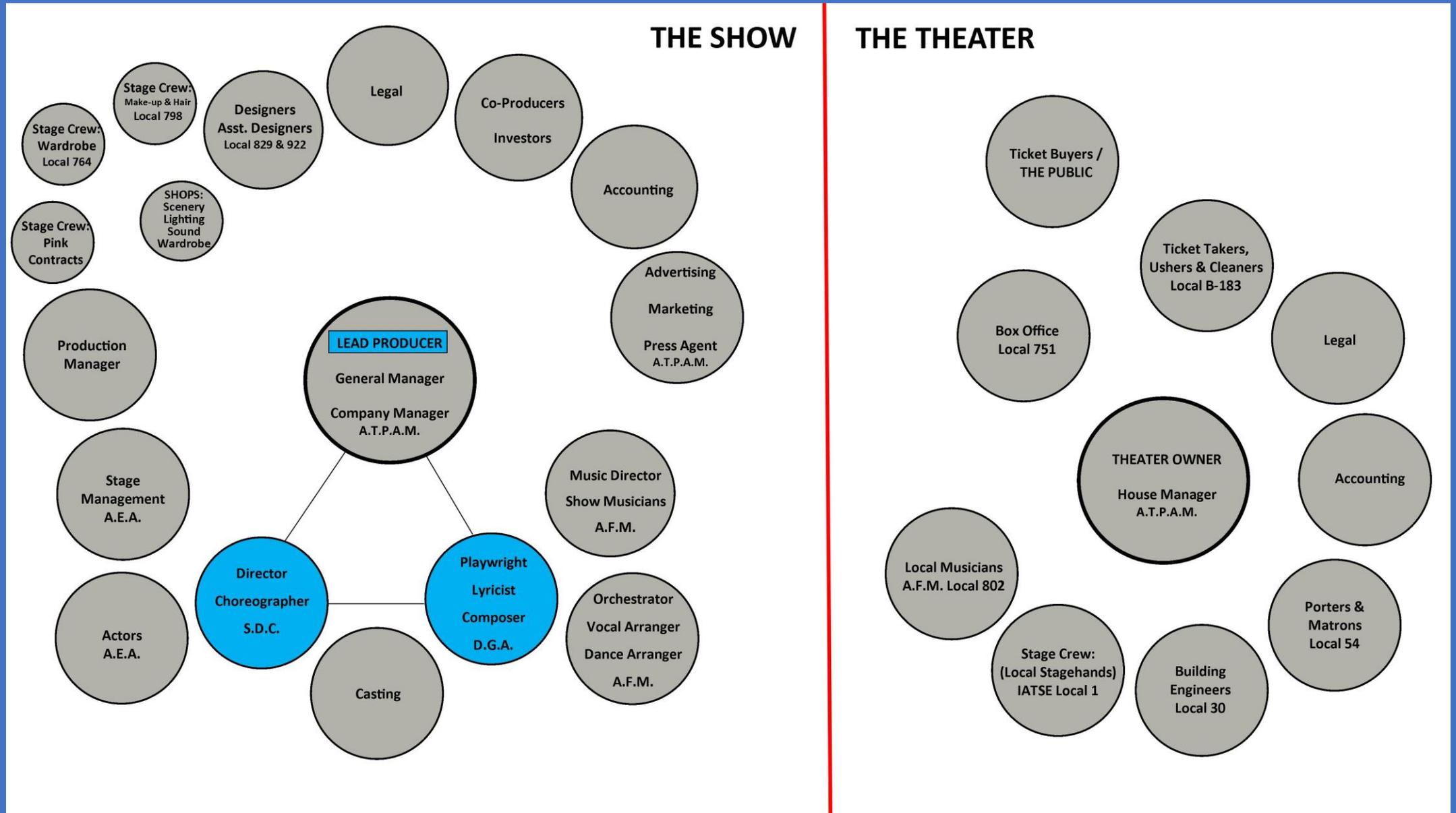


THE LEAGUE OF AMERICAN THEATERS AND PRODUCERS, INC.

**Negotiates between various unions and the League
on behalf of the theater owners and producers.**

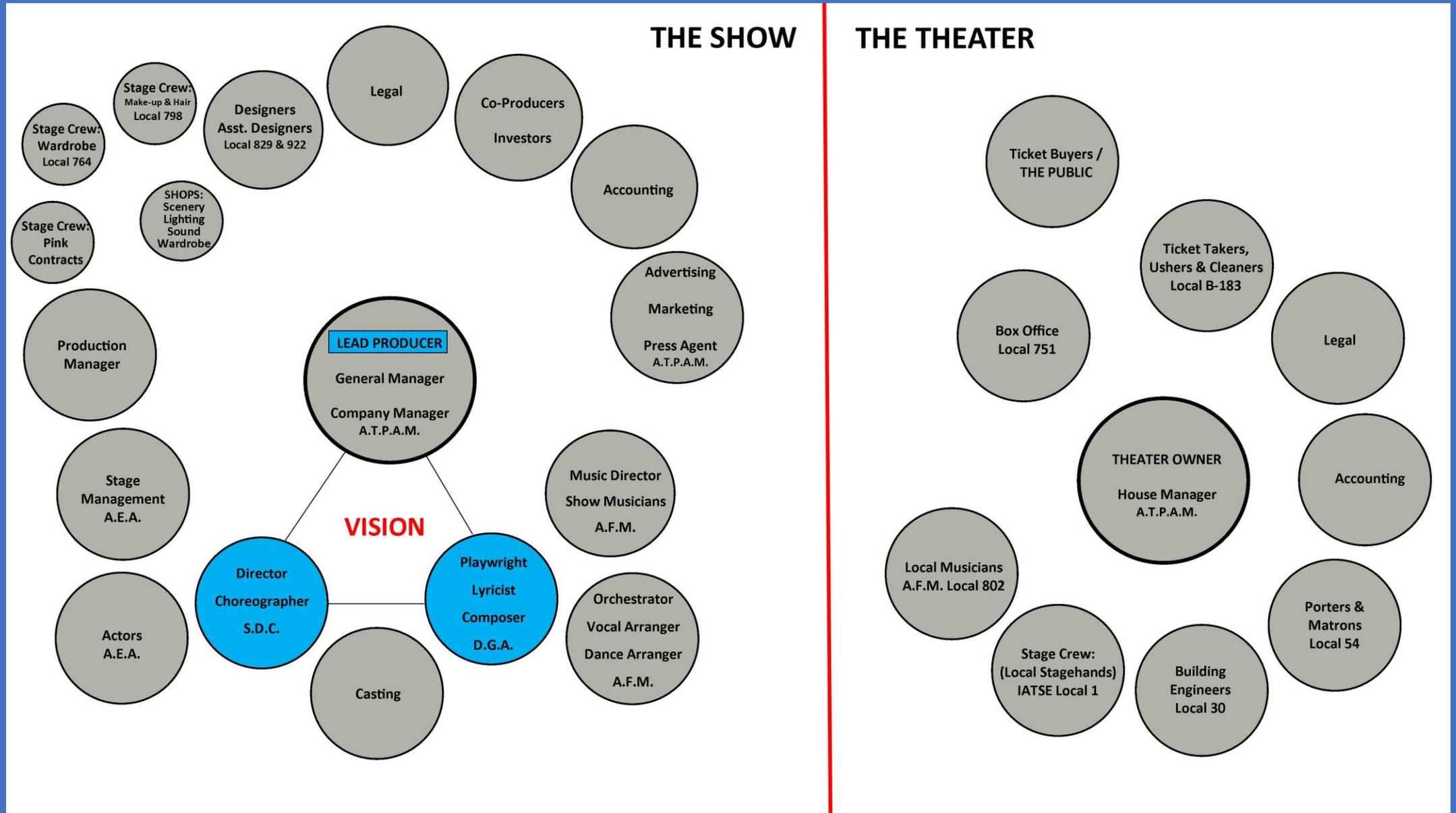
BROADWAY SHOW ORGANIZATIONAL CHART

CHART CREDIT: Adapted from "The Business Of Broadway"
by Mitch Weiss and Perri Gaffney



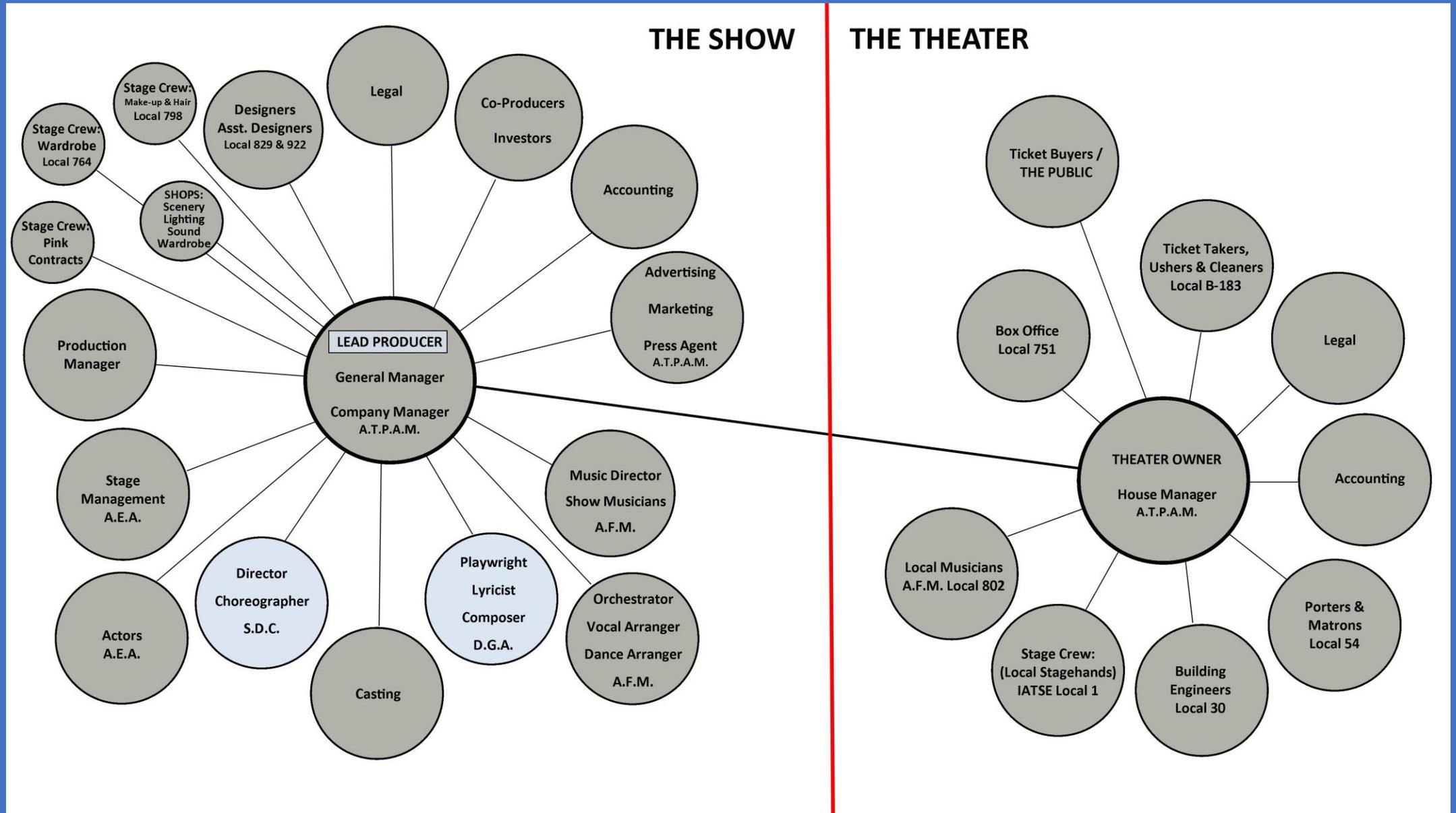
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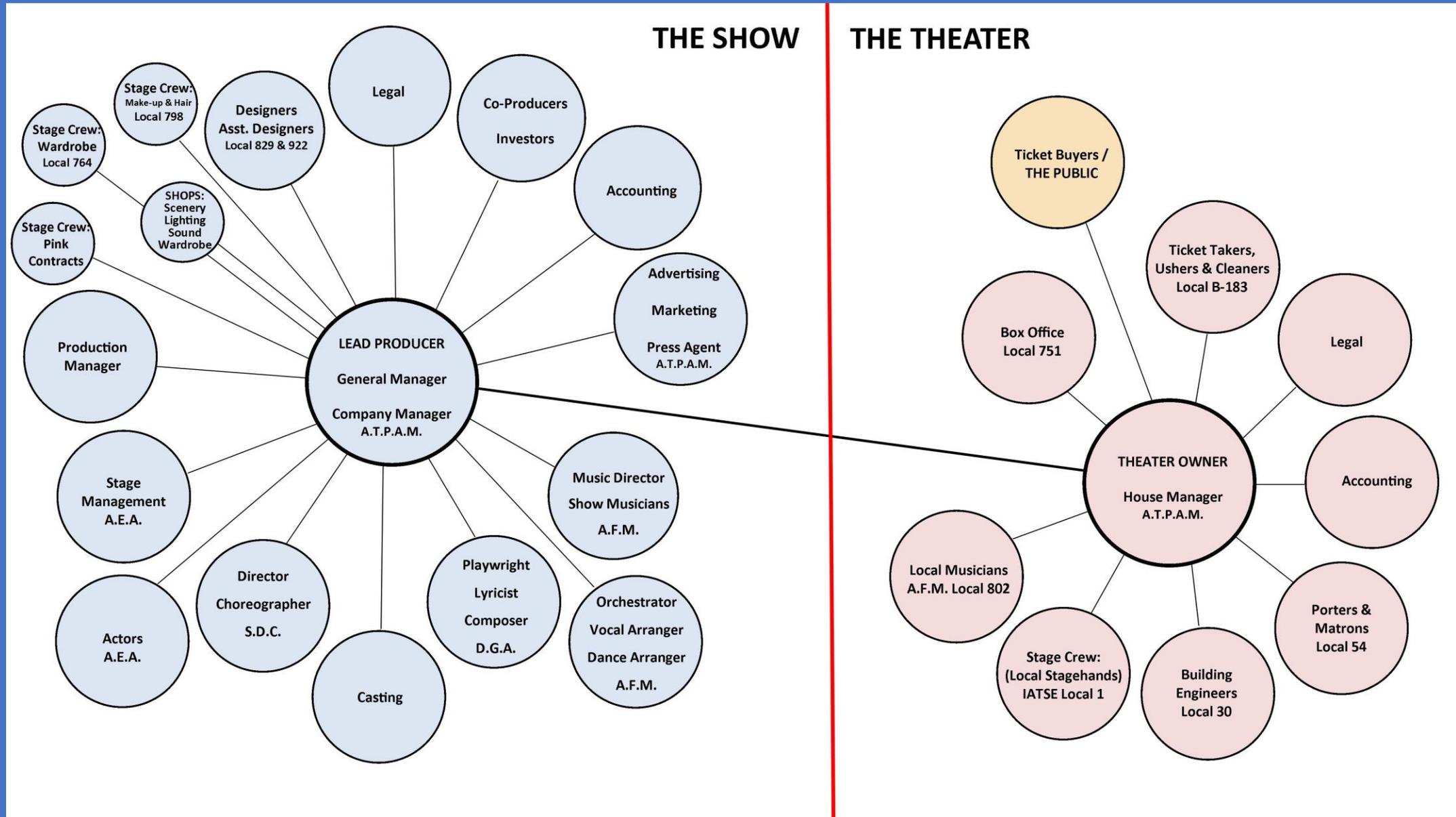
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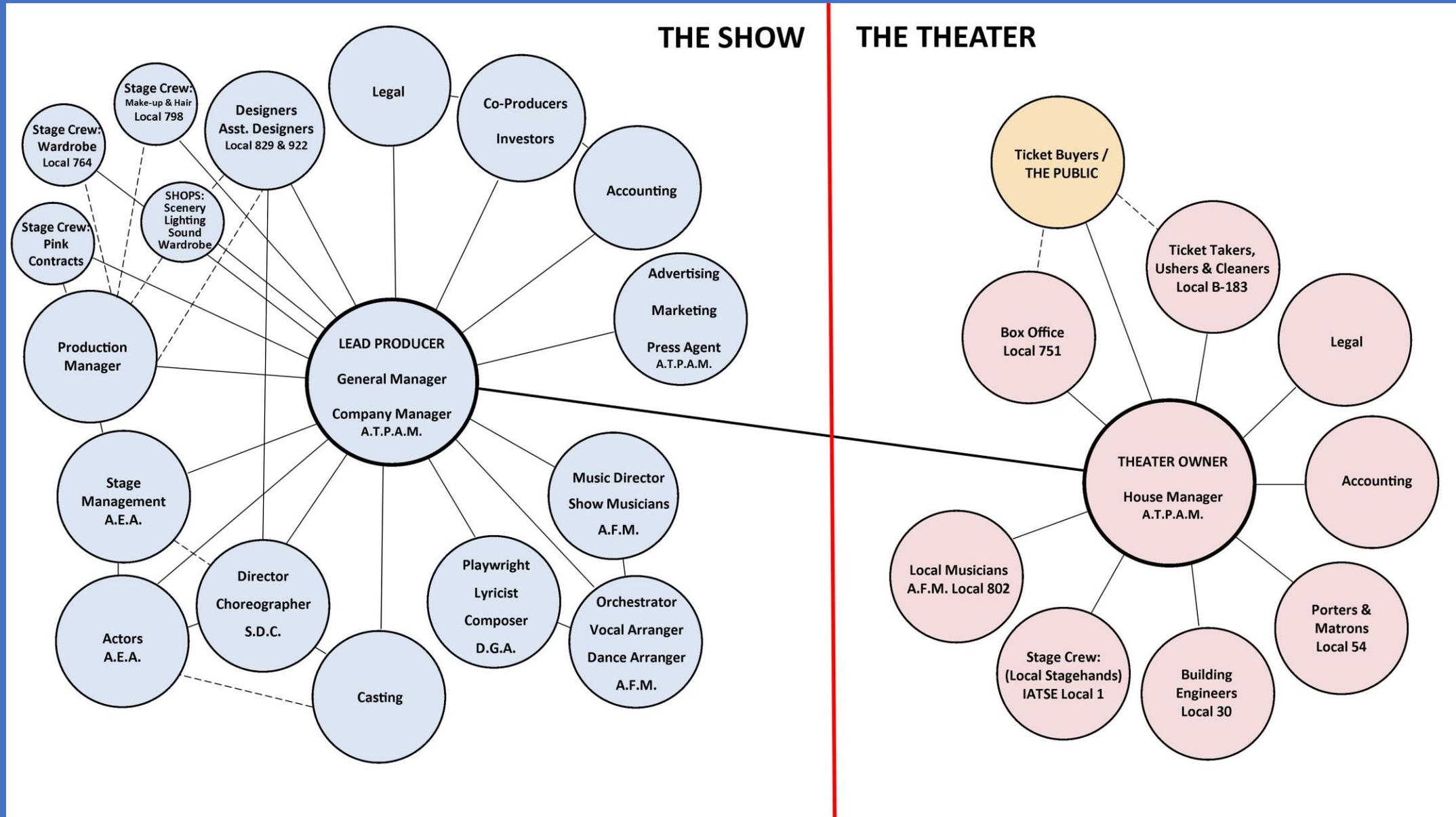
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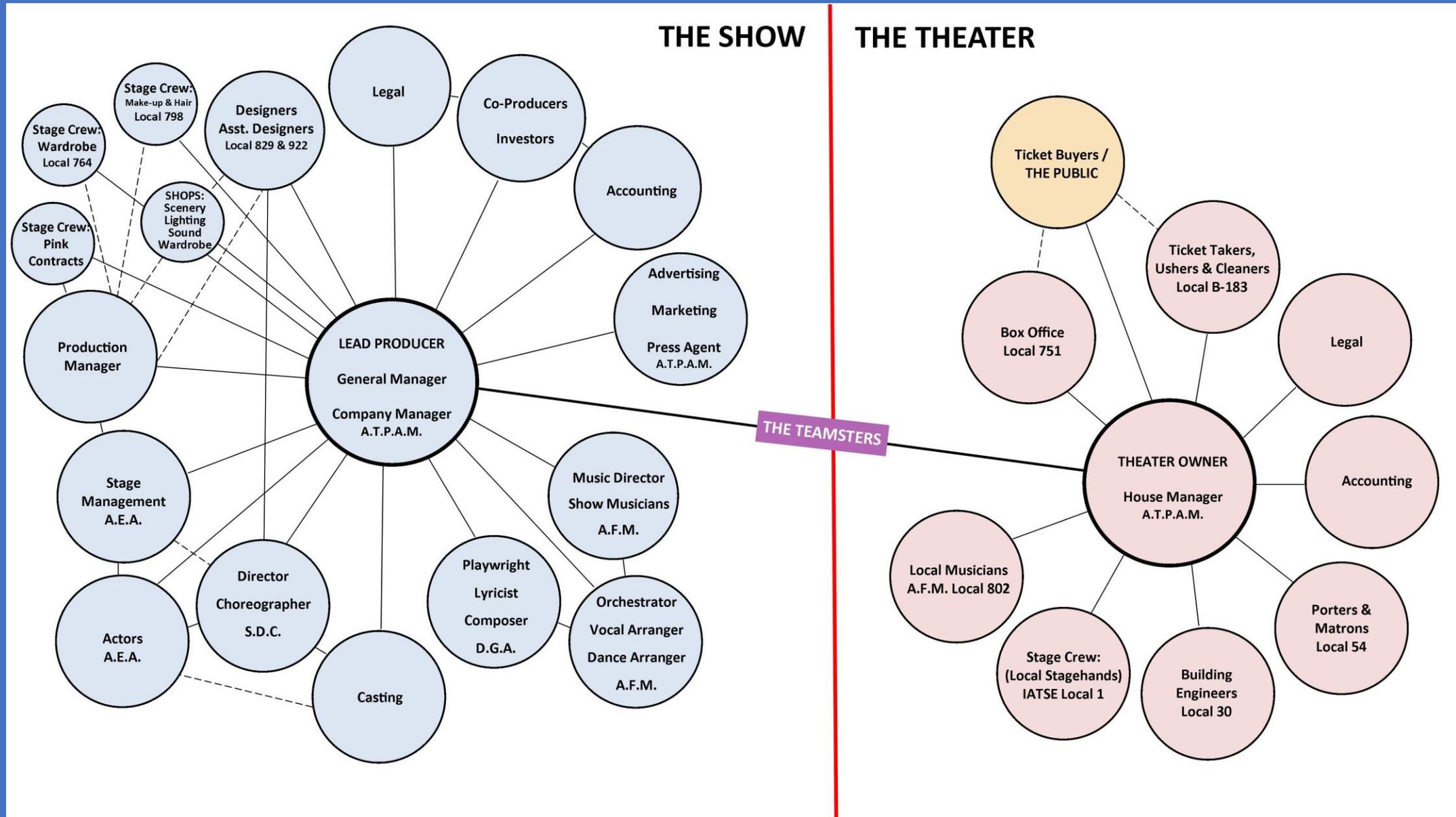
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BROADWAY SHOW ORGANIZATIONAL CHART

CHART CREDIT: Adapted from "The Business Of Broadway"
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CONTRACTS:

Contracts must contain 3 elements to be considered valid and binding by law:

- 1) **A written “Offer”** (verbal agreements are not legally binding)
- 2) **Written “Acceptance” of the Offer**
- 3) **“Consideration”** (i.e. a payment arrangement) **after Acceptance of the Offer**

CONTRACTS (Editorial):

“Minimum is NOT a dirty word!”

Union minimums are extremely fair to all parties, and if you are offered a job at Union minimum, I would suggest not to take offense at the offer.

MY SUGGESTION: Ask for a “favored nations” clause with everyone else doing your job (be it an actor, stage manager, or crew position).

COLLECTIVE BARGAINING & LABOR LAW:



“Collective Bargaining Unit”:

A group of employees who join together to engage in a collective, or joint, negotiation (often times a “union”) such as

- Agreements between unions and theater owners or lessees
- Agreements between unions and show producers
- Agreements between unions and the League of Theaters (on behalf of independent producers of shows)

All employees have a **RIGHT** to organize or join a Union. This right is protected by various laws and is overseen by the NLRB (National Labor Relations Board).

Unions are there to **PROTECT** their members legal rights, establish minimum wages and other benefits (including health benefits and pension plans), and ensure that a safe work environment exists at all times.

COMMERCIAL THEATER ENTITIES



Every show is a new “business”. You are creating a new legal entity for the sole purpose of producing one show. The types of legal entities most often used to form shows are:

- Limited Partnerships
- Limited Liability Companies
- Joint Ventures

COMMERCIAL THEATER ENTITIES



The legal concept behind all theater entities is that one half of the company has “limited liability” (i.e. the investors) and the other half of the company has “TOTAL liability” or “General Liability” (i.e. the show producers).

However, “Limited Liability” also means the investor half has ZERO say over the management of the direction the company takes.

The producers, who have accepted totally liability, get to make all the decisions & control over the company.

COMMERCIAL THEATER ENTITIES INSURANCE OBLIGATIONS



“Theatrical Insurance Package” includes:

Theatrical Property (covers the physical items owned by the show, i.e. sets, costumes, etc.)

Performance Disruption / Business Interruption (covers business income in case your show gets cancelled due to outside & uncontrollable conditions)

Equity Property Damage (Union required insurance to cover the loss of personal property owned by your employees)

Commercial Auto (damage for a vehicle by an employee using the vehicle for company business)

Commercial General Liability (protects the show from third party claims for bodily injury & property damage, i.e. an audience member or damage to property not owned by the show)

Commercial Umbrella / Excess Liability (covers extraordinary loss above and beyond what your regular insurance will cover)

Workers Compensation (covers your workers who get hurt on the job & is required by State law)

Disability (covers your workers should they be permanently disabled on the job & is also required by State law)

Optional Insurance: Errors & Omissions (E&O); Directors & Officers (D&O); Star Insurance; Abandonment; Storage

“NAGBOR” is

Net Adjusted Gross Box Office Receipts

(Gross box office receipts less contractually allowed deductions)

**ALL Broadway royalties and rents are
paid as a percentage of NAGBOR**

COMMERCIAL THEATER ENTITIES

Box Office Gross Potential / Box Office Deductions

BROADWAY SHOW (in Las Vegas) PRICE SCALE / GROSS POTENTIAL

Location	# of seats	Ticket Price	PRICE SCALE			Total Price	
			LET TAX (incl. in price)	Ticket Handling Fee			
Golden Circle (center orch)	359	\$150	\$12.39	\$7	\$157.00	56,363	
Orchestra (side sections)	378	\$125	\$10.32	\$7	\$132.00	49,896	
Parterre (1 - 7)	255	\$125	\$10.32	\$7	\$132.00	33,660	
Parterre (8 - 11)	223	\$100	\$8.26	\$7	\$107.00	23,861	
Parterre (12 - 14)	126	\$75	\$6.19	\$7	\$82.00	10,332	
Mezzanine (rows 1 - 3)	163	\$125	\$10.32	\$7	\$132.00	21,516	
Mezzanine (rows 4 - 6)	158	\$100	\$8.26	\$7	\$107.00	16,906	
Mezzanine (rows 7 - 9)	153	\$75	\$6.19	\$7	\$82.00	12,546	
PERF. POTENTIAL CAPACITY	1815				\$	225,080	
WEEKLY POTENTIAL CAPACITY	18,150	@ 10 Perfs			\$	2,250,800 WEEKLY GROSS GROSS POTENTIAL	

CAPACITY %		100%	90%	80%	70%	60%	50%	40%	(breakeven) 37%
Weekly Gross Gross	\$	2,250,800	\$ 2,025,720	\$ 1,800,640	\$ 1,575,560	\$ 1,350,480	\$ 1,125,400	\$ 900,320	\$ 832,796
Less L.E.T.	9.00%	\$ 157,820	\$ 142,038	\$ 126,256	\$ 110,474	\$ 94,692	\$ 78,910	\$ 63,128	\$ 58,393
Less Ticket Handling Fee	\$7	\$ 127,050	\$ 114,345	\$ 101,640	\$ 88,935	\$ 76,230	\$ 63,525	\$ 50,820	\$ 47,009
Less Credit Cards	3.00%	\$ 63,713	\$ 57,341	\$ 50,970	\$ 44,599	\$ 38,228	\$ 31,856	\$ 25,485	\$ 23,574
Less Discounts / Commissions	5.00%	\$ 106,188	\$ 95,569	\$ 84,950	\$ 74,331	\$ 63,713	\$ 53,094	\$ 42,475	\$ 39,289
NAGBOR / Net Adjusted Gross Box Office Receipts:	\$	1,796,030	\$ 1,616,427	\$ 1,436,824	\$ 1,257,221	\$ 1,077,618	\$ 898,015	\$ 718,412	\$ 664,531

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COMMERCIAL THEATER MANAGEMENT



PRODUCER:

- Has the vision for the show
- Acquires the legal rights for the show
- Raises the funding to present the show
- Is personally responsible for any cost overruns

GENERAL MANAGER:

- Creates and maintains all budgets for the show
- Negotiates all contracts for the show within the budget guidelines

COMPANY MANAGER:

- Executes whatever the contracts says to do
- Prepares the weekly payroll / pays all approved invoices
- Goes to every show and verifies that show's box office statement

PRE-PRODUCTION BUDGET

WEEKLY OPERATING BUDGET

LARGE BROADWAY MUSICAL for B-way or L.V. Weekly Operating Budget

PRELIMINARY & TENTATIVE - FOR DISCUSSION PURPOSES ONLY

	#People	Rate	Budget	Notes
1100 · PHYSICAL				
1102 · Set/Prop Maintenance			1,500	
1130 · Costume Maintenance			1,500	
1132 · Costume Replacement			3,750	
1135 · Wig Maintenance			1,000	
1140 · Electrics - Rental			19,718	
1144 · Electrics - Perishables			2,500	
1148 · Automation Rental			17,536	
1149 · Specialty Scenery Motor Rental			16,500	
1150 · Sound - Rental			10,290	
1154 · Sound Perishables			2,500	
1160 · Special Effects / Pyro			7,688	
1165 · Lasers Rental			0	
1170 · Misc.			150	
Total 1100 · PHYSICAL			84,633	
1300 · SALARIES				
1301 · Principals	9		31,365	
1302 · Principal Doubles	3		16,100	
1305 · Ensemble	22		33,619	
1308 · Swings	3		4,751	
1309 · Stunt Man	3		4,500	
1310 · Stage Manager	1		2,500	
1311 · 1st Asst Stage Mgr	1		1,949	
1312 · 2nd Asst Stage Mgr	2		3,088	
1314 · Dance Captain / Swing	1		1,769	
1315 · Vac & Sick Pay	8%	99,641	7,971	
1316 · AEA Health	45	167.00	7,515	
1317 · AEA Pension	8%	99,641	7,971	
1326 · Conductor	1		3,360	
1327 · Musicians	18		22,462	
1328 · Musicians Rehearsal			400	
1329 · Music Contractor	1		2,352	
1330 · AFM Benefits			4,846	
1340 · Las Vegas General Manager	1		2,500	
1341 · National General Manager	1		2,500	
1345 · Company Manager	1		2,200	
1346 · Asst. Company Manager	1		900	
1350 · Las Vegas Press Agent	1		2,250	
1351 · National Press Agent	0		0	
1355 · ATPAM Pension/Annuity	0	16.25%	0	
1356 · ATPAM Welfare	0	155	0	
1357 · ATPAM Vacation	0	8.50%	0	
1361 · Wardrobe Supervisor	1	1475	1,475	
1362 · Wardrobe Assistant	1	1100	1,100	
1363 · Dressers (show workers)	18	1000	18,000	
1363 · Dressers (day workers)	6	1000	6,000	
1364 · Hair Supervisor	1	1375	1,375	
1365 · Hair Assistant	4	1000	4,000	
1366 · Head Carpenter	1	1600	1,600	
1367 · Carpenters	7	1000	7,000	
1368 · Head Automation	1	1375	1,375	
1369 · Automation	3	1250	3,750	
1370 · Head Flyman	1	1375	1,375	
1371 · Asst Flyman	2	1000	2,000	
1372 · Head Properties	1	1375	1,375	
1373 · Properties	5	1000	5,000	
1374 · Head Electrician	1	1375	1,375	
1375 · Head Pyro / Special Effects	1	1375	1,375	
1376 · Asst Electricians / Asst Pyro	9	1000	9,000	
1377 · Head Sound	1	1500	1,500	
1378 · Sound Operators	2	1100	2,200	
1379 · Make-up Artist	1	1375	1,375	
1380 · IATSE Work Calls (including wardrobe)			3,000	

LARGE BROADWAY MUSICAL for B-way or L.V. Weekly Operating Budget

PRELIMINARY & TENTATIVE - FOR DISCUSSION PURPOSES ONLY

	#People	Rate	Budget	Notes
1385 · IATSE Vac / PTD / Annuity		18.6%	75,250	13,997
1386 · IATSE Health & Welfare	67	145		9,715
Total 1300 · SALARIES				265,830
1400 · DEPT/PERISHABLES				
1420 · Stage Manager Exp				500
1422 · Co Mgr Expense				500
1470 · Music Rental/Tuning				500
1490 · Local Transport / Hauling				250
Total 1400 · DEPT/PERISHABLES				1,750
1600 · ADVERTISING & PROMOTION				
1605 · Print Production / Mechanic				(see total)
1606 · Print - What's On & Showbiz				(see total)
1607 · Print - Review-Journal				(see total)
1607 · Print - Out-Of-Market				(see total)
1607 · Print - Misc				(see total)
1615 · Radio				(see total)
1622 · TV				(see total)
1642 · Special Promotions				(see total)
1648 · Flyers				(see total)
1649 · Promo/Marketing				(see total)
1655 · Press Agent Exp				(see total)
1660 · Outdoor				(see total)
1680 · Program Expense				(see total)
Total 1600 · ADVERTISING & PROMOTION				75,000
1750 · FIXED FEES / ROYALTIES				
1751 · Music Supervisor				3,000
1752 · Asst Music Supervisor				0
1753 · Synth Programmer				1,000
1757 · Casting Maintenance				1,500
1767 · Production Managers				1,250
1768 · Production Electrician				500
1769 · Production Carpenter				500
1770 · Production Props				500
1771 · Production Sound				300
1772 · Production Wardrobe				400
1773 · Production Hair				400
1775 · Assistant Director				1,100
1776 · Associate Choreographer				500
1778 · Associate Set Designer				0
1779 · Associate Costume Designer				450
1780 · Associate Sound Designer				0
1781 · Associate Lighting Designer				0
1782 · Special Effects Designer				1,000
1785 · Stunt Maintenance				575
1791 · Producer Production & Facilities				4,900
1792 · Producer Fees				7,000
1793 · Orchestra / Vocal Score Rental Fee				500
1795 · Creative Consultant				2,000
Total 1750 · FIXED FEES/ROYALTIES				27,375
1800 · GENERAL & ADMINISTRATIVE				
1801 · Producer's Office Charge				(included in #1791 above)
1802 · General Manager's Office				0
1803 · Accounting				1,400
1804 · Year End Accounting Accrual				200
1806 · Legal				750
1807 · Immigration Attorney				0
1810 · Insurance				9,000
1820 · Post/Messen/Tele/Xerox				1,000
1830 · Payroll Service				450

LARGE BROADWAY MUSICAL for B-way or L.V. Weekly Operating Budget

PRELIMINARY & TENTATIVE - FOR DISCUSSION PURPOSES ONLY

	#People	Rate	Budget	Notes
1835 · Payroll Taxes (13%)				27,876
1840 · League Dues				0
1845 · SSDC P&W				460
1847 · USA P&W				210
1850 · AEA Per Diem	39	245		11,085
1855 · AEA Housing	39	425		16,575
1857 · AEA Transportation	24	300		7,200
1860 · Catering (between shows)				4,250
1870 · Creative Per Diem / Housing Accrual				1,000
1875 · Creative Transport Accrual				2,000
1880 · Future Casting Accrual				500
1890 · Closing Reserve / Closing Costs				34,333
1895 · Misc.				0
1897 · Weekly Contingency				800
Total 1800 · GENERAL & ADMINISTRATIVE				119,090
1850 · THEATRE EXPENSES				
1851 · Theatre Rent - Take-in Reh				(percentage rent)
1852 · House / B.O. Labor / Cleaning Staff / Security				38,934
1853 · Ticketmaster / Allstate				0
1854 · Theatre- Utilities / HVAC				11,538
1855 · Theatre Cleaning / Security				(see above)
1856 · Theatre Miscellaneous Supplies				1,500
TOTAL 1850 · THEATRE EXPENSES				51,972
TOTAL WEEKLY FIXED EXPENSES.....				625,650
Weekly Expenses without Advertising & Theatre Costs.....				498,678

Pre-Production Budget:

Contains ALL expenses to create and mount the show, including all fees, labor, rehearsal salaries, advertising, travel, housing, etc. for the show up until the first paid public performance.

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Also includes some expenses that will occur after the first paid public performance: opening night party, advances to the creative staff towards their future weekly performance royalties, all mandatory Union Bonds, load-out & closing costs for when the production closes.

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Must contain a healthy CONTINGENCY! (My standard contingency is 10% to 20% of the overall pre-production budget PLUS eight weeks of weekly operating costs to cover any losses during the first few weeks of performances while the show builds an audience.)

Weekly Operating Budget:

Contains ALL expenses, fees, labor, advertising, travel, housing, etc. for one week of performances (a performance week in commercial theater is defined as a Monday through Sunday calendar period). The weekly operating budget commences with the first paid public performance.

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Also includes some ACCRUALS for various future expenses. (“Accruals” are savings accounts towards major expenses that the show will incur at some point in the future: future costume replacement, future replacement casting expense, future scenery touch-up & repair, year end third party accounting audit.)

“RECOUPMENT” is

**THE POINT IN TIME WHEN THE
INVESTORS HAVE HAD 100% OF
THEIR INVESTMENT RETURNED TO
THEM.**

RECOUPMENT ANALYSIS BUDGET

COMMERCIAL THEATER BUDGETING

BROADWAY SHOW (in Las Vegas) RECOUPMENT ANALYSIS BUDGET

Location	# of seats	Ticket Price	PRICE SCALE			Total Price	
			LET TAX (incl. in price)	Hotel Handling Fee			
Golden Circle (center orch)	359	\$150	\$12.39	\$7	\$157.00		56,363
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CAPACITY %		100%	90%	80%	70%	60%	50%	40%	37%
Weekly Gross Gross		\$ 2,250,800	\$ 2,025,720	\$ 1,800,640	\$ 1,575,560	\$ 1,350,480	\$ 1,125,400	\$ 900,320	\$ 832,796
Less L.E.T.	9.00%	\$ 157,820	\$ 142,038	\$ 126,256	\$ 110,474	\$ 94,692	\$ 78,910	\$ 63,128	\$ 58,393
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NAGBOR / Net Adjusted Gross Box Office Receipts:		\$ 1,796,030	\$ 1,616,427	\$ 1,436,824	\$ 1,257,221	\$ 1,077,618	\$ 898,015	\$ 718,412	\$ 664,531

LESS:

Estimated Company Fixed Expenses	\$	(498,678)	\$	(498,678)	\$	(498,678)	\$	(498,678)	\$	(498,678)	\$	(498,678)	\$	(498,678)	\$	(498,678)	\$	(498,678)	\$	(498,678)
Estimated Weekly Advertising Expenses	\$	(75,000)	\$	(75,000)	\$	(75,000)	\$	(75,000)	\$	(75,000)	\$	(75,000)	\$	(75,000)	\$	(75,000)	\$	(75,000)	\$	(75,000)
Theater Fixed Rent	\$	(50,000)	\$	(50,000)	\$	(50,000)	\$	(50,000)	\$	(50,000)	\$	(50,000)	\$	(50,000)	\$	(50,000)	\$	(50,000)	\$	(50,000)
Estimated Theater Expenses	\$	(30,000)	\$	(30,000)	\$	(30,000)	\$	(30,000)	\$	(30,000)	\$	(30,000)	\$	(30,000)	\$	(30,000)	\$	(30,000)	\$	(30,000)
PRE-ROYALTY POOL OPERATING PROFIT:	\$	1,142,352	\$	962,749	\$	783,146	\$	603,543	\$	423,940	\$	244,337	\$	64,734	\$	10,853				

OPERATING POOL SPLIT OF PROFITS:

Royalty Pool (30% of Operating Profit)	\$	342,705.61	\$	288,824.71	\$	234,943.81	\$	181,062.91	\$	127,182.01	\$	73,301.11	\$	19,420.21	\$	3,255.94
Investor Share of Operating Profit (70% of pool)	\$	799,646.43	\$	673,924.33	\$	548,202.23	\$	422,480.12	\$	296,758.02	\$	171,035.92	\$	45,313.81	\$	7,597.18

Number of Weeks To Recoup \$25 Million Investment:	31	37	46	59	84	146	552	3,291
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LESS:

Estimated Company Fixed Expenses	\$	(498,678)	\$ (498,678)	\$ (498,678)	\$ (498,678)	\$ (498,678)	\$ (498,678)	\$ (498,678)	\$ (498,678)
Estimated Weekly Advertising Expenses	\$	(75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)
Theater Fixed Rent	\$	(50,000)	\$ (50,000)	\$ (50,000)	\$ (50,000)	\$ (50,000)	\$ (50,000)	\$ (50,000)	\$ (50,000)
Estimated Theater Expenses	\$	(30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)
PRE-ROYALTY POOL OPERATING PROFIT:	\$	1,142,352	\$ 962,749	\$ 783,146	\$ 603,543	\$ 423,940	\$ 244,337	\$ 64,734	\$ 10,853

OPERATING POOL SPLIT OF PROFITS:

Royalty Pool (30% of Operating Profit)	\$	342,705.61	\$ 288,824.71	\$ 234,943.81	\$ 181,062.91	\$ 127,182.01	\$ 73,301.11	\$ 19,420.21	\$ 3,255.94
Investor Share of Operating Profit (70% of pool)	\$	799,646.43	\$ 673,924.33	\$ 548,202.23	\$ 422,480.12	\$ 296,758.02	\$ 171,035.92	\$ 45,313.81	\$ 7,597.18

Number of Weeks To Recoup \$25 Million Investment:	31	37	46	59	84	146	552	3,291
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BEST PRACTICES FOR BROADWAY

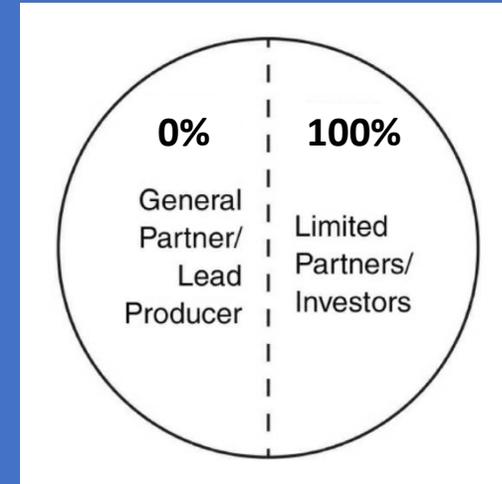
“BREAKEVEN” (the point when weekly ticket sales equals or surpasses the weekly operating expenses) **SHOULD BE APPROXIMATELY:**

ON BROADWAY: 50% to 60% of full capacity

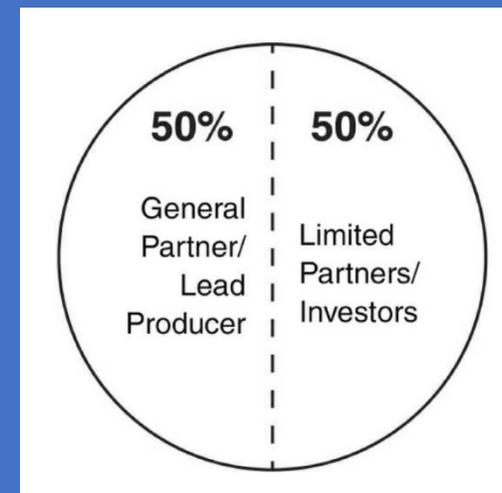
IN LAS VEGAS: 30% to 40% of full capacity

COMMERCIAL THEATER ENTITIES

PRE-RECOUPMENT SPLIT OF PROFIT:



POST-RECOUPMENT SPLIT OF PROFIT:



PROFIT & LOSS STATEMENTS

SAMPLE BROADWAY SHOW PROFIT & LOSS STATEMENT FOR A 5 WEEK CYCLE

	WEEK 1	WEEK 2	WEEK 3	WEEK 4	WEEK 5	TOTAL FOR 5 WEEKS
5000 · GROSS Box Office Income	850,435.04	896,527.14	812,515.44	850,786.20	854,335.46	4,264,599.28
5000a · Ticketing Fee	(54,111.15)	(46,977.12)	(49,013.28)	(52,312.95)	(53,112.87)	255,527.37
5000b · Taxes	(50,068.98)	(45,130.75)	(46,584.44)	(50,084.50)	(50,384.33)	242,253.00
5000c · Other deductions/commissions	(9,622.38)	(9,723.81)	(8,806.44)	(8,787.53)	(8,330.03)	45,270.19
Total 5100 · Net Adjusted Gross (NAGBOR)	<u>736,632.53</u>	<u>794,695.46</u>	<u>708,111.28</u>	<u>739,601.22</u>	<u>742,508.23</u>	<u>3,721,548.72</u>
Operating Cost Expenses						
1100 · PHYSICAL PRODUCTION						
1102 · Set/Prop Maintenance	1,180.00	1,180.00	1,180.00	1,180.00	1,180.00	5,900.00
1130 · Costume Maintenance	800.00	800.00	800.00	800.00	800.00	4,000.00
1132 · Costume Replacement Accrual	2000.00	2000.00	2000.00	2000.00	2000.00	10,000.00
1135 · Wig Maintenance	650.00	650.00	650.00	650.00	650.00	3,250.00
1140 · Electrics - Rental	4,945.58	4,945.58	4,945.58	4,945.58	4,945.58	24,727.90
1144 · Electrics - Perishables	750.00	750.00	750.00	750.00	750.00	3,750.00
1148 · Automation - Rental	4,965.85	4,965.85	4,965.85	4,965.85	4,965.85	24,829.25
1149 · Set & Prop Replacement Accrual	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	50,000.00
1150 · Sound - Rental	6,722.49	6,722.49	6,722.49	6,722.49	6,722.49	33,612.45
1154 · Sound Perishables	600.00	600.00	600.00	600.00	600.00	3,000.00
1160 · Special Effects/Pyro	4,750.00	4,750.00	4,750.00	4,750.00	4,750.00	23,750.00
Total 1100 · PHYSICAL PRODUCTION	<u>37,363.92</u>	<u>37,363.92</u>	<u>37,363.92</u>	<u>37,363.92</u>	<u>37,363.92</u>	<u>186,819.60</u>
1300 · SALARIES						
1301 · Principals	29,200.29	29,631.17	30,145.32	28,272.46	27,629.67	144,878.91
1302 · Principal Understudies	1,991.40	2,791.40	1,991.40	1,991.40	1,991.40	10,757.00
1305 · Ensemble	33,840.43	36,222.88	35,843.01	33,388.91	35,658.66	174,953.89
1308 · Swings / Ensemble Understudies	6,079.40	3,628.00	5,528.00	5,029.28	4,105.60	24,370.28
1309 · Stunt Men	4,806.00	4,806.00	4,806.00	4,806.00	4,806.00	24,030.00
1310 · Stage Managers	8,355.00	8,355.00	8,355.00	8,155.00	8,155.00	41,375.00
1314 · Dance Captain/Swing	2,141.72	2,141.72	2,141.72	2,141.72	2,141.72	10,708.60
1315 · AEA Vacation/Sick Pay	4,244.33	5,385.60	4,259.38	5,662.97	7,642.92	27,195.20
1316 · AEA Welfare Health	7,095.00	7,095.00	7,095.00	7,425.00	7,425.00	36,135.00
1317 · AEA Pension	7,187.05	7,132.65	7,104.82	7,048.04	7,371.12	35,843.68
1326 · Conductor	3,810.00	3,810.00	3,810.00	3,810.00	3,810.00	19,050.00
1327 · Musicians	26,472.30	26,364.60	26,869.60	26,734.60	27,214.07	133,655.17
1329 · Music Contractor	2,136.00	2,136.00	2,136.00	2,136.00	2,136.00	10,680.00
1330 · AF of M Benefits	5,904.83	5,869.64	5,995.04	5,956.87	5,948.13	29,674.51
1342 · General Manager	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	15,000.00
1345 · Company Managers	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	17,500.00
1350 · Press Agent	2,250.00	2,250.00	2,250.00	2,250.00	2,250.00	11,250.00
1363 · Wardrobe	30,801.20	30,185.46	31,787.11	30,019.33	29,930.44	152,723.54
1364 · Hair and makeup	10,183.05	9,070.94	9,353.50	8,589.15	10,385.87	47,582.51
1366 · Carpenters	21,017.49	21,075.59	20,697.63	20,945.85	21,833.23	105,569.79
1372 · Properties	7,274.08	7,390.00	7,390.00	7,390.00	8,150.74	37,594.82
1374 · Electricians/Pyro/FX	14,584.59	14,445.46	14,584.59	14,597.39	14,887.19	73,099.22
1377 · Sound	5,494.29	5,450.80	5,537.78	5,450.80	5,450.80	27,384.47
1385 · IATSE Vac/PTD/Annuity	18,023.96	15,821.03	16,140.06	15,707.80	16,362.26	82,055.11
1386 · IATSE Health & Welfare	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	60,000.00
Total 1300 · SALARIES	<u>271,392.41</u>	<u>269,558.94</u>	<u>272,320.96</u>	<u>266,008.57</u>	<u>273,785.82</u>	<u>1,353,066.70</u>
1400 · DEPARTMENTAL EXPENSES						
1420 · Stage Manager Expenses/Rental/Tuning	175.00	175.00	175.00	175.00	175.00	875.00
1422 · Company Manager Expense	300.00	300.00	300.00	300.00	300.00	1,500.00
1470 · Music Rental/Tuning	75.00	75.00	75.00	75.00	75.00	375.00
Total 1400 · DEPARTMENTAL EXPENSES	<u>550.00</u>	<u>550.00</u>	<u>550.00</u>	<u>550.00</u>	<u>550.00</u>	<u>2,750.00</u>
1600 · ADVERTISING						
1649 · Promo/Marketing	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00	5,250.00

1680 · Program Expense	250.00	250.00	250.00	250.00	250.00	1,250.00
1600 · ADVERTISING - Other	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	375,000.00
Total 1600 · ADVERTISING	<u>76,300.00</u>	<u>76,300.00</u>	<u>76,300.00</u>	<u>76,300.00</u>	<u>76,300.00</u>	<u>381,500.00</u>
1750 · FIXED FEES / ROYALTIES						
1751 · Music Supervisor	2,400.00	2,400.00	2,400.00	2,400.00	2,400.00	12,000.00
1753 · Synth Programmer	475.00	475.00	475.00	475.00	475.00	2,375.00
1757 · Casting Maintenance	600.00	600.00	600.00	600.00	600.00	3,000.00
1767 · Production Mgrs	750.00	750.00	750.00	750.00	750.00	3,750.00
1768 · Production Heads	1,950.00	1,950.00	1,950.00	1,950.00	1,950.00	9,750.00
1775 · Assoc. Director	660.00	660.00	660.00	660.00	660.00	3,300.00
1776 · Assoc Choreographer	300.00	300.00	300.00	300.00	300.00	1,500.00
1778 · Assoc Set Designer	28.57	28.57	28.57	28.57	28.57	142.85
1779 · Assoc Costume Designer	102.86	102.86	102.86	102.86	102.86	514.30
1782 · Special Effects Designer	200.00	200.00	200.00	200.00	200.00	1,000.00
1785 · Stunt Maintenance	500.00	500.00	500.00	500.00	500.00	2,500.00
1792 · Producer Fee	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	10,000.00
1793 · Orchestra/Vocal Score Rntal Fee	500.00	500.00	500.00	500.00	500.00	2,500.00
1795 · Creative Consultant	457.14	457.14	457.14	457.14	457.14	2,285.70
Total 1750 · FIXED FEES / ROYALTIES	<u>10,923.57</u>	<u>10,923.57</u>	<u>10,923.57</u>	<u>10,923.57</u>	<u>10,923.57</u>	<u>43,117.85</u>
1800 · GENERAL / ADMINISTRATION						
1803 · Accounting	1,650.00	1,650.00	1,650.00	1,650.00	1,650.00	8,250.00
1806 · Legal	1,187.50	1,187.50	1,187.50	1,187.50	1,187.50	5,937.50
1810 · Insurance	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	45,000.00
1820 · Post/Messenger/Tele/Xerox	495.00	495.00	495.00	495.00	495.00	2,475.00
1830 · Payroll Service	731.46	781.49	744.17	765.33	774.09	3,796.54
1835 · Payroll Taxes (13%)	16,800.27	16,539.03	16,101.24	16,100.86	16,470.69	82,012.09
1837 · Business Tax	2,272.01	2,276.65	2,303.76	2,231.55	2,311.59	11,395.56
1840 · League of B'way Theaters Dues	200.00	200.00	200.00	200.00	200.00	1,000.00
1845 · SSDC P&W	480.00	480.00	480.00	480.00	480.00	2,400.00
1850 · AEA Per Diem	980.00	980.00	980.00	980.00	980.00	4,900.00
1855 · AEA Housing & Transportation	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	15,000.00
1870 · Creative PerDiem / Housing accrual	250.00	250.00	250.00	250.00	250.00	1,250.00
1880 · Future Casting Accrual	175.00	175.00	175.00	175.00	175.00	875.00
1895 · Miscellaneous	1,401.94	1,394.93	1,394.94	1,394.95	1,394.94	6,981.70
Total 1800 · GENERAL / ADMINISTRATION	<u>38,623.18</u>	<u>38,409.60</u>	<u>37,961.61</u>	<u>37,910.19</u>	<u>38,368.81</u>	<u>191,273.39</u>
1900 · THEATRE EXPENSES						
1905 · Theatre Cleaning & Security	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	45,000.00
1905 · Theatre Cleaning & Security	23,531.74	23,832.86	24,000.39	23,861.27	23,406.75	118,633.01
Total 1900 · THEATRE EXPENSES	<u>32,531.74</u>	<u>32,832.86</u>	<u>33,000.39</u>	<u>32,861.27</u>	<u>32,406.75</u>	<u>163,633.01</u>
Total OP · Operating Costs	<u>467,684.82</u>	<u>465,938.89</u>	<u>468,420.45</u>	<u>461,917.52</u>	<u>469,698.87</u>	<u>2,322,160.55</u>
1950 · ROYALTY GUARANTEES						
	20,475.00	20,475.00	20,475.00	20,475.00	20,475.00	102,375.00
Total Expense	<u>488,159.82</u>	<u>486,413.89</u>	<u>488,895.45</u>	<u>482,392.52</u>	<u>490,173.87</u>	<u>2,424,535.55</u>
NAGBOR Income	<u>736,632.53</u>	<u>794,695.46</u>	<u>708,111.28</u>	<u>739,601.22</u>	<u>742,508.23</u>	<u>3,721,548.72</u>
Income or (Loss)	<u>248,472.71</u>	<u>308,281.57</u>	<u>219,215.83</u>	<u>257,208.70</u>	<u>252,334.36</u>	<u>1,297,013.17</u>

COMMERCIAL THEATER MARKETING



**COMMERCIAL
THEATER
MARKETING**



Control the message!
“Synergy” of all content!

Marketing Tip 1: Define Your Target

Marketing Tip 2: Research

Marketing Tip 3: Create a Plan / Brand / “Unique Position”

Marketing Tip 4: Follow Through with a Clear Message

Marketing Tip 5: The Power of the Image

Marketing Tip 6: Watch What Happens

Marketing Tip 7: Call in Reinforcements

Marketing Tip 8: Review & Revise Your Content

COMMERCIAL THEATER MARKETING



**WHY IS IT SO IMPORTANT TO HAVE A WELL
PLANNED, DATA DRIVEN MARKETING PLAN IN
COMMERCIAL THEATER?**

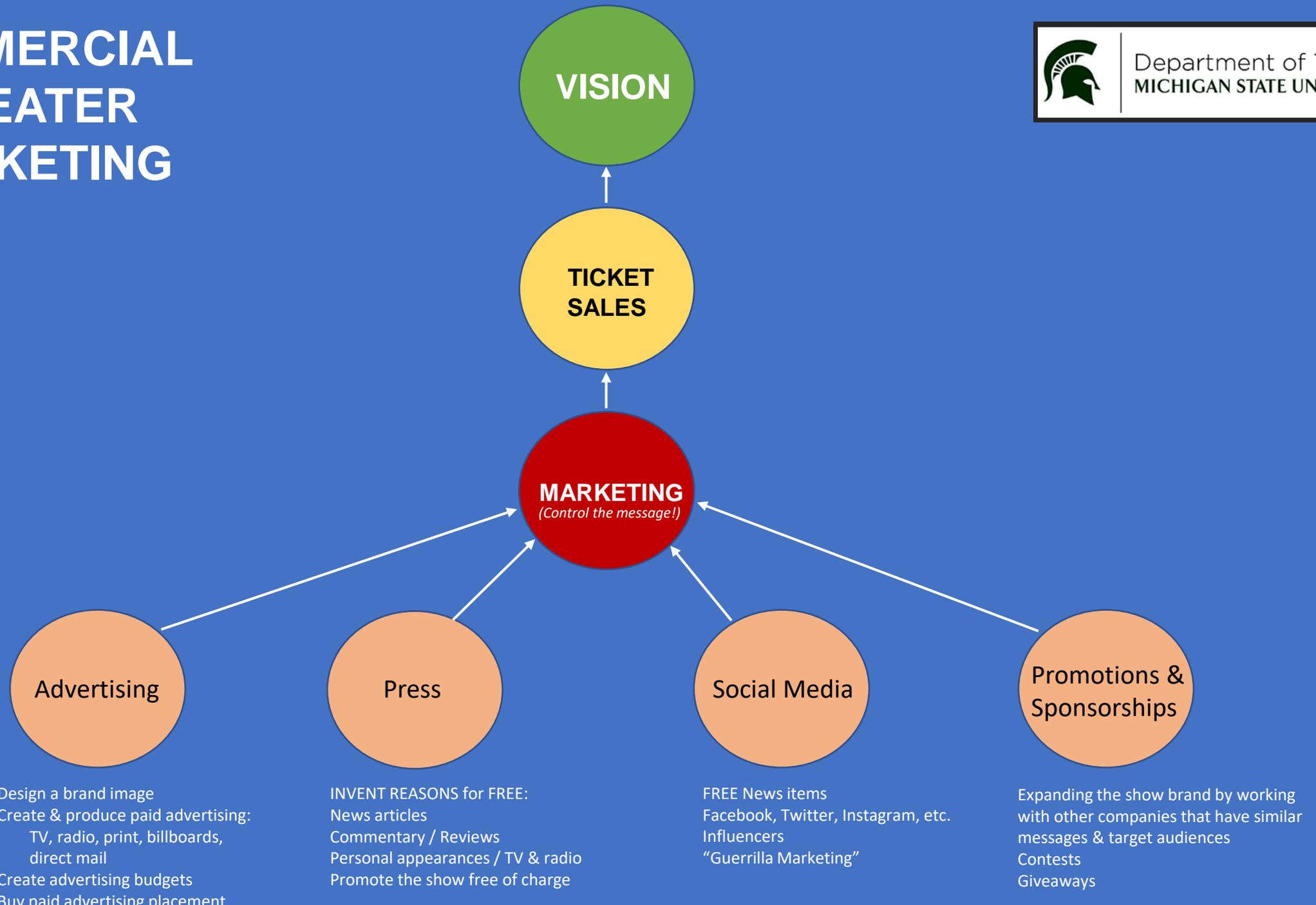
COMMERCIAL THEATER MARKETING



**WHY IS IT SO IMPORTANT TO HAVE A WELL
PLANNED, DATA DRIVEN MARKETING PLAN IN
COMMERCIAL THEATER?**

**BECAUSE 80% OF SHOWS ON
BROADWAY DON'T RECOUP THEIR
INVESTMENT (they fail!)**

COMMERCIAL THEATER MARKETING



COMMERCIAL THEATER MARKETING

Advertising

Design a brand image
Create & produce
PAID ADVERTISING:
TV, radio, print,
billboards, direct mail
Create advertising budgets
Buy paid ad placement

Press

INVENT REASONS for FREE:
News articles
Commentary / Reviews
Personal appearances /
TV & radio
Promote the show for free

Social Media

FREE News items
Facebook, Twitter,
Instagram, etc.
Influencers
“Guerrilla Marketing”

Promotions & Sponsorships

Expanding the show brand
by working with other
companies that have
similar messages & target
audiences
Contests & Giveaways

COMMERCIAL THEATER MARKETING



BROADWAY THEATERS (40 Total Broadway Venues)

THE SHUBERT ORGANIZATION (17):

Ambassador Theatre
Ethel Barrymore Theatre
Belasco Theatre
Bernard B. Jacobs Theatre
Booth Theatre
Broadhurst Theatre
Broadway Theatre
Cort Theatre
Gerald Schoenfeld Theatre
John Golden Theatre
Imperial Theatre
Longacre Theatre
Lyceum Theatre
Majestic Theatre
Music Box Theatre
Shubert Theatre
Winter Garden Theatre

THE NEDERLANDER ORGANIZATION (9):

Brooks Atkinson Theatre
Gershwin Theatre
Lunt-Fontanne Theatre
Marquis Theatre
Minskoff Theatre
Nederlander Theatre
Neil Simon Theatre
Palace Theatre
Richard Rodgers Theatre

INDEPENDENT THEATERS (3):

CIRCLE IN THE SQUARE THEATER
LYRIC THEATRE
NEW AMSTERDAM THEATER

JUJAMCYN THEATERS (5):

Eugene O'Neill Theatre
August Wilson Theatre
Al Hirschfeld Theatre
St. James Theatre
Walter Kerr Theatre

NON-PROFIT THEATERS (6):

VIVIAN BEAUMONT THEATER
(Lincoln Center Theater Company)
SAMUEL J. FRIEDMAN THEATRE
(Manhattan Theatre Club)
AMERICAN AIRLINES THEATRE
(Roundabout Theater Company)
STEPHEN SONDHEIM THEATRE
(Roundabout Theater Company)
STUDIO 54 THEATER
(Roundabout Theatre Company)
HELEN HAYES THEATER
(Second Stage Theatre Company)

YELLOW signifies theaters on the east side of 7th Avenue / Broadway
GREEN signifies newer theaters not subject to Historical Landmark Status

BROADWAY THEATER LICENSE



The **SHOW** enters into a **THEATER LICENSE** with the Theater Owner.

Notice the wording! It's not a *RENTAL* agreement nor a *LEASE* agreement, although for all practical purposes that is exactly what it is.

The **THEATER LICENSE** grants use of the Theater to the Show under the terms and conditions of the contract (the "THEATER LICENSE") negotiated between the parties.

This wording is exclusive to New York State (it does not apply in Nevada) and is due to the fact that Commercial Real Estate RENTALS and LEASES in New York State have very particular and restrictive regulations that would not be well suited for a commercial theater production.

BROADWAY THEATER LICENSES – TERMINOLOGY

CREDIT: Commercial Theater Institute's *"Guide To Producing Plays and Musicals"*

"LICENSEE": Who are we dealing with: an LLC, an LP, or a Corporation? An unknown entity or an ongoing company?

The **"PLAY"**: The show being presented in the theater.

"COMMENCEMENT DATE": The first date an activity begins, be it rehearsal, load in, or even first date the Box Office opens.

"REHEARSAL/ LOAD IN PERIOD": Theaters try to limit the amount of time for rehearsals & load-ins so that they can get to the increased performance Licensee Fee sooner.

"REHEARSAL/LOAD IN FEE": Usually its one-third to one-half of weekly Licensee Fee, but can be negotiated based upon how hot the show is and the market condition on Broadway.

BROADWAY THEATER LICENSES (continued)

“WEEKLY LICENSE FEE”: There is a standard rack-rate that the theatre will use as a benchmark. Usually if a break is going to be given it is within the critical first six weeks when a show’s fate is usually determined.

“WEEKLY SERVICE FEE”: The personnel package (usually not negotiable). Traditional Service Fees includes Box Office staff, House Management, Technical Director, and custodial services. Some packages include ushers some do not. Shows also have to reimburse the theater for the use of the theater’s electricity, lamps / lighting (if provided), natural gas, fuel oil, and any other costs as mutually agreed upon. The Show must also insure, indemnify and hold the theater harmless from and against any claim, action, loss, or liability resulting from the use of the theatre by Show.

“WEEKLY OVERAGE FEE”: An average Broadway overage is 5% to 6% of the gross (NAGBOR) from dollar 1. If a break or reduction is to be given to the production it is usually in the first six weeks.

BROADWAY THEATER LICENSES (continued)

“SECURITY DEPOSIT”: A traditional Broadway Theater Security Deposit” is usually four weeks of License Fee.

“RESTORATION CHARGE”: Some, but not all, Broadway theaters charge this. Currently approximately \$1.25 to \$2.50 is paid by the audience per ticket bought. This charge is used to pay for and maintain the Broadway theater’s very expensive New York real estate.

“STOP CLAUSE”: A Stop Clause is usually a percentage of the Gross potential (around 35% of capacity). This clause allows a theater to terminate the Theater License if a show is limping along for a negotiated period of time. The clause is seldom exercised but psychologically important. There can be exclusionary periods within the language of the agreement. For example: the first six weeks are usually excluded and so are traditionally difficult periods such as 4th of July or post–Labor Day.

BROADWAY THEATER LICENSES (continued)

“COMPUTERIZED TICKET CHARGES”: These charges will be deducted from the Gross Box Office Receipts as a set amount for each ticket sold at the time of each performance via the Box Office Settlement.

“RESERVED RIGHTS BY LICENSOR (the Show)”: Licensor / the Show has the exclusive use of the Theatre at any time and at all times not herein expressly granted to Licensee.

OTHER COMMON CLAUSES IN A THEATER LICENSE

INSURANCE REQUIREMENTS & an indemnification by the SHOW protecting the THEATER.

A **FORCE MAJEURE** clause protecting both parties from unexpected natural disasters that would interrupt ongoing business operations.

Access to **HOUSE SEATS** (premium tickets to the SHOW) held and available for purchase by the Theater.

COMMERCIAL THEATERS HOUSE STAFF

“House Managers”



MAIN JOB: To protect the safety of the audience.

QUALIFICATIONS:

- Fire Guard Certification
- Strong communication skills
- Attention to Detail
- Microsoft Excel / Word Proficiency
- Customer Service skills
- Ability to talk to patrons and staff
- Quick decision-making
- Managing a staff
- Ability to read, interpret and execute multiple union contracts
- Ability to prepare, process the house staff payroll and union benefit reports

COMMERCIAL THEATER NATIONAL TOURS: “PRODUCER” vs. “PRESENTER”



PRODUCER / SHOW:

- Obtains the legal rights for a National Tour
- Raises 100% of the financing to produce the Tour
- Hires the Creative Staff for the Show
- Hires the Cast
- Rehearses the Show
- Builds the sets, costumes, props
- Rents the lights, sound equipment, etc.
- Hires a trucking company
- Hires a booking agent / books the tour
- Produces the advertising materials for local theaters to use
- Travels the cast, crew heads & orchestra conductor from city to city
- Pays the touring company (salaries & benefits)
- Pays the creative staff royalties

PRESENTER / LOCAL THEATER:

- Books / buys the Show for a specific period of time from the Producer
- Rents / books a local theater that is approved by the Show
- Hires local stagehands, local musicians, and any other requirements of the Show's technical rider
- Hires all theater staff (ushers, box office, etc.)
- Presenter **GUARANTEES** the Show 100% of the Show's weekly operating expenses PLUS a piece of additional income / profit
- Advertises and publicizes the Show according to the Show's guidelines
- Sells the tickets according to a price scale & any discounts approved by the Show
- Presenter usually takes 100% of the risk for a National Tour engagement