Co-productions taking on growing attraction

Sharing production costs with overseas partners is becoming more popular with U.S. producers.

Co-production—an international TV catch phrase with as many meanings as there are players in the business—has spread into virtually every sector of the American TV industry. And many believe the age of these various program co-ventures has just begun, providing as they do for alternative forms of program financing and shared fiscal risk, as well as creative synergies.

The circle of participants, both domestic and international, is growing rapidly, and in the U.S. includes not just the smaller, independent producers who helped pioneer the form and public TV stations seeking alternative fare, but increasingly the major commercial networks, cable channels and even Hollywood’s long-resistant major studios.

Foreign co-venture activities, boosted by the explosion of interest in Europe, have also widened beyond the leading British broadcasters and includes Italian, French and other European companies.

Whether involving simple resales, facilities rental or more complex prefinancing or creative cooperation, companies are forming permanent arrangements for their program co-ventures. Simultaneously, they are seeking appropriate program forms and subjects to cross cultural and language barriers separating their nations.

In a series of interviews with protagonists of this young industry, BROADCASTING explores the why’s and wherefore’s of this new programing.

The seeds of the emerging international co-venture business were sown during the last decade’s rapid change in the U.S. broadcasting industry, believes producer Michael Lepiner of Telecom International. “Fifteen years ago, the three networks dominated 85% to 95% of all viewing, resulting in ad expenditures being directed solely at the three networks. Since then there has been a dramatic fragmentation, fractionalization and segmentation of audiences. No longer is there any one medium that advertisers can funnel their monies directly to [and] as a result no one of these media has the foundation to afford the high cost of programing.

“The big question is how will multi- billion-dollar program producers get produced if the three networks no longer have the money to produce them. This is the basis for whatever changes are coming about in programing,” explained Lepiner. “Combine that with the increasing growth and privatization and expansion, a desire for product and an increase in expenditures into those mediums.”

Former studio executive and now independent producer Larry Gershman agrees. “Co-productions were inevitable since 1976, international co-producing. Why we do with network license fees had stayed the same, because the costs of production were rising everywhere.”

The first production industry sector to look toward cost-sharing program co-ventures were smaller independent producers, which, unlike the dominant, program-producing major studios, could not afford to finance projects at a deficit, then wait several years to recoup costs through domestic and international syndication.

A prime example is Harmony Gold, a small independent that, according to Frank Agrama, Harmony Gold’s president and chief executive officer, turned to program partners to escape the squeeze between insufficient domestic license fees, the long wait for international syndication revenues and constrictions on overseas prices resulting from quotas limiting the airing of U.S.-produced programs.

The company’s first co-production, mini-series Shaka Zulu, a pure financing deal with Australian, French, Italian and German companies, was an exceptional success in its airing on American independent stations and led Harmony Gold to formulate even more aggressive plans for a $90-million fund with Italian and French partners to produce more than a dozen $6-million four-hour mini-series. Although those plans have run into difficulties, including budget overruns that Agrama blames on French producer/operator, SFP, two of the Harmony Gold co-produced mini-series, King of the Olympics and The Man Who Lived at the Ritz, were completed and have aired in the U.S.

“We’re joining with others to cut the risk down,” added Agrama. “That’s why we do co-productions.

Other, larger independents have begun to move toward program co-ventures as well. Among them is Viacom. According to Arthur Kananack, president of Viacom Enterprises, “The reasons are obvious. This is a product-driven business, and in the past we have relied on our own productions. But with the proliferation of new customers, we need [co-productions] because we need more product.”

Even large U.S. broadcast groups, producing its own right, have turned to foreign partners to increase programing volume. Tribune Broadcasting, for example, last year signed a deal with West German programing powerhouse Kirch Group to develop English-language programing.

Cable is another U.S. industry sector that has increasingly looked to international co-ventures to expand program production. While seeking to enhance their program mix, much as public television has done with a mixture of quality British programing on the cheap, cable programmers are more limited than commercial broadcast networks in the resources they can devote to meeting producers’ upfront costs.

For pay cable channel Home Box Office, co-production is critical, according to Jim Warner, vice president, HBO Enterprises. “Co-productions are of vital importance to HBO in that we regularly are producing programing, very expensive and of high quality, and it is difficult for us to fully finance it without some kind of partnership arrangement.”

HBO’s international co-venture effort, which Warner said originated about five years ago with the formation of HBO Premiere Films (now HBO Pictures), currently provides the channel with approximately half a dozen made-for-cable movies each year, as well as other family, music and documentary programs.

The Disney Channel has also been active in encouraging producer co-ventures to help supply it with long-form family entertainment, and other cable channels, among them USA Network and Discovery Chan-