

Starting & Building a Media Business in the St Louis Market

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Abstract

The topic for this paper is how to start a media business in the St Louis Market. The following measures involve a hypothetical company planning to start a business just outside of St Louis, including specific references to real businesses and business tactics in and out of media. It asks questions like “Who are we, and what do we do as a company?” and “What are the requirements for starting a business?” The business plan takes a conversational approach to better simulate what a real business person might do to convince a banker to loan him or her money. Instead of solely discussing mass media, it refers to businesses in general. Also, the business plan takes a less customary approach with the business idea to demonstrate innovation within the media business. The course of action is organized from the initial idea for the business to the last kicker that will conclude the speech.

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First of all, a business person needs an idea. Every successful book, magazine, news network, speech, production company, etc. had begun with a simple idea to start a long process. In this case, the idea must pertain to one or many of the categories that make up Mass Media, such as: journalism, television production, filmmaking, advertising, radio, digital communication, etc. When starting a business, a person must answer that first question: What is the idea? If that person cannot answer that question, the whole concept of starting a business gets thrown out of the window.

In my business, I have decided to lean more toward the film and television industries. I know what you are thinking. This is all nice, but what is it about my business that sets it apart from all or most other businesses? That is the second question that a business person must ask to start the process. Every media market has its cliché, overdone media business that does the same job for its clients and audiences. Some take it a step further and branch off into more than one categorical “idea” of mass media, like what I have done. This is okay for a mediocre business just trying to comfortable. However, it still does not shout “unique, good idea.” People want more. They want more for what they pay and they want it to be convenient and sensible to their needs. Then again, what more can a media business give you other the typical “idea?”

One way to start a business is simply “to do something crazy.” What does that mean? It means that a media business should take a step outside the mass media circle and into some other industry that will boost its unique qualities. General Electric owns many assets including NBC Universal, which is its main media business. It not only produces popular and successful movies and television programs, General Electric is the top of the line manufacturer of technologies in the world. It manufactures appliances, consumer electronics, and it makes efforts in solving our energy crisis. This is not just a business. It is a conglomerate. This is what a business needs to do

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beforehand because too many businesses are just too simple. I have decided to take a different approach and make my business educational.

These questions are prepared to answer the third question: Who are we? That is the start of the process of making a business. The business has to establish “who it is”—what is its title? In my case, we are a media and entertainment conglomerate and also an established educational facility in trust with the State. This already brings up more problems—problems in which a business must recognize about itself before taking any more steps. First of all, where did entertainment come from; and what is a trust? All this will be explained later in the paper. But first, a business has to establish an objective.

The objective further explains the idea which the person came up with to start his or her new business. Thomas Edison came up with an idea to invent devices that will advance into newer and better technologies and found a company that will take these technologies into further generations. This was essentially his objective; and needless to say, he did. Now his company is worth a twelve figure sum—hundreds of billions of dollars. So if a business person can come up with an idea and an objective like Edison’s, he or she should have no problem starting the business. With my idea, my objective is to found a film-broadcast school and production company affiliated with an existing state university or institution. This goes along the lines of “doing something crazy” with a business to spark some uniqueness within the idea. However, the idea seems a little iffy, which sparks up more problems and questions. What is the purpose of this “crazy” tactic, and how will it work? Well, “how it will work” will have to be pushed into later explanations. Right now, the main focus is its purpose. In other words, what is the mission statement of the business?

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Many businesses do not have a particular mission statement per se because it is simply not necessary. However, when it is necessary, it provides explanation on what the company can do for its clients and/or customers. After searching through General Electric's website, I found their mission statement in what they call their "innovation." They explain: "We're determined to solve the world's biggest problems. By putting our collective imagination to work for a better future, we might get there yet. Is it possible to change the world? At GE, we are doing it one idea at a time" (General Electric - Innovation et al., year). This is most certainly innovative (and crazy,) indeed. They want to change the world. That is their mission. With my business's being a part of entertainment, the media, and education, I have come up with my own mission statement. "We want to provide educational and job opportunities with filmmaking and television broadcasting in the St Louis Metropolitan Area; to provide struggling actors, writers, directors, etc with a more convenient medium between New York City and Los Angeles; to make it more convenient for graduates to find jobs; and to expand the film industry into more market areas in general." This seems like a lot for a small business. From the looks of what Edison wanted, however, it is a small task to take on.

Now that we have set the standards, we need a business plan. The first step to start a business is the business plan, rather an outline. It is the first step in modeling the business into something that is workable and how a business will meet its goal. The entrepreneur should explain the goal after he or she makes the business plan because it sets a basic understanding of how the goal was brought about. This is the plan: we explain how the business will work, explain our goals and what sets us apart from other similar businesses, communicate what we do as a company and a school, and then state what we need to form a business and how we plan to make money.

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As previously stated, we are a media and educational business. But how will this business work? It is simple. We will have a trust between the company and state. We will work by simply adding the company's expenses with the state university's tuition to compensate for the educational portion of the company. The legality comes down to the fact that the school will be using our equipment and business structure to better educate its pupils. That way, the state will not have to provide equipment for the new educational department. This is similar to Universal Studios Hollywood's back lot, which consists of schools of its own as well as other attractions. This is all fine and dandy, but what sets businesses like Universal Studios Hollywood apart from this company? Well, licensed film and broadcast businesses are not usually put together with a school, especially not in the St. Louis area. Most media businesses are just that - media businesses. They run their businesses by advertising food products in commercials, broadcasting local news programs, and occasionally getting in a few feature films produced in and around St. Louis. They strive to attract students and graduates to intern with their company yet try to maintain the balance between employees and budget. In the end, pleasing their clients are their top priority because ultimately the client is paying the media business. However, our particular business wants to take it a step further and educate its employees. This is important in determining who we want to work for us. We want people who already know what we need out of them. This brings us to our goal.

But what is the goal? The goal is basically the results or achievement of what the business will become in the lines of its business plan. Based on the results, one can assume that the goal of GE was to bring together Thomas Edison's many technological businesses into one large company. Needless to say, he did succeed in this goal and his company, General Electric, wound up owning part of one of the six major media companies in the United States today in a

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merger with Vivendi—NBC Universal (the parent company of Universal Studios). Our goal is to become an accredited and highly recognized school and company among students, teachers, and the state within 10 years. It sounds logical. GE managed to take over and form the first major broadcasting network in the United States—National Broadcasting Company in the decade, which boasted the first fluorescent lamp and first US jet engine and autopilot (General Electric - Timeline et al., year). The corporation has clearly done a lot of innovative things to advance and transform our technology.

The next task that a business person must ensue is to explain what the business does, or plans to do rather, as a company. General Electric is a multinational technology and services conglomerate. It does everything from manufacturing home appliances to television broadcasting to producing feature films in wide-release. Our company does just the same as far as media businesses go. We make feature and independent films, television programs, sports events, and specials produced by students and professionals. We organize these components of mass media into different divisions within the company. For filmmaking, we have original content and adaptations. For television broadcasting, we have original content, syndication, and reruns. Our business also distributes the movies in select theaters within the St. Louis Metropolitan Area, and also distributes the movies and television programs on DVD and Blu-ray for home entertainment to local movie rental stores.

With filmmaking, either the story is produced originally with some aspect of genre, the story is adapted from a novel, videogame, or comic book/fairytale, or the story is remade from another movie or TV show (with some major differences in storyline and creative thinking). Of course, when making an adaptation or remake, the film company has to obtain rights to reproduce the story into a movie from the writer, publisher, or creator. To keep costs low, we

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plan to start off with mostly original content and occasionally reproduce well known short stories in our own versions.

First with broadcasting, we have our original content. It is important for a media business to provide original media content to maintain legitimacy within the eyes of other media businesses. NBC always has those programs that originate on the network. One obvious example is the show *30 Rock* created by former *Saturday Night Live* actor and writer Tina Fey—both of whom originated on NBC. *Saturday Night Live*, created by Lorne Michaels, has been a very important program to the network because it has been running for so long and still manages to maintain its popularity and live simulcast. *SNL* currently has well over 600 episodes over the past 35 seasons it has been airing. We have also planned on broadcasting syndicated programs as well as rerunning some our original programs. This business action is planned more toward the future, which should never be overlooked even if the business is just starting.

Next, we have to reformat and distribute the movies and television programs via movie theaters and movie rental stores. Distribution is so important a filmmaking company that most businesses create a separate division or even company to help distribute their content. This leans more toward the postproduction phase of the production season. After the movie is made, the company may want to distribute the film in theaters to make a profit and gain popularity for the movie and a reputation for the company. This requires some deal-making with movie theater companies. Again, this goes into the group future planning. But in the meantime, the business may want to reformat their product to fit the smaller television screens at home. This is where distribution companies really come in to play. The distributor has to reformat the resolution of the film or TV program to fit that of the screens in people's homes. So, the movie or TV program is digitized and put onto a DVD or Blu-ray disc to play in their DVD or Blu-ray player. DVD

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distribution is much simpler than Blu-ray since the technology for Blu-ray discs are patented by a specific company. So, reformatting our content onto a DVD and distributing them in movie rental stores is easier and less costly. Another approach a business can take is putting its content on its company's website or a website that hosts feature films and TV programs for practically nothing (i.e. Hulu.com or Youtube.com). Of course, these services are paid for through advertisements, which will be explained later.

Now that the business has communicated what it does, it needs to communicate who its target audience is in terms of who will work the company and who will watch their content. First, who do we need to work for us? Like any media business, it needs a key decision maker. It needs someone to take on the role of the leader and head the company toward its goal. The business owner has already taken on this role by starting the business. Next, the business owner must consider the employees. The employees keep that balance between leading and following because leading is not without following. In our business, we need managers, directors, editors, a control room crew, a set crew, makeup artists, technical engineers, actors, news anchors, reporters, writers, teachers, and students.

Who do we look for? This sounds similar to “who we *need* to work for us”. But who we look for is “who we *want* to work for us”. A business person should look for people who want to work hard and have a passion for the industry. They should be business ethical and want to improve themselves and the company. More importantly, they should be respectful of their fellow employees and co-workers to maintain a civil environment. They should have fun and enjoy their work because it makes the job get done easier and faster. The candidate should speak out if they have a good idea or notice a problem with the business structure or any other plans.

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Lastly, they should be a team member helping others do their job and asking for help whenever needed.

But we cannot just choose anyone. A media manager must assess certain qualifications of a potential employee that best meet the demands of the job in order for any candidate to be considered for the position. The person needs some kind of experience within the media industry and relative to the business itself. We are a filmmaking and broadcasting business, so we need people who have experience in making films, and at least know how to operate a studio camera. Having a certificate in completion of college and a degree in mass communications and/or cinematography and film, as well as a good resume, will certainly help show how much experience the candidate has in the industry.

Now that that is said and done, we move on to the unique part of the business of what sets the business apart from others—the school. After explaining what we do as a company, we would like to explain what we do as a school. We provide filmmaking and television broadcasting equipment and services for the State Institution. It is really that simple, but it goes further than that. We provide job opportunities for students, graduates, and other media savvy people in the media industry. We also help organize academic courses in mass communications and cinematography and film.

The courses in the mass communications department will be provided by the university's or institution's Bachelor of Arts & Sciences programs. This includes basic understandings of the media industry, hands-on experience with the production studio and working with cameras, script writing, managing and directing, as well as speaking in front of the camera. The company will also provide some insight and training in these fields. Furthermore, the company will introduce courses in cinematography and filmmaking. Most of the elements in mass

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communications and cinematography are similar in that students work with cameras and lighting. One of the major differences between the two is that filmmaking involves using film instead of tape. Film has better quality and is developed differently, so its use is beneficial for more elaborate processes. In that, filmmaking requires a longer production season. The producer has to have a story, a script, a director, a cast, and a crew in order for the process to begin. So, the school will provide courses in directing, screenwriting, and learning about the different jobs of crew members, as well as producing a movie and what laws the producer must follow in order to make and distribute the film. Going more into the mass communications and cinematography and film departments themselves, the school will need teachers, secretaries, administrators, and other faculty to run it.

As far as scheduling goes, the classes will be dispersed throughout the school day according to make use of learning how to film during the daytime and nighttime. Courses will be accredited from one to three hours for one to three day classes like most universities have.

Finally, we get to the fun stuff— what we need to start this business and how we will make money. Every business comes down to a fine list of what it needs and where it will need it. It should knock out all the big stuff first. In all the planning, we have yet to find a location for our business/school. We will need an institution that already has a television broadcast department. That way, we can just branch off of that, which will eliminate the necessity to launch that professional option. But, which school will be a likely candidate? First off, we need to choose between Missouri and Illinois. The St. Louis Metropolitan Area actually expands beyond Missouri State limits on into Illinois. So, which state will be more beneficial to our company, and which State Institution will be chosen to expand the university into the Film Industry?

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We need to look into two things. The first thing is the tuition rate for that State University. Unfortunately, the decision comes down to two options: University of Missouri, St. Louis and Southern Illinois University Edwardsville. The residential tuition for University of Missouri, St. Louis in 2010 is \$8595.36 for a full time undergraduate student (Missouri Department of Higher Education et al., 2007). The residential tuition for Southern Illinois University Edwardsville in the spring of 2010 is \$4168.20 (Southern Illinois University Edwardsville et al., 2009). It is quite obvious which university will attract more students as far as *tuition* goes, but what about state wages? The current minimum wage for the State of Missouri is \$7.25 per hour (Missouri Department of Labor and Industrial Relations et al., 2009). For the State of Illinois, the wage is \$8.00 per hour (State of Illinois Department of Labor et al., 2003). Clearly, the minimum wage of the State of Missouri is less expensive than that of the State of Illinois on our part. So, which is better for the company? Let us take a scenario. If the company is open for 16 hours a day and has 20 employees who work 30 hours a week and the company is open 52 weeks a year except on Thanksgiving and Christmas, the mean salary of Missouri wages would be \$226,200, and the mean salary of Illinois wages would be \$249,600. Without even adding the State tuition to the wages for both states, locating our business at Southern Illinois University Edwardsville would be less expensive (surprise, surprise).

Now we need to go back to how the business will work—the trust. A trust is an agreement with a business and a government to bring together each of their resources to create a special job. In this case, the job combines a small media business with a State owned institution. More specifically, the company needs to be granted a corporate trust in order for the business to work. A corporate trust is normally associated with banking companies but not necessarily

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entitled to them. Our reason is to entrust our finances with that of the institution and secure a bond (Investor Words et al., 2009).

Now that the technical difficulties have been taken care of, a business needs to move on to what it needs when it comes to getting capital goods. Capital goods are raw materials used to make the finished product. In mass communications and cinematography and filmmaking, some of these materials include cameras, computers, editing software, control room equipment, and film & tape. In this business, the first things we need are cameras, but not just any cameras. For mass communications, we need studio cameras for recording a show or a commercial. We also need professional camcorders for student and business projects, television sets, and video cassette recorders and DVD players for taping and digitizing a show. Camcorders are available in high definition at the same price as standard camcorders, so that will be a plus. Speaking of taping, we need digital video tapes to record each show and broadcast it locally. For the cinematographic portion of the company, we need motion picture negative film and film cameras. Fuji Film is widely used throughout the film industry for major motion picture productions. So, this will be a likely choice for a contract. For the benefit of both fields of media, we need personal computers like Sony, Gateway, or Hewlett-Packard that can be linked together in a local network. Next, we need a computer program, such as AVID or Adobe, that have top of the line video editing software along with a video and audio system to use in the studio. We need a few miscellaneous items like desks, chairs, lightening equipment, a green screen, and other essentials for camerawork and the studio. Of course, what is a studio without a set? We will certainly need set pieces to do our work. If we need a room setting for a video production, we will need a set to tape.

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The next things are the most important elements that every business needs: licensing, permits, a DBA, and other legal documentation. Having a business license basically does half of the business work for you. This is important to have because most federal agencies, banks and accountants, barbers, and appraisers require it as evidence of legally running a business. The business should also take care of real estate and zoning compliances. The state may also require special licenses, in this case, for broadcasting. Depending on the business's needs, permits may be helpful in selling their product. Next, the business will have to denounce themselves in a DBA, or "Doing Business As." The DBA is the legal name of the business. The purpose of this idea explains itself. Though, the business has the option to trademark its name, which falls under other documentation. Our business name is Matt Griffin 11 Productions. As a media business, we want the rights to our own products. So, registering copyrights and patents will certainly give us that necessity. Lastly, we need what is called an employer identification number, or EIN. It the social security number of a business and is used as federal tax identification. It is safer to used instead of an actually social security number since business information will, normally, be shared among multiple persons (My Own Business et al., 2009).

Now we get to the money. Virtually no business person can start a business out of pocket. So, it is best to convince a banker to lend him or her some start-up money. This is a procedure that must be thoroughly planned out to help the banker gain understanding of what your business is and how it will make money. Based on the necessities to start up our business, we estimate that our financial aid needs will come to around \$200,000. But, of course, the banker wants to know how we will be making that money back. As stated before, we will be making our own products and distributing them via movie theaters (the box office), video rental stores, etc. But like real business people, we will be dipping into the "investors' funds." We will make contracts with

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businesses in the food industry to advertise their products in our productions and gained some money there. Some of this income will go to running costs, federal and state taxes, as well as repaying our loans. The rest, of course, will be put toward our employees' wages and our productions. This will be set to fit our budget.

Finally, every business needs a kicker to drive that business plan home - and that is the slogan, which sums up every part of the business and its objectives, goals, and plans into one simple phrase, and the 4W's: why we will work. We can easily get the student's or graduate's foot in the door after he or she has completed the program and earned your degree. Students from all around St. Louis will be flocking toward this school and company to help them have a successful career in the arts & sciences of filmmaking and broadcasting. That means more net profit for us and more money for the state. It is as simple as that. So to conclude our business's purpose, our slogan is "The educational innovation."

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