

It's not just who you know but how well you know them: The impact of trust and relational networks in movie deal-making

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Abstract

Deal-making requires multiple parties that can trust each other to uphold all aspects of the deal. Nowhere is this more prevalent than in Hollywood movie deals which can be in the hundreds of millions of dollars. However, not just anyone can call up a producer or studio executive with a movie idea. They must be "a player" in the network. This paper investigates how trust and networks impact how movie deals are made. It asks the question who is most central in the movie deal-making network, and how do the strength of the relationships in Hollywood impact the deal-making process? Using Centering Resonance Analysis to quantify the answers from interviews with movie deal participants, the answer of who is most central in this network - the studio executives, actors, directors, or the independent producers - is resolved.

Keywords: Deal-making, movies, trust, network

1. Introduction

"Networking, the art of making contacts to further your career, is vital for success in Hollywood. Most business in Hollywood is conducted within a social ambiance. As a result, networking is an important tool. If you don't know how to schmooze, you'd better learn soon. It is how you make contacts, learn about opportunities and advance through the ranks" (Levy, 2000, p. 34). Hollywood deal-making is done by a relatively small number of important people who are called "players." Players are the "top agents, studio executives, producers and other power brokers who wield clout by virtue of the big money or talent they represent" (Litwak, 1986, p. 15). These players represent many of the roles, both artistic and business, in the movie deal-making process and are the people who can get a project "greenlighted". That means that the project gets produced. When players refer to the talent needed for the movie project, they are talking about artistic individuals - writers, actors, and directors - who are involved in the deal-making process (Levy, 2000). However, if a player is more broadly defined as an entity that facilitates and significantly impacts the deal-making process, then organizations that include the studios, the talent agencies, and the guilds must be included as well.

Many of the players are in various relational networks, and many are not only business associates, but friends as well. These overlapping networks often produce an inner circle where each member is powerful (Useem, 1984). Being considered one of the players in Hollywood means that you are in a very exclusive, often powerful, club. "Says one Hollywood insider, 'If you don't hang out with the players, you're out of the club'" (Litwak, 1986, p.229). The relational networks of the players in the movie business are very difficult to enter unless you know a player. However, being in one of these networks puts an obligation on them for being trustworthy because if the person is not, everyone in the business knows it. "...when a player gives his word on a deal, another player can rely on it" (Litwak, 1986, p.161). This is consistent with Di Cagno and Sciubba's (2010) findings that the more trustworthy the individual, the more interaction another will have with that person, especially if it is felt the person is in the correct network. Because the movie business is a very tight network, there is not much worse for a player in the movie business to do than renege on his or her word. Perhaps this is why Öberg, and Svensson, (2010) found that power and trust are generally positively correlated.

This paper will investigate the role of trust and networks in movie deal-making. There will be a brief review of the trust and network literature, and the movie deal-making process will be explicated. The data analysis, based on both interviews and Centering Resonance Analysis, will illustrate the power of trust and relational networks in the movie deal-making process. It will try to answer the question of who is most central to the movie deal-making network, the studio executives or the independent producers.

2. The Importance of Trust

Perrow (1986) posits that trust is “the bilateral dependence of each of the parties” (p.240). Burt and Knez (1996) define trust as “committing to an exchange before you know how the other person will reciprocate” (p.69). Their research also found that the more individuals are embedded in a communication network, the higher the probability others in the network will trust them. Trust, it is argued, pervades networks and allows them to function (Becker, 1982; Bekkers & Thaens, 2005; Jarillo, 1988, 1990; Li-Fang, Bor-Shiuan, Min-Ping, & Hung-Yueh, 2006; Powell, 1990; Ring & Van de Ven, 1992, 1994). In general, researchers of trust agree that trust is important because it not only facilitates social and economic exchanges, but it also enables risky exchanges that may be mutually beneficial (Yamagishi & Yamagishi, 1998). Producer 1 (1997) states that trust is very important for any producer trying to produce a movie, especially because of the need for working with so many people.

There are many facets of trust, and not all researchers agree on what trust is based on. Yamagishi & Yamagishi’s (1998) research states that trust is based only on the of intentions and not the ability of interaction partners (see also Barrera & Buskens, 2007); however, Berquist, Betwee, and Meuel (1995) posit that there are more aspects of trust than just intentions. They argue that there are three different kinds of trust in partnerships: intention, competency, and perspective. This means that an interaction partner (or network member) will trust another interaction partner to act in their best interests, that the partner is competent and knowledgeable, and that the interaction partner can see that situation as the other partner would see it, thereby interacting as the first interaction partner would want them to. This finding is important when examining deal-making networks because “...both internal and external network linkages are governed by partnerships based on mutual trust and respect and by shared collective outcomes, as contrasted to the traditional dominance of ownership or hierarchy” (Monge & Fulk 1999, p.72). Therefore, while Berquist et al. would agree with Yamagishi & Yamagishi that players in a deal-making network would trust each other because they all want a movie made, Berquist et al. would state that the deal would also be done because all the players in the deal-making network believe that the deal makers are acting in each others’ interests and because the producers are competent and knowledgeable.

Yamagishi & Yamagishi (1998) also believe that there are two kinds of trust: particularistic trust and general trust (see also Igarashi, Kashima, Kashima, Farsides, Kim, Strack, et al. 2008). Particularistic trust comes from repeated interactions engendered in close and stable relations and is bifurcated into knowledge-based trust and relation-based trust. Knowledge-based trust is defined as when one person in a social situation can trust the other person because they know how the other person will behave. Relation-based trust is defined as one person being able to control the other person’s actions. The second kind of trust posited by Yamagishi & Yamagishi (1998) is general trust, which comes from a philosophy that human beings are, in general, trustworthy. “People who trust other participants and expect that others will be cooperative tend to make cooperative choices themselves” (Yamagishi & Yamagishi), 1998, p.110). This observation has been verified by Ostrom and Walker (2003). This “plays the role of lubricant outside close and stable relations” (p.111-112) and might come into play where studios offer a first-look deal for feature films to someone who has successfully produced independent films but not feature films.

Perrow (1986) states that trust comes from people learning crucial noneconomic information about each other, including political, ethical, and cultural values and that the economic relationship is modified and eventually ‘embedded’ in these social and cultural exchanges. This jibes with Jones (1998) who states that exchanges are embedded in networks and that social control is stronger than personal attributes of trustworthiness. Players in the industry often attend the same movie premieres or industry dinners. Litwak (1986) talks about how dealmaking in Hollywood often takes place in social settings outside the studio. Players often encounter each other at screenings or industry functions, which provide opportunities to discuss projects in an informal setting. Therefore, just being in the social network gives producers opportunities to meet new people and initiate deals.

Being embedded in a social network definitely helps get players together, but trustworthiness is essential for cementing a deal. “Trust is so critical because partnerships are more intimate than virtually any other form of organization” (Berquist et al., 1995, p.218). Goldstein (2004) relates how studio executives Stacey Snider and Amy Pascal feel very confident and comfortable when they are partnering with experienced producers like Frank Marshall, Kathy Kennedy, and Jerry Bruckheimer. According to Berquist et al. (1995, p.89) “...the heart of partnerships is to be found in the maintenance of trust.” Not only are partnerships maintained, but the probability of dealmaking being successful is enhanced. Chinowsky, Diekmann, & O'Brien (2010) discuss how trust in network partners leads to high performance and outcomes for the whole group.

Yamagishi & Yamagishi (1998) believe that when social situations are uncertain (as is usually seen with newcomers to the workings of the movie business) general trust can produce positive outcomes for all parties. These positive outcomes create credibility for those engaged in deals. "The hardest part about establishing yourself...is credibility. It's very hard to hit all the marks it takes for you to gain credibility with studios, with actors, and with other filmmakers" (Producer 3, 1997). Levy (2000) states that credibility is something that takes years of achievement in one's career. Litwak (1986) however, believes that there is another way to achieve trust and credibility, and that is by newcomers affiliating themselves with people and firms who are already respected as experts or players. "[This is] ... one reason why fledgling producers are anxious to enter into development deals with studios; they get an office on the lot and instant credibility" (Litwak, 1986, p.160). Once credibility has been earned, general trust is not needed because the uncertainty behind any interactions is based on the situation and not the actions of the participants. This credibility often leads studios to schedule pitch meetings and make deals. "...says agent Maggie Field, '...the people I have been [regularly] working with, we can make a deal with a phone call'" (Litwak, 1986, p.164).

In agent Marty Hurwitz's opinion, however, the movie business is populated by a lot of less trusting people, including agents. He believes that in deal-making, it's the agent's responsibility to guarantee as little as possible but to get as big a guarantee for the client as possible, mainly "because people don't trust each other" (Litwak, 1986, p.158). While Hurwitz's opinion is indicative of what he feels is the agent's duty to his or her client, former Paramount president of production Don Simpson has a different reason for people not telling the truth. He stated that a good studio executive is "compelled to lie, because people [in the industry] don't want to hear the truth" (Litwak, 1986, p.69). Therefore, though many in the feature film business believe that honesty is the best policy, others believe that there are certain exigencies that make being less than truthful necessary. In this study, producers will be asked if they feel that others in the deal-making process are, in general, truthful, and if there are categories of players that are less truthful than others. Yet, "[c]onsidering the amount of money at stake and the amount of employment that goes on, there's far more integrity and honor in this business than probably any other venture of comparable size," says agent Gary Salt... when I say to attorney in business affairs that we have a deal, we have a deal from that moment" (Litwak, 1986, p.161).

Berquist et al. (1995), pp.195-196) states that relationships of successful partners can be reconfigured because they trust each other and are used to sharing information and solving problems together. So reciprocity can be the result of strategic thinking, social desirability, or an inbred norm of appropriateness. Cones (1995) also talks about the film business as a relationship-driven business. All other things being equal, "...the studio development or production greenlight will go to the producer who has the best relationship with the studio or the studio executives making the commitment on behalf of the studio" (p.5). Cones goes on to state that some producers who have strong relationships with studio executives have a higher probability of obtaining studio development deals and can make money developing films projects for studios even if few or any of their projects are ever greenlighted. However, there are always trade-offs in the movie business. Writer 2 discusses a trade-off in dealing with someone with whom he had a relationship, but the person turned out not to be trustworthy:

This is a business about relationships. So, as much as contracts come into play, and as much as we're all sometimes frustrated by them and feel compelled to sue people, at the end of the day you have to decide, is that relationship gone? What's more valuable to me: the machinations of this particular contract, or the relationship? You have to decide.

3. The Importance of Networks in Movie Deals

A network can be defined as a set of dyadic ties or linkages among a set of actors (nodes) who can be individuals groups, organizations. Aldrich (1982) states that networks are structures of recurrent exchanges. One type of recurrent exchange is communication. Monge & Contractor (2001, 2003) state that relations define the nature of the communication connections between network participants, where communication is defined as patterns of transmitting and exchanging messages. Constant and recurrent communication is very important in the film business. Wolf (1999) describes a limousine ride with Ron Meyer, head of Creative Artists Agency (CAA) who made approximately 35 calls in one hour, including "...congratulating one producer on the successful opening of a new film [and] nailing down a deal with an agent who would bring in a big actor into a forthcoming project" (pp. 87-88). But how and why do networks form in the first place? Delaney (1988) states that network formation is a rational strategy-building behavior. This rational behavior can be carried out by individuals, groups, or organizations. Robins (2009) discusses how ignoring the personal characteristics of members who initiate a network would fail to fully understand the reasons behind its formation.

According to Aldrich (1976), an emergent network has been conceived of as an informal, natural-occurring network as opposed to a formal, organizationally-imposed network that may legitimize authority (see also Monge & Contractor, 2001). Every time a new feature film is made, there are never the exact same participants in the project, although there are many cases of producers using the same studios, directors, actors, cinematographers, agencies, etc. in different projects. Monge & Eisenberg (1987) state that all organizations have emergent internal communication networks, which they describe as patterns of person-to-person information linkages. Personal linkages have been defined as "...when an individual from one organization exchanges information or material with an individual in another organization, but in a non-representative or private capacity (e.g., via friendship or 'old school' ties)" (Monge & Contractor, 2003, p.237). This is seen constantly in the feature film business when producers use the same directors, actors, cinematographers, etc. when producing a feature film. By extending and consolidating these linkages, organizations (and individuals) can protect themselves from uncertain environments (Pfeffer & Salancik, 1978) and increase trust in and loyalty to the organization (Kuipers, 2009). Though some researchers report that these linkages might constrain decision-making and autonomy (Monge & Contractor, 2001), others found no evidence to support this (Oliver, 1990, 1991). Indeed, Shonk & Bravo (2010) found that support between organizations led to their increased commitment to each other.

Both organizational behavior and organizational communication scholars have posited that the increased reliance on networks within and between organizations has led to a new organizational form called a network organization (see McKelvey, 1982; Miles & Snow, 1986, 1992; Powell, 1990), which is a group of organizational linkages with a central organization (Monge & Contractor, 2001). The importance of communication in this type of organization is stressed (Miles & Snow, 1992; Monge & Contractor, 2000). Every time a new feature film is made, a new network organization emerges with the producer as de facto president. Monge and Contractor (2000) state that network organizations' ties are at all levels of the organization and exhibit "complex webs of exchange and dependency relations" (p.463), utilizing information technology to integrate the network and coordinate individual members' and teams' organizational activities, such as decision-making even when they are geographically dispersed (Poole, 1999). For example, in the feature film business, few feature film deals are finalized without international partners. When face-to-face communication is impracticable for projects that heavily use international partners, movie producers use communication and information technology, including fax, email, and conference calling to coordinate the myriad details and reports necessary to have a film greenlighted. This way, for example, a producer can arrange for financing from a foreign bank, distributor, or government without leaving Hollywood every time there's a question.

Baker (2000) states that networks often emerge based on activities and places. Monge and Contractor (2000) discuss how communication networks, patterns of contact between communication partners who create messages, "transmitting and exchanging them through time and space," (p. 440), emerge based on different exchange mechanisms. One such example of network emergence and formation based on an activity or exchange mechanism is the making of a feature film. Individuals like producers and organizations like studios exchange information and come together to make a feature film, and for each film, an organization comes into existence. Borgatti (2004) discusses how movie participants, such as "film studios, producers, directors, cinematographers and a host of other contractors combine, disband and re-combine in varying combinations to make films... [, and how t]he...major film studios use repeatedly and share across their films an elite set of subcontractors who comprise 3% (459 of the 12,400) of those registered in guilds" (Jones & Hesterly, 1993 in Borgatti, 2004).

Borgatti goes on to say that relations among film studios who finance, market, and distribute the films and those who actually ensure the films are made, such as the producers, have basically not changed in 30 years. These networks of studios, producers, talent, and other professionals who make the movies are based on personal and professional relationships. Personal relationships and contacts, such as with writers, directors, and actors (Lee, 2000), built up over the years are constantly being used by producers to make deals (Producer 2, 1997; Executive/producer 3, 1997). Both Feld (1981) and Baker (2000) describe social networks as being focused around joint activities that may be personal, professional, or social, though Delaney (1988) posits that other researchers are ignorant of how communication influences social contacts. Communicating socially is very important in Hollywood. Making a deal is sometime the result of players who are friends (or at least on friendly terms) meeting at a restaurant or social event to discuss a project, which eventually culminates in a feature film deal. This is an example of how a player's network may be focused around personal, professional, and social activities.

Another structural aspect of a network is the number of ties. Ties are connections or relations between members of the network. Wellman and Berkowitz (1988) believe that networks should be analyzed through the ties or interconnections of their members. These ties can be resource flows or types of relationships. Baker (2000) believes a fundamental tenet of network theory is that the arrangement of ties is more important than the number of ties. Van der Poel's (1993) research on social support would agree with Baker (see also Barrera & Ainley, 1983; Kadushin, 1983, 1989; Lin & Ensel, 1981, 1989). Van der Poel found less than a perfect correlation between network size and support received by individuals because some network ties were much more supportive and stronger than others.

The strength of a relational tie, whether it's formal or informal (Weenig, 1999), is called its density. An example of a formal tie in the movie business would be a contractual obligation a producer has under a first-look deal. An example of an informal tie would be two players being members of the same athletic club. Granovetter (1982) defined the strength of ties as including the amount of time invested, the emotional intensity of the actors in the network, and the amount of reciprocity between the actors. In other words, two actors will have stronger ties in the network the longer they've had pleasant and beneficial interactions. This is why studio heads will take calls directly from producers they've successfully worked with over the years (Executive/producer 3, 1997). Another way to measure the strength of ties is by the amount of communication between network participants (Athanasiou & Yoshioka, 1973; Festinger, Schachter, & Back, 1950). Producer 2 stated that he spent several hours each day on the telephone talking with other players (1997). It is anticipated that the producers interviewed will concur that the more often they communicate with other players in the feature film business, the more often they are able to complete deals. The more they communicate, the more strongly they are tied together.

Borgatti (2002) states that strong ties are embedded in tight clusters of like network participants, while weak ties often provide novel information. Groups in organizations that are strongly connected have less conflict than groups in organizations with weak ties (Nelson, 1989). One reason for this is that they may be more willing to both advocate their position and invite inquiry from others in their network (Argyris, 1982, in Berquist et al., 1995, p.83). Individuals who have strong work and social ties have less relational uncertainty and greater perceived control in a potentially uncertain situation (Albrecht & Ropp, 1984). The strength of ties is based on relationships. Relationships between individuals can be based on family, affiliation, location, perception, affective, interactive, role-based, or a host of other factors, and one of the chief ways relationships are evaluated is by examining the role relationship. Van der Poel (1993) stated that the most common and most important role relationship categories include family, friends, colleagues, and fellow members of organizations. Therefore, for one to be important in deal-making, one has to be seen as a player. So how does one become a player in this club?

These players have similar characteristics which Rogers & Kincaid (1981) explain as homophily. Homophily implies that strong ties between people come from their similarities in terms of age, values, professions, activities, lifestyle, cooperative behavior, and other characteristics important to the individuals (Cialdini, 1993; van der Poel, 1993), though van der Poel (1993) discusses how heterogeneous relationships can be beneficial if special abilities are required. Stolle, Soroka, and Johnston (2008) similarly discuss how diversity does not necessarily reduce trust because its effects are mediated by the social context in which it takes place. In Hollywood, being able to complete deals is a very important attribute, and because the number of people who already have and who can produce and greenlight a deal are small and relatively homophilous, the network ties are strong. Networks that have strong ties between their members are more internally focused and trustful. Baker (2000) states that more internally focused networks allow trust and cooperation among a small group of people.

Trust is very important in the movie business. "Players [in the movie business] have their own honor code for conducting business. While they are generally tough and wily bargainers, they rarely engage in outright lying or cheating" (Levy, 2000, p.59). Baker (2000) doesn't believe that "[M]anipulative, dishonest, deceptive, or deceitful tactics" work over the long run" (p.74). Entertainment attorney, Eric Weissman believes that exploiting someone today because you have leverage will be counterproductive in the long run (Litwak, 1986). Partly as the result of the homophily principle, strong ties tend to cluster into cliques (Feld, 1981; Rogers & Kincaid, 1981) which are small, dense networks. Cliques (also know as clans or clubs) are a set of nodes in which every node is connected with every other. Cliques have "relatively many ties with each other and relatively few ties with other network members", and "...the existence of one strong tie often results in more strong ties, which form cliques within the larger network" (Weenig, 1999, p.1074).

Krackhardt (1994) believes that cliques are inevitable, stating his belief that no matter how democratic groups and social systems start out, they tend to wind up under the control of a few individuals. In the movie industry, the players are a clique. Fulk (1993) found that social influence is more pronounced in cohesive groups such as cliques. These cliques are often central to their networks. Feature film deals are greenlighted by the players perceived to be most central in the deal-making network, the studio executives. Someone who is central in a network where many participants are not well connected can regulate the flow and direction of information and is sometimes referred to as a “gatekeeper” (Borgatti, 2002; Katz & Lazarsfeld, 1955). The studio executive seems to be the ultimate gatekeeper in the movie business, and his or her centrality may explain the level of trust given the individual (Berardo, 2009). Granovetter (1985) uses a concept called “embeddedness.” This deals with network participants who know one another through repeated interactions and who are known to have these interactions by other network inhabitants, and what constitutes embeddedness may be different in different social settings (Rooks & Matzat, 2010; Welch, Sikkink, & Loveland, 2007).

Those who are most central may or may not be the most embedded. Embeddedness stresses the role that social relations and communication play in a network. This centrality in the network leads to the possibility for more direct social interaction, which can build trust (Gössling, 2004). Krackhardt & Brass (1994) suggest that the selection of relevant others is constrained and enabled by the communication and role networks in which these individuals are embedded. Marwell & Oliver (1993) discuss how collective action, rather than self-interest, leads to coordinated action and mutual benefit. Olsen (1965) disagrees, stating that individuals will try to take a free ride, not investing their own resources even if all would benefit. This view has been criticized because it doesn't discuss the degree of embeddedness of the individual or their network of relations (Markus, 1990; Marwell & Oliver, 1993; Oliver, 1993). Badaracco (1991) stated that “[e]mbedded knowledge resides primarily in relationships among individuals and groups and in the particular norms, attitudes information flows, and ways of making decisions that shape their dealings with each other” (p.79). The longer a person has been in the movie business, and the more successful they are, the more embedded they are. Another aspect of networks is connectedness, which deals with the number of ties that one individual has in a relevant network. Connectedness is not just a concept applying to individuals.

Organizations, such as studios, can also be “connected.” Monge & Fulk (1999) state that organizations establish collaborative work arrangements in order to share knowledge, goals, resources, personnel, and finances, which transfer embedded knowledge. In Hollywood, first-look deals (contracts where the production company must give the studio the first chance to buy the movie idea or screenplay) are an example of collaborative work arrangements. Many movie studios have “first look” deals with multiple production companies. Their connectedness with production companies gives them greater flexibility in deciding on where to make deals. “Some deals are nothing more than handshake agreements between a producer and a studio executive in which the producer is provided with office space on the lot in exchanges for a first look at whatever projects are developed by the producer” (Cones, 1995, p. 4). By being connected so strongly, the studios make themselves almost indispensable to the producers. These arrangements link producers to the studios. Studios are under no obligation to buy or greenlight a project, but the producer has to let the studio have the first option of buying the movie.

These types of linkages are what Golden (1993) might classify as precompetitive relationships or cooperative competition; however, Brandenburger and Nalebuff (1996) might just interpret these linkages as a form of cooperation where both parties succeed. These kinds of relationships are fairly flexible insofar as the producer is under no obligation to produce a project for the studio under which there is a first look deal, nor does the studio feel obligated to fund and exhibit every project the producer wants to produce. Yet the deal is risk-reducing for both parties, and it leads to expectations of a working relationship; however, in movie deals, one party, the studios, usually have the most power. Power may be defined as how dependent one network member is on another for information and other resources. According to Wasco (2003), power is often what determines what movie deals are done and how decisions are made. Monge & Contractor (2000) interpret network exchange theory's concept of power as being a function of a member's potential for exclusion exchanges in the network, including communication exchanges. This would indicate that access to dealmakers is vital. The greater access to valued material and informational resources, the more power a network member has. According to Producer 5 (2004), producing movies is all about access. Those who have access have power. For the movie business, depending how embedded one is in the network of agents, studio executives, and the like, an individual may act as a resource for others and exchange this network information for many things – money, prestige, or power – if the member is central in a cohesive network or can span multiple networks.

Producer 3 has been in the movie business for a long time, but she hasn't had the kinds of success to be or to allow her to have access to major players on a regular basis. She explains about power: "I mean, the power in the movie business is to be a phone call away from (A-list) actor Tom Cruise, or to get to (A-list actor) Brad Pitt." Being unconnected in a network is the definition of a structural hole. "Entrepreneurial opportunities arise when a network contains many 'structural holes' or gaps. A structural hole means a person is linked with two other people who are not themselves directly connected" (Baker, 2000, p. 11). In the movie business, social occasions are one way players stay connected. Pollock, Porac, & Wade (2004) argue that a dealmaker is connected socially and what the details of the deal are will influence short-term and long-term deal considerations. Because the network in the movie business is relatively closed (very few structural holes), lying about who you know, especially when trying to do a deal, is dangerous. It only takes one or two telephone calls in many cases to find out the truth, and once a person is known to be a liar, their reputation is damaged. This tends to increase deal partners' uncertainty in doing deals, and reduces the probability of doing deals. However, once a person is successful, meaning the person has been involved with deals that were produced, a certain amount of unfounded optimism is tolerated.

Borgatti (2002) states that an entrepreneurial network is fairly flat, with gatekeepers who connect various cliques thereby closing structural holes, whereas support networks tend to have many interdependent relations with few structural holes. Individuals who connect groups of others are also called liaisons or bridges. In the movie business, the larger producers often act as gatekeepers, closing the structural holes that exist between many producers, directors, writers, and actors. In other words, to build up social capital, you must provide desirable information to individuals in the network who could not get it on their own, i.e., act as an information broker or gatekeeper. "This suggests that control over the flow of information between people" is crucial in communication networks (Monge & Contractor, 2003, p.159). Another major gatekeeper in Hollywood is the talent agency. If an agency is powerful enough, they can "package" a project. This means that if a producer wants to make a deal on a feature film, the studio must accept the agent's package that often includes actors, a director, and a writer. No package, no deal. To get around these powerful gatekeepers, constant connections with other network members in the movie business by producers must be initiated and maintained. The more diversified an individual's network is, the more social capital they have (Burt, 1992). The more social capital a producer has in Hollywood, the more they are able to avoid having to take a "package" they don't want. Also, the more social capital a producer has, the more others will come to him or her with ideas for deals.

People, groups and organizations have social capital to the extent that they have access to alternate sources of a valued resource, and the extent to which they control resources valued by others in the network (Emerson, 1962). One of the resources valued by others in the movie business is simply access to people who can make decisions on what movies to buy and produce. Access to other players is vital in making movies (Producer 5, 2004). Individuals who have access have social capital. If the movie is a "hit," even a relative newcomer to the business can see his social capital increase tremendously. An example of this is director, Zack Snyder, who directed the graphic novel 300. It was a huge hit at the box office. Even though he had only directed one feature-length movie before 300 was released, he was offered many more features to direct after 300 did so well at the box office. Another example of building social capital is a producer-writer step-deal. Producers will often enter into what is called a "step relationship" with young writers (for a discussion of step relationships, see Lee, 2000) to build access and to build relationships with them. This is an example of how producers can increase their social capital by forging new relationships with industry newcomers. Litwak (1986) reports that at least one studio executive believes that the main reason there is such a low success rate for development deals between studios and producers turning into movies is that it's more important for the studios "to build relationships with important writers, directors and producers" (p.80) than it is to produce any specific film

4. The Movie Deal-Making Process

Movie deals are complex social processes involving many parties – studios, production companies, individual producers, directors, talent agencies, banks, actors, writers, etc. – all working in collaboration. For the purposes of this paper, a deal is defined as the culmination of increasingly formal communication between at least two parties that obligate the parties to act in good faith toward each other, resulting in what is hoped will be mutual gain. The literature and the people interviewed have all described processes that vary greatly and usually take several months to many years to come to fruition in a "greenlighted" project or movie. Even after a movie is greenlighted for production by the studio, the movie deal is not consummated. It needs to be "papered."

This means that all parties to the movie need to sign contracts obligating them to make the movie. This movie deal is actually the culmination of a series of smaller deals. “Virtually every step in the development and production of a film requires that a separate deal be successfully concluded” (Litwak, 1986, p. 156). These deals help all parties manage the uncertainty of the process of making, distributing, and exhibiting a movie. In general, initiating a deal is much more difficult for an individual to try to initiate a movie deal than it is for an organization to initiate one. Movie studios, especially the major studios, such as Universal or Paramount, can initiate projects because they have the most money, people and muscle in the business. The movie studios are large organizations that employ people in all phases of the movie production process from development to exhibition, which makes them almost completely vertically integrated, although the studios’ main functions are the financing and distribution of movies. Although studios have their own heads of production and produce movies themselves, non-studio producers generally initiate the deal-making process. In some cases, however, studios may allow a top actor to produce a movie so that the studio will have preferential access to them for other projects.

Although there are almost as many ways of putting a feature film deal together as there are movie ideas, the matter of producing feature motion picture deals usually begins with the movie concept. There are many venues that individuals, production companies, and studios use to find movie ideas. Many individuals think of the stories themselves. Although both studios and non-studio production companies (NSPCs) generate many movie ideas, the use of original screenplays in Hollywood is diminishing as the studios are looking for “sure-fire” hits, like adaptations, best-selling books, or sequels to successful movies. Studios would rather have an adaptation than an original screenplay because that puts them more in the “driver’s seat” when it comes to authorship and the ability to make changes to the story, and the studio knows there is a ready market (Goldstein, 2004). Whoever produces a movie must have the rights to the idea, that is, whoever owns the work must give their permission for someone else to produce it (Lazarus, 1985). If someone finds an idea, story, book or other entity that could be translated into a movie – all these would be known as “properties” – she or he may decide to either negotiate to buy the rights to the property or properties outright or to “option” the property. An option is one type of deal. In this deal, a buyer obtains the rights to a property that will be the basis of a movie for a limited period of time, usually 18-24 months (Lazarus, 1985), although many options are now for five years (Writer 2, 2007). By “optioning” the idea, the buyer pays the seller a smaller amount than if he or she were purchasing it outright.

Stories submitted to either studios, like Paramount, or larger Non-Studio Production Companies (NSPCs), like Castle Rock. They are usually reviewed first by their own story departments or their own development executives, who then decide whether or not the story should be pitched internally to the top executive or executives of that company (Executive/producer 1, 2007). A pitch meeting is where the owner of the idea or property discusses the idea or property in more detail than the development executive would see if the development executive were just to read a screenplay. Indeed, the person pitching the idea, often the writer, has to interest the potential development executive in the idea enough that the development executive will risk his or her reputation on the story idea with his or her superiors. Although most pitches are done in formal settings – at the offices of studio and NSPC executives, it is not unusual for pitches to be conducted in informal social settings. For example, projects are often mentioned at industry functions, like screenings of new movies or industry-associated dinners (Litwak, 1986). This illustrates the concept of access. Access is the ability to meet with industry personnel who can have impact on greenlighting a film in person. This is extremely important because whether or not an industry executive becomes interested enough in a movie idea often depends on intuition. There are formalized processes for getting deals done, but much of the deal-making depends on the relationship between and the reputation of the parties involved.

If the relationship is cordial, based on past experience, or if the people do not know each other well but they have positive reputations, there is a greater chance that obstacles in the deal-making process can be overcome. If one can establish a positive personal bond by meeting with an industry executive face-to-face, there is a greater chance for the industry executive to take the project more seriously. Project ideas are usually submitted to studios or non-studio production companies in the form of a screenplay. Screenplays that are not submitted by recognized agencies are rarely read by studio personnel. The screenplay may be good as is, but it is often perceived as better, and recommended for additional development prior to a greenlight decision being made, if it is allied with a well-known actor (Garey, 1992). Approximately 1-2% of all screenplays receive a “recommend” rating (Doran, personal conversation, October 17, 1997). If a screenplay is completed before it is pitched, it is often shown to talent prior to a producer even going to a studio.

This is because if a studio knows that a well-known actor or director is already tied to a project, either contractually or verbally, the studio is usually more interested in the project. Top actors are usually given “pay or play” deals (Rosenfeld, Meyer, & Susman, LLP, 1997). These deals mean that the talent gets paid whether or not a movie ever gets produced. The reputation of the actor is extremely important to getting a movie greenlighted by a studio. Story meetings take place where studio personnel, the producer, and the talent discuss changes to the script. These meetings allow the participants to more fully discuss their visions of the project. Assuming the producer and the actor(s) are “on the same page” artistically, deal-making meetings follow with the talent’s agent, manager, and/or attorney (Lee, 2000). Similarly, if the material is very good based upon the producer’s experience, and the producer is well-known and trusted in the industry, she or he may be able to sell a “package” consisting of script, rights, and the producer’s services to a movie studio.

Once the studio has either purchased or optioned the story), it is considered to be in *development* [author’s italics in original] (Resnik & Trost, 1996, p. 303). If the person or persons who brought the project can keep generating heat for the project, they keep it out of “development hell” (this is where projects essentially stay on the shelf without ever being produced), then the project will make its way to the studio’s executives. Usually, the studio executives are given several screenplays to read over the weekend. After these screenplays are read, the executives will come together as a group to decide upon which one or two screenplays the studio will invest its money in. Producer Carolyn Pfeiffer believes that passion and conviction have an effect on the studio’s decision to invest in a movie and manager Keith Addis adds that passion and tenacity over a long period of time lead to getting deals greenlighted (Litwak, 1986). However, this passion and commitment must be from people whose reputations and judgment they trust. If the executives are going to greenlight a movie and pay millions of dollars for the rights to a property, payments to the producer and actors, plus distribution and exhibition costs, the people who have the passion must be seen as credible.

Whoever goes to the studio with a project is not usually going to finance any of the project themselves (Cones, 1995), although they may have already negotiated with foreign distributors to distribute the movie outside of the United States. “The studio-financed motion picture is more likely to receive favorable treatment in distribution than non-studio releases...because the major studio/distributors have greater economic power and leverage with the exhibitors” (Cones, 1995, p. 11). If the producer has a positive reputation and/or an on-going relationship with the studio, and they already have commitments from foreign distributors, this further reduces the uncertainty that the studios must deal with in terms of completing the project on time and on budget, in addition to the movie making a profit, which increases the probability that a deal will be done. The negotiators for the studio, director, producer, financier, and other interested parties must now agree to what monies are going to be committed and how they are going to be spent. There is quite a bit of communication at this point, and, depending on the power of the different parties to the transaction, compromise is often necessary. This tends to increase risk in the process, so it is in the best interests of all parties to “cave” (give up) on points that are not as important to them, just to keep the process moving. According to entertainment attorney, Eric Weissman, doing what is best for all parties, not just one’s own client, is the better method of negotiation (Litwak, 1986). This seems to be a sentiment shared by many entertainment attorneys (Attorney 2).

5. Methodology

5.1 Interviews

Face-to-face interviews with current industry participants allow the researcher to obtain up-to-date interpretations from individuals from various aspects of the deal-making process. These individuals include writers, entertainment attorneys, agents and managers, producers, directors, actors, and industry executives. An example of why live interviews were necessary is that the author discovered early in the process of obtaining interviews that actors and directors do not get involved in the deal-making process much. Their agents, managers, and attorneys take care of almost all the details. The actors and directors are simply “in” or “out,” interested primarily in the creative aspects of the project (see Producer 1, 2006; Executive / producer 5, 2007). This is a phenomenon that was not reported in the literature. This study utilized an exploratory and inductive methodology using interviews to generate a list of emerging themes (Calder & Aitken, 2008). The data was collected through the process of analyzing responses from interviews of key informants - producers, writers, agents, managers, lawyers, and studio executives who have participated in a feature film deal in the past ten years. It was a convenience sample of all industry participants because it is very difficult to penetrate this industry without having worked in the industry and have internal contacts.

According to Flick (2002), qualitative research is, by its nature, research that uses multiple methods. There are any number of stories written about how deals do or do not happen; however, all attempts to observe personally how pitches were made or any how any group decision-making by NSPC or studio executives were conducted were not possible. The interviews were rich data, but another framework was needed to find coherence among the views of the industry participants. A method to discover an underlying framework upon which the interview responses were based was found in Centering Resonance Analysis (Corman, Kuhn, McPhee, & Dooley, 2002).

4.2 Centering Resonance Analysis

Since this research investigated networks, an approach that used network analysis was used. Centering Resonance Analysis (CRA) is a text analysis method that uses linguistics theory to create word networks of nouns and noun phrases in order to represent main concepts, their influence, and their interrelationships (Corman et al., 2002; McPhee et al., 2002). These words are influential because “they facilitate the connection of meaning among many different words, across very different parts of the overall word network” (Corman et al., 2002, p. 278). Using network theory, influence is measured as betweenness centrality of a word, or how often that word is “between” other words. That is, CRA considers a word to have more influence within a text if it ties other words together in the text network and mediates meaning (Corman et al., 2002). Previous text analysis of codes has relied on frequency counts of words or phrases, which does not take into account the influence of words in relationship to other terms (Canary & Jennings, 2008). “Word networks that have the same words and word phrases are said to *resonate* (author’s italics) with each other” (Canary & Jennings, 2008, p. 268). This resonance is seen in the influence values of the individual words and the word pairs.

In CRA, “...those values based on our experience of what constitutes a “high” value in the networks we’ve analyzed. But the best way to interpret them is relative to the values of other words in the same network. If word X has value .12 and word Y value .04, the Y has one-third as much influence on the meanings of words in the text” (S. Corman, personal conversation, April 11, 2009). In addition, the program calculated influence values of various words and word pairs. According to one of the program’s authors, any influence value that exceeds 0.05 is very meaningful, and an influence value that exceeds 0.01 is meaningful (personal conversation, S. Corman, January 25, 2009). He further states that the .01 influence value is roughly equivalent to a correlation coefficient that is significant at the .05 level of significance. For the purposes of this study, those words with influence values of .01 or greater were reported (all data was rounded to two decimal places as recommended by the APA publication Manual, 5th edition). Also, even though the program’s author refers to certain influence values as being significant, the word “meaningful” will be used instead so as not to confuse it with standard statistical definitions. As one of the developers of the program explains about the influence values, “[T]here is no way to attach a significance level to these values, because (among other things) they are not independent--they are all part of a network” (S. Corman, personal conversation, April 11, 2009).

5. Data Analysis

6.1 Qualitative data results - interviews

Networking with people in the movie business is an important way to build power. This was evident to Executive/producer 5 when she started in the movie business. She says, “I also knew that I needed to have my own network of contacts, so I joined a tracking group.” Executive/producer 3 states, “I start networking in terms of producers I know who know producers who know producers and bring the producers and start to talk to them.” For example, people may want to enter into a relationship with a person whose relationships include many other dealmakers. An example of a producer who has been very successful in deal-making and who knows many other dealmakers is producer Laurence Mark, a movie producer and dealmaker for over 20 years. Executive/producer 1 says, “Larry Mark has been a producer for a long time, and he has a lot of relationships.” Executive/producer 5 discusses the reason she was looking to become a partner with a more well-known producer like Larry Mark:

If I’m a producer and I’ve got a great project, or what I think is a great project, and I don’t have the wherewithal to get into the studios, don’t have that access, then it behooves me to link up with somebody that does... linking up with that producer makes all the difference in the world.

Having relationships and networking is important in the industry because it allows those individuals with the power, such as studio executives and producers, to quickly sift through all the people who are trying to enter the movie industry. Agent 1 relates her experience:

You get scripts all day long. Endless number of emails, log lines, it's ridiculous. It's not the way to do it.

You have to do it by personal introduction. Absolutely essential...Producers or studios want to know you or know someone who knows you.

One of the reasons that people enter into and maintain relationships is because the other person has the power to have a deal greenlighted. Power in the movie business is being able to get a movie made. Powerful people include studio chiefs and selected other “players” like Steven Spielberg or Tom Cruise. Power is knowing people who can get a movie made. Having access on a regular basis to those people who can make a greenlighting decision or can make a phone call to someone who can make such a decision is extremely important. The further away one is from the people who can greenlight a movie, the fewer chances they have to be able to exercise power. Producer 3 has been in the movie business for a long time, but she has not had the kinds of success to be or to allow her to have access to major players on a regular basis. She explains about power:

I mean, the power in the movie business is to be a phone call away from actor Tom Cruise, or to get to Brad Pitt. If I had to, I could. Do I do that? In my lifetime, maybe I'll be doing that once...But neophytes...don't understand that's one shot. I'm not going to do that unless I'm the producer.

Executive/producer 5 explains how it is necessary to be known as a player or, at least work for someone who is: ...[O]ccasionally you'd hear something good coming in terms of a project, and then you had to call the agent and convince them to send the project to your production company, and it becomes kind of a power thing...You need to get your senior executive to call.

For people who have little to no power, they not want to offend those who do have power because it gets around in the network. Writer 2 relates his experience with this:

He [the agent] says you have to repair your relationship with these two women, because they're very powerful. I said, 'What have I don't?' 'Well, you've made them lose face. So, you have to apologize.'

One of the greatest benefits to having relationships in the movie business is that an individual gains access to those who are interested and may have the power to get movie projects greenlighted. Producer 5 states: “Access is in one way or another [is based on] staying involved in the movie business community.” One reason people establish a relationship is to be in a deal with someone they can trust and who they feel is reliable. Executive/producer 5 describes how one such professional relationship ended:

There are people I've worked with that I wouldn't work with again. The main reason is unreliability. In other words, if I'm going to go in the front lines and get in the fox hole, I have to know that you're working your ass off, and we're fighting for the same thing. I just found some of them are not reliable in what they're telling me. I've ended relationships in the middle of the projects because it became very clear that they had lied.

One of the problems with the closed nature of the relationship networks in the movie industry is that if there is information that might be detrimental to an individual, it is common knowledge relatively quickly. Producer 5 states, “...in general, if you get canned off a project, word gets around, even if it's not for cause, good cause, people still hear about things.” The information does not have to be about a specific individual. It can be about an organization such as a studio. Executive/producer 1 shares his experience when he says, “I think the movie business is too small [for lying] and the email system has gotten too efficient that everybody knows each other.

6.2 Centering Resonance Analysis results

All of the interviews were compiled into one large text, and a CRA network was generated (see figure 1). However, the results were surprising, especially in light of the qualitative data.

Table 1 : Influence Values of Significant Words from All Interviews

Influence values	movie	producer	project				
exceed .10	(.14)	(.12)	(.11)				
Influence values	actor	director	script	studio	well-known	writer	executive
between .05 and .099	(.08)	(.07)	(.06)	(.06)	(.05)	(.05)	(.05)

While it is not surprising that movie and project were highly influential, the individual whose influence value was the highest was actually the producer (Yudelson, 2009). The nouns with the highest influence values were movie, producer, and project. The next highest nouns were actor, director, script, studio, well-known, writer, and executive. A centering resonance analysis was also done to see which noun pairs were significant. The noun pairs with the highest influence values were movie/project, producer/studio, movie/studio, producer/movie, and producer/project. There were no noun pairs that illustrated that actors were very significant.

Table 2

Influence Values of Significant Word Pairs from All Interviews (exceed .10)

movie/ project (3.50)	producer/ studio (.31)	movie/ studio (.30)	producer/ movie (.25)	producer/ project (.15)
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When looking at the word pairs, there is a significant change. If one discounts “movie/project” for reasons stated previously, the studio suddenly becomes much more significant, being in the top two noun pairs. The producer is still seen as significant, being part of three of the top four noun pairs. This indicates that to all respondents, movie deals revolve around the producers more than the studio executives.

6. Summary of Findings

When all interviews are compiled, two things become obvious. First of all, there is nothing more important than the movie project itself. The other thing shown by compiling the interviews is that the power of the producer to make deals is unquestioned (Yudelson, 2009). This does not mean that studio executives, actors, directors, and scripts are insignificant, but what it does mean is that all interviewees, no matter what their role, recognize the producer as the focal point of the movie deal-making process. This could be why Producer/manager 1 states that the studios are going to fewer and fewer producers to make more and more movies. This reduces the risk for the studios that the movies will be completed. It does not necessarily mean that the quality of the picture will be better though. A producer who keeps receiving more and more projects to produce necessarily spends less and less time on each one. At some point, the studios must recognize that there is an upper limit to the number of projects any one producer can handle. Unfortunately, none of the words “trust,” “relationships,” or “networks” were shown to be influential in this analysis, even though the interviewees all stated the importance of these constructs in movie dealmaking. This could be because these constructs were operationalized in the narratives rather than the words being stated over and over. It could also be that CRA isn’t good at calculating influence values and resonance of abstract terms.

7. Need for Further Research

As stated earlier, deals cannot be made unilaterally, and movie deals are certainly no exception. It takes many individuals (producers, studio executives, actors, directors) and many organizations (studios, talent agencies, non-studio production companies, guilds) to bring a movie from the initial concept stage to being exhibited in theaters. So many movie ideas are generated that a studio cannot possibly make all of them, therefore it must rely on those individuals and organizations it can trust to spend its money wisely. For those people with whom the studio has no experience working with, it must rely on their reputations, which are nothing more than opinions of those people that the studio trusts, based on previous working relationships and positive word of mouth. They will work with people they know and trust, giving them first-look, multi-picture deals, trusting that the individual will honor that agreement.

Unlike many industries where deal-making starts and concludes over a relatively short period of time, in the movie business, it usually takes years from when first an idea for a movie is conceived to the time the last deal is finalized. Even when a deal is papered, there is still a chance it might fall apart. This is because the deal-making process is subject to the needs and whims of individuals, such as actors and producers, as well as directors, agents, lawyers, and others, not to mention the mercurial tastes of the viewing public. Further research on how individuals manage the deal-making process would shed more light on the importance of different variables in the process and might illustrate which variables enhance the probability of the deal-making process ending up successfully. More interviews with deal-makers would allow for more generalizable results. Also, survey instruments could be developed to test the importance of various individuals and constructs such as trust, reciprocity, reputation, and uncertainty, all of which were mentioned as being very important to movie deal-making.

This paper has attempted to shed some light on the feature film deal-making process and the importance of trust and relationships. Though the numerical analysis was not conclusive, Agent/manager 1 sums up having relationships in the movie business:

If you don't have relationships, if people don't return your phone calls, you don't have a business, you can't function. There's no business without relationships. This movie business is a business of relationships, and everything happens because of those relationships and how you use those relationships. So if you don't have relationships, you don't have a career.

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