



# EMT PROGRAM

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MKTG-UB XX-  
Deal Making in the Entertainment Industry  
**Spring 2018**

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Class Location: TBD

**COURSE OVERVIEW:** This course is designed to provide students with an understanding of the business development and deal-making process in the media space, using film and television content as the primary example for what goes into cutting a deal. The course will explore the deal process from the perspective of the different players in media, focusing on how each player looks to maximize value. Students will learn the process of striking a deal, from business development, to the term sheet phase, to the negotiation process and contractual agreements, through to deal implementation. The process will be evaluated in the context of the factors that play into reaching an agreement, such as exclusivity, windowing, multi-platform rights and timing. Students will learn about negotiations strategies for maximizing value in content deals, identifying common issues in the deal process and effective paths to reaching resolution and striking a deal.

## **COURSE OBJECTIVES:**

- To understand the basics of the process for making a deal in the media industry
- To appreciate the factors that play into maximizing value through the deal process, including understanding the relative position of the players in media
- To learn and understand negotiating strategies and how to navigate the business development and deal-making process

## **COURSE REQUIREMENTS**

### **Grading**

Grades will be determined on the following basis:

<i>Cases</i>	30%
<i>Class Participation</i>	20%
<i>Final Project</i>	50%
<b><i>Total</i></b>	<b>100%</b>

### **Required Reading**

- **Text:** *The Business of Media Distribution: Monetizing Film, TV, and Video Content in an Online World*, Jeffrey C. Ulin, Focal Press (select chapters, to be provided)
- **Cases:**
  - *Primer for the U.S. Television Industry*, Jane Wei-Skillem and Sonia Marciano, Harvard Business School
  - *MRC's House of Cards*, Anita Elberse, Harvard Business School
  - *NFL Network Television Contracts, 1998-2005*, Stephen A. Greyser, Harvard Business School
  - *Frasier (A)*, Guhan Subramanian and Michelle Kalka, Harvard Business School
  - *Hulu: An Evil Plot to Destroy the World?*, Anita Elberse and Sunil Gupta, Harvard Business School

### **Additional Required Reading**

I may add additional relevant articles to read and videos to watch as the semester progresses. These additional reading assignments will be listed in NYU Classes no later than the week prior to the class discussion.

### **Optional Reading**

- **Text:** *Never Split the Difference: Negotiating as if Your Life Depended on It*, Chris Voss and Tahl Raz, Harper Business (2016)

### **Other Good Sources of Information:**

- *The Hollywood Reporter*
- *Recode/DeCode (Podcast)*
- *On the Media (Podcast)*
- *Variety*
- *Deadline.com*
- *The Wrap*
- *Cynopsis*
- *TechCrunch*
- *TheVerge*
- *The Wall Street Journal*
- *The New York Times Business*
- *Wired Magazine*

**CASE ASSIGNMENTS:** Each student will be required to prepare a written analysis of two cases during the semester, based on questions provided at the end of this syllabus that relate to the material for the applicable session. Case assignments will be approximately one page (single-spaced, standard margins and 12-point font) and will be individual assignments. **Students with last names starting with the letters A-M will prepare the cases assigned for Sessions 2 and 4 and students with last names starting with the letters N-Z will prepare the cases assigned for Sessions 3 and 5.**

## FINAL PROJECT:

**A. Paper:** Students will organize themselves into groups of 5-6. Each group will be assigned one of six recent media deals that they will deconstruct and analyze based on the course material and class lectures. Please have one member of the group e-mail me the names of the members of your group by **April XX** (if you do not have a group, e-mail me and I will add you to one of the other groups and/or form groups myself). You will be notified of the deal assigned to your group shortly after that date.

No later than **April XX**, your group should e-mail me a brief summary of the components of the deal that you intend to analyze so that we can confirm your group is focusing on the appropriate aspects of the deal.

The paper should be no more than 8 pages (**single-spaced, standard margins and 12-point font**), not including any exhibits or appendices. Exhibits/appendices are not required and should only be included if necessary to support core concepts discussed in the paper (*e.g.*, an excel spreadsheet laying out any economics or calculations; charts presenting key data). The paper should consider each of the phases of the deal making process and include the following:

- A description of each of the parties and their respective business models and position in the marketplace
- A brief summary of what the parties' likely business strategies were and why this deal was a fit for their corporate objectives
- A description of the key elements of the deal, including deal strategies for each party
- An analysis of the deal, including:
  - An analysis of each party's relative bargaining power
  - Key leverage points on each side
  - Key objectives for each side
  - What the core economic issues likely were for each side (*e.g.*, rates, participations, etc.)
  - What the core rights issues likely were for each side (*e.g.*, windows, distribution rights, etc.)
  - Likely negotiating strategies employed by each side
  - What objectives were likely achieved by each side?
  - What compromises were likely made by each side?
- Analysis of the "pie" – what was the pie in the deal and did the parties merely divide the pie or did they grow the pie?
- Conclusions – how did each party maximize value through the deal and could either party have taken a different approach to capture or create more value (whether through this deal or through preserving rights to exploit in a different deal)? Will this deal be successfully implemented by the parties?

Where any data or information you may need is not available, **you may make reasonable assumptions as long as they are noted in your paper**. The purpose of the paper is to show understanding and application of course concepts in the context of a deal analysis.

**The final paper is due at the beginning of the last class session on May XX.** Please provide a hard copy for the final paper only.

**B. Presentation:** Each group should prepare a short presentation that summarizes the deal reviewed and the paper's key analysis and conclusions. The presentation should be no more than 8-10 minutes and include approximately five PowerPoint slides. At the end of each presentation, we will have a brief Q&A. Not all members of the group need to participate in the presentation; each member of the group will be given equal credit for the presentation regardless of who presents.

**A hard copy of the presentation should be submitted with the group's final paper on May XX**

**SUBMITTING ASSIGNMENTS:**

- All case assignments should be submitted at **6 p.m. on the date they are due.**
- The paper component of the final project should also be submitted by no later than **6 p.m. on May XX** (our last class).
- The presentation for the final project will be made by each group on May 4 and a hard copy of the presentation should be provided to me during the final class session.

**Assignments**

<b>CASES/ASSIGNMENTS</b>	<b>DUE DATES</b>
MRC's House of Cards	
NFL Network Television Contracts	
Frasier	
Hulu	
<b>Final Project*</b>	<b>5/XX</b>

*\*Indicates entire class hands in the assignment*

**If the 1<sup>st</sup> letter of your last name begins with A-L hand in the XX and YY cases, if it begins with M-Z hand in the ZZ and AA cases. However, all students should come to class prepared to discuss the cases, even if they did not have to hand in a written assignment.**

**INSTRUCTOR POLICIES**

**Attendance/Lateness:**

- Students are expected to attend each class and actively participate in discussions.
- Absences and tardiness will lower your class participation grade. Missing class, being late, or leaving early will adversely affect your grade.
- Class will start promptly. Please be on time.
- Late assignments will be downgraded. No work will be accepted beyond one week after the due date unless there are extraordinary circumstances and pre-approval.
- Please be sure to always spell check and grammar check your work.

### **Computer and Phone Policy**

- Please do not use your notebook computer or phones during class. The slides from class presentations will be given to you.

### **Cheating/Plagiarism:**

- The Stern School of Business Honor Code governs conduct in the course:
  - *“I will not lie, cheat, or steal to gain an academic advantage, or tolerate those who do.”*

### **Class Preparation:**

We will discuss each week’s readings in the class section, which is listed. It is crucial that you complete all readings prior to each class. This homework and your critical reflection on it will form the basis for the in-class discussions each week. Also, try and keep up on key developments in the media and entertainment industries during the semester.

### **Class Participation:**

- It is essential that everyone contribute to the class discussions. You are expected to have read all the assignments for the day's class.
- Class participation will be graded on the quality of the interaction and will be measured against these criteria:
  - Are you prepared
  - Extent of knowledge
  - Ability to get to the heart of the matter
  - New insights
  - Building on statements of others

### **Exam:**

- There is no exam, but there are two final papers that should incorporate class materials. Details are at the end of the syllabus.

### **Academic Integrity**

The entire Stern Student Code of Conduct applies to all students in enrolled in Stern courses and can be found here:

- <http://www.stern.nyu.edu/portal-partners/current-students/undergraduate/resources-policies/academic-policies>
- And the NYU Disruptive Behavior Policy:
  - <https://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/bullying--threatening--and-other-disruptive-behavior-guidelines.html>

### **Students with Disabilities**

If you have a qualified disability and will require academic accommodation of any kind during this course, please be sure to notify me at the beginning of the course and provide a letter from the Moses Center for Students with Disabilities.

**COURSE SCHEDULE AND ASSIGNMENTS**

<b>Session 1</b>	<b>Introduction and Course Overview</b>
<p><b>TOPICS TO BE COVERED:</b></p> <ul style="list-style-type: none"> <li>• Course introduction</li> <li>• Overview of deal making</li> </ul> <p><b>READING MATERIALS:</b></p> <ul style="list-style-type: none"> <li>• <i>TBD</i></li> </ul> <p><b>DELIVERABLES:</b> None.</p>	
<b>Session 2</b>	<b>Overview of the Deal Making Process</b>
<p><b>TOPICS TO BE COVERED:</b></p> <ul style="list-style-type: none"> <li>• Overview of business affairs and the deal making process</li> <li>• Identifying and understand the players in the media space</li> <li>• Identifying and understanding distribution channels</li> <li>• Overview of the entertainment industry and the content distribution ecosystem</li> </ul> <p><b>CASE:</b></p> <ul style="list-style-type: none"> <li>• <i>Primer for the U.S. Television Industry</i>, Jane Wei-Skillem and Sonia Marciano, Harvard Business School <ul style="list-style-type: none"> <li>○ <b>Only required to read through Section 3.2 on page 20</b></li> </ul> </li> </ul> <p><b>READING MATERIALS:</b></p> <ul style="list-style-type: none"> <li>• <i>The Business of Media Distribution</i>: Pages 272-299 (Chapter 6 from the beginning through the section subtitled “Online Services Now Changing the Dynamics”)</li> <li>• The Changing Landscape of the Television Industry: <a href="http://www.businessinsider.com/cable-tv-subscribers-plunging-2015-8">http://www.businessinsider.com/cable-tv-subscribers-plunging-2015-8</a></li> </ul> <p><b>DELIVERABLES:</b> None.</p>	
<b>Session 3</b>	<b>Where Deal Making and Strategic Planning Intersect</b>
<p><b>TOPICS TO BE COVERED:</b></p> <ul style="list-style-type: none"> <li>• Structuring a Deal</li> <li>• Identifying and understanding different revenue streams for content</li> <li>• Framing the goals of deals in entertainment and media</li> <li>• Introduction to downstream planning and impact on the partner selection process</li> <li>• Understanding and assessing the market and the relative position of the players</li> <li>• Assessing the key value drivers in deals and the impact on the business development process</li> <li>• Assessing and engaging potential business partners</li> <li>• Establishing foundations for making a deal</li> </ul>	

**CASE:**

- *MRC’s House of Cards*, Anita Elberse, Harvard Business School

**READING MATERIALS:**

- *The Business of Media Distribution*: 1-14 (Chapter 1, from the beginning through the subsection titled “Need for Control”); 35-43 (Chapter 1, from the section titled “Windows and Film Ultimates” through the subsection titled “New and Changing Windows”); 230-242 (Chapter 5, from the subsection titled “E-tailers and Next Generation Retail” through the subsection “Netflix’s Next Big Challenge”); 301-305 (Chapter 6, subsection titled “Basic Economics of TV Series”); 317-338 (Chapter 6, the entire section titled “Pay Television”)
- BD Basics: <http://www.forbes.com/sites/scottpollack/2012/03/21/what-exactly-is-business-development/#f8aa0c882c02>
- Background on Netflix Strategies: <http://marketrealist.com/2015/10/will-netflixs-strategy-focusing-original-content-work/>

**DELIVERABLES:** First case assignment due by the start of class for students with last names starting with the letters A-M. These students should answer the following question: *With a focus on the business development/partner selection process, analyze MRC’s decision to partner with Netflix and discuss the pros and cons of Netflix as a partner versus the other options available to MRC (broadcast networks, basic cable networks, premium networks). Did MRC make the right choice?*

Session 4	Guest Speaker
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**TOPICS TO BE COVERED:** Industry deal insights

**CASES:** None.

**READING MATERIALS:** None.

**DELIVERABLES:** None.

Session 5	Laying the Foundations
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**TOPICS TO BE COVERED:**

- Understanding economic analysis and planning
- Using research and analysis to frame opportunities
- Coordinating with internal stakeholders to understand priorities and objectives

**READING MATERIALS:**

- *The Business of Media Distribution*: Pages 43-55 (Chapter 1, from the start of the section titled “Television: Channels Defined by Range and Quantity of Product” through the end of the chapter)

**DELIVERABLES:** None

**TOPICS TO BE COVERED:**

- Understanding the term sheet phase
- Understanding economic analysis and planning
- Using research and analysis to frame opportunities
- Coordinating with internal stakeholders to understand priorities and objectives
- Strategies and process for negotiating a term sheet
- Roles of the members of the deal team in the term sheet phase
- Process for reaching an agreement in principle
- Analyzing content strategies and windowing – maximizing value
- Analysis of ESPN content acquisition and distribution deals

**CASES:**

- *NFL Network Television Contracts, 1998-2005*, Stephen A. Greyser, Harvard Business School

**READING MATERIALS:**

- ESPN Content acquisition deals:
  - <http://www.forbes.com/sites/kurtbadenhausen/2012/11/09/why-espn-is-the-worlds-most-valuable-media-property-and-worth-40-billion/>
  - <http://www.sportsbusinessdaily.com/Journal/Issues/2015/10/26/Media/ESPN.aspx>
  - <http://www.businessinsider.com/espn-mistakes-led-to-layoffs-2015-10>

**DELIVERABLES:** Second case assignment due by the start of class for students with last names starting with the letters N-Z. These students should answer the following:

*With a focus on the NFL's deal preparations as it began negotiations with the networks for its packages of NFL games in 1997, analyze the key considerations and leverage points for the NFL, CBS and NBC. With respect to the NFL analyze how its preparations may have helped them get the best deals.*

<b>Session 7</b>	<b>The Negotiations Phase of the Deal Making Process</b>
<p><b>TOPICS TO BE COVERED:</b></p> <ul style="list-style-type: none"> <li>• Understanding the negotiation phase</li> <li>• Negotiation Strategies</li> <li>• Understanding core issues that arise in content deals</li> </ul> <p><b>CASES:</b></p> <ul style="list-style-type: none"> <li>• <i>Frasier (A)</i>, Guhan Subramanian and Michelle Kalka, Harvard Business School</li> </ul> <p><b>READING MATERIALS:</b></p> <ul style="list-style-type: none"> <li>• <i>The Business of Media Distribution</i>: Pages 305-317 (Chapter 6, from the subsection titled “Upfront Markets, Mechanics of Advertising Sales and Ratings” through the subsection titled “Social Media Driving New Changes”)</li> <li>• Book recommendation (not required reading for this class or this course): <i>Thinking Fast and Slow</i>, Daniel Kahneman, 2011</li> </ul> <p><b>DELIVERABLES:</b> <i>TBD</i></p>	
<b>Session 8</b>	<b>The Contract</b>
<p><b>TOPICS TO BE COVERED:</b></p> <ul style="list-style-type: none"> <li>• Legal issues and considerations</li> <li>• Most favored nations provisions and other key terms</li> <li>• Relative power and leverage</li> <li>• Roles of the members of the deal team in the contract phase</li> <li>• Process for reaching a contractual agreement</li> </ul> <p><b>CASES:</b></p> <ul style="list-style-type: none"> <li>• <i>Frasier (A)</i>, Guhan Subramanian and Michelle Kalka, Harvard Business School</li> </ul> <p><b>DELIVERABLES:</b> Third case assignment due by the start of class for students with last names starting with the letters A-M. These students should answer the following: <i>Who are the key parties in the Frasier negotiations and what are their interests? What should the BATNA be for NBC? For Paramount? How would you define the ZOPA for this negotiation (zone of possible agreement)? Is an agreement likely?</i></p>	
<b>Session 9</b>	<b>Closing the Deal</b>
<p><b>TOPICS TO BE COVERED:</b></p> <ul style="list-style-type: none"> <li>• Managing internal and external stakeholders</li> <li>• Small deals, big returns – The Jason Blum approach</li> </ul> <p><b>CASE:</b></p> <ul style="list-style-type: none"> <li>• <i>Hulu: An Evil Plot to Destroy the World?</i> Anita Elberse and Sunil Gupta, Harvard Business School</li> </ul> <p><b>READING MATERIALS:</b></p>	

- Streaming content rights: <http://www.wsj.com/articles/streaming-era-sets-off-battle-over-tv-rights-1448793184>
- The Scariest Thing in Hollywood – Jason Blum’s Approach to Content Deals: <http://www.npr.org/sections/money/2015/09/11/439632877/episode-650-the-scariest-thing-in-hollywood> (podcast)

**DELIVERABLES:** Fourth case assignment due by the start of class for students with last names starting with the letters N-Z. These students should answer the following: *Hulu has a balancing act on its hands with its need for content partners and its desire to deliver the best experience to its customers. Based on the case facts and your own inferences from the case, as Hulu looks to implement strategies for serving customers and building a business, what are the key tradeoffs Hulu appears to have had to make in its deals in order to secure content and how do those tradeoffs impact the value Hulu can create for customers going forward?*

**Session 10**

**The Implementation Phase of the Deal Making Process**

**TOPICS TO BE COVERED:**

- Understanding the implications of implementing a deal – putting the deal to work
- Execution is the key to success of a deal
- Exploiting other opportunities
- Applying course concepts outside of media

**READING MATERIALS:**

- Streaming content rights: <http://www.wsj.com/articles/streaming-era-sets-off-battle-over-tv-rights-1448793184>
- Parallels in other industries – AB InBev Beer: <http://www.wsj.com/articles/craft-brewers-take-issue-with-ab-inbev-distribution-plan-1449227668>
- [Where the AOL/Time Merger went Awry](#)

**DELIVERABLES:** TBD

**Session 11**

**Industry Guest Speaker**

**TOPICS TO BE COVERED:** Entertainment industry deal insights

**CASES:** None.

**READING MATERIALS:** TBD

**DELIVERABLES:** None.

**Session 12**

**The Key Takeaways on Business Affairs and Deal making**

**TOPICS TO BE COVERED:**

- Strategic Plan and Deal **making**
- Short term vs. long term considerations
- Framing the deal

- Closing the deal
- Executing and implementing the deal
- Course wrap-up

**CASES:** None.

**READING MATERIALS:** TBD

**DELIVERABLES:** TBD

**Session 13**

**Student Presentations and Course Wrap-Up**

**TOPICS TO BE COVERED:**

- Student presentations
- Key takeaways
- Course wrap-up

**CASES:** None.

**READING MATERIALS:** None.

**DELIVERABLES:** Final project papers and PowerPoint presentations due at the start of class.

**Session 14**

**Student Presentations and Course Wrap-Up**

**TOPICS TO BE COVERED:**

- Student presentations
- Key takeaways
- Course wrap-up

**CASES:** None.

**READING MATERIALS:** None.

**DELIVERABLES:** Final project papers and PowerPoint presentations due at the start of class.