

or hardware. Management evaluates each recommendation on a case-by-case basis. Some requests are project driven, some are the result of keeping up with industry standards.

Investment

There are no “ball park” figures for projects at Baer, unless a storyboard or script is first presented. Moreover, the customer is constrained by a budget. A typical example of some of the TV commercials that have been past projects range from \$30,000 to \$300,000. This is a wide range.

In terms of financing, the client generally pays for the project in full. The American Independent Commercial Producers Association (AICPA) recommends a 50 – 25 – 25 or 70 – 30 payment schedule for animation. Examining the first example, this means that the client pays 50% up front, 25% at the completion of a specified milestone and 25% at the completion of the project. Both of these models have worked quite well for Baer.

If a single company is attempting to put the project together in its entirety, then short-term financing is generally sought. In order to have a lending institution forward funds to a firm, the firm must have signed a distribution agreement with a large studio. This is often a “Catch 22” situation, but is protocol for this industry. This scenario often hampers small firms from entering the market.

Two suggestions offered for the creative fund raising were to seek the assistance of a large studio or a distributor or to form a consortia of funders.

Strategic Alliances

Baer has subcontracted work to associates, as well as received contract work from larger firms. The opportunity to form a strategic alliance has worked both ways and has been very successful.

Generally speaking, for a Saturday morning TV series, Baer performs the pre-production in-house all the way through to packaging for overseas. Most of the actual production is done overseas and then the post-production is done back in the United States. On any given project, one may say that 50% of the work is performed by outside contractors.