

PEPPERDINE UNIVERSITY

Graziadio School of Business and Management

Dean's Executive Leadership Series - 2009-2010

Transcript of Interview with Jim Gianopulos, Co-chair and CEO of Fox Filmed Entertainment

About DELS: The Dean's Executive Leadership Series at the [Graziadio School of Business and Management](#) features in-depth audio or video interviews with today's top business practitioners and thought leaders. [Listen or subscribe](#) to the podcasts to hear their views and insight on the current challenges and opportunities facing the business community.

Start

Man 1: The Graziadio School of Business and Management at Pepperdine University proudly presents the Dean's Executive Leadership Series. This podcast invites top business practitioners and thought leaders to share their view on the real world of business.

Rick Gibson: Hello and welcome. My name is Rick Gibson. I'm the Associate Vice President for Public Affairs here at Pepperdine University. I'm joined today by Dr. Linda Livingstone who is the Dean of the Graziadio School of Business and Management. Welcome, Linda.

Dean Linda Livingstone: Thank you, Rick. It's good to be here.

Rick Gibson: Well the Dean's Executive Leadership Series is rolling right along. We had someone from the banking industry last time and today we head to the entertainment industry. Tell us about your guest today.

Dean Linda Livingstone: Well we're really excited about having James Gianopulos with us. He is the Chair and CEO of Fox Filmed Entertainment. And with entertainment being such a critical part of the Southern California economy we thought it would be fascinating to have him with us.

PEPPERDINE UNIVERSITY

Graziadio School of Business and Management

Rick Gibson: Well, I look forward to this interview as I'm sure our guests do. Let me invite them just to sit back and relax and to enjoy this conversation with James Gianopulos.

<music playing>

Dean Linda Livingstone: Well it's a pleasure to be here today in our podcast with Jim Gianopulos who is the Co-chair and CEO of Fox Filmed Entertainment. So, Jim, we're really pleased to have you with us.

James Gianopulos: Well, thank you for having me.

Dean Linda Livingstone: Well this is one of our series of our Dean's Executive Leadership Series. And I just wanted to begin, Jim, with allowing you to talk a little bit about kind of your background and how you got to where you are professionally. You have a law degree and background and-- but have spent almost your entire career in the entertainment industry.

James Gianopulos: Yeah.

Dean Linda Livingstone: Tell us a little bit about how you got into entertainment out of law and then what sort of brought you to Fox and to the kind of position that you're in today?

James Gianopulos: Well in an interesting way I got into law out of entertainment and then into entertainment out of law. And what I mean by that is I was a-- I won't say frustrated, I was a blues guitar player in high school and in college and realized I was never good enough to make a living-- and also smart enough I think to realize that given where my talent lay, that wasn't going to be my career. But I did have a great interest both in music and particularly in film-- took a lot of film courses during college because I was always a lover of film but also because it seemed like a pretty good course to be able to watch great films and then discuss them, you know, at great length.

So I had that background and I thought that getting a law degree or post-graduate degree would enable me to get a little closer to the front of the line in what is obviously a very competitive industry. And my first goal of course in college was to be the Rolling Stones lawyer, but I realized that job was taken. So I-- after law school took a job at a music publishing organization called ASCAP, which was actually a wonderful experience because it allowed me to interact with all of the major record labels, publishers and

PEPPERDINE UNIVERSITY

Graziadio School of Business and Management

representatives for some of the biggest and some of the newest songwriters and musicians in the industry. And I did that for a few years and that really played into my deep passion for music, but also it was a pretty good job.

As the entertainment business evolved and new forms of technology, particularly home entertainment technologies, video and pay television and those technologies evolved, the industry needed ways to accommodate all the various component interests in movies that they hadn't before, particularly music. And so I was recruited by this new venture that RCA and Columbia Pictures formed to distribute video around the world and to acquire and finance movies to be distributed, particularly in video. And so it was a starting point and an entry into the studio system so to speak. I really have never had a credible or succinct enough explanation for how I got from there to here other than I basically said, I worked in between the lucky breaks. And I think that sometimes that's the best you can do. I was very fortunate to be mentored on a couple of occasions along the way and also to have opportunities as these various aspects of the business evolved.

Dean Linda Livingstone: So you've been in the entertainment industry for 25 or more years now I think.

James Gianopulos: Yeah, it's coming up on 30 years.

Dean Linda Livingstone: Thirty years? So you've seen an awful lot of changes, dramatic changes. As you kind of look back over that time, what would you say are the two or three most significant, whether it's technology or other sort of adjustments in the industry that have been the most significant to get the industry to where it is today?

James Gianopulos: Well, I think the greatest change, the umbrella for a lot of change in technology, in distribution, in the way that people experience film and television content is that the audience, the consumer has over the years taken control of their choices and their access. You know, it used to be there were three networks. It used to be there was one Bijou Theater. If those choices didn't match your appetite, you didn't see anything. And we look in that rear view mirror and look at the choices and the access and the ubiquity of entertainment today, that's really been the greatest change and it's been enabling and great for the audience and for the consumer, but it's also dramatically broadened the opportunities for creators of film and other content. And so the creative community has benefited, the studios and other aggregators of that creative content have expanded their reach and most of all people have more choices and more ways to enjoy it. I think that's been the greatest change.

PEPPERDINE UNIVERSITY

Graziadio School of Business and Management

Dean Linda Livingstone: So you talked about the creative side of what's going on, but in the entertainment industry you're sort of trying to figure out how to appropriately marry the creative side with the business side so you can make money at it. You all have done that extremely well here. What are the keys to making that work successfully and bringing those different sort of diverse ways of thinking together successfully?

James Gianopulos: There are two ways that we express that in sort of in general terms. And the first is that we're fiscally responsible so that we can be creatively bold. And I think, you know, having an understanding of the management of cost and risk is essential in an enterprise of this size, you know, we're ultimately utilizing an enormous amount of capital. The average NPA film-- we're a little below the average, but the average NPA film is in the \$65 million range and the average U.S. marketing spend is around \$35 million. So on average, yeah, we're making 20 plus \$100 million bets. When you step back from that it can be very frightening and intimidating and often it is. But in doing it you have as you described it the components of the great passion and vision of a creative visionary and an understanding of what could be, who that film would be most enjoyed by, what the breadth of that audience is, all of the analytical aspects that go with translating a great creative vision into a marketplace. When you can make those assessments, the better your process and the better your ability to make those assessments while hopefully staying out of the way of the creative vision and letting it be realized-- that's really where the skill set is and to the extent that we have a fantastic team of people throughout the studio both on the creative side and on the distribution and implementation side, that's worked well.

The other thing that we say about the movie business is inherently a risk business. You start with the best of intentions and the best of scripts and the best of talent and sometimes it works and sometimes it doesn't work. There's really no precise formula. So management of risk is a critical aspect of what we do. And another one of our sort of our mantras I guess you'd say is if you take risk all of the time or none of the time, you fail. If you don't take risk in the kind of movies you make or in the kind of opportunities you give filmmakers then you're making the same boring movies over and over again and people figure that out pretty quickly. On the other hand if you're reckless and say yes to every crazy idea without marrying it to its natural or most likely audience potential and don't have a sense of, "Okay, if I realize-- if we make this film who is it for, how many of them are there, how do I tell them about it, will they come?" You don't have the precise answers but you need, you absolutely need to embark on that enterprise especially with those kind of busy numbers with a clear understanding of those issues and many others.

Dean Linda Livingstone: So related to that, you all have done huge blockbuster movies like *Titanic* and the *Star Wars* series, but you also did *Slumdog Millionaire*, which is a completely different kind of movie that did far better than a lot of people actually expected because it's such a different kind of movie. How

PEPPERDINE UNIVERSITY

Graziadio School of Business and Management

is the decision process? Is it the same process or different-- when you make choices about those different kinds of movies and whether to make them or not?

James Gianopulos: Well not only is it a different process, it's a different process of decision making. Ultimately, the decision is many of the same characteristics, you know, what is it, what is the vision, what is the project, what is the film, who is it for. But one of the reasons that those films and the disparity of those films has been successful is that we have specialized people who are engaged in the kind of films that a film like *Sideways* or *Slumdog of Little Miss Sunshine* is handled by Searchlight Pictures, which is a uniquely constituted organization inside of the overall Fox family that has its own unique skill sets and approach to the marketplace and to filmmaking. They're able to take more chances because their budgets are typically lower. Their films are very typically execution dependent. Their distribution in marketing is often critically driven, is word of mouth driven, is publicity driven rather than dependent on the massive machine of advertising and marketing that characterizes much broader and commercially oriented film. So their parameters of their economics are different. There are limitations, they are self-imposed really limitations on what sort of compensation will be paid and what sort of budgets will be done that are adhered to so that you don't have this sort of escalating arms race that you have in other parts of the business.

Dean Linda Livingstone: Your leadership structure here is actually kind of unique compared to many of the other studios because you co-chair Fox Filmed Entertainment with Tom Rothman and you've been doing that for I guess about 10 years now.

James Gianopulos: Ten years, yes.

Dean Linda Livingstone: So how does that work because that's really kind of an interesting model and what do you each bring to the table that makes it so successful over such a long period of time?

James Gianopulos: There's a couple of reasons, it was the first of-- I think there had been other examples of it in the past, but it was one of the first and is now I'm quite pleased to say the longest existing studio management in place, which we're quite proud of. You know, we each have our own skill sets and our own personalities but I think the couple of things that led to our-- not only our compatibility but our joint success in running the company, I think the first was that we were fundamentally trusting friends and confidantes going into it. We were not taken from two different planets.

PEPPERDINE UNIVERSITY

Graziadio School of Business and Management

Dean Linda Livingstone: So you already had a good relationship before you...

James Gianopulos: We had an excellent relationship with trust and confidence. We had complimentary skill sets and we had some of the same skill sets. Most of all I think that it became obvious and imperative from the outset that ego and the normal sort of me me character that in fact is if anything somewhat exacerbated in parts of the business or maybe the business naturally flows in that direction had to be taken off the table because we share a role. And the fact there are two of us is actually not unique, it's just the fact that we are peers and equals that is unusual because the scale of a movie studio enterprise especially in today's world runs the gamut from, you know, what book do you buy and how do you develop it and how do you make a script and how do you turn that into a movie to the myriad of technologies and media that have to be analyzed and understood and interrelated and thousands of people spread across the planet. It does require a broad skill set and the fact that there are two of us allows us not only to bring that skill set between the two of us together but also to have the kind of feedback and counsel and ability to examine carefully our assumptions and our strategies and direction.

Dean Linda Livingstone: Since you two have been working together you have four of the five top grossing films of all time I believe.

James Gianopulos: No, no, no, that was an earlier-- when I was running International...

Dean Linda Livingstone: Okay.

James Gianopulos: ...I had this wonderful-- we had this fantastic great fortune that at one moment in time four of the top five international films were Fox films, so that was a great moment. No, we've had more than our share and even now we just finished our first fiscal quarter which was the highest in the company's history. And prior to that, prior to last year we had seven record years in a row and then we were humbled last summer by some less than stellar films. So I think it was actually a good thing because it reminded us how uncertain sometimes the process of making, you know, films and achieving success in this business could be.

Dean Linda Livingstone: Well we're doing this interview on December 3rd and your next big hopefully blockbuster comes out in about two weeks, December 16th, is that correct?

James Gianopulos: Mm-hm. Eighteenth.

PEPPERDINE UNIVERSITY

Graziadio School of Business and Management

Dean Linda Livingstone: Eighteenth, December 18th. So how does it feel two weeks before this big supposed to blockbuster comes out and what's sort of the experience you had leading up to this and how much sort of stress and worry is there versus a lot of excitement about what's going to happen? I mean, what will the next two weeks be like?

James Gianopulos: Well it's a mixture. It's a mixture of and there's a certain amount of just absolute pure relief. I spoke to Jim Cameron on Monday when he turned over the final completed film and this has been a long and wonderful journey for him and for us. I've known him a long time and he had shared a vision of this movie many, many years ago and then said that, you know, what needed to happen was for the technology to evolve to the point where it would enable him to create this film. And so this has been, you know, a multiyear journey, it's over three years now. For Jim it's been even longer of creating this world, evolving the characters in the story and then going through the arduous process of doing something that's never been done before and certainly never been done anywhere near the level of quality and visual and realization that this movie represents. So there's the relief of that.

And then of course, you know, we're two weeks out, the movie is done, the audience is waiting. And we know the movie is fantastic. But what we know and what the rest of the world knows is the difference of the next few weeks. And so they'll find out and many of them already know, but you just, you know, you wish it was as easy as, you know, opening that window and just yelling to everybody. But there's a massive market machine that's in place that's now out there yelling out of windows in every part of this planet. So we're confident in the outcome and yet until you're there and you're sitting there on Friday night and getting the grosses of those first shows, every movie and obviously even more so a movie made on this scale, there's always a little bit of nervousness, but it's a confident anxiety.

Dean Linda Livingstone: Well, I have had the good fortune of being at an event where Jon Landau showed a few clips of *Avatar* and talked about it. And what was interesting, 'cause he spent a lot of time talking about the story in the movie, but a lot of what we've heard in the movie is about the technology and the 3-D bits of it. How do you make sure that the story doesn't get lost in the technology and the flash that goes with a movie like this?

James Gianopulos: Yeah, absolutely. Well that's the balance of the messaging. And part of it is, the fact that it's a great story especially when James Cameron is involved, you know, is something that certainly people expect and anticipate and will find is there. I think the reason there has been a perhaps disproportionate emphasis on the technology is that it is so truly unique and nothing has ever been done on this level of technical skill in part because the technology didn't exist and mainly because Jim has

PEPPERDINE UNIVERSITY

Graziadio School of Business and Management

really pushed it over the-- far over the edge of the envelope. So I think, you know, our message has not been about technology, it has been about the story.

In fact our <inaudible> in contrast to the way that we normally-- the normal marketing unit-- television spot unit is 30 seconds, sometimes you do 60 seconds. We've done a very broad multiple number of 90 second spots in very prominent sports and other big network events because the story is so rich and so original that we wanted to be sure that the audience understood the full nature of the story. And so once you've laid that track now you're able to go and assume that there is a certain understanding of the background and the world and who these characters are and now you can refine that even further. So that's the stage that we're in now, we're in total launch mode.

Dean Linda Livingstone: Well we all look forward to seeing it. And by the time many people listen to this they will already have seen it and be able to draw their own judgment.

James Gianopulos: Well I hope they're not-- I think-- I don't think anyone will be disappointed.

Dean Linda Livingstone: No, the parts I saw were really amazing and it's going to be a fabulous movie for everyone. So you make a lot of movies and you're embedded in the Hollywood culture but if you have to sort of look back, what are your two or three favorite movies of all time, whether you made them or not? If you had to sit down-- I don't know if you do this, sit down on a Friday night and pop in a video, what would you pick?

James Gianopulos: It's just so very, very difficult to do that because there are so many wonderful movie experiences. I always kind of avoid that question because, you know, I could tell you 10 movies that are-- and every time I think of one-- you know, everybody goes to The Godfather movies because they were so rich in meaning and depth and in cultural penetration of their time. But, you know, there have been so many wonderful films and films that I enjoyed and then enjoyed with my kids and films that I enjoyed the first days of going to the movies with my father and grandfather in particular who were great movie lovers and it was a way that we spent time together as a child or going to see Bambi with my mother and then realizing that, oh my God, the mother just died in the first 10 minutes of the--

Dean Linda Livingstone: I cried over that several times growing up.

PEPPERDINE UNIVERSITY

Graziadio School of Business and Management

James Gianopulos: It's amazing how many people have had that experience. So it's very-- it's almost impossible. You know, we're wandering into Cambridge, when I was up there in school and seeing on the marquis of theater that catered to a more specialized kind of art film or breakthrough film and seeing this thing that said *Mean Streets*. And I didn't know what it was and I discovered Marty Scorsese and one of my favorite filmmakers since then, but he's one of several. So everyone has its own unique place, you know, in your life and in your experience, it's not possible to--

Dean Linda Livingstone: I guess that's part of the magic of the genre is that there's something for everyone and at different stages in life you can find new and wonderful things to watch.

James Gianopulos: Exactly.

Dean Linda Livingstone: Well to conclude I want to ask you one last question. We in the Graziadio School, our mission talks about developing values-centered leaders and advancing responsible business practices. So I always like to ask our speakers to think a little bit about the values that drive what they do as a leader in their organization. And you talked a little bit earlier about the importance of humility, particularly in making the co-chair situation work. But if you had to add others to that, what might be two or three other values that are really important to you in how you do business and how you lead the organization?

James Gianopulos: Well there's no question that integrity and credibility are essential not just to leading a ethical and morally balanced life and all of those great values that we have as people, but particularly, more importantly in a business environment and a leadership environment because if the people you lead don't believe what you tell them or don't believe that you have their and the organization's best interests at heart or don't trust you when you say this is where we're going and this is how we're going to get there and we're going to be able to do this together the rest doesn't matter because then you can spout any number of great pearls of wisdom from great business management books but they're going to look at you and say, I don't trust this person. So integrity and credibility and that sense of shared commitment is absolutely the most essential. And, you know, we're the only studio that has not had this terrible, difficult economic environment that has not had any substantial layoffs, in fact they haven't had any of any measureable amount.

Dean Linda Livingstone: It's amazing, yeah.

PEPPERDINE UNIVERSITY

Graziadio School of Business and Management

James Gianopulos: And there is a fundamental reason for that and it actually started right after the crisis of 9/11 and the economic cataclysm that followed that and most recently again. And the understanding we reached was we brought our key managers, our leaders, in and put the word out throughout the organization that we are going to absolutely cut to the bone every aspect of cost throughout the company and that people would have to accept and we would all abide by a very stringent cost control implementation but in return we were going to do everything possible not to have anybody laid off. And so that was an understanding, that was a bargain. And the bargain was pay for your own lunch, think twice before you take that airplane trip, we're going to cut out those subscriptions. All of those things that we had usually taken for granted and those were the least of them, massive cuts.

Dean Linda Livingstone: But they add up.

James Gianopulos: They certainly add up. You know, sales meetings and all of the costs that were very much a part of-- and some of them <inaudible> costs and some of them figure out a way to do it better. But in return the person sitting on either side of you will still be there a year from now. And people accepted that bargain; in fact they accepted it enthusiastically and came forward with their own initiatives and their own ideas about finding new ways to control cost and to get through a difficult economic period. And if you didn't have that credibility and if you didn't set an example by adhering to the things that you encouraged people to do or insisted that they do or built a consensus around, you could never do that. So ultimately all the rest follows, whatever great ideas you have, strategies you have, goals you have, all of that follows from having a central basis of trust and mutual respect.

Dean Linda Livingstone: I think that's a good comment to end on. We really appreciate you taking the time to be with us and to share your thoughts with us in this discussion.

James Gianopulos: It was my pleasure. Thank you.

<music playing>

Rick Gibson: Well, Linda, that was certainly some fascinating insight into the world of entertainment.

Dean Linda Livingstone: Well and it's such a rapidly changing industry with all of that technology is doing to change the way you deliver information and media. So I think that our listeners certainly have enjoyed what he had to say and learn a lot about the entertainment industry.

PEPPERDINE UNIVERSITY

Graziadio School of Business and Management

Rick Gibson: Yeah, certainly the business is changing too and the structure of competition and all that. So fascinating, fascinating interview. Tell us who is next for the Dean's Executive Leadership Series.

Dean Linda Livingstone: Well we wait until after the first of the year for our next speaker and will be John Coyne on March 2nd. He is the President and CEO of Western Digital and we will actually do that in Orange County since Western Digital is based in Orange County. So we're very excited about John joining us.

Rick Gibson: Sounds great. Well let me invite our listeners to visit us online at bschool.pepperdine.edu/dels, that's D-E-L-S. At our website you can learn more about the entire series, this year's lineup and also to listen to some podcasts you can find as well online at iTunes U or on YouTube. Until next time, that's for listening.

Man 1: In a tough economy investing in yourself is one of the best investments you can make and an education is something that can never be repossessed, foreclosed upon, or lose its value. That's why now is the perfect time to earn your Master's in business from Pepperdine University because Pepperdine's exceptional MBA programs are built around real world curriculum not just theory. So you'll gain knowledge that can be applied immediately on the job, increasing your value in the workplace. During the past century, our country has survived over a dozen recessions. The economy will eventually turn around and when it does you'll be ahead with a degree from Pepperdine. You'll also have access to Pepperdine's extensive alumni network, career development opportunities and employment resources. Visit bschool.pepperdine.edu today, Pepperdine University's prestigious Graziadio School of Business and Management.

####End####