FORGING NEW ROADS: EXPANDING THE THEATRICAL TOURING MARKET INTERNATIONALLY

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Submitted in partial fulfillment
of the requirements
for the degree of Master of Fine Arts
in the Theatre Program of the
School of the Arts

COLUMBIA UNIVERSITY
October 1, 2014

ACKNOWLEDGEMENTS

I would like to thank the many people who contributed to this thesis, including allowing me to conduct interviews with them, providing valuable insight into international producing, reading through drafts of this paper, and allowing me to discuss my ideas in a fruitful manner. Many thanks to all of my interview subjects: Neil Adleman, Steven Anderson, Julian Bird, Nina Essman, Micah Hollingworth, Colin Ingram, Ron Kollen, Aaron Lustbader, Seth Popper, Nick Salmon, Nina Skriloff, Dan Posener, Charlotte St. Martin, Julian Stoneman, and James Triner. I would also like to thank The Broadway League and the League's International Committee for allowing me to audit meetings while conducting my research. Additionally, I am grateful to all my professors, especially to Carrie Casselman and Thomas Schumacher, whose classroom discussions led to many ideas I pursued in my research. I would like to extend deep thanks to my professors and advisors, Steven Chaikelson and Robert Fried, without whom this paper would not have been possible. A final thanks to Robert Selby and my parents for allowing me to discuss my thoughts and concerns freely in a supportive environment.

TABLE OF CONTENTS

OVERVIEW

The theatre industry is constantly striving to find new sources of material and new outlets in which to present this work. One of the largest frontiers in the current commercial theatre climate is international producing. Over the course of the past several decades, Broadway producers have expanded their scope from merely presenting in New York City and in other cities across North America to putting on shows in the far reaches of the world. In recent years, shows such as *Mamma Mia*, *Chicago* and *Wicked* have played in countries far and wide, from Japan to Germany to Brazil.[1]

The major reason Producers choose to present their shows in other countries is the potential economic gains these new audiences can bring. Broadway productions cost millions of dollars to produce, and there is no guarantee investors on these productions will make back their investment, much less see any profits. One way to bring in extra income is through additional compensation in the form of licensing fees and royalties from as many productions possible beyond those directly presented by the producer. Additionally, foreign patrons may choose to see a show in New York due to their familiarity with it from that production playing in their hometown. These factors taken together are a strong case for taking shows abroad; however, the methods to put up these productions are not as commonplace or well understood as putting on a play in New York.

The producers of these shows have built the required relationships and sought out partners to put up productions around the world on a show-by-show basis. However, in recent years there has been a far more consolidated effort to share information and resources among producers. The end goal is to bring more production options around the globe to a greater

[1] International Task Force Meeting at The Broadway League. March 26, 2014.

number of producing teams on Broadway. This information sharing has succeeded in providing a very basic roadmap for producers seeking to bring their shows abroad. However, each producer must carve a path that is appropriate for that particular production, which often leaves a lot of decisions up for debate.

This discussion aims to examine current practices on Broadway and recommend a set of ideas and criteria that have proven successful for past productions traveling internationally that producers should use while planning an international roll out. The first chapter addresses the current Broadway model and how the current climate has led to the necessity to produce abroad. The second chapter focuses on the various types of theatrical markets currently open to producers around the world. In the third chapter, the current practices to bring Broadway shows to the West End in the United Kingdom (UK) and to Australia are examined more closely. The fourth chapter takes an in-depth look at productions that have traveled the globe, reviewing their successes and best practices. In the fifth chapter, recommendations for a new model of international producing are presented chronologically from the first post-Broadway iteration to the secondary licensing market. The final chapter addresses some interesting new developments in international producing ideals, including the creation of an International Committee at The Broadway League and London's tax credit for theatrical productions. Taken together, these recommendations and observations could prove invaluable to a producer choosing to take a show abroad. There is indeed a recommended path to a robust international life for a production. To effectively produce internationally, Broadway Producers should first seek to create a popular production on Broadway followed by one in the UK, then an international English-speaking tour, followed by international sit-down productions determined by the particular needs of that show. As will be discussed, these sit-down productions could range from co-productions in developed markets to second class licenses in emerging markets. International producing is truly a new frontier, and this current generation of producers has the opportunity to forge the path that sets the standard for future production. These producers are playing a vital role and it is up to them to seek out the best options and opportunities at their disposable.

CHAPTER 1 – WHEN BROADWAY IS NOT ENOUGH

Broadway has long been regarded by the general public as the top of the line for theater. Young actors and dancers dream of making it to the bright lights on the stages that line the theater district in New York City. However, what many people do not realize is that, while it may be exciting to be involved in a Broadway production, there are actually hundreds of jobs and millions of dollars on the line each day. A typical Broadway musical can cost between $10 million to $15 million to produce,[2] due to costs associated with sets, costumes, lights, props, administrative costs, and a large cadre of employees, many of whom are under union contracts.

Many producers such as Sonia Friedman, a prolific producer who produces in both the US and UK, consider the costs of producing on Broadway, which greatly exceed those of producing on the West End in London, as being entirely out of control. A show produced in London, for example, would likely cost half of the Broadway price tag.[3] As a result, many Broadway productions are forced to raise ticket prices to earn back production costs and to keep up with the show's weekly operational costs. As of 1997, the cost to produce a Broadway show had already risen upwards of 400% since the 1970s.[4] The average ticket price on Broadway at the end of the 2013-14 Season was $103.88[5] whereas in London, the average ticket price is £42 ($70).[6] Additionally, the cost of a ticket in London is inclusive of a 20% Value Added Tax (VAT), which results in a lower net inflow of cash to the

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[2] Patrick Healy. "The Staggering Cost of Broadway." *The New York Times.* July 21, 2011. Web. June 6, 2014.
[3] Patrick Healy. "The Staggering Cost of Broadway." *The New York Times.* July 21, 2011. Web. June 6, 2014.
[4] William Grimes. "Broadway Tries Analysis and Gets Shock Therapy." *The New York Times.* September 23, 1997. Web. June 6, 2014.
[5] The Broadway League. "Broadway Season Statistics at a Glance." The *Broadway League*. June 2014. Web. June 6, 2014.
[6] Official London Theatre. "London Shows." *Official London Theatre*. June 2014. Web. June 6, 2014.

production. Yet productions in the UK are still able to run while taking in such a lower price point. Despite the rising costs of ticket prices, the exorbitant costs to produce on Broadway have made it extremely difficult to recoup investments. It is estimated that only 20-30% of Broadway shows recoup their initial investments,[7] which means many shows are closing early, before their investors even make their money back, much less turn a profit. This is worrisome for the future of commercial theater in America, as it will become increasingly difficult to convince those with means to part with their money to help produce a show when there is so little economic incentive for them to do so. When *My Fair Lady* opened in 1956, it recouped its investment in 12 weeks.[8] Now it can take shows years to recoup their investments, which means producers must seek other sources of income to ensure their investors will be willing to put money towards future shows.[9]

For decades, one such additional source of income has been to send productions on a tour around the US and often Canada as well. Some larger hit shows were even able to produce sit-down[10] productions in larger theatrical markets such as Los Angeles, San Francisco, Toronto, and Chicago. Touring throughout the country was for many years a way to earn monetary return for the tour investors and additional return for the Broadway investors. Typically, a tour is profitable mainly due to producers negotiating a guarantee structure with local presenters in various markets with a potential to earn more income over the guarantee depending on the box office receipts earned by the presenter in the locale (overage amount).

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[7] Patrick Healy. "The Staggering Cost of Broadway." *The New York Times.* July 21, 2011. Web. June 6, 2014.
[8] Bruce Weber. "Tougher Odds on Broadway: A special reprt,; Make Money on Broadway? Break a Leg." *The New York Times.* June 3, 1993. Web. June 6, 2014.
[9] Mervyn Rothstein. "On Broadway, Spectacles Raise the Stakes." *The New York Times*. January 8, 1989. Web. June 6, 2014.
[10] A sit-down production is one in which a show plays in one location without moving to a different theater for an extended period of time. In the United States this is often a term used for productions that play in a particular theatre beyond a standard patron ticket subscription series (often 2-4 weeks).

A guarantee and overage structure allows a production to take in a contractually negotiated amount of money that should cover all the production's costs for that week as well as provide additional money to put towards recoupment. This allows a producer to send a tour out with the confidence that all running costs will be covered and also a portion of money can be used to pay back investors. With a properly negotiated deal, touring around the country was a sure way to recoup investments for tour investors and for a share of profits to be funneled back to the Broadway entity to work towards making Broadway investors whole as well.

However, in the late 1990s and early 2000s, the road began to take a turn for the worse. Despite efforts to renegotiate the union deals and touring structures that have made the road too costly to recoup regularly, shows continue to fall below recoupment thresholds in all budget analyses. As a result, numerous producers have opted to license their productions to non-union touring producers.[11] By choosing to tour productions with these non-union teams, the shows are able to pay employees significantly less money and broker better deals on transportation, therefore breaking even on lower guarantees from presenters.[12] These lower guarantees, in turn, cause a rift when Broadway producers attempt to send their shows on the road with unionized workers and a full slate of production values. If Broadway producers must settle for lower guarantees on the road, the chances become very high the guarantee is no longer functioning as it was intended and no longer covering costs. Unfortunately, road presenters cannot raise their ticket prices significantly for fear of hurting an already faltering subscriber base in their individual markets. The resistance to raising ticket prices coupled with an increase in production costs over the years has led to the need for presenters to bring

[11] Jesse McKinley. "Close Call on Broadway Had Its Roots on the Road." *The New York Times.* July 15, 2004. Web. June 6, 2014.
[12] Chris Jones, "'Music Man' tour irks union brass: First national company is non-Equity." *Variety*. May 29, 2001. Web. June 6, 2014

material into their markets at a lower price. The issue with this became that for shows that are not solid blockbusters, "a lower guarantee only guarantees that the production must find ways to cut costs wherever possible in order to run,"[13] which only serves to harm the touring ecosystem.

In a typical licensing deal, the original producing entity on Broadway (the "Mother Company"), which holds the theatrical rights to the work, will rent out these rights to another individual or company in exchange for some sort of license fee, royalty, and/or profit share. What this really means for Broadway producers is that they are no longer in control of profits that can be made on the road. If the Mother Company is not reaping additional benefits in the form of controlling profits from a touring production, and the costs to produce and run a Broadway show continue to increase, the result is that many shows that would have otherwise made a profit for investors are no longer capable of returning these investments. Though it has not yet come to pass, the fear is that the allure and glamour of investing in a Broadway show will soon disappear and there will not be enough interest in this endeavor in the future. A producer's best defense against this potential turn of events is to ensure investors get their money back, the more quickly the better. If a show can turn a hefty profit, that is ideal.

Producers have sought new income sources in any manner they can. There has been a prolific increase in show merchandise over the last few decades. Disney Theatricals is a proponent of using merchandise to bring additional money into the coffer.[14] There is true potential to bring in large sums of money through merchandise sales at the theater, especially

[13] Christina Boursiquot. "The Road: Broken, Changing or Thriving? A Discourse on Diversity." Columbia University. June 2013.
[14] Thomas Schumacher, President, Disney Theatricals. *Critical Issues in Theater Management.* Columbia University. March 13, 2014.

for more popular shows. However, merchandise isn't necessarily a sure means to make money and some shows do not lend themselves as easily to creating items that patrons would like to purchase.

Other income sources include potential movie deals, such as the recent motion pictures of *Les Miserables* and *Jersey Boys*. As long as the Mother Company originally held the rights to share in subsidiary income from a film sale of these productions, this could be a potential windfall for productions that could desperately need the boost in the bank and also in the box office. A newer model includes broadcasting productions, either live or a recording of a live performance, in theaters around the country.[15] These broadcasts have yet to truly become a viable resource, as they are extremely costly to produce and the benefits to the show have not yet been shown to be a windfall. The amount of money these movies can potentially bring in to a production can vary greatly and may not serve to be enough of a boost to make them worthwhile.[16]

Since the US touring market is no longer as viable as it once was, and other income sources are in no way a guaranteed money maker, it is time to look elsewhere to find additional income sources. One of these places is the rest of the world. Along with touring the US, some shows have turned their attention to the world at large. A global presence for productions can mean numerous productions running simultaneously in unique markets around the globe, which, if managed properly, can bring in plenty of income to shows to put towards recoupment or towards net profits. The problem to date has been finding a viable model by which to produce shows internationally and how to structure these deals to

[15] Hasan Bakhshi. "Beyond live: Digital innovation in the performing arts." *National Endowment for Science, Technology and the Arts Briefing.* February 2010.
[16] Columbia University Creative Producing class discussion, Spring 2014.

optimize the benefits to the Mother Company. International hits such as *Les Misérables*, *The Lion King* and *Wicked* can be found in theaters throughout the world, which serves both to bring additional money in to the production and also to bring foreign audiences into these theaters when they visit New York.[17]

[17] International Emerging Markets Task Force Meeting at The Broadway League. May 9, 2014.

CHAPTER 2 – DEFINING MARKETS

There has been increased focus in recent years on expanding the reach of Broadway shows abroad. With the success of blockbuster hits such as *Les Misérables*, *The Phantom of the Opera*, *Wicked*, and *The Lion King* all over the world, many feel global producing is the next big frontier. It has become such a trendy issue that the Broadway League, the national trade association for the Broadway industry, formed a committee to explore international opportunities and how productions would best be served in working overseas.[18]

One of the topics that is repeatedly discussed in theatre circles is the question of how to produce in the various markets that currently exist, especially in emerging markets, without a significant theatre presence.[19] Before one can determine how to produce in these various markets, however, it is necessary to first explore what constitutes a developed theatrical market versus an emerging one. There is debate over what threshold qualifies a particular market as developed theatrically. On the one hand, there are the countries that are extremely well known for theater, which include Broadway in New York City in the USA and the West End in London in the UK. However, there are many more large theatrical markets beyond these two cities.

Outside of the United States and the United Kingdom, there are at least three other highly developed theatrical markets that are considered lucrative and friendly to western style musical theater, which is the style commonly seen on Broadway stages. These markets are Australia, Germany, and Japan.[20] The reason these markets are lucrative is that they demonstrate the three key factors that determine whether a particular region can host a Broadway show. The first is

[18] The Broadway League. "About the League." *The Broadway League*. 2013. Web. June 13, 2014.
[19] International Task Force Meeting at The Broadway League. March 26, 2014.
[20] Interview with Ron Kollen, Senior Vice President of International Affairs at Disney Theatrical Group. May 2014.

they are able to charge high enough ticket prices for both local presenters and the production to make a profit. The second reason is they have substantial infrastructure that allows accessible transportation options for the production and also the patrons attending the theater. Additionally, certain cities in these countries have numerous theatres that are large enough to host a large Broadway musical. Most critically, these countries also host a large population that seeks musical theatre as a popular form of entertainment. These are the criteria for a city to be considered a developed theatrical market. Without all of these major factors in place, it is a far riskier venture to produce a show in a particular region.[21]

There are many other areas of the world where western-style theatre is commonly showcased, including in Korea, numerous countries across continental Europe, and in various cities in South America. Additionally, shows have also toured extensively throughout the Asian Pacific, to South Africa, and to the Middle East.[22] As will be analyzed in Chapter 4, there are reasons why particular shows are better able to travel to these markets than others.

The most highly developed markets outside of the US and UK, as stated previously, are Australia, Germany, and Japan. However, there are a large number of markets that can be considered mid-level theatrically developed markets. These include countries in Scandinavia, Korea, Singapore, Holland, Italy, and Spain. These markets have many of the requirements in place, including theaters with the appropriate capacity and theatrical specifications and also developed public transportation systems and accessible theaters.[23] The issue with many of these markets lies in their general population and the lack of a critical mass of theatregoers that attend musical theatre and can support long running productions in these regions. In some cases, such

[21] International Emerging Markets Task Force Meeting at The Broadway League. May 9, 2014.
[22] Interview with Nina Skriloff and Dan Posener from NAMCO on May 15, 2014.
[23] Interview with Nina Essman from 321 Theatrical Management on May 22, 2014.

as Holland, the issue is not necessarily that the individuals do not attend theatre often, but actually that the population itself is far too small to sustain a long running show. When *The Lion King*, *Mary Poppins*, and *Tarzan* played in Holland, 10% of the entire population of the country saw the productions.[24] This number is unheard of here in the United States, which boasted 11.6 million Broadway attendees in the 2012-2013 season, of which around 8.7 million people were from the United States.[25] This represents only 2.7% of the roughly 320 million people in the US population.[26] However, since the population of Holland is only 16.5 million[27] there are significantly fewer people available to attend a production. As such, it is impossible to sustain a long run in Holland. The same is true for the countries in Scandinavia. Though there is excellent infrastructure and support to produce theatre in Norway, Sweden, and Finland, the populations of these countries (4.7 million, 9.2 million, and 5.3 million respectively[28]) are too small to sustain a long run. Though these countries all represent regions with large theaters, great transportation systems, and an interest in theatre, their populations are far too small for anything longer than a short term tour or limited engagement.[29]

There are many who believe that Korea is a well-developed market since many productions have both toured through Seoul and also have had sit down productions in the city. However, there are voices of dissent that feel that Seoul cannot be considered a major market because it is not as profitable for the mother company as it could be.[30] In order to be a truly developed market, the first criterion noted above is essential. Productions must be able to charge a significant

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[24] Thomas Schumacher, President, Disney Theatricals. *Critical Issues in Theater Management.* Columbia University. March 13, 2014.
[25] The Broadway League. "The Demographics of the Broadway Audience 2012-2013." *The Broadway League*. December 2013.
[26] U.S. Population. Census.gov/popclock. Web. June 13, 2014.
[27] Facts and Figures. Holland.com. Web. June 13, 2014.
[28] Population in Nordic Countries. Goscandinavia. Web. June 13, 2014.
[29] Interview with Ron Kollen, Senior Vice President of Disney Theatrical Group. May 2014.
[30] International Emerging Markets Task Force Meeting at The Broadway League. May 9, 2014.

enough ticket price and also have a deal structured with the local presenter that allows the production to make a significant enough profit on the production to justify playing in this market. In the absence of a high profit margin, many of these productions are merely in Korea to further promote their brand.[31]

The final category of theatrical markets is made up of those that are still emerging. It is very difficult to classify which regions are emerging versus which are in the mid-level developed category, as there are many individual cities through which numerous productions have toured but are still missing some of the essential criteria to be considered fully developed. Examples of such places include Mexico, Brazil, China, Argentina, Russia, Singapore, South Africa, and the Middle East[32]. Though there is definite interest in these regions for Broadway style shows, there are numerous hurdles to overcome in each of these countries that are currently making producing within their borders difficult.

Often, the first issue in emerging markets lies in the availability of infrastructure. Such is the case in Mexico, where theatrical company Ocesa recently made a number of renovations to its Telcel Theatre. However, despite the refurbished theatre, there is still the issue of getting patrons to the venue. Mexico City is a sprawling landscape with very little reliable public transportation and a dearth of attractive restaurants in the vicinity of the theatre, making it a difficult sell as a destination for locals.[33] Additionally, the Mexican population does not have a significant habit of attending musical theatre, and therefore ticket prices must be kept lower to entice patrons to attend shows.[34]

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[31] International Emerging Markets Task Force Meeting at The Broadway League. May 9, 2014.
[32] Interview with Colin Ingram of Colin Ingram Limited on May 23, 2014.
[33] Interview with Nina Essman from 321 Theatrical Management on May 22, 2014.
[34] Interview with Ron Kollen, Senior Vice President of Disney Theatrical Group. May 2014.

This situation is similar in areas such as Brazil, South Africa, and the Middle East as well. Good intentions do not equate to highly viable markets to produce and sustain large musicals. Another issue in these areas is often the lack of appropriate facilities. Though more theaters are being built in larger cities such as Sao Paolo, they may not be equipped for the types of productions seen on Broadway stages. These theaters require assistance to determine what their venues lack and how to make them suitable for large shows.[35]

There are other regions where there is not only a lack of appropriate venues and accessible infrastructure and transportation options, but there is also a dearth of reliable local partners. One such market is China, which is possibly the greatest untapped resource of international theatrical ventures. China boasts a population of over 1.3 billion people[36] who, for the most part, have not had significant access to Broadway style musicals in their home territory. The reason so few shows have ventured to China is mainly due to issues with finding reliable local partners with which to work.[37] Despite a growing interest from various tycoons in other industries, such as leaders of energy companies, to participate in bringing Broadway productions to cities such as Shanghai and Beijing, American producers have been hesitant to make deals after a number of productions had bad experiences with contracts falling through and not being paid for work. Additionally, many of these tycoons and presenting partners show constant turnover, so there is no continuity throughout the negotiation and production process.[38] Producers are merely waiting to tap into the Chinese market, but first it is necessary to build the contacts and a stronger

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[35] Thomas Schumacher, President of Disney Theatrical Group. Columbia University class discussion on March 13, 2014.

[36] China Population. World Population Review. Web. June 13, 2014.

[37] Thomas Schumacher, President of Disney Theatrical Group. Columbia University class discussion on March 13, 2014.

[38] Interview with Nina Essman from 321 Theatrical Management on May 22, 2014.

support system to ensure productions are able to prosper and thrive within this vast and far-reaching market.[39]

There are other important factors to take into consideration when planning to bring a production abroad, including what other events or shifts are occurring in other countries at any given time. An excellent example of this is the controversies surrounding the 2014 FIFA World Cup and the 2016 Olympic Games in Brazil. The Brazilian people turned out in the thousands to protest the immense amount of public spending, estimated at $11 billion, that was put towards building stadiums for the international sporting events.[40] To fund these projects, the government allegedly decimated the health, education, and transportation budgets that benefit the citizens of Brazil. Additionally, many crucial public works projects were put on hold to construct the necessary buildings for these sporting events.[41] The main takeaway from these protests is that the Brazilian people are not always keen on foreigners bringing events to Brazil that ultimately degrade the quality of life for Brazilians. This is extremely applicable to the theater world, as one of the major hurdles in bringing productions to Brazil remains the lack of appropriate venues in this region.[42] More important to note is that Brazil is actually one of the highest exporters of Broadway attendees[43] to New York City. The appetite for theater exists, however there is precedent for anger and discord when the needs of foreign entities creating venues takes precedence over the needs of the locals. It is easy to surmise this would be an issue in many

[39] International Emerging Markets Task Force Meeting at The Broadway League. May 9, 2014.
[40] Simon Romero. "Soccer and Internal Discord, on Display for World to See." *The New York Times*. 12 June 2014. Web. 20 June 2014.
[41] Brian Reade. "World Cup 2014: Public anger at spending and corruption may be the lasting image from Brazil." *Mirror.* 29 May 2014. Web. 20 June 2014.
[42] International Emerging Markets Task Force Meeting at The Broadway League. May 9, 2014.
[43] The Broadway League. "The Demographics of the Broadway Audience 2012-2013." *The Broadway League*. December 2013.

countries around the world, and therefore the theatrical community must tread lightly around this delicate subject, not only in Brazil but also around the globe.

Though many productions have met with success around the world, it is evident that there are varying levels of quality of particular markets. In an ideal world, the highly developed markets will continue to thrive and be a source of near-guaranteed success for Broadway productions. The hope is that those countries that are currently in the mid-level developed category will continue to expand their reach and eventually become high-level territories. As for emerging markets, the goal is to bring these markets up to a minimum standard to make them accessible to a variety of productions with an eye towards these too joining the ranks of the highest caliber international markets. The way in which these markets can be developed will be discussed further in Chapters 5 and 6.

CHAPTER 3 – THE UK AND AUSTRALIA

The two most common countries in which to present Broadway productions internationally are the UK and Australia, both of which are simultaneously great assets as partners and also strong competitors in the theatrical market. The reason is, simply, because these are English speaking countries with a high population of theatergoers. Like the US, the people in these countries are accustomed to the notion of theater, especially musical theater, as a common form of entertainment.[44] The UK is a very prominent sector of the theater industry and is well known around the world as one of the premiere destinations for theatrical tourism.

Shows such as *Mamma Mia*, *The Phantom of the Opera,* and *Les Misérables*, originated on the West End prior to becoming international sensations. Prominent producers such as Cameron Mackintosh and Andrew Lloyd Webber are no strangers to touring and licensing shows all over the world.[45] The majority of shows that meet with great success on the West End also move to Broadway, often for runs that last years. Moving shows between the UK and the US has become so commonplace that it is often not considered as significant an endeavor to producers on either side of the pond. There is much precedent regarding brokering deals with the creative teams, negotiating with theater owners and working with the unions in both countries.[46] There are a number of issues surrounding transferring productions from London to New York and vice versa, including the different economic structures to put up a show and onerous royalty structures that do not translate well when moved to a different market.[47] It is much more expensive to produce

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[44] Thomas Schumacher, President of Disney Theatrical Group. Columbia University class discussion on March 13, 2014.
[45] Interview with Julian Bird, Chief Executive of Society of London Theatres on May 28, 2014.
[46] Interview with James Triner, Consultant on The Book of Mormon UK on May 28, 2014.
[47] Email with Seth Popper, Director of Labor Relations at the Broadway League on May 20, 2014.

in New York than in London. As previously discussed, a production in London can cost half that of a US production.[48] This is an extreme difference, which has left many productions in a bind when trying to transfer between countries. There have been instances where productions have not been able to move from Broadway to the UK or from the UK to Broadway because of these cost differentials.[49]

Australia is the other major market hosting Broadway shows, though producing in Australia poses its own benefits and issues as well. The major downside of producing in Australia is in transporting materials to this region. Unlike the UK, where there are plenty of production shops and supplies available, Australia has a smaller market and fewer resources (especially textiles) readily available. Depending on the production's needs, it could be more cost effective to ship pre-built materials to Australia rather than building all production elements in that country.[50]

Regardless of the costs to mount a production in Australia, there is a defined theater going audience in that country. There is the fear on the parts of some producers that the Australian market is oversaturated and cannot sustain more than a handful of shows at any given time.[51] However, there are those that disagree with this notion due to Australian incentives to produce in this region. As there is such a strong desire for Broadway-style theatre in the country, the cities of Melbourne and Sydney have often competed with one another to be the locale in which a production chooses to run. The competition has become so fierce in recent years that the governments of each municipality have offered productions hard dollars, in the form of cash for marketing initiatives, to bring shows to that city.[52] This bidding process plays a role in where a

[48] Robert Fried, Fried and Kowgios LP. Columbia University class Fall 2013.
[49] Interview with Nick Salmon, Co-Director Playful Productions, UK on May 27, 2014.
[50] Interview with Aaron Lustbader, General Manager of Foresight Theatricals on May 8, 2014.
[51] Interview with Colin Ingram of Colin Ingram Limited on May 23, 2014.
[52] Interview with Julian Bird, Chief Executive of Society of London Theatres on May 28, 2014.

particular show may ultimately choose to play. Managers and Producers are always looking for ways to keep costs down, and the government of a locality can play an extremely important role in attracting producers to a particular market that wants to put up Broadway style shows. It is a model that can be effective to bring productions to emerging markets, though the factors mentioned in Chapter 2 must be addressed before a production can play those regions comfortably.

Australia has not previously been a large market to originate new shows. There are very few productions that start in Australia and then move on to the US or UK. Examples of such shows are *Strictly Ballroom* and *Love Never Dies*, though this trend appears to be on the rise in recent years.[53] *King Kong* is also in development in Australia and expected to bow on Broadway. This means the Australian market is opening itself up to the creation of new work and may soon be as major a player in this process as the West End and Broadway. This new trend may open the door to other countries also doing developmental work, as was the case with *Rocky* in Germany, which later moved to the United States.[54]

The times have changed and it is possible the future of theatre lies in international collaboration rather than the traditional models that have been in place for the past few decades. As the world becomes highly interconnected, (a major result of the information age, advancements in technology, and the accessibility of the internet), it is becoming apparent that there are new opportunities available to producers to discover new work and to create compelling projects.

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[53] News.com.au "Australia beats Broadway to host world premieres of up-and-coming musical classics." News.com.au. 23 September 2011. Web. 20 June 2014.
[54] Interview with Aaron Lustbader, General Manager of Foresight Theatricals on May 8, 2014.

Both the UK and Australia play an extremely important role in international producing. They are both regions with a rich theatrical culture and are English-speaking territories. The benefits of these aspects of each region are two-fold: they are an easy place to bring an American show and they are great resources to seek other material. Since there is no language barrier between Americans, Brits and Australians, there is no need to worry about the portion of the market that speaks English and is willing to purchase tickets to an English language production. There is also no added cost to translate the work. As for seeking new work in these regions, there are countless shows that originated in the UK and moved to the US that have proven extremely successful in markets all around the country. The addition of Australia as a source of new material will only further the efforts to make theater more popular here in the US. However, the biggest impact these countries provide US producers is the ability to bring American shows to those markets as well. Forging relationships is a key factor in being able to produce internationally. As the UK and Australia are both forging their own paths in other international markets, it will only benefit US producers to use their connections with these foreign producers to seek new partnerships with other individuals and organizations around the world. Rather than seeing UK and Australian producers as competitors, they should actually be viewed as an extremely useful partner in navigating new markets and creating lasting relationships with emerging markets so they, too, can someday be as big of a theatrical market as the US, UK and Australia. As will be discussed in Chapter 6, these partnerships could prove crucial to the continued success of shows in international markets. It benefits all involved to maintain a high level of collaboration with their counterparts in other regions of the world.

CHAPTER 4 – CURRENT INTERNATIONAL MODELS

The international theatrical climate is constantly evolving and maturing. As more shows choose to take productions overseas, new markets are opening up to American producers and new methods of producing have been introduced. To better understand these new trends and make recommendations on how to further capitalize on markets, both existing and emerging, it is necessary to first examine how productions have approached various markets in the past.

Typically, at the outset of a Broadway production, the Mother Company will have acquired the rights from the authors and then other creative team members to license a production of the Broadway show in numerous foreign territories. The license is the first step in exploiting the foreign rights, and the Mother Company will always be entitled to receive licensing income directly from a local licensee in the territories in which it has acquired such rights from the authors and creative team members. The question will then arise for the individual producers, and often the original investors of the Mother Company, as to whether they also want to be involved, either as a co-producer or as an investor in the local production.

In all cases, though, the Mother Company's right to earn income from foreign productions starts with the acquisition of rights. Therefore, as a start, an examination of the rights and territories acquired from the original creative team must be undertaken. These rights agreements will often dictate the terms under which the creative team will be paid for the local production, as well as the markets in which the original Broadway producers have the right to license the production.

Many productions on Broadway use the Dramatists Guild's Approved Production Contract ("APC") as the basis for their author agreement, and therefore a portion of these practices stem from elements in the APC.

The APC grants the producer the sole and exclusive rights to "produce one or more productions of the play…(in) The United Kingdom of Great Britain (i.e., England, Northern Ireland, Scotland and Wales) and in Ireland; Australia; New Zealand."[55] As such, all performances in the major English-speaking theatrical markets are automatically under the purview of this agreement and the terms are pre-negotiated. For other regions in the world, however, producers have the opportunity to negotiate directly with the Authors and/or their agents to find a structure that is most suitable for the production. The other major contributor to international deals is the Director and Choreographer contracts, per the collectively bargained agreement between The Broadway League and the Stage Directors and Choreographers Society ("SDC Agreement"). The SDC Agreement also provides for coverage of the British Isles for Directors and Choreographers, therefore subjecting producers to fees, royalties, and benefit payments.[56] However, projects throughout the remainder of the world still remain open for individual negotiation. Additionally, the United Scenic Artists (USA) Agreement covering designers provides the right of first refusal for future productions as well.[57]

Many producers feel that the US creative team deals are extremely onerous and are the main cause for concern when planning international productions. The underlying royalty structure in the US carries many obligations, such as the right of first refusal in certain territories. Additionally, agents have become very savvy over the years and require many terms and payment levels to be negotiated in the original Broadway contract. The result of this is that many producers have their hands tied when it comes time to make a deal with a foreign licensor.[58] The

[55] The Dramatists Guild. "Approved Production Contract for Musicals." *The Dramatist Guild.* Article IX Section 9.03.
[56] Stage Directors and Choreographers Society. "The Broadway League and Stage Directors and Choregraphers Society, Inc. Collective Bargaining Agreement September 1, 2011-August 31, 2015." Article V(G)(1)(a).
[57] United Scenic Artists. "Agreement between United Scenic Arists Local USA829 IATSE and The Broadway League, Inc., January 1, 2012 to December 31, 2015." Article XVI(G).
[58] Interview with Nina Skriloff and Dan Posener from National Artists Management Company on May 15, 2014.

best way to combat this issue is to refuse to pre-negotiate specific terms for foreign territories in the initial agreement. Often, producers are forced to request changes to these deals once opportunities arise in various markets because the terms in place would be cost prohibitive for the production to actually be mounted in certain markets. The time spent renegotiating contracts could be much better spent working on new projects.[59]

After the original rights agreements are in place, the producers know the terms under which they can license a production to a foreign licensee. The next questions becomes whether the producer wants to solely or partially participate in the actual production of the show in the local market. The majority of producers opt to only license their productions in all markets outside of the UK and Australia, where there is a more streamlined process to get a show up and running, and not to self or co-produce the show in the local market. If a producer were to self-produce in other markets, it would require having access to and knowledge about local theatre venues, branding and marketing plans, and local conditions. This is often difficult to get a full grasp on, especially when simultaneously producing the show on Broadway and often on the West End or on tour around the US. As such, many producers will negotiate the rights to license the production to other territories in the world and subsequently only enter into such a license for the production to local presenters (the licensee).[60]

Some of these licenses are for a replica production, meaning the licensee is granted the right to use the set, props, costumes, direction and choreography from the original production. Replica productions are the highest caliber of a licensed production a producer can grant. Another option is to license a non-replica production, which is the show without the original elements. In this situation, it is necessary to monitor the local presenter's production to ensure no production

[59] Interview with Neil Adleman, UK Attorney at Harbottle & Lewis, on May 27, 2014
[60] Interview with Nina Essman, General Manager at 321 Productions, on May 22, 2014.

elements from the original are being used. In both of these situations, the original producer is usually not involved in the day to day administration of the production.[61] In a non-replica production, the US union obligations no longer apply, as the producer is no longer using the creative team's version of the production. However, it is possible for the individual agreements between creative team members and producer to provide more onerous terms regarding the individual's participation in foreign productions. The most important element of licensing a production, whether a replica or non-replica production, is to maintain approval over key factors affecting perceived quality of the production, especially in branding and marketing.[62]

The production of *Chicago* is an excellent example of international licensing that has proven extremely beneficial to the mother company. All non-US productions aside from the UK and Australia, where the original producers have chosen to produce or co-produce, have been licenses. The producers are usually able to license replica productions because the elements of the show are minimalist and fairly simple in comparison to other large musicals.[63] Since the cost of producing the show is so much lower than, for example, *Wicked*,[64] it is more feasible to produce a full scale version of the show in a wide variety of markets. *Chicago* has played full replica productions in Sweden, Denmark, Germany, Korea, Japan, South Africa, Italy, Spain, Vienna, Argentina, Brazil, and Russia. Often, the production is able to recycle the set from one location to another, which helps save on costs as well. In example, the original Broadway set from the 1997 revival in the Shubert Theatre was used in Canada to launch the North American tour, then sold to the French production, then rented throughout the Middle East for a tour, and

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[61] Interview with Nina Skriloff and Dan Posener from National Artists Management Company on May 15, 2014.
[62] Interview with Aaron Lustbader, General Manager at Foresight Theatricals, on May 8, 2014.
[63] Interview with Nina Skriloff and Dan Posener from National Artists Management Company on May 15, 2014.
[64] Interview with Nina Essman, General Manager at 321 Productions, on May 22, 2014.

then sold to the South African production.[65] The ability to have this type of flexibility greatly contributes to the effectiveness of reaching more markets. It is this type of adaption and movement that gives producers opportunities to move shows around the world with slightly more ease. Of course, the more sets, costumes, and props a production has in rotation, the more opportunities it has to be presented in a number of markets simultaneously.

In the case of a non-replica production, it is up to the producer to ensure the licensee is not using any elements that appear to be too much like the original production as this could trigger breaches of contract with original creative team members, who own the copyrights.[66] However, producers do have a vested interest in keeping the brand of the show as close to the original as possible and seek partners that will be able to produce higher caliber productions. As such, many producers maintain approval rights, often in the marketing of the show.[67]

On one end of the licensing spectrum is Disney Theatrical Group, which has the most involvement in foreign productions of all the shows researched. According to their International Team, there are truly only four locations outside of the US that are lucrative for long-running local language replica productions. Those locations are London, Australia, Germany and Japan. As previously discussed, these markets are able to command higher ticket prices, have substantial infrastructure, and musical theatre is a popular form of entertainment for the population. In these higher level markets that can host replica productions, Disney's involvement is the same as all other producers in that they are overseeing all aspects of the production since the licensee is granted use of direction, choreography, and all production elements. In addition, Disney sometimes co-produces shows with their international partners, rather than merely

[65] Interview with Nina Skriloff and Dan Posener from National Artists Management Company on May 15, 2014.
[66] Legal Writing Practicum with Carrie Casselman at Columbia University, Spring Semester 2013.
[67] Interview with Nina Skriloff and Dan Posener from National Artists Management Company on May 15, 2014.

licensing the material, which is quite an unusual structure in comparison to independent producers that only license shows. Over the years, Disney has shifted from licensing material in the previously mentioned four key markets and has moved towards co-producing in these regions. Disney's second level of license granting also greatly diverges from independent producers. For markets that cannot sustain a full replica production, Disney Theatricals will grant a "2nd Class License." Under this 2nd Class license, however, the company maintains all approvals over sets, costumes, creative team, and casting.[68] There is a team onsite for all productions to make sure the Disney brand is upheld and the production is of a caliber Disney Corporate would deem appropriate. This is a significant difference from independent producers who merely maintain approval over marketing initiatives and check in with the production to make sure it is not infringing on copyrighted elements. Not only does Disney maintain approvals for its 2nd Class Licenses, but it also negotiates for inclusion throughout the production process and ongoing conversations with the creative and management team.[69] One of the reasons Disney Theatricals is able to maintain such strong oversight over licenses is that Disney Corporation is a multi-national company with offices all over the world. Though this can add a level of complication to producing, since some decisions must pass through the local Disney office prior to being implemented, it also adds a level of oversight and knowledge about local conditions to which independent producers do not have access.[70]

One of the most important partners to Disney for these types of partnerships is Stage Entertainment. Though Stage Entertainment is the main partner in Germany, Holland and throughout Western Europe for the majority of producers, the company has a very significant

[68] Interview with Ron Kollen, Senior Vice President of Disney Theatrical Group. May 2014.
[69] Interview with Ron Kollen, Senior Vice President of Disney Theatrical Group. May 2014.
[70] Interview with Ron Kollen, Senior Vice President of Disney Theatrical Group. May 2014.

relationship with Disney Theatricals insofar as the types of licenses it is granted. Stage Entertainment owns or operates theaters in Germany, Holland, Spain, France, Italy and Russia.[71] Each of these countries has its own local office that works on its targeted market. In addition to obtaining licenses to replica or second class productions, Stage Entertainment also serves as a presenter for touring productions and creates its own new musicals, such as *Rocky*.[72] As a local producer of its own shows, an important function that Stage Entertainment provides is in-house support in areas such as marketing and advertising. It is for this reason that so many producers work with Stage Entertainment rather than outsourcing to independent presenters in these markets. This is also the reason the above-mentioned countries are considered more highly developed than those in other regions of the world.

Disney has been able to utilize Stage Entertainment's resources to a great extent, and now has a solid set of productions in Western Europe that are co-produced by Stage Entertainment. Having had such a good working relationship with co-productions, the company is open to the idea of creating similar structures in other countries. Not only does Disney maintain a great deal of control over the show, but it is also more involved financially and therefore has the potential to see a greater profit from a successful run. In other markets with companies that are working with more and more Broadway productions, it is foreseeable that a similar type of co-production agreement can be created with companies such as Shiki in Japan or Time-4-Fun in Brazil.[73] As will be discussed in Chapter 6, this could be a very lucrative model for independent producers as well, as sharing in some of the risk in producing abroad could lead to both further involvement with the product itself and also to greater profit streams if they become available.

[71] Interview with Rebecca Quigley, Managing Director for Stage Entertainment UK, on May 23, 2014.
[72] Interview with Rebecca Quigley, Managing Director for Stage Entertainment UK, on May 23, 2014.
[73] Interview with Ron Kollen, Senior Vice President of Disney Theatrical Group. May 2014.

The majority of productions have an international presence that is a combination of tactics used by *Chicago* and Disney Theatrical Group. These methods include the license of the rights and co-producing first class productions with collaborators in London and Australia and only licensing first and second class productions to all other markets. As discussed earlier, at the outset of the acquisition of a production, the producer acquires various rights from the author and creative team. Many productions only negotiate for the right to license the production in a select number of markets, including the more developed markets. As previously mentioned, *Chicago* is a rarity in that the show can be produced on a much smaller scale than larger musicals such as *Wicked* or *Kinky Boots.*[74] As such, many producers only procure rights to markets such as Japan and Korea and leave emerging markets such as the Middle East to the Authors. The authors are then able to license the production on their own, hence the proliferation of productions worldwide. One of the main issues with this model is that the quality of productions overseas deeply affects perception and branding of that show, and the impact could be quite negative if the quality is poor.

One way to combat this issue is to negotiate for the rights to these markets with authors, however in the case where a show is large, and subsequently expensive to produce, it becomes very cost prohibitive for these emerging markets to fund the production. Since the Broadway producer is encumbered by the deals in place with original creative team, it is essential to keep these deals as flexible and low cost as possible.[75] This is not always as simple as it sounds, however, since many creative team members who regularly work on Broadway have come to expect a certain level of compensation for all work. The ability to negotiate lower rates is only

[74] Interview with Nina Essman, General Manager at 321 Productions, on May 22, 2014.
[75] Interview with Aaron Lustbader, General Manager at Foresight Theatricals, on May 8, 2014.

really possible for those producers who have very good relationships with the members of their creative team and their agents.[76]

One example of this is *Wicked*, which has had a very successful international life. All foreign productions are replicas and most of these are local language productions as well. The production has played in England, Japan, Germany, Australia, Korea, and Mexico. The producers hope to take the Spanish-language production on a tour throughout other parts of South America, but as these markets are still emerging, it is proving extremely difficult to find local partners with both the economic and physical resources to support this endeavor.[77] Due to the lack of partners in the region, the production did not obtain the rights to Scandinavia and the author licensed the rights to Finland and Denmark on his own. The resulting production was a very small, non-replica local language iteration of the show. The producers have been wary of taking on other emerging markets such as China, a European tour, the Middle East and Africa, though as more and more other producers bring shows to these markets and forge new relationships, it is becoming more likely.[78]

The *Wicked* team, like many other producers, sends their full creative team (or their representatives) to recreate all design and direction elements for replica productions, which they have licensed. The Mother Company has a hand in all casting, staging, and marketing. The structures for these replica productions are fairly standard across the industry. The Mother Company receives a licensing fee and royalty for all foreign licenses, and sometimes a share of net profits earned by the local licensee.

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[76] Interview with Neil Adleman, UK Attorney at Harbottle & Lewis, on May 27, 2014

[77] Interview with Nina Essman, General Manager at 321 Productions, on May 22, 2014.

[78] Interview with Nina Essman, General Manager at 321 Productions, on May 22, 2014.

Perhaps another reason the majority of producers choose to only license their productions overseas, and not participate in the producing or investment in these markets is that it is often simpler from a tax perspective. Rather than worrying about taxing producers and investors for foreign investments on top of their US income, or subjecting producers or investors to local tax filing requirements, the US Mother Company simply takes in all the money from the foreign production and passes along income to investors as it normally would. Many countries to which the US production licenses the production rights have tax treaties with the US, which completely eliminate or reduce and foreign taxes payable on the license fee paid. However, there are also countries where the US Mother Company is subject to local tax on the license fees or profits it receives. These situations are a bit more complicated and require more planning on the part of the producers to try to assure that all or some of the taxes paid in a local jurisdiction will be available as a foreign tax credit to the Mother Company investors.

When producers decide to go to the next step and to themselves exploit the licenses and actually produce in local jurisdictions such as the UK or Australia, they will often form a local entity through which they can produce the show.[79] An essential reason many producers may choose to create show entities when self-producing in the UK and Australia is that it is much easier to take advantage of tax treaties if the company has local entities in the other countries. These local entities can work towards reducing the tax compliance aspects for the producers, and investors in the local jurisdictions, as well as ensuring the lowest levels of foreign tax are being paid, and then creditable against any US tax obligations. It is absolutely essential for US producers to get their accountants involved in the process at a very early stage in planning to

[79] Interview with Robert Fried, Theatrical Accounting at Fried Kowgios LLP, on May 8, 2014.

ensure all deals with the investors, creative teams, and foreign partners reflect the best possible methods to ensure the company is not losing money on the overseas production.

In recent years, it has become more common for foreign investors to put large sums of money in a show in exchange for licensing rights. Though this was a regular practice with UK partners, it has expanded to encompass investors from all over the globe. Many Broadway investment contracts include language stating a foreign investor will contribute a large sum of money in exchange for the right to produce a non-replica iteration in their home country. Recently, countries with investors requiring these terms include Japan, Korea, Germany, Japan and Brazil[80]. On the one hand, these relationships are beneficial because they bring extra income and attention to the production from other regions of the world. Since investors have such a high financial stake in a show, and are hoping for as high a level of success as possible, it is logical that any extra support is a welcome addition to the team. These investors may have some influence on tourists or others who may have the means to come to Broadway to see a production. However, there is a major down side to these types of relationships, namely in the fact that they could prevent a producer from capitalizing on any new relationships with foreign producers or presenters. If the licensing rights have already been passed along to another party who is not as well suited to fully realizing the production, it could prove detrimental to the show. This is a major concern as producers with investment agreements containing these arrangements are mounting their initial productions.[81]

The international scene has been developing over the past couple of decades and there are a growing number of producers producing their shows internationally that are forging new paths for other productions. The current trends for producing abroad include a very strong focus on co-

[80] Interview with Aaron Lustbader, General Manager at Foresight Theatricals, on May 8, 2014.
[81] Interview with Colin Ingram of Colin Ingram Limited on May 23, 2014.

producing in the UK and Australia and licensing the production in almost all other markets. The exception to this trend is Disney Theatrical Group, which co-produces along with Stage Entertainment in certain markets throughout Western Europe. Many producers will negotiate the rights to additional territories, though authors retain rights to emerging markets and license non-replica productions in these regions themselves. In recent years, many international investors have contributed large sums of money to Broadway productions in exchange for the exclusive rights to present the material when it comes to their home territory.

The current hurdles to producing internationally include maintaining control of material when it is licensed to foreign markets and also in negotiating deals with US creative teams that are conducive to other cities. Though there is a growing interest in many emerging markets to produce Broadway shows, there is still an issue with these regions having the capability to present a high quality production with all of the production elements, especially for more technically difficult and large shows. Another hurdle is the manner in which US producers handle these foreign entities and how the Mother Company and any investors will be ultimately taxed. If a production is forced to pay more money in double taxation structures than it makes from the license, it is not worth it.

The current keys to a successful international life is to ensure all creative team deals are flexible enough to provide a wide variety of payment structures depending on the needs of that particular production and market. A second key is to ensure the entities used to create the foreign productions are giving the Mother Company the most beneficial tax and financial incentives possible. And finally, it is important for a show to be flexible and nimble enough to be able to move from large to smaller markets without being forced to compromise on the quality and caliber of the show. If a production is too large to play in emerging markets, it is losing an entire revenue source and a number of patrons who may see the show in a foreign country or here in the US while visiting. These factors all taken together are the challenges and some of the solutions that producers have thus far applied. The next chapter discusses a new model for international producing that may prove more lucrative and beneficial to the mother company in the long run.

CHAPTER 5 – A NEW MODEL

A significant challenge for many producers is finding a method to produce internationally that is both efficient and lucrative. As previously discussed, some of the major hurdles include finding viable markets in which to play and also forging relationships with reliable partners in different markets. One show that has very successfully navigated these issues is *Mamma Mia*. The production has played all over the world in a wide variety of venues and has proven to be very lucrative for the producing team.[82]

The reason for *Mamma Mia's* success in various markets is based on a very simple producing model that has not yet been embraced by many producers. After the initial West End and Broadway productions were up on their feet and had proven themselves to be hits, the producing team elected to create an English-language tour that could play short engagements, in two to four week runs, all over the world. This single tour ran for ten consecutive years, making rounds around the globe. The significance of this unprecedented idea is that it allows producers to ascertain whether that show is in demand in a particular region prior to committing resources to putting up a local language show in this area. Additionally, producers have the option to test out new markets, such as the Middle East, between those markets that have proven to be conducive to producing western style musicals.[83] Taking into consideration the challenges previously presented and the solutions to these issues resolved by *Mamma Mia* and other productions' past experiences, what follows is a solution to effective international producing.

It is absolutely necessary for a show to play either Broadway or the West End, and preferably both, prior to embarking on playing in international markets. Then, the production should use its UK entity to create an English speaking tour of the production that can travel

[82] Interview with Amy Jacobs, April 2013.
[83] Interview with Julian Stoneman, General Manager at Julian Stoneman Associates UK, on May 27, 2014.

throughout the world. The itinerary of this tour should be short runs, only spanning two to four weeks, in a variety of markets. Ideally, the production would move between proven markets and less developed ones. These tours will be geared towards any English speaking population in these markets, such as ex-pats or military personnel, in each market. The production should aim to provide subtitles in each market it enters, as this will be a major step towards determining whether there is interest in the native population for that particular production. Attendance of the native population of that country should be closely monitored to gauge interest and viability for a local language production down the road. Additionally, it is important to move between established markets and less developed markets due to the price point differential in tickets. In order to keep the tour viable, the production will have to take a hit some weeks in less developed markets but can make this money back in those places previously described as developed.

With the higher volume of foreign investors showing interest in being involved on Broadway and the West End, these individuals are an excellent resource to be partners in local markets. With their involvement in the health of the production as a whole, they are more likely to bring other team members on board to monitor the production's viability in their home market. Once the production has moved through a number of individual markets with the English-speaking tour, the next step is to choose those locations that have a proven desire to see the production and begin to forge relationships with partners in that region to create a local language sit-down production where appropriate or to keep that market on the rotation for repeat visits on the tour.

If a production aims to play the major European markets, there are a few additional criteria that could be necessary to ensure success. The first criterion is that the show must have been a hit on Broadway or in the UK. This will usually lead to a successful run in Germany, either in Hamburg or in Stuttgart, followed by Berlin (for example, on a tour). After the production has met with success in Germany, it can then move to Spain or Italy and then onto to the other European markets. However, the key point is that the show must be a proven hit prior to moving to each new market[84]. For the Australian market, it is more important to have a Broadway hit than a West End hit, so it is possible to move to Australia prior to doing a UK run. This is a viable option if the rollout of the tour is going to be in Asian markets such as Korea or Japan rather than in Europe.[85]

After gauging a production's viability in various markets with the English speaking tour, the next step to a successful international life is to mount local language productions in the stable markets that have an interest in the production. In this stage, it is especially important to aim to co-produce with local teams wherever possible.[86] This is a major deviation from how the majority of current international productions operate.

Typically, a show will license all material out to local presenters to create local language productions. Rather than merely licensing, however, it may be much more beneficial for a producer to seek to co-produce with international partners in the larger markets, based more closely on the London model. This should be a goal for the more highly developed markets such as Germany and Japan. As discussed in prior chapters, American producers can self produce or co-produce a production in London and Australia. Now that Germany and Japan have also shown themselves to be high caliber markets,[87] it is logical to bring them into the fold the same as London and Australia. The only hurdle remains language barriers, hence the requirement for a co-production rather than a producer having the ability to self-produce in these regions. The

[84] Interview with Julian Stoneman, General Manager at Julian Stoneman Associates UK, on May 27, 2014.
[85] Interview with Julian Stoneman, General Manager at Julian Stoneman Associates UK, on May 27, 2014.
[86] Interview with Nina Skriloff and Dan Posener from National Artists Management Company on May 15, 2014.
[87] Interview with Ron Kollen, Senior Vice President of Disney Theatrical Group. May 2014.

reason this is beneficial to producers is that they would now have a very strong voice in the production itself. Rather than mere approvals, they would be able to make decisions regarding what is happening both on stage and off. Additionally, and more importantly, a co-production allows the producer to participate in profits in a far greater capacity. Being a co-producer will allow the show to participate in all the areas in which it traditionally participates, with an advance and a license fee, but there is also the option to negotiate a far higher royalty package. If the production has previously played in this area with the English-language tour, the producer will have a much better sense of what demand there will be for the production. Smart producers can use this knowledge to their advantage and only choose to co-produce in those cities in which there is a great demand that will bring in high profits for their production.

As previously mentioned, Disney Theatricals has a slightly different model than independent producers working abroad. The vast majority of Disney shows overseas are replica productions that the company licenses to local presenters. The company also has another model that it only uses with Stage Entertainment, in which Disney will allow Stage Entertainment to create a large scale non-replica production. Stage Entertainment will finance and mount the production and Disney only receives fees, but maintains full approvals over all aspects of the production[88]. The reason Disney allows Stage Entertainment to produce its own version of the shows is because oftentimes there is a demand for the production in a given market but the economics do not work for a replica. As such, Disney opts to license the show in a non-replica version but maintains full approval rights as if it were a replica. It's a situation where the production is able to command an advance, a license fee and a royalty, but is not encumbered by enormous costs associated with using the original design and/or direction. The local presenter has the option to find lower cost

[88] Interview with Ron Kollen, Senior Vice President of Disney Theatrical Group. May 2014.

solutions to these elements so it can be mounted in a city where ticket prices could not cover the costs of a replica. However, in this situation the producer is still controlling how the production is portrayed and branded.

This model of licensing a non-replica production is one option for the less developed international markets. The other option is to do what is currently standard, which is to only license a replica production. Obviously, the decision between these two options will be based on how lucrative the region is to the production. This distinction, as can be anticipated, will be made after a production sees the demand in a given market after the English-language tour comes through that location. The purpose of this tour is to allow producers to make better informed decisions when deciding how to present their production in new regions.

Once a production has determined in which markets it is able to co-produce, those that can maintain a replica production, and those that are able to support a large-scale non-replica production, there will likely still be a handful of markets left. These are most likely to be the emerging markets that cannot sustain high costs associated with all the prior-mentioned options. In these markets, the only viable option may be to license 2nd class rights. In most cases, this will mean the producer must let the authors handle the licensing process, which subsequently means the producer will have no say in the process at all.[89] Obviously, if a producer is concerned with controlling quality and branding of the production, this is not an ideal scenario. Unfortunately, however, the APC does not grant rights to 2nd class productions to producers, though they may be entitled to share in the subsidiary rights profits from these 2nd class productions.[90]

Producers still do have options open to them to have more control over this secondary licensing market. The most effective, of course, is to negotiate the right to 2nd class productions

[89] Interview with Nina Essman from 321 Theatrical Management on May 22, 2014.
[90] The Dramatists Guild. "Approved Production Contract for Musicals." *The Dramatist Guild.* Article IX Section 9.03.

with the author. However, there are many issues with including these rights in any negotiation. Often, an author's agent will try to seek the best possible terms for their client. If a producer grasps for too many rights up front, it will come at a very high premium. Another scenario is that the initial negotiation has terms that are not viable once the show proves to be less of a hit than anticipated. Regardless of the issue, the parties are often forced to come back to the table to renegotiate terms. Depending on the level of trust between the author and the producer, sometimes the author may choose to take back their rights in this renegotiation.[91] Only a minority of producers currently negotiate for second class rights from the outset. Many others will seek these rights once the demand for lower level productions becomes apparent.[92] However, it is difficult to negotiate 2nd class rights from the outset because they require the right set of circumstances for them to be beneficial to a producer.[93] These circumstances include the show being successful enough to command demand in these markets that can only support a 2nd class production. Additionally, the show will need to be able to be produced on a smaller scale without losing its value as an asset to the overall brand of the production.

Regardless of when these rights are obtained, it is often more beneficial for producers to obtain them than not. The more success a show meets with internationally, the better off the original investors will be. This can occur through the increased interest in the material that can bring additional tourists to the Broadway or West End productions or just merely through the licensing fees and royalties feeding into the Mother Company. Regardless, more successful productions around the world means more branding opportunities and more money for the

[91] Interview with Neil Adleman, UK Attorney at Harbottle & Lewis, on May 27, 2014
[92] Interview with Neil Adleman, UK Attorney at Harbottle & Lewis, on May 27, 2014
[93] Interview with Neil Adleman, UK Attorney at Harbottle & Lewis, on May 27, 2014

production overall.[94] In emerging markets, the producer can choose whether to do a 1st or 2nd class license based on the demand for the show and also what the local market can bear.

While deciding on the various producing options around the world, it is essential for producers to be very careful about local partners. Some markets are highly established and the local presenters and producers have a significant track record of producing high quality shows and honoring agreements appropriately. These include Time 4 Fun in Brazil, Shiki in Japan, and, of course, Stage Entertainment in Europe.[95] However, there are markets where producers have met with serious issues in the past. In some cases, local partners have not paid royalties according to the agreement or the accounting is very inaccurate. Additionally, there are circumstances where local partners have not come back to the rights holder to obtain approvals for items listed in the agreement, such as over production team members or artwork. Regions in which this has occurred include Italy, Russia, Hungary, and China among others.[96] It is difficult to manage these situations since the legal costs of trying to rectify the issues would be so great. As a result, it is extremely important for producers to negotiate with these lesser known entities in emerging markets much more aggressively than they would with a more established partner in a developed market. This includes negotiating a much higher advance to offset any losses the show might take due to shoddy accounting or missing royalties. Additionally, if it is possible, a production should always endeavor to send a production staff member to oversee the production in these markets.[97]

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[94] Thomas Schumacher, President, Disney Theatricals. *Critical Issues in Theater Management.* Columbia University. March 13, 2014.
[95] Interview with Ron Kollen, Senior Vice President of Disney Theatrical Group. May 2014.
[96] Interview with Neil Adleman, UK Attorney at Harbottle & Lewis, on May 27, 2014
[97] Interview with Neil Adleman, UK Attorney at Harbottle & Lewis, on May 27, 2014

This chapter laid out a ground plan for a production to roll out an international presence and maintain it over the years. The goal of producing internationally is to bring the greatest amount of attention to the production, thereby bringing new audiences to the theater, and ultimately bringing in more money to everyone involved in the creation of the production, from the creative team to the investors. As mentioned, the first step to successful international presence is to have a hit both on Broadway and the West End. The production also has the option to move to Australia before the West End. Once the show is an established hit, the producer should send out an English-language international tour that will alternate between developed, less developed, and emerging markets. During this tour, the producer can determine in which markets to play a variety of options of shows. In the highly developed markets, producers should endeavor to co-produce replica productions. In less developed markets, the option is between licensing a replica production or licensing a large-scale non-replica production, but a producer should always maintain full approval rights. In the emerging markets, the goal should be to do as high quality a production as possible. This may require the producer obtain the 2nd class rights from the author to negotiate terms with local presenters in emerging markets. The most important factor in all of these negotiations is to base the agreements on the credibility of the local partner. Those partners who have proven to be reliable and forthcoming will be able to command more of a partnership than those unknown entities, (especially in emerging markets) that require a more cautionary agreement so the producer does not end up losing potential income or control. Numerous productions have used some of these tactics at various points. Taking the best practices from each of these productions, this is what is likely to be the most lucrative and effective model for producers to bring their shows internationally.

CHAPTER 6 – GAME CHANGERS

The international producing scene has been slowly evolving over the years. Producers have been making contacts and forging relationships in different markets slowly and methodically. Forerunners such as Cameron Mackintosh and Andrew Lloyd Webber, producers from London, have paved the road in many regions.[98] Many producers have followed in Mackintosh and Lloyd Webber's steps around the world, which in turn led to the creation of new relationships with local partners globally. As time went on, there were those individuals who thought it was past time for theater makers to join together in a consolidated effort to bring productions to new regions and patrons. There are two results of this idea that could prove to be significant game changers. Those results are the creation of the Broadway League's International Committee and the passing of London's Theatre Tax Credit.

In its earliest years, the Broadway League focused on collective bargaining with the various Broadway unions. Over time, its mission expanded to include special events, industry wide marketing initiatives, corporate sponsorships, government relations, research archives, audience development programs, and charitable efforts.[99] In 2013, the League's Board of Governors approved the formation of a new committee: The International Committee. This Committee's purview was to help League Members extend their reach, helping producers with international branding, marketing, and producing efforts.[100]

The League International Committee is comprised of a variety of members from across the industry, including producers and managers who have lots of experience brining shows overseas. The League divided the Committee into three segments: one to address labor contracts and their implications overseas; one to address marketing and branding initiatives; and one to address how

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[98] Interview with Julian Stoneman, General Manager at Julian Stoneman Associates UK, on May 27, 2014.
[99] The Broadway League. "About the League." The *Broadway League*. July 2014. Web. July 19, 2014.
[100] Conversation with Charlotte St. Martin, Executive Director of The Broadway League, February 2014.

to produce in emerging markets. These three subcommittees report back to the main International Committee which, in turn, makes recommendations to the League's governing body.[101] With the combined effort of these industry professionals in sharing their contacts, resources, and ideas on international producing, the possibilities for the League's potential reach are boundless. With enough support and organization, it will be possible to bring the individuals involved with international presenting and producing under the purview of the League, expanding the organization's role to an international trade association. As the world becomes more accessible through the digital age, this expanded accessibility can only help producers reach new audiences around the world.

Perhaps the most important immediate benefit of this Committee is the potential to share information more easily and quickly than ever before. Rather than calling individuals and finding out where their shows have performed, who their contacts were and how the market received their production, producers now have the ability to ask these questions to each other in one consolidated forum. The League is currently documenting this information to create a database for League Members to be able to access this even more easily.[102]

Another extremely important benefit the League can provide members is the opportunity to create marketing and branding initiatives, similar to those accessible nationally, to the international committee. Currently, League Members throughout North America have access to a variety of creative assets such as videos and promotional materials, professional development programs, and a network of League Members who may be good partners.[103] Providing similar material and opportunities to producers and presenters who are working on Broadway

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[101] The Broadway League International Committee Meeting, April 3, 2014.
[102] The Broadway League Emerging Markets Task Force Meeting, May 9, 2014.
[103] The Broadway League. "Tools and Resources." The *Broadway League*. July 2014. Web. July 19, 2014.

productions around the world would be a huge advantage, especially in the time and expense saved through sharing these materials and contacts, as opposed to gathering materials and making these contacts on one's own.

The League has a history of programming industry wide promotional events and also in creating programming and initiatives to aid in audience development and outreach. It is possible to expand the scope of these programs abroad, such as creating a worldwide Broadway branding initiative. This type of initiative could be as simple as website resource sharing or go as far as a Broadway tour with individuals performing material from a number of shows at public events around the globe.[104] As producers work together, the possibilities for collaboration and initiatives are endless. The Broadway League has a very strong opportunity to create the tone for how international producing will progress in the coming years. This is not only an excellent opportunity, but also a great responsibility. The theatre will only thrive if the industry comes together to keep live theatre a desirable and accessible medium of art.

The other major potential game changer is actually not something that will occur in the U.S. or benefit U.S. producers, but is taking place "across the pond" in England. In March 2014, the UK passed a new tax credit bill, which will go into effect September 1, 2014 and is modeled after similar tax credits for the film industry. This law is a major achievement and is the result of numerous years of lobbying and positioning by the Society of London Theatres (SOLT).[105] SOLT is similar to the Broadway League in that the organization serves as a leader for industry initiatives and a hub of communication between colleagues. The organizations largely differ in that SOLT also represents not-for-profit theatres and other art forms such as dance and opera. As such, while SOLT performs many of the same functions as the Broadway League, it does so the

[104] The Broadway League International Committee Marketing Task Force Meeting, March 26, 2014.
[105] Interview with Julian Bird, Chief Executive of The Society of London Theatres, on May 28, 2014.

behalf of all sectors of the arts community.[106] The result of this broad scope has two major differing implications: on the one hand, the constituents of the organization have very different needs and goals specific to their own industry. On the other hand, SOLT has a much broader base across different sectors that give them more lobbying power when trying to effect change. The results of this combined effort are easily measureable in the success of the passing of the theatre tax credit.

The tax credit is fairly straight forward in its mission and scope. Any qualifying touring production is eligible for a refundable 25% tax credit and all other productions are eligible for a 20% tax credit of the amount of eligible production costs spent. An eligible production is one that is "wholly, or mainly, playing a role[107] and that each performance is live, and the presentation of live performances is the main object, or one of the main objects of the theatre production company's activities."[108] This scope includes plays, musicals, opera, ballet, dance, orchestral and comedic performances but excludes sexual entertainment, competitions, productions solely used for advertising, and productions solely intended for broadcast. Eligible production costs include all pre-production costs other than marketing, professional fees and financing, storage, or ordinary weekly operating costs.[109] Additionally, the production must be a corporation with 25% of its core expenditures spent within the European Union.[110]

[106] Interview with Julian Bird, Chief Executive of The Society of London Theatres, on May 28, 2014.
[107] According to the Harbottle and Lewis EBulletin, A dramatic production is defined as a production of a play, opera, musical or other dramatic piece in which the actors, singers, dancers or other performers give their performances wholly or mainly through the playing of roles. The performances must be live and the presentation of live performances must be the main object, or one of the main objects, of the production company's activities in relation to the production. Shows performed by circuses are now included.
[108] Theatre tax relief: Summary of responses. HM Treasury, 2014. Web. July 23, 2014.
[109] Interview with Steven Anderson, Partner at Anderson & Pennington LLP UK on May 27, 2014.
[110] Theatre tax relief consultation. HM Treasury, 2014. Web. July 23, 2014.

The tax credit can either be taken as cash back to the production or it can be applied as a revenue write off, which can be carried forward as a loss to the production.[111] Producers will decide which option to choose based on the specific needs of that show and how it will affect their investors or upcoming projects and expenses on their production. As of this writing, it remains unclear how long it will take for the government to pay out these credits to productions.

There still are a number of issues with the tax credit in terms of how it will affect US producers that are yet to be addressed or worked through. In the United States, productions amortize all pre-production costs over the life of the show but pay taxes upfront and write them off as the show progresses. Though there is currently a bill in the US Senate to change this practice, it remains the current structure.[112] With the new UK tax credit, it is likely there will be timing issues to match the credits one can take in the UK with the tax structure in the United States. As a result, it is likely the tax credit will be considered taxable income to US producers, regardless of the status in the UK. Depending on the timing of the credit or cash inflow, this could prove very burdensome for US producers creating shows overseas until the tax laws in the US address this issue.[113] It is clearly in US producers' best interests to tackle this issue as soon as possible, as many producers aim for productions on the West End soon after opening on Broadway. Though the tax credit is an excellent resource for producers in the UK, it may be a burden for those in the US and must be addressed with US lawmakers as soon as possible.

There are many other implications of this tax credit for Broadway in general, however. If legal and accounting teams are able to come up with effective solutions that will not cause US producers to face excessive tax burdens for US income, it is possible these producers may begin

[111] Interview with Steven Anderson, Partner at Anderson & Pennington LLP UK on May 27, 2014.
[112] Interview with Steven Anderson, Partner at Anderson & Pennington LLP UK on May 27, 2014.
[113] Interview with Steven Anderson, Partner at Anderson & Pennington LLP UK on May 27, 2014.

to opt to commence productions on the West End rather than on Broadway. A 20% credit on all eligible production costs is an extremely significant amount of money, especially with the rising costs of productions across the board. As previously mentioned, it is far less costly to mount a production in the UK than it is to mount one in the US. Additionally, US union contracts are more onerous than those in the UK. The combined result of these factors could prove dire for producers choosing to originate shows on Broadway, especially if a producer aims to bring a production around the world.

There is another important factor to consider between mounting a production in the UK versus the US. The UK is a part of the European Union (EU). As a result, companies and individuals can move between countries in the EU easily and without the necessity for work visas.[114] This has significant implications for the ability to create a European touring production. Following the path laid out in Chapter 5, it is possible for a savvy producer to develop and produce a show in the UK followed by a Broadway production. Then, the show can rollout a UK company that will tour around the EU with far more ease than a company formed outside of the EU. This tour would then move to the rest of the world. The UK mother company could license the production for all local language sit downs or co-productions around the world. Since the show would have originated in the UK rather than the US, the production would not be encumbered by the significant and onerous contractual union and guild obligations previously mentioned. Though producers always had the option to follow a similar path, it was never as tempting in the past. The implementation of the tax credit may be a gamechanger insofar as how shows are developed and initially produced. Though these shows would still come to Broadway, mainly for the branding power, they will not originate in the US and this could prove to be the

[114] Interview with Neil Adleman, UK Attorney at Harbottle & Lewis, on May 27, 2014

end of an era for Broadway being at the forefront and the pinnacle of new commercial theatre ventures.

There is a way to combat this potential outcome, however, and that is for US theatre makers to come together to lobby the US government, or New York Sate to implement a similar tax credit in the US. There are currently specific states that already offer tax credits for originating a production in them, including Illinois, Rhode Island and Louisiana. State-wide credits aren't enough to compete with a national credit, however. New York State recently passed legislation that allows for a tax credit effective January 1, 2015 for theatre developed in upstate NY, however this does not include the downstate region that includes Broadway shows.[115] These types of tax credits must continue to be a lobbying point for producers in order to compete with the UK for new productions.

The Broadway League's International Committee and the UK theatre tax credit are new factors that could prove to be very influential and important to the international producing community. Their implications are far reaching and could truly be game changers in how producers do business, both at home and abroad. The International Committee was created to provide a communication hub for those seeking to bring their shows abroad. Additionally, it has the potential to create new initiatives and programs geared towards making international productions more efficient, robust and lucrative. The combined input of theatre makers from across industry sectors can be an excellent resource for productions, empowering producers to forge those relationships and partnerships that are absolutely vital for a successful production. The League has a long history of being a forerunner in changing the tone of the industry, and it is once again faced with that task. When it was first formed, its mission was to give producers and

[115] Empire State Theatre Production Tax Credit Approved. The Broadway League, 2014. Web. July 23, 2014.

theater owners a unified voice with which to speak to the numerous unions represented on Broadway. In later years, the League brought these same individuals together to brand Broadway and to develop audiences. Subsequently, it was charged with bringing these shows to the far reaches of the United States and Canada. Now, the organization is taking all the lessons it has learned over the decades and applying it to bringing commercial theatre all over the world. It is a lofty goal, but the world feels smaller since the advent of the internet, where people are constantly interconnected and able to access information worldwide at the touch of their fingers. This has led to people watching videos of shows on YouTube and other forms of media. But nothing compares to sitting in a theater and watching a performance happen live, and this is the experience Producers seek to bring audiences worldwide. The League's International Committee has been charged with a difficult task, but not an insurmountable one.

The UK's new tax credit is another game changer that could completely alter the manner in which theatre is produced. The credit is extremely beneficial to any qualifying UK production, as receiving a 20-25% break on eligible production costs is a significant portion of money that can go back to investors in a timelier manner. Reaching recoupment earlier means investors have a better chance at profiting off of shows, which will lead to more individuals having an interest in investing in new shows. The more potential investors a show has, the better off the industry as a whole will be. Investors means theatre makers can continue to put up new work without fear that the only productions individuals will invest in are those that are considered "safe" such as revivals of classic hits or those with prior built-in branding from blockbuster films. In the commercial sector, a wide pool of investors is the key to the ability to create new and different work, and this cadre of investors is highly dependent on their ability to make their money back in a timely manner and to profit from productions wherever possible.

As the tax credit in the UK becomes more common place and easier to navigate, if there is no legislation passed in the US to counter balance the tax credits with an American version, then it is highly possible individuals will opt to launch their new shows in the UK rather than the US. This will be a sad day for American theatre, but it is a likely outcome unless the same benefits one can enjoy in the UK can be found in the US as well. In the end, the goal of many producers is for their productions to play for as large an audience as possible. If the UK provides better incentives to build a show's international profile, it is practically guaranteed more producers will choose this option.

These two game changers, the International Committee and the tax credits, can be aligned with one another. If the League's International Committee seeks to bring effective international producing options to Broadway theatre makers, it is definitely in its best interest to push Broadway lobbyists to create similar incentives in the US as soon as possible. The danger of losing American-made shows is very real, and must be addressed now before it becomes the new normal. The window of opportunity is here, and it is up to those who care about this topic to bring about the best possible solutions from the outset rather than being forced to take reactionary measures down the line. The game changers are in place, but it is up to individuals in the industry to determine how exactly the international arena will be changed.

CHAPTER 7 - CONCLUSIONS

The international theatrical touring scene has been developing rapidly in recent decades. Since the advent of blockbuster musicals such as *The Phantom of the Opera* and *Les Misérables* in the 1980s, there has been much more focus on how to capitalize on a production's popularity in a manner that is most beneficial to the Mother Company and to investors. Over time, producing on Broadway has become increasingly expensive, with production price tags well into the millions of dollars. As a result of this increase in the cost of producing, productions seek revenue streams and income sources aside from ticket sales. For many years, one of the most important means by which producers sought additional income was through touring productions across North America. Additionally, many shows began to sell merchandise related to productions. These income streams did not necessarily ensure investors would recoup investments, however, so producers began searching for other means by which to bring income to a show.

One such new source of revenue came through licensing fees and royalties for new productions for which the original producers have the rights. Initially, these fees were sought in markets covered in the APC and the SDC Agreements, most commonly in the UK. As producers developed relationships with their British counterparts, in addition to just licensing the material, self-producing or co-producing in London became the norm. In recent decades, the trend of licensing has expanded throughout the world and now includes markets across Europe, Asia and South America. As productions expanded their reach, the desire for Broadway-style shows in other regions of the world has become more commonplace.

There are some markets in which the conditions to successfully and profitable produce productions are more likely. Aside from Broadway and the West End, the most developed markets for western style theatre are Australia, Japan and Germany. The reason these markets are considered highly developed is that the major cities that can host productions in these regions can command high enough ticket prices to make a production successful financially, have significant infrastructure to allow the production and patrons the ease of transportation and appropriate venues, and the population has a significant segment that seeks this style of theatre as popular entertainment.

There are a number of slightly less developed markets that are also good options for productions seeking to play in foreign territories. These regions include Holland, Italy, Spain, and Korea. Though these countries can often boast some of the above mentioned criteria for success, they are often missing some important element that precludes them from being as successful as the highly developed markets. However, just as the highly developed markets were once less developed, it is possible and likely the mid-level regions will continue to grow and thrive and may one day garner the success that locales such as Japan can command.

The final category of international regions is emerging markets. These markets are often missing critical elements of the criteria for success, such as lack of appropriate venues or infrastructure or too small of a theater going population. These areas include Brazil, Mexico, China and India. Though there may be interest in producing shows in these regions, there are vital elements that must be addressed before they can be considered a better option for a particular production. Often, only small scale, nimble shows are able to play in these markets.

There are many decisions producers can make regarding their show's international rollout. This study aimed to seek out best practices from a variety of successful productions to make recommendations for a better model of international producing. There are some precautions and considerations a producer can take into account when making a decision to take a show internationally. Firstly, the productions absolutely must first be a hit on either Broadway or the West End. Once the show is a hit in one of these locations, it must move to another major market. A Broadway show can either move to the West End if the international rollout will begin in Europe, or to Australia if the rollout will begin in Asia. Then, the producer should create an English-speaking international tour. This tour will travel around the world in 2-4 week stays in alternating developed and less developed markets. During this tour, a producer will have the opportunity to gauge interest in their production. These observations will lead to more informed decisions when making licensing decisions down the road.

After the English-speaking tour is rolled out and plays a few markets, the producer should seek to produce in the highly developed markets. Since there are reliable and well-known partners in these regions, the producer should seek to co-produce rather than merely license the production in these areas. Then, depending on the interest from the English-speaking tour, the producer can either opt to license a replica production, a non-replica high end production, or obtain rights to second class productions and license a second class production in each particular city. In this manner, a producer will be more likely to make informed decisions based on true data rather than rolling the dice on a region.

It is important to note that this study did not take into consideration many important factors in international producing and the success of these productions. One such factor is marketing and branding strategy, which can vary greatly between cities. Additionally, it did not address the issues of language barriers. Most regions around the world require productions in their native language, which requires translation of the production. It is extremely important to have a top notch translation team to avoid presenting a subpar product. Other factors that were not addressed include casting issues in various localities. For example, in regions where musical theatre is not a common past time, it is hard to find actors than can both sing and dance well enough to meet the standards of the production. Individuals in these regions may not have the required training programs to meet with success in multiple disciplines. Additionally, there are sometimes issues with finding appropriate materials and laborers to create the physical needs of the show in particular areas. A final issue that was not addressed is that of show personnel and their ability to participate in numerous productions when they have other new projects on which to work. Often, the associate creative team becomes the greatest asset for producers. It is extremely important to choose these individuals with care in the first iteration of a production, as they will likely be working on additional productions for the life of the show.

The factors that could prove to be game changers for international producing that were addressed in this study include the creation of the International Committee at The Broadway League and the passing of the theatre tax credit in the UK. Both of these new developments could significantly impact international productions. The League's International Committee has the ability to provide a basis for information sharing and resources for producers. The Committee is comprised of three task forces, focusing on marketing and branding, labor issues, and emerging markets. The members of each of these task forces were charged with making recommendations in their particular areas to the League's governing body. This group has the ability to push for new initiatives ranging from joint marketing strategies to government lobbying efforts.

The UK's theatre tax credit could be a very significant change for a variety of reasons. The credit allows productions to deduct or receive money for 20-25% of eligible production costs. This could prove problematic for US investors and producers working on shows in the UK, though there may be methods to avoid double taxation consequences that accounting and legal teams must address. Pending the outcome of these resolutions, it may become highly likely producers will opt to develop and present new material in the UK rather than in the US. Since the cost of producing in the UK is already far lower than that of the US, the new tax credit may be the final incentive required to push producers towards creating all new work across the pond. If the US does not find solutions and alternatives to compete, this may prove to be a dire situation for American commercial theatre.

The international theatrical scene is evolving and changing each year. As the locations, players, and markets make alterations to keep up with one another, producers are constantly striving for greater outreach, higher profit margins, and a wider audience base. In the end, this can only help the theatre industry. In an age where people's attention spans are shorter and almost all media is consumed electronically, it is comforting to know that live theatre still has a place in the world and that its role is growing rather than shrinking. International productions are the key to continue this trend of growth, and the field should be nurtured and attended to with great care and dedication. The theatre has been a part of human culture for thousands of years, and this international evolution will hopefully ensure it will remain that way for thousands of years to come.

Although there is no guaranteed outcome on what the future holds, one could predict a potential path for producers in the near future. It is likely there will be a portion of producers who work in both the US and UK often that will opt to start their shows in the UK to take advantage of the tax credits and ease of mobility for international companies, especially within the EU. There will be another set of producers who traditionally only produce on Broadway who will continue to do so, but these producers will likely begin to lobby for changes to the US structures, including amending tax laws and renegotiating onerous terms in union agreement. It will likely take upwards of a decade to effect any substantial changes, but a persistent core of producers will likely be able to achieve some of their goals over the years. The League's International Committee has already begun discussions on what changes should be sought and what partnerships would be most beneficial, though they are at present mainly hypothetical ideas that are not yet being put into action. Once the Committee agrees on a plan of action, it will be a matter of putting these ideas forward to authorities that are able to make these changes, including lawmakers, union leadership, and international producing partners. The stage is set, and the outcome will rely entirely on how the case for change is put forward and how receptive these theatrical counterparts are to these ideas.

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