

Coopers and Lybrand Management Review

"Coopers and Lybrand was a study, like any management study, and had a lot of critical things to say about how the place was run."

The place was Telefilm Canada, the crown corporation which administered \$106 million for the film and television industry last year. The speaker was Peter Pearson, executive director of the agency. Together with the chairman of the board of Telefilm, Jean Sirois, he met with Cinema Canada to explain the context in which the Coopers and Lybrand management report, signed by Jean Paquin, was commissioned.

Both Pearson and Sirois were anxious that the study not be blown out of proportion: the "business of Telefilm," as Pearson puts it, is to see that top quality, prime-time productions get made in Canada.

Coopers and Lybrand, in his opinion, skirted this issue: "We asked them to examine the efficiency of the operation, focus on what can be improved, how it can be more efficient. Telefilm is a complicated organization: television and film, French and English, Montreal and Toronto, regions and the center. We're dealing with a lot of money and I thought that, if they could come up with a better idea of how we can administer our money..."

"I talked to the staff and said, Talk to them. If you have a complaint, get it out. Coopers and Lybrand just didn't do what I asked them to. They went into the law, about how it should be reworked. They went into a whole bunch of stuff on personalities. I said to them, stay away from personalities. They never focussed on efficiency at all. So, that whole question of the efficiency of the operation, which was their central mandate, they never looked at. As is usual with consultants, you hire them, and then they try to tell you what they want you to think. It was very frustrating for me."

As for Sirois, he felt it was an honest report and that it is up to the members of Telefilm (the board) and the staff to sort out the good recommendations from the bad and apply them.

The copy of the report which follows is a first draft, dated February 23, one which Telefilm found "totally unacceptable." The first sections, dealing with the history of TF and the parameters of the report, are not printed here.

It should be mentioned that on May 5, Telefilm was asked to furnish the Standing Committee on Culture and Communications with a copy of the final report. Three months later, the clerk of the committee has not yet received this report or any other of the information the committee requested in May.

There is a question of accountability.

It is obvious that the film industry is going through a crucial moment, and that major pre-occupations with the tax measures, contained in the recent White Paper, have created a climate of uncertainty, a climate which may be exacerbated by the publication of this report.

Nevertheless, the industry is privileged, for the moment, by extraordinary tax measures, and by important subsidies, administered by Telefilm Canada. That privilege presupposes responsibilities.

Already, Telefilm Canada has turned back \$ 17 million this year to consolidated funds, losing that money for the industry. Questions were raised by the Standing Committee about management at Telefilm Canada, and these questions were not fully answered nor, to date, have the promised reports been filed.

If Telefilm Canada is not accountable to the Standing Committee, which approves its estimates - and when questions go unanswered over long periods of time - then such a report as the Coopers and Lybrand report takes on accrued interest for those who are concerned about just how the agency which handles the monies, intended for the industry, is run.

FINDINGS

A. RESPONSIBILITIES OF THE CORPORATION

- The Act of Parliament stipulates that CFDC is a Corporation made up of six members plus one "ex officio" member, the Government Film Commissioner. They are the Corporation; they are responsible for the sound management of the funds which were placed in their care.
- The Members of the Corporation look to an Executive Director to whom they choose to delegate some of their responsibilities regarding what the designated Minister has assigned to the Members.
- Observations expressed by some of the Members of the Corporation which were interviewed are the following:

Organization of Meetings

— Corporation meetings are long and disorganized. Secondary issues are dealt with in too much detail (e.g. who will travel to what location) whereas key policy issues are at times dealt with in cursory fashion (e.g. policy on festivals).

— The agendas of their bimonthly meetings contained too much information that is irrelevant; accounting details do not appear to help in establishing clear accountability of line managers; follow-through of Corporation's resolutions seem to lack attention as there is no Secretary to the Corporation currently in place.

Roles, Responsibilities and Policies

— Some Members of the Corporation appear to be unclear as to the position of the Corporation on fundamental policy issues, for instance, the position of the Corporation on theatrical films.

Other Concerns

— Some Members of the Corporation are concerned about the apparent lack of confidentiality which permeates the organization. This has resulted in embarrassing leaks to the press which appear to damage the credibility of the overall corporation.

Conclusions

- The Members of the Corporation may be in a precarious position in that the responsibility which they have accepted and been oriented by the designated Minister does not appear to be totally within their control as a result of poor information management, lack of scrutiny of investment decisions made in a context of complete delegation, and of inadequate follow-through of the Corporation's decisions.
- Financial management does not appear to have been a high priority because funding has always grown quicker than the opportunities for investment and the related administrative costs resulting in a recurring surplus of unspent funds. This situation has arisen because of the rapid increase in incentive programs made available by the government. This could change in the near future as the growth of new programs offered slows and the industry continues to grow as well as the operations of Telefilm. In this case, the organization could easily find itself over-committed, something which its current management and control mechanisms would have difficulty detecting, particularly with respect to administrative costs.

• There seems to be little emphasis placed on establishing performance indicators and holding people accountable both with respect to:

- a. Impact on industry development
- b. Investment projects success rates (with respect to Quality, Impact and Financial Success)
- c. Follow-up on the contractual obligations of its customers
- d. Administration costs.

B. ORGANIZATION

1. Organizational Context

Prevailing management practices, in the absence of a vision of the future of the industry and a strategic plan for Telefilm, seem to be totally reactive and subjected to events which are deemed to be outside immediate control of senior management. Granted, the environmental conditions to which the Corporation is subjected are numerous and varied: film vs television, central Canada vs regions, English vs French, to name a few.

The management of the Corporation seems to be totally dependent on the ongoing sharing of information through daily conference calls dealing with tidbits of ephemeral pieces of information. Emphasis is currently placed on making good decisions, both in terms of products and the business deal.

However, there seems to be some confusion between "strategy issues" being dealt together with "tactical considerations" bearing on the business of the day regarding particular submissions and deals being discussed. These conversations involve the upper-layer of a four-tier structure (executives, managers, analysts, support staff). It would appear that ad hoc modifications to operating policies may result from teleconference discussions convened initially to resolve on tactical items. The communication of changes to strategic positions are left to the discretion of Executives who are swamped with activities that do not allow them to always make an efficient dissemination of executive resolutions on strategic policy changes and the consequences of these changes to the appropriate subordinates who in turn deal effectively with the marketplace.

Part of the confusion may also reside in that the strategic thinking in place seems to be oriented mostly towards Federal Government liaison requirements while the Corporation seems to be reluctant to establish what could be deemed as an evolutionary position on industry issues for fear of being "pigeonholed".

All in all, everyone is very busy, employees are not clear as to what the "operating" policy is (e.g. the Cumberland Compact) to the extent that some employees indicate that they find what the structure is and what is going on in the Corporation through the trade papers.

Conclusion

• Management is perceived to be amateurish: role of key employees are ill-defined, major departments get redefined through the realignment of the senior personnel arriving or leaving and according to the skills they bring to TFC; middle management seems to be unable to set objectives for the subordinates.

2. Organizational Structure

[Let's]... illustrate what we perceive as the current structure of a very fluid organization. Reporting to the Executive Director are "a Montreal-based Executive and a Toronto-based Executive who are responsible for the ongoing conduct of business activity (for a detailed understanding of our findings and conclusions on these aspects, we refer the reader to Sections V to VII of this report), an Executive, Financial Control and Legal Services (whose decision-making and decision support roles seem to be evolving) and a Deputy Director responsible for a variety of strategic planning and tactical administrative mandates as well as for a Communications Department which looks after both internal and external communications.

However, as was pointed out by the senior Executive, these hierarchically charted relationships do not properly reflect the reality of interactions. Employees at various levels of the Corporation can partake into the deliberations of management and executive issues through the various conference calls, committee and other employee meetings without strong adherence to hierarchical positioning. This "communal" spirit of information-sharing straddles problem-solving, decision-making and planning needs in an undisciplined, non-rigorous management mode generating a substantial investment of managerial time and energy in travel and coordination activities with the ensuing business expenses. More importantly this type of collective decision-taking does not allow for proper delegation of specific responsibility areas with commensurate accountability for performance.

The following section will seek to demonstrate the impact of the foregoing or organizational consequences on funds management and related decision-making.

C. FUNDS ADMINISTRATION AND DECISION-MAKING

The decision-making process with respect to approval of new investments is a source of contention. At present, all investment proposals, regardless of size are reviewed and decided upon by a selection committee made up of members of the executive and including the managers of operations and business affairs. This is a cumbersome and time-consuming process due to the following factors:

1. All projects, regardless of importance are reviewed by the selection committee. This increases the volume of work that must be processed in committee which by its nature is inherently a time-consuming process.
2. Each executive is involved in all decisions in Montreal and all decisions in Toronto. This effectively doubles their workload volume from what it would be if organized on a regional basis.
3. Each executive must spend a fair amount of time traveling between Montreal and Toronto. Travel increases the administrative costs of the organization and reduces the proportion of time that an executive can devote to important matters.
4. There is requirement for intimate co-operation between the managers of operations and business affairs. In the past, this was not always possible due to the personalities involved.
5. When agreement cannot be reached, conflicts often have to be handled by the executive director who may not always be available to deal with them quickly.

As a result, the investment approval process seems to have become a drain on the organization's management resources and a bottleneck in

the process of approving projects.

An internal Ad Hoc Committee, established last fall to look into pressing operational issues, has addressed this problem and has suggested that the decision-making process be delegated to a lower level. We would like to refine this recommended process as follows:

1. A review committee is a good idea as it is helpful in passing information and improving the quality of the investment decision. The review committee should be authorized to make recommendations only and to submit those recommendations to the regional Executive.
 2. Review committees could be established locally and would likely have as members, managers or representatives of Creative (Operations) Affairs, Business Affairs and possibly legal or contract administration.
 3. The regional Executive would be authorized, without requiring any further authority, to approve projects up to a limit of \$100,000 providing that the funds were available to be committed. The regional Executive would review projects exceeding \$100,000 and would either reject the proposal or would recommend it for further consideration by the Executive responsible for Financial Investments.
 4. The Executive responsible for Financial Investments' review would be aimed at ensuring that the investment in the proposed project is consistent with the Corporation's strategic objectives, that funding is available and that contractual conditions are adequate. He would be authorized to approve projects not exceeding \$500,000 and would submit projects exceeding that amount to the Executive Director for his approval.
 5. All projects exceeding \$500,000 would be submitted to the Executive Director for approval and all projects exceeding \$1 million would be submitted to the Corporation's Funds Administration Committee at one of its monthly meetings.
 6. Information regarding the status of projects should be circulated on a regular basis to ensure that the executives are well informed of the projects under consideration.
 7. The Funds Administrative Committee will conduct a monthly review of all projects accepted by the Corporation's staff and would approve them on behalf of the Corporation. The meetings of the Committee are to be attended regularly by the Chief Executive Officer and the Executive responsible for Financial Investments and, occasionally, by other executives or managers as required. A summary of all projects approved will then be circulated to all the Members of the Corporation...
- Based on an analysis of 547 existing investment projects, representing \$134 million, we have estimated that the workload might be as follows:
- 547 project proposals would be evaluated and approved locally by a review committee. Slightly more than half would have been reviewed in the Toronto office, the remainder in Montreal.
 - 345 of these projects representing 13 % of the total investment value could be approved by the Regional Directors of Operations.
 - 119 additional projects representing 22 % of the total investment value could be approved by the Regional Director of Operations and the Director of Financial Investments.
 - 83 projects representing 65 % of the total investment value would be presented to the executive director. He would be able to approve 45 and would be required to submit the remainder to the Funds Administration Committee.
 - 38 projects representing 40 % of the total investment value would be presented to the corporation for approval.

The advantages of this type of decision-making process include the following:

- Executives (Regional Directors of Operations) will be provided with more discretionary time as they will only have to process half as many proposed projects, will do less committee work and will spend less time traveling.
- Local managers and/or analysts will be able to provide more direct input into the decision-making process thereby modifying the nature of their work from a purely technical and bureaucratic analysis process to a participative management process.
- The elapsed time required to make an investment decision should be reduced at least in the case of smaller less consequential projects.
- The Executive and Executive Directors will still have the final say up to their authority levels and will be able to spend more time evaluating the more significant projects.
- Executives can be held accountable with respect to the performance of the investment portfolios which they approved or recommended for approval.

The following pages will illustrate some of the key observations which were collected throughout our examination of the Corporation and from which we have drawn tentative conclusions presented following the related observations...

OBSERVATIONS AND CONCLUSIONS

A. CONDUCT OF BUSINESS ACTIVITIES

Our examination of the base business activities of TFC pertaining specifically to its Operations and Business Affairs functions brought out the following *observations* which may be supported by some verbatim *remarks* as stated by interviewees and leading to our tentative *conclusions*.

1. Observation:

The nature of the business is information on projects in constant evolution; the information is ephemeral and cannot always be totally absorbed.

Remarks:

- In order to conduct business, employees have to deal with an enormous volume of data while it is at times difficult to take and structure complete working notes due to the variety, depth and different levels of discussions being entertained throughout a business date. This still brings out the need to determine how to establish, maintain and operate the "corporate memory" without losing the requisite flexibility which is expected from the clients of Telefilm.
- "The ability to transfer knowledge is still a weakness; the corporate memory cannot be set in a manual of procedures and practices without risking being pigeonholed."
- "How can Business Affairs give better guidance to Applications Coordination who guides produc-

ers through the initial steps of a submission?"

- "How can we maintain a healthy state of tension between Creative Affairs ("the product") (operations) and Business Affairs ("the deal")."

2. Observation:

The perception of what Telefilm should be, a subject on which many varied opinions have been, and are being expressed, may be conflictual; the "good role" of making investments in the light of pressures for subsidization, and the "not so good role" of rejections, unsatisfactory proposals, negotiating a satisfactory deal, and later collecting money owed to Telefilm through legal/contractual obligation.

Remarks:

- "How do we go about designing semi-standard procedures while staying responsive so as to avoid abuses from "clients" (procedures) who have known the processes of TFC for a long time."
- "A project submission with a \$40,000 budget requires the same amount of time and analysis investment than a \$2,000,000 project; both types of budgets encounter similar barriers."

Conclusion

One way of looking at Telefilm would be to indicate that it manages through guidelines and not through strict policies: the organization negotiates projects through an evolutionary process whereby it "goes to school" on each and every deal in order to make the subsequent deal benefit from the learnings. At the same time, TFC avoids allowing a formal position to emerge so as not to alienate stakeholders in the industry who would tend to see a particular deal as a definitive stance on the part of Telefilm. This avoids attempts by producers to find ways of either copying a deal if it worked well for the Producer, or trying to get around the stance if it created a difficulty.

Such an approach of managing by precedents may be exemplary of organizations in the process of evolving in immature industries. In such a situation, it would certainly be premature to attempt setting down strict policies on such untested foundations. But at this stage, Telefilm has enough experience (over 500 contracts in two years) to start establishing more definitive guidelines and to establish safeguards for the good of Telefilm and/or the Executives and the Members of the Corporation.

B. STRATEGY

1. Observation:

The difficulty for Telefilm to attempt developing strategic plans resides in the complexity and the dynamics of environmental elements: industry differences (film, TV, cable, etc.), regional differences (Eastern provinces, Western provinces, provincial agencies, etc.), Central Canada (Ontario/Quebec, two languages, two cultures, etc.), foreign offices and related international concerns, nature of investments (development, production, distribution, etc.), young executives and managers (experience, tenure, job opportunities, etc.), difficulties in forward planning (uncertainty of number of future projects).

Remarks:

- "The organization needs to constantly balance several conflicting mandates:
 - Regional production: "should the standards be the same as for Central Canada or do regional pro-

ducers need to fit the mold?"

- Foreign investment: what happens to "Canadian content" should the investors insist on including foreign stars before committing their money?"

- "How does Telefilm fulfill everyone's wish list regarding TFC and still maintain control over its direction instead of having to constantly react."
- "How can TFC avoid creating two corporations, one Montreal-based and the other Toronto-based while at the same time maintaining an administrative homogeneity and coherence in decisions made."
- "Overall, specific future activity can only be determined three weeks in advance for Business Affairs and Operations, as applications arrive on a weekly basis."

2. Observation:

Sensitive producers of Franco/Québec roots need to sense that decision-making on Creative Affairs aspects originates from Montreal while problem-solving on both creative affairs and business affairs can and should be managed from Montreal.

3. Observation:

In Quebec, part of the strategy of Telefilm was to put independent producers "on the map" and to augment the number of produced hours of variety programming whereas in Ontario, the objective was to increase the number of hours of prime time programming.

4. Observation:

A strategic concern as expressed by some senior employees of TFC resides in the lack of guidance coming from DOC; the question could be: is guidance really needed or is reasonable forewarning of the Minister's stance (such as the one in November 1986 about Cable Television) sufficient in order to be manageable.

Remarks:

- "To what extent is TFC clear about the nature of the "traffic rules", the links between broad policy guidelines stemming from the Communications Department and the detailed policy formulation for funds administration, an area which is the responsibility of TFC."
- "How to manage the interface between DOC, the Corporation of TFC and the Executive Director, the need for TFC to manage the evolution of Canadian related policy from the few broad guidelines provided by DOC seems to have put some stress on Telefilm: what structural mechanism could be formalized so as to provide an open line on an ongoing basis between the Corporation and DOC policy personnel."

Conclusions

- TFC does not appear to have a global vision of where the industry is going over the next three to five years. TFC does not appear to understand how it can act to strengthen and consolidate the industry it serves. Without this global vision, TFC is relegated to a role of simple funds administration on a project-by-project basis.
- How to reconcile the long-term investment strategy with the tactical preoccupations of the contract management tracking tasks; what is the nature of interface between "investment department", Corporate Department and Business Affairs.
- TFC will have to prioritize, address and distinguish *policy* issues from *operating* concerns in its industry dealings; it will need to articulate the role of the Executive Director and of the other Executives in this regard. Policy issues should be

analyzed in depth by the Executive Director and other executives with the view of defining guidelines on the issue. Such guidelines should be reviewed and approved at the Corporation level and communicated to staff in memo form. Interim guidelines could be issued pending Corporation's approval.

C. STRUCTURE

1. Observation:

The roles of "Operations" (the product) and Business Affairs (the deal) appear to be reasonably clear, but other roles and responsibilities appear to be unclear, may overlap and tend to focus on current, secondary issues.

Remarks:

- "TFC has begun to replace what is deemed to be a collective way of doing things by a hierarchical thinking requiring clear terms of reference at the employee level where few jobs have been properly defined."
 - "There is a lack of objectives and clear delineation of responsibilities: there is a poor comprehension of what is expected to be done; eventually, people would define their own job and may undertake to take on tasks which appear to fit the job definition to which they arrived at and which in turn may overlap with the job of others, thus creating possibilities for some duplication of effort."
 - "There is confusion as to where the responsibility of one person ends, and where the responsibility of another begins. This leads to a large number of people being involved in the decision-making process, and therefore additional time is required before an application can proceed to the next step."
 - Regarding contract administration: "To a large extent, controls related to project follow-up are left in the hands of support personnel but must be overseen by managers; however, management cannot always hold their hands. There are risks that errors or omissions can result from this delegation. In fact, usually there is little follow-up effected on projects."
 - "Unlike Montreal, in Toronto the policing of contracts clauses in order to seek detailed information is left to the care of junior support employees or to outside accounting firms ("Ernst and Whinney or Laventhol Horvath")."
 - "The tracking of contracts to a large extent will depend on the information that film distributors provide to producers who in turn will "interpret" such information to Telefilm in order to satisfy contractual agreements. It is likely that the information provided by producers may be erroneous and to the detriment of Telefilm."
- 2. Observation:**
- "The Corporation does not provide its services on an even basis to every region of the country. Consequently, the industry players will be maintained in a less favorable position relative to those operating in Central Canada."
 - "Regionally-based producers are asked to 'fit the mold' of Telefilm which is then perceived to be designed primarily for producers living in Central Canada where the industry is more mature, better connected with the industry networks than in Eastern or Western provinces."
- 3. Observation:**
- The Corporate Affairs Department of TFC is more

a "corporate Ottawa" whereby the style and the nature of activities is geared at satisfying bureaucratic and political needs; the function is perceived as ill-equipped to deal satisfactorily with industry trends and representation needs. The calibre of resources is deemed to be insufficiently prepared to interact with private sector issues, particularly in terms of the corporate image and corporate communication aspects.

4. Observation:

Structural problems and inefficiencies tend to highlight time demands placed on the Executive Director which tend to take him away from base business considerations. This would suggest that linkages between the Executive Director, strategic considerations, organization structure and staff management demands, need to be managed optimally in order to take the problem-solving away from the Director, limit his decision-making to major business considerations while centering his timely involvement on strategic issues.

5. Observation:

Marketing and Public Relations activities are disseminated throughout different functional units of the Corporation. These activities do not appear to be coherent nor is there a focal leadership point to whom employees of these units can look to for strategic direction and inspiration.

6. Observation:

It would seem that professionals originating from the filmmaking business are not in the habit of developing subordinates by keeping them informed of what is being discussed or decided upon. Consequently, what an Executive perceives to be a "house policy", such as, how to deal with CBC, might be met with total surprise from the employee who said that he or she is totally unaware of what that policy is about. However, some of the problems may lie in the fact that sharing information with subordinates might not be necessary since it is assumed that they don't need to know what the Executive needs to know but where is the line drawn?

Conclusions

- There is an urgent need to strengthen the role of the Chief Financial Investment Administrator: to ensure that all financial deals in which Telefilm seeks to participate are properly structured and financially sound. In conjunction with Business Affairs financial and legal analysts, to track projects performance through to the point of recoupment where assessments of return on investments can be confirmed and money collected through its contract management section; to seek financial participation from private sources external to Telefilm via the Montreal and Toronto personnel assigned to the task, via regional offices representation (Vancouver and Halifax), as well as international funding sources connected through the foreign office representatives.
- There is a need for detailed charting of responsibility areas with commensurate decision-making powers for each major business function as well as for each employee level of Telefilm; statements of interphase outlining the basis on which departments will interact so as to minimize overlaps and gray areas.
- The foregoing is deemed to be necessary since most Executives operating at Telefilm originate from medium to small-size organizations where they developed several, and at times, unmatched management habits; due to the frequent changes in senior management, these accompanying changes

of habits have confused employees and left them uncomfortable as to who does what and *who answers to whom*; the establishment of "traffic rules" using tools such as the ones described earlier will enable Telefilm to rely on some fundamentals of management irrespective of who is in place. Indeed, a key concern expressed by several employees was that key information was not passed down to the worker level from management and particularly from the Executive level.

• A gap exists in that there is no senior role of Chief Marketing Officer as executive responsible to track distribution and promotional potential of Canadian products in development through the involvement of Telefilm; to coordinate the trust of commercially related activities in the Canadian domestic market through communications and/or marketing representatives; to coordinate and manage the promotion of Canadian products, developed through the involvement of Telefilm, in foreign target markets through international marketing and festival resources especially prepared and dedicated to this task: to manage media activities related to the corporate image of Telefilm in conjunction with communications department.

D. SYSTEM

1. Observation:

Budgetary control exists only on a global basis as opposed to a unit basis (cost center management) except for what are viewed as "stable" business unit, for instance, Foreign Offices and Festivals. Control structures are hard to develop for Business Affairs and Operations due to the major changes that seem to occur and recur constantly.

2. Observation:

A general view of the policy process can be presented as follows: once Ottawa decides that a particular Fund can be created and managed by TFC, broad directives are sent to Telefilm via DOC. These directives are then taken by corporate personnel who articulate these in detailed policy language. Then they are discussed and agreed upon by the Executive Director before submission to the Corporation members for approval. With the green light from the Corporation the Executive Director mandates his executives to develop some manageable guidelines to negotiate with those seeking to strike a deal with TFC. These name guidelines are not necessarily written and may vary from one geographic market to the other. Guidelines are assisted by procedures documents outlining step by step "how to deal with TFC" for applicants.

3. Observation:

Still, a gray area seems to persist somewhere between "policy" and "guidelines" such that in dealing with the Producer at the other end, should his expectations be unsatisfied, he can bypass the process, forego the traffic rules and go straight to the top at TFC or even to political leaders either directly or through the media in order to lean on TFC.

4. Observation:

The overall capability of TFC to administer contracts regarding funds committed is deemed sufficient but frail; due to systemic weaknesses, the organization is able to maintain a critical eye only on deals where very significant amounts (more than \$300,000, as per an Executive) are invested.

5. Observation:

What should be the role of the Corporation members regarding day-to-day affairs; the extended members currently meet every two months or so and to keep them informed on what went on requires detailed documentation which becomes burdensome to "line" Managers. Is the members' role to be a blend of decision-making and planning? If the Corporation meets to approve deals of over \$1,000,000, an amount which is not unusual and probably could not wait for two-month delays, or if to do so comfortably the members need to be walked through the problem-solving and discrete decisions that particular deals require, then how can it find time to work on planning issues, to look forward and prepare TFC for the future.

6. Observation:

Some Executive speak of the need for latitude in decision-making; for instance, requests for discretionary budgets which would be allocated to regional offices and which would be somewhat justified as a means to alleviate criticism voiced by regional producers (how does that fit with the need for accountability?).

7. Observation:

Appropriate delegation of real powers and financial authorities require flexibility and trust: who should be the guardian of such powers/authorities; the Chief Financial Investment Executive or the Administration Executive or the Executive Director?

8. Observation:

In recruiting for senior positions, the personnel department prefers the use of career ads with the ensuing systematic but long-winded processing of candidates. The Executive Director would rather find someone through networking in the appropriate circles by sending some general signals stating that a position is available. A related criticism from an Executive was that personnel should stop providing 25 candidates that are more or less valid and limit the time that is wasted by providing two or three significant applicants.

9. Observation:

A wish that has yet to be answered is to keep employees trained, informed and therefore efficient. Formal training in technical areas does not appear to be available, nor could it be easy to justify, since most of the jobs are unique and discrete and therefore, heavily "crafts dependent" particularly the analysts in creative, financial, legal and distribution areas. In other words, the "craft" developed by the "whole" person over an extended period of time is not easily transferable to another person. However, initiative such as a Toronto-based distribution specialist who gave a two-hour information session to Toronto office employees is most welcomed to make employees aware of the variety, complexity, and at times the difficulties encountered in day-to-day work. Such sessions should be fostered as a means to increase awareness and understanding of one another's role. This suggests the need to reaffirm the responsibility of a manager or analyst training his/her subordinates properly and completely with respect to their job area.

10. Observation:

There is no known comprehensive system that follows the career of a film, and although there are many monthly summary reports that are generated, there is no distribution of these reports, and this results in a lack of pertinent information that would aid decision-making, at all levels.

Remarks:

• "There are no known statistics or feedback process that Telefilm personnel can use to evaluate past decisions. For current decisions, there is no way of obtaining the histories of producers or directors that have previously received financing from Telefilm."

Conclusion:

The Ad Hoc Committee provides a useful data-gathering and problem-solving mechanism able to identify "operating" difficulties, such as some of those mentioned in the foregoing, so as to establish corrective measures, set priorities and bring commitment through consensus. It also brings out valuable information from the worker level through their various and numerous "windows onto the world".

E. MANAGEMENT STYLE

The organization is heavily affected by two strong characteristics;

• The importance placed on up-to-date detailed information on what is happening in this fragmented industry. This concern is dealt with through management meetings and numerous conference calls involving executives and managers.

• The need to be present at various industry events causes frequent traveling for executives who may be away from their regular duties for extended periods of time.

These two elements, coupled together, create large time demands on executives and leave them with limited time to deal with their management duties and in particular to meet with clients. In this context, it becomes difficult to orchestrate the management processes.

1. Observation:

There seems to be at least two somewhat distinct cultures currently existing at Telefilm; one that we can associate with some individuals who joined Telefilm from the National Film Board and one which is more closely related to individuals stemming from the private film industry. The former are characterized by a need to rely on documented precedents, a yearning for stability and consistency in the dealings of Telefilm. They also tend to refer to the past as a model that would appear more satisfactory than the present. The latter, those originating from the private sector, seem more inclined to take charge and to take a more confrontational attitude. While the latter seems to be predominating, those who tend to identify with the older practices of the former perceive the current reality of Telefilm as being sort of "a zoo" and while they seem to be digging their heels in and lambasting senior management, they appear unable to suggest appropriate remedies. All they seem to rely on is to suggest a need for defined guidelines, as they had with the NFB.

2. Observation:

There seems to be a tendency by some junior employees to exhibit a take-charge attitude which motivates them to lobby with Managers or Executives in order to create jobs that currently don't exist (e.g. Secretary to former Toronto-based Executive who worked to create a job for herself as communications representative in Toronto).

3. Observation:

The new management style fostered for Telefilm is one that will allow it to "react in a coordinated, intelligent and quick fashion" (something that apparently, other agencies don't do).

4. Observation:

The emergence of fiefdoms to which people give their allegiance instead of a loyalty to the whole organization make it more difficult to instill a spirit of overall cooperation. However, senior leadership doesn't appear to be overtly concerned by the fragmented work climate and difficulty of communications between certain groups.

Most Executives speak of team work as a requirement for success in properly evaluating proposals and arriving at the best possible planned deal: however, departments have more or less been isolated in the past with a "we/they" antagonism tending to linger, particularly between operations and Business Affairs executives that would eventually require arbitration at the Executive Director level.

5. Observation:

The work of an evaluator, in the Operations Group, is not as well defined as procedures are in Business Affairs. There are never the same factors for evaluating a script. It is a very subjective analysis (due to the creative nature of the product) based on the opinions of the evaluators, and therefore a business "style" is not easily applied to the Operations Group.

INTERNATIONAL MARKETING AND FESTIVALS

This section of the report endeavours to highlight some of the *observations* and *remarks* noted through analysis of Marketing, Festivals and Foreign Office, and attempts to draw *conclusions* from these points.

1. Observation:

There are three groups who work closely together: International Marketing, Festivals, Foreign Offices. Each requires the assistance of the others in the tasks that they perform. At the same time, these three groups function independently of the main offices in Montreal and Toronto. They "... interface very little with Operations and Business Affairs", and they perceive that they have no need to do so.

Conclusion

It would be advantageous to locate these groups close to one another (except Foreign Offices) so that they could coordinate their activities in an efficient manner by grouping similar functions together.

2. Observation:

Decisions made in the Marketing Group are done on a "new case" basis. Each application is treated as a first, although a client may have dealt with TFC before.

Remarks:

• "There are no career records on the success or failure of films, producers, distributors, and exporters."

• "Marketing produces their own report summarizing their activities, but they have no one to give it to for future reference."

Conclusion:

There is no way of evaluating past client performance and therefore it is not possible to determine if past marketing decisions were correctly made.

3. Observation:

Unlike many of the other departments in TFC, the Festivals and Marketing groups have a very defined idea of what their activities will be six months to one year from now.

Remarks:

- "The Festivals Group knows in advance of the 300 odd festivals that TFC will participate in during the coming year."
- "The Marketing Group meets with exporters twice a year, where they determine the future activities of exporters and can therefore forecast the Group's activity three to six months ahead."
- "We deal with the end product, there are no production or development delays."

Conclusion

This observation demonstrates Marketing and Festivals uniqueness in an industry that is run on a week-by-week basis. Do they belong in the same division as Operations and Business Affairs, or should they be separate?

4. Observation:

Some films reach the distribution and exportation stage, but are then acquired by American or European export firms.

Remarks:

- "The export potential of some films is not realized until it is too late, and then someone else reacts and benefits from the Canadian film's success abroad."
- The Marketing Group "... feels that it should be involved from the very start with films whose scripts have excellent export potential. Therefore, Marketing could advise in relation to the international marketplace."

Conclusion

Canadian exporters could benefit from a program that kept promising Canadian films in the hands of Canadian business.

COMMUNICATIONS DEPARTMENT

The Department was subject to an evaluation study conducted by outside consultants, Bazin-Dumas, in 1986. Its key recommendations were to:

1. Retain Marketing Division as part of the Operations function.
2. Strengthen the Communications Department so that it becomes an essential component of Corporate Services.

One of the most active areas of involvement upon which the Communications Department focuses its attention is related to public relations activities such as organizing social events, film screenings, celebrations, etc. While these activities are part and parcel of the industry "modus operandi", we

have identified several communications dimensions within which the foregoing activities are present...

Observations:

1. One current key role of the Communications Department is to update user guides; however, Toronto operations prefer to ask an outsider (Ann Mackenzie) to come in and from scratch, design procedures related to the fund policies: does that overlap or create confusion regarding the role of Communications?
 2. Communications is a sector which is unknown or worse, misunderstood by most employees of TFC, particularly as regards the detailed activities required to be done.
 3. Bazin/Dumas in their report seemed to have mentioned, but without really addressing, the issue of Communications Department management.
 4. Communications appears to need a representative in place in the Toronto office; if so, what are the terms of reference, what types of interphases would they have both internally and externally, should it be equivalent to a Manager or an Analyst, etc.
 5. In principle, all printed material should go through the communications department; is that necessary? Is the necessity understood by all parties involved? Is that control process superfluous, thus fueling some reluctance to adhere to that organizational requirement?
 6. Attempts at developing the "corporate industry image" side to TFC has been diffused, without a strong image or symbol that the industry representatives can relate to.
 7. What is expected of the TFC Communications Department in its external role towards the media, film and TV industries, and other cultural industry? And what is expected of the Communications Department as regards internal affairs; employee information, management and the media, publication management, translation, etc.
 8. Corporate communications aspects need to be reinforced, particularly in the messages directed at the clients that is, Producers, Directors and the like, not at the public as this goes against the general view which is held that we should maintain a low profile.
- Our view of the role of the Communications Department is that it should be limited to specific areas, along with the preparation and execution of public relations activities already mentioned:
1. Formal announcements about programs or policies.
 2. News releases about particular events to which TFC is associated.
 3. General dealing with the media.
 4. A monthly internal bulletin to employees.

RECOMMENDATIONS

A. STRUCTURE OF THE CORPORATION

1. The Corporation needs a revised legislation that will consider the current circumstances and

allow better guidelines to be developed for the benefit of the film and television industries.

2. We recommend that the Membership of the Corporation be increased from 6 to 11 members so as to allow better regional representation and increase the depth in certain skills deemed useful to the Corporation decision-making, for instance international experience, film production and distribution experience, advertising and public relations, and banking expertise.
3. The role of the "ex officio" Member, the Government Film Commissioner, is clearly useful in bringing related skills to the Corporation although concerns about the necessity to negotiate business, in particular co-production, have been raised; still, we believe that the experience and networking capacities brought to the Corporation by the Commissioner greatly outweigh these concerns.
4. We recommend that members of the Corporation take a more direct participation in the supervision of Telefilm affairs. This can be provided through establishment of standing committees of the Corporation. We recommend that two specific committees of the Corporation be established:
 1. the Audit and Administrative Committee; and
 2. the Funds Administration Committee.
 - a. The Administrative and Audit Committee of the Corporation would be responsible for the supervision and scrutiny of contractual obligations and expenses directly related to resources administration (human resources, material requirements, systems, foreign travel, etc.) to which the Corporation staff will commit the Corporation; it will examine related considerations prior to authorizing individual commitments in excess of \$50,000 on behalf of the Corporation. It will also provide the Corporation with the internal auditing role sought by government legislation for federally-run institutions similar to the Corporation.
 - b. The Funds Administration Committee will review the ongoing performance of the Corporation in its investments, loans and fund administration; it will authorize major investments (e.g. over \$1 million) on behalf of the Corporation and measure the Corporation on its recoupment performance. The foregoing committees should be composed of two members of the Corporation and of the Chairman, "ex officio". The committees should meet separately, once a month, with the attendance of the Chief Executive Director and the Director of Administration for the Administrative and Audit Committee, and the Director of Financial Investments for the Funds Administration Committee. The two committees should be authorized to handle urgent matters through conference calls.
 5. The position of the Secretary to the Corporation should be formally staffed by a junior executive able to attend the affairs of the Corporation and of its various Committees.

B. ADVISORY GROUP TO THE CORPORATION

The Act of the Corporation stipulates that the Corporation could consider establishing an Advisory Group to be able to advise the Corporation on industry issues so as to provide a valuable input in its policy formulation.

It appears that such an advisory has been used in the past with some results. Current Corporation leadership indicates that the usual format of advisory

committees has proved to be largely inefficient since the participation of close to 35 industry representatives as had been experienced in the past rendered the committees as more of an opportunity for the senior Executive to deliver a speech than to dialogue effectively.

Nowadays, the staff of the Corporation has demonstrated an ability to more effectively seek and manage industry input by means of "ad hoc" advisory groups invited to two-day sessions of intensive discussions on current issues of interest to all parties, a process for which the Executive Director of the Corporation should be commended about.

C. EXECUTIVE AND MANAGEMENT STRUCTURE

To establish stronger accountabilities for senior managers through the creation and the maintenance of clear responsibility centers, it is recommended to the organization structure shown on the opposite page. This structure is intended to:

1. Maintain the integrative role of Territory Operations Executive in Montreal and Toronto to be responsible for both creative and business affairs as it provides a geographic focus without creating two Corporations.
 2. Strengthen the newly created Financial Investments Directorate by developing clear rules of interface between the Director of Operations and the Director of Financial Investments by means of financial authorities which demonstrate the significant contribution expected of that position.
 3. Formally create the role of Chief Marketing Officer to be called Director of Marketing and Public Relations. The Corporation can look to this position for developing the strategic marketing focus and related programs for the Corporation regarding external communications, the image of the Corporation, expectations as regards the contribution of international marketing activities, festivals and the international offices. This position should ideally be filled by an executive with considerable experience in film distribution, international marketing, public relations and advertising experience.
 4. Sharpen the focus of the Deputy Director and Director of Corporate Affairs, primarily responsible to maintain strong channels with federal authorities and to clarify policies while developing the strategic plan of the Corporation in an ongoing fashion.
 5. Make the Director of Administration accountable directly to the Senior Executive separate from Corporate Affairs so as to give more significance to the emerging need for controls in financial reporting and resources management.
- The foregoing provides the six executive roles that, together with the senior Executive will constitute the Management Committee of the Corporation, the key management tool for global vision and local action that enables the proper steering of the Corporation so as to successfully meet expectations of the Corporation in terms of the key success factors previously identified.
- The following nomenclature of titles both in English and French will provide the Corporation with proper and acceptable labels for the foregoing roles and their key subordinates as is illustrated...

6. Complementary recommendations:

a. The function of Contract Management should formerly incorporate some role for capturing market data and providing feedback to the Business Affairs professionals concerning status of deals, what has been learned through previous involvement and what we should require before negotiating any deals; should also feed this intelligence to the distribution people.

b. We recommend that the current position of Executive – Communications be modified into a position of Administrator – Communications, reporting to the Director of Marketing and Public Relations and responsible for:

- Design of PR program and execution of PR activities.
- Preparation of news releases and media relationships.
- Preparation of a monthly bulletin for the benefit of Telefilm employees.

7. An integrated strategic plan able to focus TFC on its direction over the next three to five years should be developed within six months. This strategic plan should cover the following aspects:

- a. A three to five-year forecast of the film and video industry situation.
- b. Overall objectives for TFC in terms of the desired impact on this industry.
- c. Statement of the mission of TFC.
- d. An assessment of current programs in regards with the objectives of Telefilm.

e. An action plan with specifics for each division/department.

8. We recommend the abolition of the Decision Committee and the implementation of the proposed decision-making rules for funds administration... The policing of such rules should also be identified for accountability purposes.

9. Our review of TFC allowed us to briefly examine the remuneration program of senior executives. The related findings allow us to state that the senior executive positions are remunerated at a level below that of comparable industry with significant financial responsibilities. An excessive turnover of senior personnel has been a consistent problem at Telefilm and the lack of adequate financial remuneration is one of the causes of this turnover. We recommend that a remunerating study for managerial positions be effected with a view to implementing a complete remuneration system for such positions.

10. Complementary recommendation: Executive performance should be spelled out for each executive area from the starting point provided by the department mission objective for a current period; key result areas should be identified in order to provide the broad sectors of responsibility which contributes to the mission and in which the Executive must produce results in order to be successful; for each of his result areas, a performance measure should provide the type of information that will tell the Executive how well he or she is doing in relation to that area; in direct relation to each per-

formance measure, there is a performance indicator able to quantify result in a particular area. The foregoing will be a barometer against short-term goals representing specific results to be achieved in a defined time frame; these goals fit within a longer term target which the goals will help the Executive to realize...

11. We agree with the current program of regrouping all Montreal-based personnel under one roof, both for financial and operating efficiency reasons.

12. We propose that semi-annual internal conferences involving key personnel be implemented with a view to addressing strategic issues only. Such sessions should provide the foundation for integrated action plans and team-building opportunities that will eventually strengthen Telefilm.

13. We recommend that the management style of Telefilm be reviewed and then defined on the basis of the following themes:

- global vision, local action;
- first priority to client affairs, second priority to management, third priority to industry information;
- information flow through the reporting line;
- respect for the individual contribution of all employees;
- rules of ethic and confidentiality in dealing with clients and industry representatives.

All managers should receive training in the implementation of this style of management.

14. We recommend that the respective roles of

Chairman and Executive Director be clarified along the following lines.

a. Role of Chairman

- Preparation and conduct of Corporation's meetings;
- Participation in the two Corporation's committees;
- Debriefing after each Corporation's meeting with the Management Committee;
- Discussions on key issues with Executive Director;
- Participation in major industry events and Telefilm PR activities;
- Reporting to the Minister and contact work with political authorities;
- Follow-up on Corporation's decisions.

b. Role of Executive Director

- Planning direction and control of all Telefilm activities;
- Reporting on all important issues to the Corporation.

15. We recommend that the annual meeting of the Corporation be conducted in the presence of the Minister of Communications who is the "sole shareholder" of the Corporation. The annual meeting should be conducted in two parts;

- a. The "private" annual meeting with the Minister responsible;
- b. The "public" part of the meeting with the industry representatives in attendance. Strengthening of the periodic reporting to the Minister also appears to be a political necessity. •

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