

**Role Play**

**The Prince:**

Confidential Instructions for Jin Zang

06/2024-6921

This role play was written by Radhika Goel, Nico Dehnert, Varun Goel, Arra Khararjian, and Giovanni Nati, INSEAD MBA Alumni, under the supervision of Martin Schweinsberg, Associate Professor of Organisational Behaviour at ESMT Berlin, Horacio Falcão, Professor of Management Practice of Decision Sciences at INSEAD, and Eric Uhlmann, Professor of Organisational Behaviour at INSEAD. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

The authors gratefully acknowledge funding from the Hoffmann Institute.

To access INSEAD teaching materials, go to <https://publishing.insead.edu/>.

Copyright © 2024 INSEAD

Copies may not be made without permission. No part of this publication may be copied, stored, transmitted, translated, reproduced or distributed in any form or medium whatsoever without the permission of the copyright owner.

General Information

After the massive success of the critically acclaimed live-action film adaptation of the book “The King,” Now Coming Good Studio (NCG) is enjoying hugely positive press and popularity with audiences. NCG has been widely praised for the creative and technical work they did to bring the fantasy classic to life. The film won all 9 academy awards that it was nominated for, including Best Picture, Best Director, and Best Adapted Screenplay, and grossed $1 billion worldwide in revenues despite a budget of only $60 million. Although the studio who makes the film receives about half the total grosses (in other words $500 million, with the theatres that show the movie receiving the other half), for an investment of just $60 million that is still an extraordinary business success.

Most industry observers agree this achievement would not have been possible without Ghang Chang’s work as a director (Ghang became an overnight celebrity in his own right) as well as his creative team. Both critics and hardcore fans of the book series were amazed by Ghang’s visionary adaption of the book to the movie screens, helping NCG build a reputation for a studio to watch out for. Industry experts predict NCG will rival its much more established competitors over the next few years.

There are now widespread calls among fans for NCG to adapt the epic 900 page prequel book, “The Prince,” into a live-action movie. Analysts believe that although the prequel budget would be higher, most likely $100 million to make a 2-hour film, given the intense fan interest across the world expected revenues could be comparable to those for The King.

However, NCG was unable to purchase the intellectual property (IP) rights to The Prince prior to making The King. For many years, two rival studios, Intellectual Tiger Studio (ITS) and Roaring Lion Studio (RLS), have fought over who owns the full IP rights for the movie version of The Prince. The current legal situation is that ITS owns the creative rights to produce the movie but RLS has the distribution rights for any film version of The Prince. Crucially, nobody can produce a movie without both these rights.

NCG wants to resolve the IP issue and make the live action version of The Prince. Naomi Jing, the CEO of NCG has called a meeting with the heads of the other two studios to find a mutually agreeable solution.

Confidential Instructions for Jin Zang, CEO of RLS

You are Jin Zang, CEO at the historic Roaring Lion Studio (RLS). You have been with the company for over 20 years and climbed up the ranks from an assistant producer to CEO, a role in which you have served for the last eight years. During this period you have witnessed the financial success of the company but also its creative decline. During your tenure as CEO you have leveraged on the widespread interest of the public and fans of robots and produced the block buster series “Mega-Robots” of which 4 sequels were produced. Although the films made billions of dollars at the box office and billions more in merchandising, they were panned by critics for their poor scripts and crass commercialism. The long lasting reputation of RLS took a beating and in artistic circles the studio has become the butt of jokes.

RLS is a major movie studio founded in the 1930s in Shanghai. The company was among the earliest studios in the Asian film industry and have been well known for a wide range of movies over the years. In the early years the company produced the classics “Kung Fu Kid” and “Kaito and the Mochi Factory”, which many children and young adults around the world grew up with. In the eighties and nineties the studio was famous for academy awards winners “The Legend of the Golden Kahn”, “The Last Empress” and “The Hidden Palace.”

The company is a veteran studio with a venerable history, but recently it has been struggling artistically, failing to win any major industry awards for years. Nowadays RLS is mostly known for “Mega-Robots.” Although this is a business and generating revenues is ultimately the most important thing, damage to the studio’s brand has long-term implications for your ability to attract top directors, writers, and actors. You are currently considering all options to turn the company’s creative direction around, by producing movies that are well accepted by the critics and generate good cash flows.

From afar, you watched the success of the movie adaptation of the The King, the novel that is a sequel to The Prince, brought to the public by Now Coming Good Studio (NCG) and its CEO Naomi Jing, director Gang Chang, and screenwriter Chee Hong. The rise of NCG as the underdog in a legacy industry has surprised you given their lack of a prior track record making successful movies. Whether a lucky fluke or not, The King generated $1 billion in worldwide revenues on a very small budget of only $60 million. You know that NCG is looking to build on its momentum and produce its next movie. Naturally, they will want to create a live-action film version of The Prince, the prequel to the King. Based on the success of The King producing or co-producing The Prince could be a golden opportunity to produce a movie with high returns and good critical response.

You are well aware of your studio’s history with the novel The Prince and its previous film adaptation. The two-book series of The Prince and The King was first published in the 1950s by Michael Andersson. Shortly after Andersson’s death in 1962, the rights to the production of The Prince were divided into creative and distribution rights and the distribution rights went to Andersson’s wife and the creative rights were left to the children. In an attempt to make the most money out of the rights as possible, these were subsequently sold separately. While RLS purchased the distribution rights, the creative rights to produce the movie went to Intellectual Tiger Studios (ITS). At the time of the purchase both parties believed to have purchased the entire rights for the movies, both only later they found out they purchased separate rights instead of the entire package as the family built a complex structure around the rights. Since then the companies have been fighting each other in court to obtain the other rights as they believe their purchase was for both rights. RLS firmly believes to be fully entitled to both the creative and distribution rights as they were the first party to initiate the negotiation and purchase their package containing what they believed the distribution and creative rights. The company believes therefore that the rival ITS claim on the intellectual property is invalid.

In the late 1970s ITS and RLS decided to put their dispute on hold and in 1977 together the two studios produced and distributed a cartoon movie under the title “The Prince – An Animated Adventure.” Although the animated film had poor ticket performance and some out-of-touch critics judged it to have a weak script, it still touched a special place in viewers’ hearts. The movie has been shown on TV regularly since it was released and many now consider it an underappreciated classic. After the release of the animated version of The Prince in 1977, RLS and ITS again entered into a protracted legal battle over film rights and distribution of profits that has remained unresolved to this day.

Over the past few decades, RLS has been fighting in courts with ITS to obtain the creative rights as well, but the dispute remains unresolved and the rights divided between your two companies.

Your studio has more or less cut off communication and working arrangements with ITS due to the history of conflict and rivalry. Legally, creating a new movie version of The Prince will require both your company (RLS) and ITS to agree to a deal. In contrast, NCG is not legally necessary to make a film adaptation of The Prince.

Although you hadn’t previously given any serious thought to producing a live-action remake, due to the recent success of The King you are now extremely interested in producing The Prince to recover your reputation and attract better talent to the company. The recent call for a meeting from the CEO of NCG, Naomi Jing, with you and Oskar Cheng, CEO of ITS, led you to further reflect on which outcome would be most beneficial for RLS.

You are aware of the downward spiral the much smaller Intellectual Tiger Studio (ITS) is facing and their critical financial position. This might be the right time to flex your financial power and obtain for once and for all the creative rights from ITS, ideally for the pittance they deserve given their only possible contribution is not putting up legal roadblocks to the production of the film. Besides dealing with ITS and your historic rivalry you also have to deal with NCG. The studio is relatively new to the industry, having released its first major production just five years ago. However, NCG struck gold last year with the screen adaptation of the The King, which won numerous awards and was a box office smash.

You and other veterans in the industry however believe that the success was largely a fluke and would be hard to repeat for NCG. You are willing to bet on the success of The Prince and believe your studio is well equipped to make the movie a success.

To agree to a live-action adaptation of The Prince going forward, you want to ensure that RLS will receive the credits for producing or co-producing The Prince. Although you only own the distribution rights you believe your studio is very capable of producing the new block buster and you would like to have a fair share of creative control, preferably 50% of creative control if not a majority.

Given your status as a financial powerhouse in the movie industry based on the profits from Mega-Robots, you would be willing to play the leading role in financing movie, as long as creative control is substantial and you receive the largest share of the profits. You are prepared to finance the entire production and produce the film yourself without the other two studios if necessary. You could accomplish this by paying ITS a small percentage (say 1%) for the rights and cutting NCG out of the deal entirely. That said, you estimate the level of media hype around NCG’s creative team would likely boost overall box office revenues about 50% if they were involved, providing some reason to include the upstart new studio in this production.

One thing you cannot allow to happen is a failure to reach a deal to make The Prince. At a mimimum, you must come to an accord with ITS to stop the legal actions and move forward with The Prince, currently your one and only opportunity to restore RLS’s reputation in the industry as a quality film studio.

From your past experience with the Mega-Robots franchise you are well aware that splitting the long book The Prince into multiple films will greatly increase the amount of revenue generated. The downside is however that the quality of the movies and it’s impact on the audience usually decreases with the number of sequels. While you could in principle agree to turn the book into multiple films (like the epic 5-part series Mega Robots) you have a preference to produce ideally one high quality movie, as one of your main goals is to restore the critical and audience perception of your studio as a high quality studio. Although you would be reluctant to do so, you could imagine stretching The Prince into two films if that is what is necessary to reach a deal with ITS, who are only coming to the table because they want to make a quick win to stabilize their financial situation.

**In sum, there are three main issues you intend to negotiate a deal on: % profit sharing, % financing of the film, and % creative control.** One of your most important goals is to bring prestige back to RLS and attract talent to create higher quality movies going forward by being highly involved in the creative process and being credited for the expected success. If NCG is not willing to share creative control you would be willing to cut them out of the production of The Prince and make the film with rival ITS, the other claimant to the legal rights.

Please prepare for your negotiation with ITS and NCG.