

Porn 101 - Lesson 1 Assume the Position

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This is a four part series written by porn producer, director and star John T. Bone and originally posted on his blog John T. Bone Unzipped. If you are considering starting any type of adult production company we strongly suggest you read this as well as the other three parts we will be reposting on AdultBizLaw.com. This is one of the most honest and accurate articles I have read in regards to producing adult content. Many believe that this industry churns out money, read John T. Bone's post to understand the true economic realities of "porn."

The First Lesson

by John T. Bone

Most people get into porn because they think it is one big party and you get to fuck porn stars day and night. There is some truth in this analogy but the question is, "Is the fucking you're getting, worth the fucking you're getting?"

The first truth you need to know is that despite all the publicity to the contrary there is very little money actually circulating in the industry. Everybody owes everybody and not too many people are paying. The industry was founded by Mafia and pimps who laid the ground rules we abide by today, Essentially the manufacture, called a distributor, finances a picture or cuts a distribution deal with an independent producer who finances the picture, that would be you!.

Once the picture is shot it goes to an editor who has to be paid. The Art Director creates the 'box' or DVD cover art and prepares it for the printer, he must be paid. The printer delivers the finished box or DVD insert, he has to be paid. The edited movie goes to the Replicator who produces a pre-ordered amount of DVDs, these are then delivered to the Manufacturer, the replicator must be paid. At this point you have the maximum amount of money invested in your product.

So who can steal from you up to now?

1. The Editor. He has had total control of your camera masters and could have sold your footage to an internet company or another manufacture, either all of it or just one scene to be added to four other scenes stolen from other clients to make a different movie.
2. The Art Director has had control of your stills and could have sold them to an internet site, a cell phone content company or an agency that supplies single pictures to free magazines for strip club and phone sex ads.
3. The Printer. You order an pre-agreed number of inserts let us say 2,000. The printer delivers you 2300 and charges you for the 'over run' you have just bought 300 inserts you don't want and didn't order. Or he can print 4,000 inserts and sell 2,000 to another distributor who will buy one DVD from you duplicate it and sell 2,000 copies for a lower price than you can.
4. The Replicator. He has and maintains your replication master, he can run as many copies as he likes and needs only to duplicate your inserts which he has a stock of to also sell thousands of your movie for a lower price than you can.

5. The distributor. Even if he is honest his warehousemen may not be. A few years ago there was a network of warehousemen who ran an undercover distribution network selling movies to disreputable distributors and flea market vendors for pennies on the dollar. Though not as big a deal this continues today.

Now the company sales staff hit the phones and sell your movie. This is a whole new world of lies, deception and dishonesty.

The competition for sales is so fierce a company lives or dies by it's sales force.

The majority of sales are made to distributors, called distributors, who do not manufacture movies but buy finished packaged movies from most of the Manufactures and subsequently resell the movies to store owners or other distributors who have not paid your distributor for goods he has already purchased from him and has been 'cut off'.

How much do movies sell movies for? That is one of the great mysteries of the industry. The price range is so vast some store owners can sell your movie for the same price the store owner on the next block is paying you for it. The movies are shipped over a period of one week so that every local in the US gets it the same day, except there is a lot of cheating going on with LA companies that pay cash and get it early to sell to their clients on the East Coast so that they can get it the same day as the East Coast client who buys directly from you. There is a lot of fucking and cheating going on between the distributors but they are not our concern here we care only about the guy who paid for the movie, you!

So how do you get fucked here? Well there are three questions here, how many movies were sold? How many movies were really sold? When do you get paid? Here's where we inherit some of the stupid business practices from the old days. Once a movie is invoiced and delivered there is a time lag until the store pays for it. The sales staff generally work on commission and do not want to wait for their money, so it is possible that a salesman 'writes wood'. This is a practice of writing fake orders that were never given, or taking an order for 10 and changing it to 100 or convincing the buyer to order way too many based on the premise that he can return the unsold movies.

The next question is when is a movie really sold? Answer when the check has cleared your bank. Our industry, populated by idiots desperate to sell under any circumstances have enacted the most ridiculous policy of allowing distributors to return unsold product that defies intelligent comprehension. There was a time when manufactures believed in the quality of their movies, and stood behind them, that was so long ago few can remember it. Today's manufacture and distributor has a completely different view of the product and its creators.

First all movies are called product and it is understood that they are all crap. Second the talent, they are perceived as drugged out, moronic whores who fuck for money and require zero respect. Big stars are just drugged out moronic whores who fuck for way too much money. Directors and shooters are perceived as idiots so desperate to get laid they will work for nothing.

There is a lot of truth in these perceptions but they strip you of respect and thus cheating you out of your money is fair game.

So the sales people can over sell your movie. "1500 went out the door" Sales commissions are paid on the 1500. Now you must wait for the buyers to pay your manufacturer before he pays you, and guess what? Nobody pays in less than 90 days. So the packages that you saw going out COD and the cash sales? They don't exist. So 90 days later you want your money, 1500 pieces right? And maybe some reorders too? No way. 300 were returned and 800 were sold to the notorious distributors who don't pay, one in San Francisco and one in New Jersey eating up maybe half of that total.

So the 400 movies that you are going to get paid for now come under the terms of your deal. Who paid for the editing, the artwork, the printing and the replication? If you did your little bit of money less the distributors commission is a fraction of what you invested, if the distributor paid those bills you are still in the hole.

Other money will dribble in but so will returns. If you can afford to keep going you will eventually find yourself owed more money than you have ever earned in your life, with little or no power to collect it. Your distributor controls your business and he doesn't really give a fuck if you are happy or not because there are 10 new guys trying to get distributions deals with him right now.

Under financial distress the only solution is to blow out the product left on the shelf at a greatly reduced price, except some guys will buy it at the new reduced price and one week later return it as over stock from their initial purchase at the original price, they buy for \$3 and return it at \$13, net loss \$10 per.

Assuming that your distributor only fucks you on domestic sales you are now open to be fucked on foreign sales, cable sales, VOD, and Internet, we will cover these in a later lesson.