



Editor Loan-Outs: An AICE Overview

Requests for independent post production companies to loan out their editors and other talent are increasing across the industry. While ad agency in-house post facilities are the leading source of these requests, they're not alone: requests are also coming directly from advertisers, some of whom have set up their own in-house advertising departments that include production and post capabilities.

Others are coming from production companies themselves, which are increasingly looking to package production and post to provide agencies and clients with soup-to-nuts solutions. And visual effects and design studios are requesting that editors come and work in their offices, so that they can be in closer contact with their artists as a job or project is taking shape.

The landscape is changing in terms of where work originates and how it's produced. As a result, AICE members in every chapter are finding new ways to collaborate with clients.

As a trade association, we aim to provide an overview of critically important issues such as this and offer information and insight that will help our members navigate these situations. One of the key differentiators that sets independent companies apart – and plays a huge part in their intrinsic value – is the quality of their people. A company's talent is its lifeblood, and when considering whether to loan them out, many factors come into play.

First, when it comes to ad agencies, we all know these requests are part of an effort to capture revenue that formerly went to independent post production companies such as your own. Needless to say, ad agency in-house post is now in direct competition with your company and others like it. As such, we need to view these requests in a different light than those directly from advertisers, production companies or effects studios.

Loaning your talent out to one of these in-house facilities can give clients the impression that the agency post facility actually has this level of talent on staff. This not only further erodes in clients' minds the value of working at independent post houses but can also be perceived as a deceptive practice that may contribute to the overall lack of transparency between agencies and clients.

In addition, regardless of who's asking to 'borrow' your talent, if they propose only to pay a day rate in exchange, the finances can be difficult to reconcile. A day rate is often not

enough to adequately cover the overhead required to keep your talent on staff fulltime, especially when you factor in the costs of related support staff and technical infrastructure. It doesn't compensate for the disruption to your business that comes from having your artist out of the office and unable to contribute to multiple projects simultaneously. Nor does it pay for the time and effort you've invested in training and developing the talent in the first place.

Everyone recognizes that independent post companies must continually find new ways to work with their clients. And while AICE continues to advise against any situation in which your staff talent is being used by a competing entity to build their own profits or credentials, we also recognize, that having taken all of the factors into consideration, there are times when a company may agree to a loan-out. This can especially be the case in instances – such as requests from production houses or VFX studios – when having the editor on-site is seen as creating a smoother workflow that enables the job to run more efficiently.

For loan-out situations like these, AICE suggests the following:

- Propose a budget that includes support staff and adequately covers your overhead and other associated costs. In cases where you are working with a day rate, include a Loan-out Fee specifically calculated to cover these items.
- Offer clear policies and guidelines for booking talent and releasing talent, and include provisions for cancellations, etc. (You can reference AICE's cancellation guidelines on our site [here](#).)
- Firmly agree in advance on the scope of work your talent will be providing while off-site, and make it clear that additions or expansions to the agreed-upon deliverables will entail additional fees.
- Propose an arrangement in which your talent does as much of the job as possible at your location, going off-site only for necessary presentations of work or supervised working sessions.
- Keep the finishing costs and any related markup where applicable.
- Insist that your company be included in the credits for each project your talent works on, and that your company has the right to use the work for promotional purposes such as showreels, web site postings and social media channels.

When it comes to loan-outs, no single approach can address every situation. If you're unable to avoid them, AICE urges you to forcefully negotiate all of the items listed above. We maintain that as an ongoing business model, loan-outs are a threat to an independent company's long-term viability and growth and should be avoided or mitigated as often as possible.

#