

Special Report: Beating The High Cost Of Health Insurance

Entrepreneur

The Small Business Authority

September 1992

Discover What 12 Million
Americans Know—

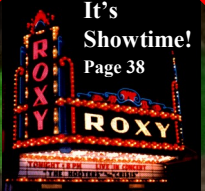
HOME

Where The
PROFITS Are

Unleash
Your
Creative
Power

War Between
The States...
They Want
Your Business!

Entrepreneur
30:9
DePaul University Library
Received on: 08-27-92
Per. 338.05 E61
Loop Campus



Two Thumbs Up For Movie House Entrepreneurs

It's Showtime!

The smell of popcorn hits you first. Then, after settling into plush velour-covered seats and balancing your soda on your knee, the lights slowly dim. As you sit up (or hunker down) in anticipation, the unfailing magic of Hollywood lights up the silver screen... and you are transported to another time, another place.

Each year, nearly 1 billion tickets are sold at almost 25,000 movie auditoriums across the country. Consumers pay up to \$7.50 a pop for movies costing millions of dollars to produce. And the movie houses... big business for big players only, right?

Not so. Sure, thousands of theaters have five, six, even a dozen

screens in one facility. But according to estimates from the National Association of Theatre Owners (NATO), approximately 35 percent of all theaters have just one or two screens, and most of these are run by an independent operator.

Everybody loves the movies, but almost no one gives a passing thought to the hard work involved in running a movie house. "These entrepreneurs work very hard, long hours," says Mary Ann Grasso, executive director of NATO. "It takes a lot of cash to get started, and unlike other businesses, it can be difficult to get the product [i.e., the films]."

The independent often has to be manager, film buyer, projectionist and usher all in one! Profit margins may be slim at a single movie house, so the independent cannot afford expensive advertising campaigns designed to lure the Saturday night crowds.

Competition, too, can be very fierce. Not only do the slick multiplex theaters vie for the lion's share of ticket sales, but so do many other entertainment mediums. With a recession still raging in many parts of the United States, consumers are being particularly stingy with their entertainment dollars.

On the other hand, only the independent can get away with things like dollar movies, homemade concession goodies, and an open-door policy during the day for concerts, private parties and charity functions. "Independents bring wonderful innovations to the business," Grasso says.

You are about to take a walk through the lobbies and aisles of the movie house entrepreneur. From Portland, Oregon, to Northampton, Pennsylvania, independent movie houses are alive and well, holding their own in the face of cable television, home movie rentals and first-run movie complexes. Movie house owners run their businesses to make money, but mostly they do it as a

Jaded theatergoers are lured by the charms of the independent movie house, from vaudeville marquees (left) to dinner-and-movie shows like Ted Bulthaup's (right).



Photo Courtesy: Roxy Theatre

BY ERIKA KOTITE



*Patrons make themselves
comfortable at a bar designed
with the exact measurements and
materials as the one in
“Casablanca.”*

labor of love. They want to restore the old-time movie house credos of good service, quality entertainment and floors that don't stick to your shoes. So sit back, relax, and enjoy the show!

Ted's Excellent Adventure

In Indianapolis, “dinner and a movie” doesn't mean quite the same thing it does in most cities. Welcome to Ted Bulthaupt's Hollywood Bar & Filmworks, a magical place where patrons nibble gourmet pizza, sipping cabernet and watch “The Hand That Rocks the Cradle”.....all in elaborately decorated auditoriums with individual cushy leather executive desk chairs set behind long counters.

Bulthaupt, 35, has a great sense of what works and what doesn't in show business. During his many years as a Chicago concert promoter, he became proficient in putting his finger on what people look for in entertainment. What they *don't* like, he says, is “sitting in neon-trimmed film bunkers with sticky floors, stale candy, styrofoam like popcorn coated with artificially colored yellow soybean syrup while drinking flat sodas.” Bulthaupt's idea was to take two activities normally enjoyed in back to back stages during an evening — dinner and a movie and make

them available all at the same time and in the same place, but it isn't just a restaurant. It's so much more

The movie/dinner theater, open for the past 10 months, now boasts 75 employees and is bringing in “very credible numbers” in sales — but only after Bulthaupt spent three years and \$750,000 renovating a 120-year old warehouse, scouring the area for investors and literally spending 24 hours a day on the premises during construction and for the first six months of operation.

“I worked and slept there,” he says, locking the doors at closing and collapsing on a black couch under one of the screens. To get the look and feel he wanted, Bulthaupt worked as both designer and general contractor. The old warehouse's high ceilings, exposed brick walls and heavy native oak wood beams created a perfect atmosphere for the scores of old movie stills and posters that put patrons in the Hollywood mood.

Patrons of Hollywood Bar & Filmworks walk up a yellow brick road to purchase tickets. A huge turn-of-the-century safe from the 1870's so heavy it couldn't be moved was left by the first occupant of the space and inspired a search for a hundred year old oak bank tellers cage to serve as the box office, surrounded by extra large



posters from the classic movies “Bonnie & Clyde” and “Butch Cassidy and the Sundance Kid”.

They then pass through a glass lined hallway with hundreds of colorful animation cells to make themselves comfortable in a beautifully decorated lobby with dozens of plush black leather couches or to sit at a replica bar designed with the exact measurements and materials of the one in the classic film “Casablanca.” The bar is fully stocked with beer, wine and dozens of brands of liquor, as well as large glass jars of fruits and vegetables seeping their flavor into premium rums and vodkas. Bulthaup boasts the theater has the best sound and projection in the Midwest, and he shows his movies on a full-sized custom made solid movie screen.

Most of Bulthaup’s revenue comes from meals and drinks purchased by the over-21 clientele, who assure him they never watch movies anywhere else.

Bulthaup coins the term “Cinema, Bar & Eatery” to describe the full to-your-seat service offered including a wide variety of appetizers, salads, sandwiches, pizzas, desserts as well as beer, wine and cocktails provided throughout the featured film, the first operation in the country to provide such amenities. Highly trained staff

provide quiet efficient service in the dark from the aisles without disturbing the audiences enjoyment. The movie is the thing, that’s why people come, but great service of quality fare is the key to profitability and success, keeping loyal customers coming back for more, often bringing back family and friends with them for first time visits. The surprisingly small kitchen is capable of churning out individual hot meals for up to 300 guests in a single seating, some times four or five times a day.

Bulthaup compares the look and feel of his theater to the grand movie palaces of the 30’s and 40’s. His is definitely a modern entertainment concept but acknowledges the old movie theaters as inspiration for the look, feel and magic of the physical facility.

Today’s audiences may be jaded by the dizzying number of ways they can spend their leisure time, but they still appreciate the little extras like immaculate floors, comfortable seats, spectacular settings, good food and drinks, and — most important — cartoons before the show!

Crowd Pleaser

Remember that old downtown theater you went to as a teenager? The place had a balcony and neat art deco murals on the walls. It was sort of the town meeting place, where everybody knew everybody else, and on Friday night the entire adolescent population showed up to see and be seen.

Lisa Hedley remembers. The 31-year-old entrepreneur was visiting her family's home in Washington, Connecticut, two summers ago when her mother told her the old theater in the nearby town of Bantam, where Hedley spent many a summer evening as a teenager, was about to close unless someone bought it. Hedley, then vice-president of business and legal affairs for a

film company in Los Angeles, decided then and there she must have “I remembered how much those avante-gard films influenced my life, I thought it would be fun,” she says.

But when she sat down with the manager, Hedley got a jolt. She had no idea how much was involved in running the business, and she knew nothing about programming, ordering films or running a concession stand. Undaunted, she plunged with plans to turn the 73-year-old Bantam Cinema into a setting as intimate as a living room. Using more than \$10,000 of her own money, she upgraded the old movie projectors, built a stage, repainted the lobby and planned a movie schedule packed with intellectual, cutting-edge offerings. Don't expect standard fare at the snack bar either, instead of Coke and Milk Duds, Hedley stocks Swiss chocolate, gourmet licorice, herbal tea, old time sodas and natural soft drinks. The theater was running at a deficit when Hedley bought it in 1990, this year, she broke even.

“I give my customers what they want: a nice atmosphere with good films and lots of character,” Hedley says. “They're tired of scuzzy old places and they are bored with new hygienic places.” Customers look forward to the monthly calendar, distributed via mail and to local shops, listing all the movies the Bantam will feature that month. Hedley spends hours on the phone with her booking agent to get the best movies possible, the writes a witty review of each one.

The Bantam crowd is a loyal one; Hedley considers this her biggest advantage in keeping the movie house in business. Its difficult to cultivate a big audience anymore, especially in a small town like Bantam,” she says. “But people who try to watch good films on TV screens don't know what they are missing.”

For the tried and true Bantam Cinema fan, Hedley offers T-shirts and mugs with the defin-

ition of cinema on them, as well as a funny saying authored by her husband. A membership card gives members discounts on movies and other special privileges.

It's a Wonderful Life

Richard C. Wolfe's class of '66 remembers him as the guy who brought show biz to their humble auditorium. “I sure raised a few eye brows,” he says, laughing. Wolfe fell in love with the technical aspects of theater at the age of 16, and he became student director of the stage and film crew. During one extraordinary showing of a very ordinary film for the seniors' economics class, he played music, dimmed the lights slowly and got a volunteer to work the curtain. Wolfe worked as an usher in a downtown movie palace, and soon moved up to assistant manager for a chain of theaters. Today, the sense of showmanship he developed has turned Wolfe into a successful movie house entrepreneur.

At 43, Wolfe heads Roxy Management Co. Inc., which, among other things, runs the Roxy, a discount theater in Northampton, Pennsylvania, where customers can watch second-run movies for only \$1. But while the price might be low budget, the theater itself is anything but.

Since purchasing the business in 1970, Wolfe has spent half a million dollars restoring the Roxy, built in 1921 as a vaudeville theater, to its original art deco glory. Trained as an architect, Wolfe took one look at the Roxy's canopy marquee, painted over with years of nondescript beige, and knew there was a treasure underneath. Today, moviegoers are dazzled by the historical landmark's multicolored designs and carvings, and the hundreds of incandescent and neon bulbs are never allowed to burn out. Brand-new upholstery, carpeting and a hand-stitched curtain have customers packing in to watch cartoons and features.

Wole kept a sharp lookout for unwanted fixtures and picked them up for a song. Last fall, when Paramount filmed a period piece at the Roxy, the company was awed by Wolfe's vast inventory of projectors, lights, stage curtains, promotional banners, popcorn and peanut machines, a pipe organ and scores of other relics from the golden age of movie palaces. By reading every thing possible on movie advertising, architecture and history, Wolfe has made himself into an expert, and he shares that expertise with other movie house owners.

The business side of running a discount movie theater is frustrating at times, especially when you have to deal with uncooperative movie distributors. Since distributors' revenues come from a percentage of individual ticket sales, they often put discounters last on the list. Wolfe's experience is no different, but not too long ago, he realized it didn't matter. "Someone called the office to ask what time the show began, Wolfe recalls. "I told him, and just before he hung up I said, 'Wait don't you want to know what's playing?' He said, 'Oh no, I don't care. I just come for the theater.'"

Some Like It Cold

Drinking and driving is a lethal combination. But drinking and "Driving Miss Daisy" isn't. In fact, it's just the ticket for enthusiastic patrons of Brian McMenamin's Mission Theater and Pub in Portland, Oregon.

McMenamin, opened a chain of pub/restaurants with his brother Mike in 1980, and recently began experimenting with a pub/movie house when business was a little slow. "We thought, 'Hey, how about throwing a movie up on the wall?'" says McMenamin, 34. "Then we went one step further to create an actual theater/bar

combination." The Mission Theater, formerly a church with a flat floor and balcony, was converted into a theater with tables and a full-service bar. The McMenamins started showing classic and art films, but sales, unlike their fresh brews, remained flat. Part of the problem was an already well-developed array of artsy movie houses in the Portland area.

So they went back to the drawing board, deciding to offer second run movies for free, while increasing their food and prices by 10 percent. Patrons were thrilled with the idea of seeing current movies for free, and the idea took off.

"We weren't sure we'd make any money, but it worked," says McMenamin. "The house was packed every weekend." Another problem arose, however—this time with both the movie distributors and neighboring theater owners. The movie studios didn't like the concept because it cut into their profits; the theater owners felt the free admission at McMenamin's was unfairly encroaching on their business. So the brothers once again adjusted their prices, charging. Finally, it seemed, the concept was a box office hit.

Although the Mission Theater caters to an over 21 clientele, it also promotes a family atmosphere by offering Disney matinees on Sunday.

The End

Read the Interview with Ted Bulthaup in

FILM JOURNAL
INTERNATIONAL

Scroll Down





Our most recent conversation over “Dinner at the movies” could not have been conducted in more appropriate fashion, even if we did not get to enjoy Marilyn’s “voluptuous” Grilled Breast of Chicken, (“.....in our own savory marinade or BBQ”) with a side of Oscar Fries (“Our Academy Award Winning crisscut fries with a side of hot melted cheese sauce for dipping”) in person. How about the Gladiator Caesar Salad (“Big screen mix....tossed with much fanfare in our Coliseum sized bowl”) and washed down with a Halberri Martini (Stolichnaya Razberi Vodka and a splash of Black Raspberry liqueur”), we need a road trip.

For the next edition of our exclusive series, the founder and owner-operator of the Hollywood Blvd Cinema instead called in to *the Film Journal International* from the same street that gave his Cinema, Bar & Eatery in Woodridge, Illinois its glamorous name.

Ted E.C. Bulthaup III was in Hollywood, California, to celebrate with the surviving Munchkins from “*The Wizard of Oz*”. On November 20, the seven were finally honored with the 2,352nd star on the Hollywood Walk of Fame. The night before, a special fundraising screening at Grauman’s Chinese Theater,

Where the classic of all classics premiered in 1939, benefiting the Hollywood Historic Trust and the Hollywood Heritage Society.

“We are very proud to have made all that happen,” Bulthaup says about working with his friends the Munchkins for the last ten years. “We show the *Wizard of Oz*” on the big screen every November and have people coming by the busloads. “The Munchkins introduce the film, sign autographs and people take pictures.” As highlighted on the theaters website, www.atriptothemovies.com, Hollywood Blvd has special events and welcomes celebrities about once a month now at his own theater. “I respect the old classic movies,” Bulthaup explains, and have a great love of history in general. I think those are solid marketing strategies. Nostalgia sells . . . and is a winning concept.” Coming from the live concert promotion



business with talent like “Genesis, Springsteen, Cheap Trick, Styx, Heart, etc”, Bulthaup says he “was always interested in getting my own single screen movie palace like the Pantages, and then renovating it for concerts, but when I did a comparative analysis, I realized that a movie theater would be better than a live entertainment theater. “What I like about the stage I could still do with on-screen entertainment and what I didn’t like about live entertainment,” he laughs, “at least I thought those problems wouldn’t exist with films.”

In 1991, Bulthaup’s ideas came to fruition when he opened Hollywood Bar & Filmworks, his first version of the Cinema, Bar & Eatery concept in a 130 year old downtown warehouse in his then home town of Indianapolis, IN.



“Dinner and a movie, what a concept! Anything before us was dinner then a movie.” Contrary to what others claim, “We were the first in the nation to show first-run films in such a situation,” he says. Basically in those days the studios would not sell first-run films to theaters that had a liquor license. Somehow, their legal departments never sent out the memo to the staff that Prohibition was over.” We started breaking down that barrier, and some studios went with the program very quickly. With others it took some doing—including taking legal steps including with antitrust law.”

Municipal woes including the doubling of local taxes and even higher increases in parking fees led Bulthaup to closing Filmworks on its 15th Anniversary, on Halloween weekend 2006. Then, Bulthaup “packed up all his assets and moved the entire operation to a suburban Chicago location .”

Hollywood Blvd has six screens and 1,000 seats, rebuilt in an abandoned General Cinema for “millions” by tearing out all the floors and repouring them, bisecting a larger auditorium into two smaller ones, and then repurposing another into a very large





centralized kitchen. Hollywood Blvd has six screens and 1,000 seats in auditoriums ranging from 100 to 250 “big executive leather desk chairs.” Since opening in March 2003, attendance has grown by 500%. “On a per seat basis, I believe we have the highest attendance of any movie theater in the country”, Bulthaup declares. As for the reasons, “A variety of dynamics are going on, and in each we just do it better than anyone.”

“Hollywood draws its audience from beyond the traditional 3 to 5 mile radius, many even driving an hour or more, in some cases from across state lines. We’ve even had several people asking where the nearest hotel is because they didn’t want to drive all the way home that late afterwards. Think of that, where else do people travel that far just to see a movie like *Fred Claus*?”. “People who haven’t been to the movies in years hear of Hollywood Blvd. through word-of-mouth or from the media and check us out. Then they have such a great time they start going to the movies frequently again, I can’t begin to tell you how many people have personally told me that.”

No wonder Bulthaup is getting ready to expand the Boulevard with three more screens, “Our fourth expansion in five years”. He expects to close shortly on a new property and have it ready to serve after this summer. With only ten miles in between the two locations, wouldn’t that be too close for comfort? “When a traditional cinema company goes out for a new location, they look for a greener pasture for expansion. When I look to expand, I look for a greener pasture with fat sheep, and then take a bite out of the sheep.”

To do so, Hollywood has a flock of about 200 Shepard’s working at any given time. Right now, I believe we can compete head to head with any theater and come out on top. “Labor is a big cost and operations are a very sophisticated dance”, Bulthaup contends, “in a traditional restaurant a floor manager makes more than 250% more decisions in the average day than the next highest industrial classification of managers.”

“Of course, that even gets more complicated when you add the cinema overlay with mass-seatings and all your timing imposed on the operation due to the varying lengths and start times of the films.” Auditoriums are supposed to be clean and ready for the next audience by the time credits are off screen and, “The customers are spread out over an acre of seating in six separate rooms plus the lobby. The staff has to really hustle.”

When we have celebrity guests its not unusual to have lines of over 1000 people waiting to meet them.

Mangers really have to be on their game, working under pressure, multi-tasking, thinking three-steps ahead, are great problem solvers, great with customers and great leaders of employees, all on the fly without letting themselves be overwhelmed. Its also a good idea if they and the staff own more than one pair of running shoes to let them cool off between shifts. "With the help of 38 networked computers," he describes, "a very sophisticated operation where we can turn out a thousand individually placed and cooked to order meals in an hour's time with countless beverages including beer, wine & cocktails served to their seat. We've done as many as 4500 people in one day from a single 5,000 sq ft kitchen and five bars."

Opening his first theater in 1991, Bulthaup soon realized "What I wanted to do actually couldn't be done," he laughs. "Nothing exactly like this had ever done before," Bulthaup goes on to explain he based the kitchen on a Dog N Suds he worked at one summer during high school, only later understanding he had built the kitchen much too small given the almost 300 seat capacity. "But I had already built and opened everything up to the public so I had to find a way to make it all happen. "I was forced to come up with systems," Bulthaup explains, "it's a great example of necessity being the mother of invention."

"After I first opened Indianapolis, I also found out even the best POS systems could not handle that kind of volume processing in our kind of setting, but we had to make that work too. Years later I bought one of the new digital computer systems with touch screens, but with software designed for casinos and I adapted that programming to our needs." Bulthaup muses, "I knew almost nothing about computers and think if I had, I could not have made it all work. The installers kept telling me not to do certain things but my lack of experience forced me to think out of the box because I had no preconceived notions, to me everything was out of the box."

Long before themed restaurants became popular, Bulthaup, "took on the calling to dress up the traditional neon-trimmed film bunkers" common to the industry, as Bulthaup refers to the typical multiplex. "That's exactly how the public perceives them. When I use that phrase, peoples eyes light up and they "get it" instantly, that portrayal always resonates with people."





What hit me growing up as just another moviegoer to traditional multiplexes was that their auditoriums were generic, all looking identical, just varying in size for the seat count. “We capitalize on the public’s common ‘blah’ experience as a kind of anti-advertisement. We do exactly the opposite of what the big theater circuits do, knowing it will be noticed and appreciated by the public.”

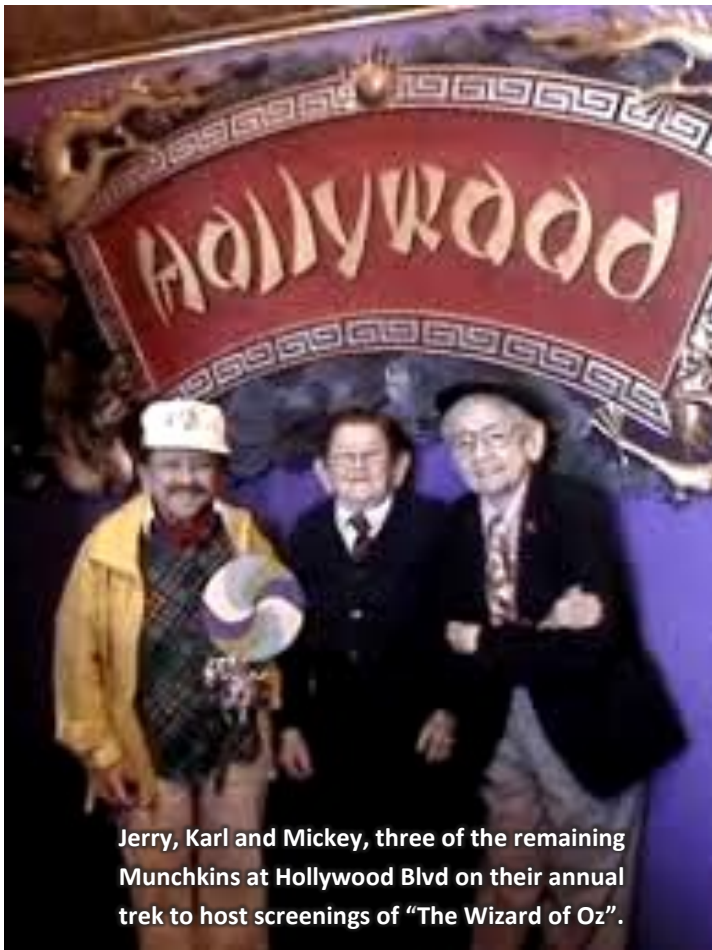
And in a big way, too. “We shipped ten tons of items from the Orient to decorate our version of Grauman’s Chinese Theater,” he recalls, “and many more things from India, Pakistan and the Middle East that we used in all sorts of situations. There is also an Oscar Auditorium, a Paramount /Sunset Blvd Auditorium, and a downtown Hollywood theme with more in the planning. Each space is individually designed with their own unique color schemes. The bar top in the lobby has old black & white news photos of celebrities putting their handprints, footprints and signatures in cement on the Grauman’s forecourt with actual sized photographs of those same concrete slabs on the nearby walls.

One of the upcoming theaters will have huge framed art deco style paintings of classic movie palace exteriors from Los Angeles. Classic movie posters, most of them originals, ranging from *Cinderella* and *Super Vixen* to *Woodstock* and *the Ghost in the Invisible Bikini*. Over 600 black & white glamour shots and movie stills enlarged to various sizes mosaic the walls along his Hollywood Blvd, the 185-foot-long main hallway that runs down the center of the facility connecting the auditoriums. The boulevard was paved using black tennis-court paint, with painted yellow and white stripes down the middle “to look like a street, complete with genuine traffic signals, street signs, fire hydrants and parking meters” that Bulthaup managed to snap up when they were building the Hollywood & Highland complex and the Dolby Theater. Bulthaup said, “They were replacing these with new ones on California’s Hollywood Boulevard and I as there in the right place at the right time.” His love for detail even extends the restrooms. Every October, Hollywood Blvd., hosts a Hitchcock Film Festival with guests like Tippi Hedren, Veronica Cartright and his daughter Pat. In honor of the classic film *Psycho*, the Men’s and Women’s rooms are identified as “Norman’s” and “Mother’s” with a screaming Janet Leigh greeting those who enter.

Scream’n kids and equally noisy teenagers are banned from Hollywood Blvd, where the house policy

strictly states that “all ages are permitted for any matinee prior to 5:30pm, or to any show designated as “all ages, all the time. Children must be well-behaved and not disruptive during our feature presentation or they will be asked to leave.”

Most importantly, Bulthaupt listens to their audiences. “I believe most theaters don’t do that. The heads of these companies are accountants, financial guys or film buyers that don’t interact with the public. I approach this like we are in the hospitality industry, like a restaurant, and nobody knows their customers better than a restaurateur. We get a thousand customer cards back monthly and we pay very close attention to them. One of the bigger complaints we have,” he quotes, “is that it takes us so long to get there” (meaning they are driving a long ways from home), why don’t you build one by my house?”. “That’s a flattering complaint to have People don’t ever say they like this theater! They invariably say they ‘love’ this theater, I know of precious few businesses where so many customers say they love that business, and the box office certainly feels that love.”



Jerry, Karl and Mickey, three of the remaining Munchkins at Hollywood Blvd on their annual trek to host screenings of “The Wizard of Oz”.

Hollywood Rules

Alcohol

We take the state laws for alcoholic consumption very seriously. To consume an alcoholic beverages you must be 21 years of age with valid government issued identification. No ID, No alcohol. No sale. Don’t even try. The bass makes us card our own mother! Violators will be taken away in chains. If you buy an alcoholic beverage for a minor you will join them in the back seat of seat of a squad car. We don’t, and can’t, make exceptions.

Pricing

Our normal everyday admission price is at or below those nasty neon-trimmed film bunkers. We do offer discounted admissions for seniors, students and active duty military personnel with a valid ID.

Popcorn

We serve real popcorn from select farms in a big bucket topped with real butter from real cows, not that nasty artificial, yellow-colored soybean syrup.

Candy Concessions

We don’t do much like those other cinemas, but if ya gotta projector, ya gotta have this stuff. Big boxes and bags of your favorite movie treats including Plain, Peanut & cCispy M&M’s, Mild Duds, Starbursts, Sour Patch Kids, Raisinets, Twizzlers, and Reese’s Pieces.

Seating

Our auditoriums feature terraced seating in your own high-backed executive leather desk chair, not bolted to the floor and not have to share an armrest. Rather than cup-holders, we feature tables and counters in front of your seat, giving you plenty of space for your food, drinks and even leg room!

Technology

We seat you in individually themed and beautifully decorated, plush auditoriums featuring the best digital sound and images. We bring you big screen movies the way they were meant to be seen, in class, style and comfort like no place else on Earth.

Service

Our unobtrusive wait staff will provide full food and beverage service during your film. You can order from our menu.....all items are carefully chosen to be easily eaten in the dark so as not to distract you from your film. Service is available up until 20 minutes prior to the end of your movie, at which time checks will presented for collection.

In Summary

There is no better way to watch a movie! If you can find a better ticket, buy it!