

Hollywood Merger-Mania Hits Business Management

Over the past few years, many of Hollywood's top business management firms have consolidated — and several of them have rolled into the same company.

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Disney's purchase of much of 21st Century Fox and AT&T's acquisition of Time Warner set in motion a powerful wave of consolidation that is continuing with the pending merger of Viacom and CBS. Flying a bit more under the radar are the business managers who handle money for the executives and celebrities at those other companies and who are also consolidating — and insiders say the trend will continue.

"That's a good thing," says Brandy Davis of Macias, Gini & O'Connell, which acquired Meschures Snyder Pocras & Levin a few years ago.

"It's getting hard for the smaller firms to compete," she continues. "There's also a lot of succession. The older business managers don't have a next-generation to turn their practices over to, so it makes sense for them to sell to a larger firm."

Some insiders opine that consolidation in their industry took on new meaning after business manager Jonathan Schwartz pleaded guilty to embezzling millions of dollars from singer-songwriter Alanis Morissette and other clients in May 2017. That incident put his former firm, GSO, in "prime position to be bought," one insider recalls, and NKSFB did just that.

While an insider says the Schwartz plea "sent a quake through the industry," business manager Mickey Segal of NKSFB says the handwriting for consolidation was already on the wall. "GSO had a rogue partner who just lost it," he says. "How on earth does that trigger consolidation? Monetization triggered consolidation."

In 2018, NKSFB was itself acquired by Focus Financial Partners, a publicly traded group of wealth management firms that sports a \$1.7 billion market cap and also scooped up Gelfand, Rennert and Feldman in 2017 (which itself acquired WG&S) and on Sept. 25

announced that its Colony Group will join forces with Glass Malek. Firms led by David Weise and Harley Neuman are also divisions of NKFSB (and therefore part of Focus) now. That puts A-listers like Will Smith, Justin Timberlake, Drake, Richard Gere, Jordan Peele, Scarlett Johansson and The Weeknd all under the same corporate umbrella.

“In our business, it was very hard to monetize your company,” says Segal. “There were some merger partners, but not buyers, until Focus got into the marketplace and changed the world a little bit.” Adds Davis, “Focus Financial gets the attention, but mergers are happening everywhere.”

Consolidation is mostly positive, says Segal, echoing the thesis put forth by Davis. “One of the biggest things in our industry today is that concept of succession,” he says. “Lots of firms don’t have the next guy in line to take over the business, and they’re aging, so merging helps solve the issue. Clients aren’t generally affected. Focus, for example, is a holding company, so it is not involved in the day-to-day running of your business. We do now what we did the day before we were acquired.”

Savitsky, Satin, Bacon & Bucci on Oct. 3 announced it was being acquired by New York-based insurance broker NFP. The decision wasn’t about succession (Chris Bucci, after all, is 34 and already co-managing the firm). “The whole model for us is growth versus retirement, expanding geographically and strategically,” Bucci tells *The Hollywood Reporter*. “It allows us to stay competitive in the landscape.”

But there is a downside to merger-mania, some are saying privately. “Too much power, too much clout. That may be good for owners, but are the clients and employees benefiting? Sometimes, no,” says a manager who has worked in small and large firms. “No matter how nice the manager seems, how well-dressed they are or who is on their roster, the oversight could diminish at a bigger company.”

Others note that the larger firms cater to established artists who guarantee \$50,000 or more in fees paid to their business managers annually or they are cut. So younger artists gravitate to littler firms, guaranteeing there will always be a market for so-called boutiques that boast more intimate treatment amid smaller rosters.

“There will be bright young stars in business management who are stifled and decide to strike out on their own,” says Eric Matthews, founder of EDM Capital, a boutique firm specializing in Hollywood clientele. “Culture and values are more uniquely crafted in a low-volume atmosphere,” he says. “Mergers give leverage, scale and a deeper bench of expert handlers, but boutique firms are not going away.”