

## OnLine Case 3.3

### Britt Allcroft

Britt Allcroft, who became a producer of television programmes, went to the same school at the same time as Anita Roddick, founder of The Body Shop. She always had a passion for storytelling. In her younger days she wrote several short stories, but none of them was ever published. Instead she found her way into television, and in 1978 she was asked to make a film about the British passion for steam engines.

There can be few better-loved children's characters than Thomas the Tank Engine, created originally by the Reverend W. Awdry in his spare time. As well as this series of illustrated books for children, Awdry wrote serious, adult books on steam railways. Although the Thomas books were no longer enjoying the popularity they initially had, Awdry was invited to appear in the film. He agreed, but inclement weather held up the project for several days. Awdry and Allcroft spent two days talking to each other. Although others had tried unsuccessfully to animate Awdry's characters – essentially a fleet of steam engines with distinctive faces and personalities – Britt Allcroft became determined to succeed where others had failed.

*You need courage when people tell you are off your head . . . Thomas is much more than just a steam train having adventures – it is a way of life for me.*

Together with her business partner, who at the time was her husband, she approached venture capitalists, but the general reaction was that the time for Thomas had passed. Eventually, a bank loan from Barclays, supplemented by a second mortgage, allowed her to agree a licensing deal with publishers Reed Elsevier, who owned the master rights to the character, and to make her first film, which was broadcast on network television in 1984. Supported by a range of toys and clothing, the film was an instant success.

Her business now grew rapidly. More films were completed, with ex-Beatle Ringo Starr doing the narrating, the books were all reissued and character merchandising mushroomed. The films found an audience in 43 countries, including the USA where, for political correctness, the Fat Controller was renamed Sir Topham Hat! When Britt Allcroft's company went public in 1996, it was valued at £31 million. In 1998 she posted a profit of £3 million, roughly 10% of this coming from the films and 90% from merchandising. A total of 1800 different items – books, videos, toys, clothes, bags, party supplies, bakewear, computer games, puzzles, models and carpets – was being manufactured by 400 sublicensees. Thomas had become the seventh most valuable toy brand in the USA.

In 1997 Britt Allcroft acquired the worldwide rights to another past-glory character, Captain Pugwash, for £1.5 million, and set about resurrecting a programme that had first appeared on television in 1957 and disappeared in 1975. In the following year she bought all the rights to Thomas from Reed Elsevier (for £13.5 million) and no longer has to pay an annual licence fee. In 1999 Britt Allcroft formed an alliance with the two venture capital businesses which own the rights to Sooty, a hugely popular puppet character since its creation by Harry Corbett in 1952. Allcroft would merchandise the characters around the world and receive a management fee. In 2000 this deal was followed up with the acquisition of the company which produces Art Attack, the second most popular children's television programme in the UK. Britt Allcroft has also opened a Thomas World theme park in Japan and acquired the rights to Guinness World Records.

Britt Allcroft herself stepped down from the Board of the business she founded in September 2002 and moved to Los Angeles, from where she intended to provide creative television and film inputs from the company's American office. The business was renamed Gullane Entertainment.

**questions:** Character merchandising can clearly be very lucrative, but how would you set about putting a value on a particular character?

Can you think of other ways Gullane/Britt Allcroft might exploit its brands and strengthen the synergy between them?

Were they to be available, what others could be usefully added to the portfolio?

*Thomas the Tank Engine* <http://www.thomasthetankengine.com>