

# British satellite broadcasting: the beginning of the end

[Media](#), [Television](#)



Entrepreneur Research Paper Adriel McBride DeVry University December 17, 2012  
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British Satellite Broadcasting: The beginning of the end Introduction

Many companies fail within the first two years of opening, according to small business administration which is seven out of ten, and 51 percent last at least five years. Starting a business is not an easy task, there are tons of things that have to be done in order for it to be around for more than a couple of months or years. Unfortunately, that's the case with the company I chose, British Satellite Broadcasting. Abstract British Satellite Broadcasting (BSB) set out to establish a television company that provided direct airing to television services from a satellite to the United Kingdom.

Which it did from 1977-1990 and had its first broadcast on March 25, 1990, most of the time was used towards creating a policy to have British be able to broadcast via satellite (Holden, 1998). The company had to merge with Sky Television in November of 1990 to form the British Sky Broadcasting (BSkyB's). History behind BSB In 1977 the development of British satellite broadcasting policy started, a meeting was held at the World Administration Radio Conference for a hearing for the division of broadcasting frequencies.

During the meeting the administration assigned each country five high-powered channels for direct broadcast by satellite for domestic use. In 1982 BSB was awarded with two channels through the British Broadcasting Corporation (BBC) and in 1983 it started to negotiate with the Independent Broadcasting Authority (IBA) to join a joint-venture with other countries and

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start a joint satellite service but failed in 1985 (Holden, 1998). It was said that the government insisted that the BBC should pay for the cost of constructing and launching a dedicated satellite. The hearing concluding in 1992, which followed the Conservative Party's fourth consecutive election victory and BSkyB's successful, momentous bid for the rights to screen live English Premier League football matches" (Holden, 1998). The BSB had one main competitor which was Sky broadcasting, it had an advantage over BSB and proved that its system gave sufficient picture quality and many viewers didn't want to wait on a promise that was vowed by BSB for excellent programming. Many customers compared the competition between the rivalsatellite companies to the format war between VHS and Betamax home video recorders and chose to wait and see which company would win outright as opposed to buying potentially outdated equipment" (Holden, 1998). BSB mission was to create a satellite dish to broadcast high quality television programming for the British and hopefully expand to other countries. The reason BSB failed can be related to a lot of things but mostly money. Before BSB and Sky merged, Sky debuted first which hurt BSB, Sky provide a cheaper dish, which made it even more difficult for BSB.

In January 1989 BSB experienced higher than expected cost that were required to achieve their planned air date. That caused them to push back their fall launch date. This resulted in delays for developing a new semiconductor chip required for its satellite dish receivers, which raised their cost to ? 131 million (Holden, 1998). Many say that if BSB would have launched first they could possibly still be around. Sky and BSB were in

financial trouble and after BSB collapsed in November 1990, they were forced to merge.

That is how the BSkyB came about, no more BSB it was over and a new company had begun which was marketed as Sky TV. Reasons for Failure British Satellite Broadcast failed for a number of reasons one was the lack of financial stability and commitment. BSB was spending millions of dollars on equipment for receivers so they can be available for purchase. But they were slacking in the production department because they needed more money to make sure they had quality programming but missed their deadline. By the time they finally launched people had already turned to the competition because they were tired of waiting.

When a promise is made to consumers it's best for the company to do everything in their power to oblige them or otherwise they will lose their support and money. That's exactly what happened with BSB they were focused on quality which was great but couldn't provide it in a timely matter. Their competition offered a cheaper product and adequate quality which was better than nothing. The merge only helped Sky stay alive and killed BSB because they took all of BSB quality equipment and satellites and created something great.

But if BSB would have kept their commitment/ launch date it could have been a different outcome today. So it kind of boils down to customer satisfaction, which is always a big part of a business success. When BSB couldn't make good on their promise it reflected badly on the company and made their consumers wonder if they were really up for the challenge. For

example take a gamer that is anxiously waiting for a new Xbox game console to come out and is schedule for release in May but is pushed back to August, a lot of loyal customers will be let down and possibly turn to PlayStation which new console came out when vowed.

They may not lose a lot of of customers but it could cause a ripple effect for the ones that did chose to get a PlayStation instead. That is what happened with BSB, they had satisfied customers when they finally launched but not enough to keep them in business. Another thing that caused them to fail was not having the sufficient operating funds. The owners didn't estimate how much money they would need to accomplish what they set out to do. It is always important to know how much money your business will necessitate, that includes the starting cost and staying a business.

That was not well executed when the owners of BSB started the company which was a major cause of why it failed. Too much money being put into the company but not enough coming in. They had major financial issues they caused them to basically turn over their business to their competitor. That is never how an entrepreneur plans their business to turn out especially a few years after starting. While a lot of people were still happy with the 5 channels that they had globally, a lot of people were also tired of having only 5 possible things to watch and so they got Sky as soon as it was available.

As it turned out, hundreds of thousands of people got Sky before BSB even launched (William, 2011). Most of the people who were interested in having a greater choice of channels had already opted for Sky. There was hardly anyone who still wanted a DBS system left for BSB to sell their service to. As

a result, BSB launched with only a few hundred systems installed, and never really increased beyond that. The real cause of their failure can probably be laid at the door of the IBA.

While they never intended for BSB to fail, they locked BSB into a contract to build and launch satellites, implement new picture systems which were not standard in the UK (and still aren't today) and do other things which Sky were not required to do (Holden, 1998). This resulted in severe hold ups which allowed Sky to eat up almost all of the market that BSB was aimed at. While BSB were busy launching satellites and awaiting delivery of MAC equipment, Sky had launched and was building up a growing customer base (Holden, 1998).

Analysis BSB could still be around if it wasn't for the IBA contract and making unrealistic goals. If BSB would have started out with a less expensive product they could probably still be in business. They wanted too much too fast, the best quality and products that cost some big bucks that they did not have. Therefore it hurt them, a better plan and team would have set them above the rest. Better planning in general could have prevented the business from failing. They could have cut out every unnecessary expense and reduce the expenses. Became a saver with cash and collect every dime owed to them.

Finally they could have started selling their products and service at a discounted price until they built up a loyal customer base. If the entrepreneur would have recognized the company was failing before it was too late, he could have taken actions to turn around the business. The business owners and leaders should have taken every action necessary to

first preserve their own interests and salvage/protect personal assets associated with the company. Protecting the business assets is critical for survival of any company. The idea of satellite broadcasting was great but not well implemented nor calculated.

BSB wanted to give customers better than what they were receiving from the competitor but didn't go about it the right way. They started off spending way too much money and still coming up short. When developing a new product it takes lots of inputs such as money, skills, energy etc. that is supposed to add value to their product output (Hatten, 2009). The four major functions of managing a business is planning, organizing, leading, and controlling (Hatten, 2009). Within those four boundaries BSB went wrong with at least three which were planning, organizing, and leading.

I didn't choose controlling because they really had no control of their project because of the IBA. If they would have never signed the contract with IBA and stayed with the BBC things could have turned out differently. IBA demanded services that BSB just couldn't provide. Even with that being the case, if the entrepreneur was better at leading he could have had a strategic plan to keep his company alive while pleasing the IBA as well. That could have been done by trying to develop one of the requirements at a time. The best thing to do would have been to get working satellite receivers on the market.

Then see how well they do by getting feedback from the consumers and find out what could be done to improve the service and products. After they obtained enough information on what was wrong with the " prototypes" that

was first released they could start improving the devices and making it available for sale and send an upgrade device to the customers that already had a receiver. Sometimes it's about taking a chance with a bad product versus failing as company altogether and putting out a few bad receivers. There are tons of companies that started off horribly but still made a profit and are now at the top.

For instance Sprint Wireless, everyone including myself hated their phones and service back in the 1990's but now in 2012 they are one of the top cellphone providers. They accomplished that by staying afloat during the rough patches and critiquing their services and products. BSB simply wanted to be the best and provide excellent programming and quality but didn't plan accordingly. Having a great plan and knowing how to execute it can be what makes a business succeed. BSB had a great plan but just couldn't meet the expectations.

Sometimes less is more, if they would have started a little smaller and worked its way up I believe Britain's would be watching British Satellite Broadcasting instead of Sky TV. Works Cited Brown, M. (2009). Sky tv's launch: 'a wing and a prayer' . Blog, Retrieved from <http://www.guardian.co.uk/media/organgrinder/2009/feb/04/sky-tv-early-years> Pnakaj, G. (1997). Entry and deterrence in british satellite broadcasting. The mitt press. Retrieved from <http://people.stern.nyu.edu/abranden/EntryAndDeterrenceBritishSatellite.pdf> Hatten, T. (2009). Small business management. (4 ed. , p. 460; 536).



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