

# Analyzing development and change in the media industries

[Business](#), [Industries](#)



Every good analyst or researcher must grasp the importance of using various analytical tools as well as visual aids to comprehend various dilemmas faced by companies. In the case of BBC we must use various analytic tools to provide an overview of the situation being faced by BBC in 2001. Holistically, we must examine all changes and aspects of BBC in 1999 and 2000. The below visual aid, Diagram A, is a representation of some financial highlights. This aid is a creation from data provided in the case study, and uses a pivot table in excel to illustrate the percentage changes per financial highlight.

The chart below this diagram reflects the actual numerical change and percentage change be they negative or positive. You can see that operating profits have dropped considerably from 1999 to 2000 a full 25%. For a company like BBC this is a huge loss. In addition, turnover has increased both worldwide as well as on a group level. Via this statistical analysis, it can be verified that the company is suffering from employee disgruntlement and decrease in ratings.

In terms of using analysis to determine a solution, the company needs also to provide a break-even analysis and sensitivity analysis to determine at which point the company is making an adequate profit margin as well as a range of probabilities that a decision or alternative decision is acceptable. (Case Study, BBC). Initially we shall look at why producing its own programmes might be a source of conflict for BBC. BBC has over time and experience developed into one of the world's leading broadcasters and programme makers.

Renowned for its emphasis on high quality, accuracy of reporting stories, and neutrality BBC must recognize that this must be upheld as it produces its own programmes. In all fairness, BBC has the responsibility of pursuing all stories without regard to who or what is paying it. Revenue that is generated should not be based upon the payer's expectations but on the equality and justification for the story. BBC is faced with these aspects as it produces its own programmes because 'the hand that feeds it' might not be supportive of particular stories or reporting.

In addition, as BBC is part of the print industry via its own magazine it must retain its revenue why printing stories that interest its clientele. This financial situation guides BBC as it modernizes and uses new technology to present stories in an interesting manner. In its effort to preserve its reputation for accuracy and impartiality, BBC's management structure had also come under scrutiny. Managers who had been recruited or hired from outside the firm might not have had the company's philosophy or accepted the company's historic approach to accuracy.

Producing programmes in-house might have the manager's external influences associated with its handling of stories. Bureaucratic tendencies might stifle creativity and invoke change away from the BBC value system. This might in turn lead consumers to believe that impartiality, accuracy, and fairness has been compromised on BBC's part. (Case Study, BBC). Secondly, we shall examine why competing for ratings with other television channels is obviously a huge area of conflict for BBC. In the modern world, there are many channels ranging from your basic channels to cable to direct tv.

These massive amount of channels have a tendency to give much choice to consumers. BBC needs to focus on surveying and determining exactly what the consumer desires to see. Stories need to continue to be accurate but also contain new skills of reporting and a different manner of creative thinking in order to compete for ratings. The case study relates how the 1990 Broadcasting Act required both ITV and BBC companies to have at least 25% of its programmes from the independent sector. As this situation occurred, morale among employees and prices dropped due to redundant stories and broadcastings.

Ratings were also adversely affected by the company seeing and recognizing that its news could no “ longer be tailored to fit its overseas listeners and would take on a London bias. This was overcome by retaining the dedicated newsroom already based in Bush House. ” In general, this is always a threat to their ratings should they fail to consider oversea listeners’ interests and expectations. (Case Study, BBC). Finally, being a global provider is an area of conflict for BBC because like stated above the company needs to retain ratings from its oversea and global listeners.

In order to be successful at this it needs to tailor its stories without losing its listeners in London as well. Because globally there are different manners of communicating, the company also needs to focus on external suppliers to produce TV content which is interactive, online sites which are user-friendly and informative, and strategically position itself to have a well-organized and structured organization. Global expectations also call for having search

engines, a website which is efficient to navigate through, video and audio streaming, voting applications, and audience management (website, opta).

Question 3: How should the decision making process be followed in order to make good decisions to respond to the situation faced by the BBC in 2001? In order to adequately address this concern I must first iterate upon the importance and significance of the decision making process. This process itself consists of a variety of step-by-step action plan which should be adhered to. As these steps are laid out I will indicate how BBC needs to or has responded during each of these steps.

Furthermore, I will distinguish if these steps have ensured that BBC is making good decisions about responding to the dilemmas facing the company in 2001. Depending on how well the company is handling these steps deems its success or failure level. So, the first step of the decision making process is identifying the problem. By identifying the problem the analyzer can 'put a name' or 'face' to the situation. This enables the company to achieve an initial understanding of where to focus their attentions and perhaps which actionable plans must be considered to resolve the situation.

For BBC, their chief problems lie in deciding how much authority and responsibility it should invest in other companies creating its programmes, how much should BBC compete for its ratings as a public service broadcaster, and to what level should BBC act as a global provider. To identify the problem they need to find the source of the problem. In this case, the source of the problem lies in the license fee and the government's

control of its programmes. Having identified the problem, you can focus on focusing on the problem versus the ' symptoms' of it.

This focus allows BBC to specify objectives and set decision criteria or requirements which can aid in selecting a solution. By selecting decision criteria BBC can decide which methods it might undertake to rectify the situations that they are facing. For instance, BBC's commercial services found itself forced to produce its own magazine containing its own programme listings. It saw that it could either remain out of the print industry, ignore that other newspapers were refusing to publish details on its programs, or decide to supplement their own earnings by creating the BBC Enterprising LTD (BBC Worldwide).

This also gave them a foothold in seeing a strong increase in its revenue and sales. For 2001, the company saw that past performances of inefficiency and losing audiences in the face of rapid increase in cable channels was threatening its prosperity. In the decision making process it began to develop suitable alternatives. Depending on the nature or significance of the problem, selecting an alternative or even listing out alternatives requires must analysis. By listing out alternatives, BBC can see a variety of them as well as produce creative alternatives which can either be simple or complex.

One alternative is for BBC is to ignore the problem. By ignoring it, BBC can savemoneyand time on implementations or changes; but it can lose the rest of its consumerloyaltyor its ratings. In addition, management would not recognize modernization, new markets, new technologies, and the need for improved consumer interests. Furthermore, cost effectiveness would

continue to be a problem as increased competition from digital, cable, and satellite channels continued to prosper. Lastly, by ignoring the situation the current employee disgruntlement would remain and turnover would continue to occur (Stevenson 70-73).

This turnover is a true loss of talent and experience. In general, this alternative is not logical nor practical. In fact, BBC should develop alternatives which limit the growth of management, reorganize the structure, seek to overcome restrictions to their licensing fee agreement, focus on surveying what the consumer wishes to listen too, and determine what times to air their shows. Programmes could continue to be contracted out to get new and various coverage points and view points.

Another alternative would be to have more in-house services or from the private sector in order to be financially more competitive. By tailoring their programming to what the consumer wanted and scheduling those programmes in the periods that consumers would watch, there would be an increase in ratings and audience figures. This general analysis and comparison of alternatives allows the company to brainstorm which best practice or solution is most effective. Financial number crunching and comparative analysis to other competitive firms would also be wise.

At this point, BBC should select its best alternative. In this case, ignoring the situation is not practical. Deciding to continue with government handling is not proactive or financially secure. So, it should select to adhere to focus on increasing ratings and audience figures. External consultants and internal representatives should hash out any such details about complying with the

licensing fee agreements while focusing on modern complications and how to overcome them. By adopting a different method of funding to replace and subsidize its income, it can overcome these dilemmas.

At this point in its decision making process, BBC would have to implement the decided upon alternative after having a report listing out the pros, cons, financial rewards, and financial pitfalls should it not do so. In addition, a SWOT analysis should be completed of the strengths, weaknesses, opportunities, and threats of proceeding with the alternative (Stevenson 70-73). The decision-making process for BBC does not end at implementing the final and chosen alternative. Instead, the company must monitor, critique, and evaluate the alternative as it is carried out to ensure that the results are being obtained.

A little adjustments here and there can be made to guarantee the company is going in the right direction. Consumers can be surveyed, employee constructive feedback can be requested, financial reports should be comparing the quarters at all times, and management should be fully aware of all aspects. All in all, this is a very time consuming process which requires much awareness and preparedness for BBC. Question 4: Does Government policy constrain the ability of the BBC to respond to its situation in 2001? If so, explain how.

It is obvious through the case study, that government policy is indeed constraining the ability of BBC to respond to its situation in 2001. This is occurring because there is a system of the licensing fee. BBC is dependent on the government of each period to determine if and how it is to continue



its programming as well as how much funding is to be made available to it. As the political climate was favoring deregulation and a free market place, BBC found itself in a position where its license fee revenue was decreasing (Case Study, BBC).

The company was being encouraged to consider venturing into commercial avenues in order to supplement its income while continuing to pay an extraordinary amount to continue to hold onto its license. These fees were continuing to increase each year, as multi-channel competition between providers increased. Works Cited: Case Study: The BBC. BA in Business Studies Website: Opta Creating New Businesses: Case-Studies-Media. Retrieved March 29, 2007. [http://www.opta.com/who\\_we\\_serve\\_casestudies\\_media\\_print.htm](http://www.opta.com/who_we_serve_casestudies_media_print.htm) Stevenson, William J. Production and Operations Management. Fourth Edition. Von Hoffman Press. 1993