

Maximising Income

and

Controlling Costs

in small and medium
broadcasting operations

A Handbook

Mano Wilkramanayake



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Foreword

With TV sets nestling even in the humblest of homes around the world and with the proliferation of satellites beaming programmes to the remotest corners of the planet, channels sprout overnight even in the least developed countries. While there is no dearth of people seeking employment in this ever in demand media machine, sustainability is a major issue especially given recession driven cutbacks. The creative talents that this field draws more often than not lack the financial know-how required to even stay afloat when so many enterprises are sinking around the world. This handbook will come in the nick of time for many who need its every tip and transparent trick.

In such times the need of the hour is a knack for managing the money-how to get it and where to spread it thick and where thin. Broadcasting is the bread and butter of many a stalwart CEO who might well survive on love story soaps but the channel will vanish into thin air unless that individual knows more than how a money spinning serial is made. Quite a few good CEOs may come from Engineering or Programming backgrounds and may not be experts in managing money.

This handbook addresses such issues in simple and straightforward terms and offers clear-cut solutions tailored to broadcasting outfits. Divided into three sections, the first part tackles ways to maximize income, discussing the various income streams (advertising, sponsorships, spots, product placement, etc.). This section then analyses factors that influence revenue: marketing, brand building, advertising, etc., offering valuable solutions to the commonest of predicaments a channel may face.

The second section, corporate planning, explains the importance of refining vision and mission using charts, marketing plans and an in-depth look at budgeting. Lastly, controlling costs is examined from many angles with samples of a production budget summary and a detailed production cost sheet. While this is in itself a classic manual for financial success in broadcasting, the handbook also contains two more articles, covering the same range of issues from three other perspectives while probing other areas of concern and suggesting field tested approaches to face existing challenges. This work is a down to earth handbook for survival under all conditions and a mantra for success.

I would like to thank my colleague Mr. V. Mano Wikramanayake (Group Director, Maharaja Organisation Limited) for accepting my invitation to author this handbook. I would also like to thank my colleagues Kulpam Peshin (NDTV, India), Ken Clark (Fiji TV chief executive), and Neil Dormand (Consultant to the Commonwealth Broadcasting Association) for their kind contributions.

I would like to thank Elizebeth Smith, Secretary General of the Commonwelath Broadcasting Association and Y.bhg Dato' Adilah Shek Omar, Director, Tun Abdul Razak Institute For Information & Broadcasting, Malaysia for their partnership in this project.

Javad Mottaghi, Director, AIBD

Preface

I am very pleased that the CBA is partnering the AIBD in the publication of this book. Mano Wickramanayake is a Vice President of the CBA as well as being Group Director of the Capital Maharaja Organisation Ltd of Sri Lanka. He wrote the book while on Sabbatical leave in Australia. Also during this time, he came to our Tonga conference and taught a management class to a group of participants which was very well received.

Ken Clark, CEO of Media Niugini (EM TV) in Papua New Guinea, is also a CBA Vice-President and very experienced in broadcasting management. Beginning his career in Canada, he has held posts in a number of countries, and, in recent years, has been with Fiji TV, which owns Media Niugini.

Neil Dormand was formerly with the BBC, starting as a trainee cameraman and becoming general manager of technology and production services, responsible for everything but journalism in BBC news. He now works as the CBA's Technical Consultant.

I know that this volume, with its other excellent sections as well, will be of great use to managers of broadcasting stations round the world and I commend it to them.

Elizabeth Smith, Secretary-General, CBA

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INTRODUCTION

The purpose of this Handbook is to list and discuss the various options for maximizing income in subscription based and free to air Radio and TV broadcasting operations in competitive small to medium sized markets in developing countries where critical mass is hard to achieve. In lots of these markets the separation between Production, Publishing (in this case, broadcast/playout) and Distribution has not yet been achieved and, indeed, in small markets, the separation is still not financially viable. Hence, for the purposes of this Handbook, the entire chain, from ideating to delivery to consumer, is covered.

This does not imply that the ideas and examples discussed do not apply universally, as lots of them do. However, developments in Technology, particularly ICT, and the opportunities that convergence has made available are integrated only so far as the use of this technology is cost effective to small and medium sized broadcasters, bearing in mind that some of them are still analogue based. There is also included a very useful paper on affordable technology, by Neil Dormand, who is as up to date as anyone in the business on what is out there and what it can do.

The Handbook is in two parts: An overview and case studies. In Part 1, the first section will deal, in some detail, with the various possible revenue streams, tips to maximize them and attempts to generate innovative ideas. The second section will deal with the practical aspects of corporate planning: budgeting of programme production, sales, promotion and overheads. The third section will deal with financing, cash flow control and credit control. Various methods and tools to achieve this will be discussed and, in both sections, case studies drawn from the author's experience will be used to illustrate possible approaches. All templates given (such as Production budgets and Promotion budget templates) are generic in nature.

Although a section on Maximising Income, in the first instance, and Controlling Costs, in the second, which will include a section on corporate planning and budgeting, may appear to be a case of "putting the cart before the horse", the author's interaction with various broadcasters in the developing world, particularly the smaller ones, reveals that traditional revenue streams and traditional methods of selling are insufficient to achieve even breakeven levels of sales in an environment where costs keep rising and consumer options keep increasing; hence the section on Maximising Income as a stand alone section at the very beginning of the Handbook.

In the second part of this handbook, you will find case studies from the Indian Industry, by Kulpam Peshin, NDTV, India, a monograph on the subject by Ken Clark, an experienced TV broadcast professional, and, as mentioned, an article on new cost effective technology by Neil Dormand, a technical consultant from the U.K.

Section A

Maximising Income

This section will deal with traditional and “new” revenue streams and suggest ideas on how these could be maximised.

1

Income streams

Advertising revenue

sponsorships, spots, product placement, coverage in magazine programmes

Advertising spots are the most common form of revenue for both Radio and TV stations. In large markets, such as India, spot advertising is sold in ten or even five second multiples, but, in smaller markets, it is common to find multiples of thirty seconds duration. It is also usual for broadcasters to publish a rate card which will contain rates for each type of duration available at different time belts or programme bands as the case maybe. They also usually include special deals for bulk buys or packages.

Broadcasters usually have a self imposed limit on commercial air time per hour which ensures that viewing is not unduly disturbed so as to cause irritation or disinterest in viewers' minds. A fairly typical limit is twelve minutes per hour in total with, say, two minute commercial breaks every ten minutes.

Given that the full revenue potential is the number of minutes of commercial airtime thus made available per month or year, it is, then, of paramount interest to ensure that as high utilisation as possible is achieved, particularly in the high rate time belts or programme bands. Naturally, high rates will be obtained in high viewership time belts and this is where the relationship between rates and ratings comes into play. As this relationship will be covered later, we will leave that aside and look at the ways in which commercial advertising can be maximised.

Sponsorships

Sponsorships of popular programmes may be offered to key advertisers over a long-term, which will give them or their product(s) an association with a popular programme which generates high viewership. This ensures that commercial airtime during this programme is pre booked for, say, a three month or a thirteen week period. The sponsorship would provide the advertiser with a direct association with the programme, say, Programme A, brought to you by Product X, and, say, six commercial minutes per hour for an agreed lump sum payment. This type of sponsorship could be further maximized by selling a main sponsorship with naming rights, say, Product X, "A Murder of the week", at a premium price and subordinate sponsorships, without naming rights and less commercial minutes, for a lower outlay.

This could be further expanded by branding a time belt and selling sponsorship of the time belt. An example of this, from Sri Lanka, was the branding of the seven to nine p.m. belt, containing four separate half hour soaps, as the Golden two hours, which became hugely popular and was sold as a brand in itself with the four soap operas within it being separately sponsored. Other

added value products within the programme could be five second Break Bumpers, which are really quick five second commercials that begin and end the commercial breaks and Intros and Extros which are branded introductions to and endings to programmes.

Spots

When selling sponsorships and sub-sponsorships, it is always advisable to reserve some of the available commercial airtime for Spots. These will be for commercials from casual advertisers who may come in and go out of the programme on a needs basis and will usually come in at the published rate card rate. As ratings grow, the revenue from spots will grow as the rate will be adjusted upwards, whereas the presold sponsorships will remain at the contracted rate.

Product placement

Product placement within programmes can also bring in considerable revenue where clients would be contracted at the production stage and they pay to have their product included in the production. For example: a Sony TV set, used as the living room set of a sitcom, which will be visible throughout most of the programme. However, care must be taken not to make this form of advertising too obvious or distracting.

Coverage in Magazine Programmes

Inclusion of product reviews or having corporate executives as guests in magazine programmes can be an additional source of revenue or be used to create goodwill with clients. However, such coverage must be seen as relevant and credible and not merely as a platform for propaganda. Advertorials or full length programmes, dealing with products or brands, also fall into this category as well as the next one: selling programme air time.

Air time or time slot sales

This is a common phenomenon where a broadcaster's airtime is sold to production houses to air their own programmes and commercials. However, this practice is not recommended as it prevents a broadcaster from controlling content and building an image and personality for the channel.

Interactive programming income

SMS or premium call-driven competitions and interactive programmes

Premium SMS and calls are another method of generating revenue. Competitions requiring participants to phone in or text in answers or responses can be charged at a premium rate and the premiums can be shared with the telephone company or communications provider. Various models can be used for this. One end of the spectrum of possibilities is where the telephone company provides the servers and the software and digitizes content. In this scenario, the broadcaster's share of the premium could be as low as 20 %. But, if the broadcaster handles the creative part and the digitizing and uses his/her own software and servers, the communication provider's share could decrease considerably. Such deals are made through negotiation and, in the author's experience, it is not very costly to find the resources to do most of this in-house, and it can also be easily done with analogue broadcasting. Apart from competitions and requests, this technology can be used for on-screen messaging during a programme and for novelty services also. For instance, a viewer could text in her name and that of her boyfriend and a love meter showing their degree of compatibility could be shown in a corner of the screen during the programme.

The options are endless and dependent only on creative ideas and a small share of a text or voice

premium can be multiplied into significant revenue through the generation of volume. Another example from Sri Lanka, a nation of 20 million people, with a per capita GDP of under 2000 USD per year: A talent search programme held two nights a week generated an average of 100,000 premium texts per night in the first month, growing to 400,000 per night towards the end of a six month season and delivering over 2 million on the night of the finals.

License income

Sale or licensing of owned software, DVD and CD rights

This is income from programmes owned by the channel. These programmes can be licensed to stations overseas or produced for distribution via CD or DVD sales. Radio operations can buy or commission albums of local music, promote them on their channel and have them distributed, opening up the potential for a music publishing business. Likewise, with popular TV programmes. Deals can be made with producers and distributors which keep the broadcaster's investment or initial outlay to a bare minimum, committing only airtime for promotion of the material. The converse of this is the promotion, on Radio and TV, of new movies in exchange for exclusive license to broadcast on Television at an early date.

Production income

Production for third parties

Broadcasters, who produce and have facilities and skilled people, could also produce for other broadcasters or corporates who require training or corporate videos or videos of important events. This could bring in additional income and keep assets fully employed.

New Media Income

Website banners, subscription income for web based material

A website for each channel, which includes programme schedules, details of competitions and promotions, news about TV/Radio stars, links to live video news, etc., can be a steady revenue generator through the sale of subscriptions, banner advertisements, etc., and is not at all expensive to set up. Usually, the market is the Diaspora who thirst for local content as traditional broadcasting does not, often, offer content from the native countries of these migrant communities from less developed nations. Live or archived video streams of news and popular content would be a little more expensive to set up and maintain. Nevertheless, these can be developed to be a paying proposition. Internet TV, where broadband is available, is the next level and there are large operators who are interested in including niche channels in their offerings. The problem is, of course, the cost of transporting the signal from, for example, a small Pacific Island nation to the USA. Ku-band satellite capacity is available and less expensive than previously, but it is still a significant cost. Radio, of course, is, and has been for many years now, very cost effective to distribute on the Internet.

Promotion Income

Outdoor and indoor promotions and events

Events are a great way of combining the power of Radio and TV. Even in the case of individual TV or Radio stations, they are a great way to engage your audience and a good source of revenue. Events need to be created to suit the market and can be handled in many ways. Promotions and events can be designed with specific advertisers in mind and the entire event or series of events could be sold to a principal advertiser. Spots could then be sold to non-competitive advertisers on the broadcasts relating to the event. On the other hand, the station could brand the promotion or event with its own brand and bring in key advertisers who would find the event(s) a convenient vehicle to reach their consumers. Building brands for the station, apart from the immediate revenue, is creating an asset for the future. Two examples of these different types of promotions are as follows :

Example one: A major cosmetics and toiletries company bought naming rights for one of their shampoo products and prime sponsorship for a beauty contest open to all regions of Sri Lanka and all rounds of the contest were televised every Saturday on prime time building up to a grand finale. The TV station could sell a percentage of the commercial airtime generated by this programme to non-competitive advertisers.

Example two: Sirasa TV, one of Sri Lanka's leading channels, launched a talent contest, branded Sirasa Superstar, and each season ran nine months of the year with programmes twice a week. Prior to the commencement of the programme, key category sponsors were signed up: a telecom sponsor, a hair and beauty products provider, a fashion garment company and even a photo studio that provided contestants with an opportunity for a photograph against the Superstar logo backdrop at each audition. The rates of second tier sponsorship and spot advertising were increased in each round along with the increase in ratings achieved. This brought in large revenues and Sirasa Superstar became a household word adding great value to the Brand and building a massive franchise. SMS and Premium calls were the only way of voting and significant revenues were achieved with almost two million voting on the final night of the second season. The event was promoted all the way through on Radio and TV and the spin-offs included several music albums, overseas concerts and even a movie, which is in the making.

Rental of Infrastructure

Towers, studios, etc.

Hard infrastructure is an essential major capital investment for broadcast stations. Depending on the tax laws of each country, such infrastructure costs are recovered over time through depreciation charges on the profit and loss account. However, recovery can be speeded up through revenue derived from renting tower space to other broadcasters or telecom companies and by hiring studios out to production companies. Outdoor broadcast assets could also be rented out. Many international news teams tend to hire mobile uplinks, even cameras and crews, locally.

2

Factors that influence revenue

There are several important factors that influence revenue and these must be well understood and used to maximize revenue.

Marketing

Corporate image and Brand Building

Corporate Image

It is extremely important for any organisation to build a corporate brand and, in the case of a media or broadcast organisation, it is important that the audience as well as the clients know exactly what you stand for and what your core values represent. Are you a station that cares for your public? Are you the first to lend a hand when natural disasters strike? Does your news come across as fair and balanced? Do you fight for media freedom? How well do you look after your employees? Do you foster young talent? These are core values that you may have but need to project through your programming and overtly in your station promotions. Market your image. Use every opportunity to serve the community. Organise flood/drought relief. Even if you are a commercial broadcaster, do public service programmes. Use the broadcast media at your command to mobilize your public.

Let us look at examples, again, from Sri Lanka: Sirasa Radio and TV are the first to the front in the case of floods, droughts and even the Tsunami. Using the power of the media, they organise donations of dry rations, clothing, medicine, etc., by encouraging the public to donate and/or obtain supplies, even through INGOs, and then pack and distribute these using their own staff. For this purpose they also get clients on board who donate materials or transport, in exchange for which they get media exposure. During the aftermath of the South Asian Tsunami, they even organized a planeload of medicines from Germany in addition to relief convoys and a fund to rebuild destroyed villages, raising huge amounts of money and implementing reconstruction projects. All in the public eye! They even ran a window in their daily TV news bulletins of how much aid was coming in and how it was being spent. This raised public awareness of the organisation's role in the community and generated immense goodwill.

The fostering of local talent is also a good way to engage the community and create loyalty and a general feel good factor about your broadcasting operation. Sirasa called itself the Peoples Channel and this, over time, converted to ratings and revenue, propelling the channel to number one position.

Brand Building

It is also very important to build your brands. Not just your station ID but also your programmes

and your programme belts. Your branding should be well thought out and you must then pitch to the target audience. In South Asia, for example, soap operas are usually watched by housewives. You can group your soaps together and directly promote this, as a Housewives Hour or Housewives Special, to housewives.

Run competitions on the slot with consumer durables as prizes and bring in FMCG (fast moving consumer goods) and white goods companies to sponsor and advertise. Cross promote these with radio and star endorsements and very soon you will have a slot in which you can keep rotating soaps for long periods with high ratings and revenue.

How would you actually build your image and your brands? Here are a few ways in which to do this.

Advertising

Methods of advertising and promotion

It is extremely important to advertise and promote your brands and your programming. Apart from advertising on your own channels, use outdoor advertising. Billboards are usually good value and, once rented for a year or more, their skins can be changed regularly at a relatively low cost. Digital printing makes billboards very attractive and, if placed strategically, they can be of immense value in increasing viewership or listenership.

Promotions, too, are of great value. Run competitions within your programmes and have the star of the programme appear at a function to give away the prizes and run the event live on air. On-air competitions always generate viewership and your advertisers will come in with prizes as they get significant exposure. In fact, it has been possible, in my experience, to actually make money on station promotions aimed at increasing the popularity of your programmes. Flyers, emails, push SMS and competitions on your websites are also good ways of engaging your audience and promoting your brands. Media sponsorships of popular events, seminars and conferences also help keep your brands visible and can get you the right kind of association you need to bolster your corporate image as well as the image and awareness of your brands.

Ratings

The use of ratings as a marketing tool and its impact on pricing

Many of us broadcasters live or die by our ratings. Clients and agencies keep looking at ratings and their cost per rating point when buying advertising on your station. As broadcasters, we promote audience numbers to increase our ratings so that we can increase our prices while actually lowering the cost for each advertiser per rating point. That is, it will cost the advertiser less to reach, say, a hundred eyeballs even though he/she pays more for the placements as the programme will deliver more viewers than before. This generally holds good in markets where tamper-proof electronic systems, like the people meter system, are available to measure viewership by the minute.

This is an extremely important and useful tool as, for instance, in a news programme, you may see high viewership for the headlines and a decline as news progresses to local events and, say, business news. This can help you match your programming to your viewer profile and plan your newscast so that viewership does not show sharp declines at commercial breaks, a phenomenon that will drive away your revenue. Constant analysis of your ratings against that of your competition will show you how to meet and overcome the challenge. I must stress the importance of ratings as a tool for both monitoring and increasing viewership and for fixing competitive fair and realistic pricing and I urge all broadcasters to devote time to the analysis of ratings.

There is a caveat, though. In the case of niche programming (like, for instance, local English language programming in Sri Lanka), the ratings come out very low as bulk viewership and

listenership is in Sinhala and Tamil. Hence, cost per rating point for English advertising is extremely high. Therefore, the above arguments do not apply. The important fact, in a case like this, is the quality of the audience. In Sri Lanka, we commissioned independent research that proved that English language audiences were from the highest income bracket, the most educated and were largely corporate decision makers. This research justified a high cost per rating point and gave us a very good argument to persuade clients and agencies to support the English language channels.

Pricing

Strategic pricing and big event auctions

Pricing is a major factor when it comes to increasing revenues. This does not mean that it is recommended that you lower your prices but that you take a strategic view of pricing. Usually pricing is by time belt, which broadly reflects the viewership numbers between given times. For example, primetime rates are usually much higher. Consider the following carefully when fixing your rates:

- i. How many eyeballs or ears are you delivering in a particular time belt?
- ii. What is the quality of that audience (their demographics: age, income, etc.)?
- iii. What are your competitors offering at the same time? What are their rates, audience numbers and audience quality?
- iv. What is your channel or time belt positioning? Is your image that of a channel that delivers a high quality product or is it a popular mass appeal channel or is it a niche channel? Pricing reflects the image you are trying to project. For instance, if you are a mass market channel providing a higher quality audience than your competition, you could take the position that you will be the price leader, even though you may not be the most watched or highest rated, and justify it through the quality of your programming, or the quality of your audience. However, once such a strategy is decided upon, you should stick to it for at least a year as agencies and clients will smell blood, if you change policy mid-year, and take advantage of you.

There are other considerations when it comes to pricing and one of those less common, with high upside high downside possibilities, is the auction of big events. For instance, if you have exclusive rights to a soccer world cup or the Olympics or even a Miss World contest, you could call in selected agencies/clients, present the product and the commercial opportunity and invite bids. The process should be transparent and the agencies/clients must not be made to feel that they are being held over a barrel but must accept that this is an equitable, transparent and fair method of allowing the market to decide the value of a product. A floor price or rate is advisable to protect your downside. If positioned and marketed effectively, this can be a very high yielding proposition for special events, premium serials and event promotions.

Packaging

Packaging of programmes, long-term contracts, cross promotions between Radio and TV

Once you have completed your rate card you have to look at how to optimise utilisation of your commercial airtime. To do this, you need to develop packages and long-term deals, which could also include cross promotions with radio.

We have already dealt with sponsorships and deals in the first section, but what we are looking at here is an approach to packaging that affects pricing. In the pursuit of higher utilization of commercial airtime and increased revenues, it is quite common to find a channel effectively affording large discounts, sometimes quite unknowingly.

Frequently, agencies will push for an agency deal, which, for example, could be different rates for different levels of annual achievement by the agency. The problem with agency deals is that agencies will often club even non-regular clients who normally pay rate card rates, together with long-term clients in an effort to achieve the volume that yields the highest discounts. In cases

like this, it is important to include exclusions (top rated time belt, casual advertisers and special events, for instance) and, also, keep the rate protection to which you agree, to a minimum. In today's volatile world economy, costs can rise considerably over the short-term and you should have some flexibility to increase rates although you will have to agree to keep them unchanged for some period of time.

The other common package deals are volume related deals with a client or brand and the same considerations would apply here. What you need to be careful about is that you don't seem to be favouring a particular brand or company, as, frequently, sectors such as FMCG, Telco, Insurance, Banking, etc., will have several big clients who will look for package deals and long-term contracts and, if you are not equitable, news of favouritism can cause bad will in the market. Of course, the bigger the commitment, the bigger the benefit clients receive. In client long-term deals, it is also wise to keep a few exclusions up your sleeve: large events, international sporting events for which you have (or intend to have) buying rights, reality shows, etc. Of course, you have to balance your offerings in such a way that the client gets good value. Otherwise, you might not have a client.

Special packages can also considerably enhance income through a sliding scale of rates as viewership grows. For example, a reality TV show, like American Idol, will show an increase in viewership peaking at the final. Your rates on packages for the series could be tied to the increasing ratings so that commercials during the final period would yield much higher income per, say, thirty seconds of commercial airtime. The justification to the client would be that he is reaching a larger audience at a lower cost per eyeball or ear. Such packages have to be carefully worked out and marketed well with commitment and passion.

Cross promotion between Radio, TV, New Media and Print can also lead to increased revenue, particularly in the case of one-off special events, block buster movies and even premium or long running time belts and programmes. It is extremely important to be very specific and clear about who does what and who gets what in these deals as the objective of the exercise should be to increase revenues across all the types of media involved and promote the programme as well. Agreements must be comprehensive and detailed and clearly understood as, otherwise, in the aftermath, sorting out issues can be a nightmare.

One of the more creative efforts, in my experience, was the promotion of a blockbuster Tamil movie from South India which the distributor brought to us to promote. The deal finally involved free commercial airtime on Radio and TV in exchange for exclusive television rights within three months of screening with repeats permitted within two years and a series of street and event promotions involving the stars of the movie. This not only helped promote the movie but also created revenue opportunities for Radio and TV through event coverage, event sponsorships and merchandising rights.

Section B

Corporate Planning

This section will deal with the elements of corporate planning in a broadcasting organisation.

Vision, Mission and Objectives

Planning is an essential tool of any venture. It entails developing a vision for your enterprise, fixing goals consonant with that vision and drafting a road map to take you to those goals. It is extremely important to work out what you want your business to be seen as by society at large, your audience, your clients, your supply chain and your employees and stakeholders, be they government or private investors.

The first step, then, is to develop a vision statement.

Developing a Vision statement

In a media operation of any kind, it is most important to be seen as independent, as your credibility and, hence, your relevance to the society in which you operate, are the keys to success. Media Independence and Media Freedom are frequently used and misused terms, particularly in the developing world. No media is really free or independent as there is no way that policy can escape the beliefs, motivation and bias of the individuals that formulate it. However, it is possible, by constantly examining the relevance of what you do in terms of the responsibility you have towards your audience, your employees, your stakeholders and yourself, to remain independent of vested interests such as owner interests, government interests, political pressure, commercial interests and, indeed, employee interests. This is not an easy task, but you have to carefully examine these influences and clearly announce the vision.

The best way to commence the exercise of developing a Vision Statement is to form a small but representative team of senior managers and younger fast trackers, making sure that there is gender, ethnic and, if appropriate, religious representation, so that the team mirrors, as far as possible, the constituents of the society you serve. In this way, you may be able to neutralize bias, although even such groups develop what is known as Group Bias.

An example of a vision statement is: To be the first choice information and entertainment provider to all segments of society while improving the standards of broadcasting in the country and preserving its cultural heritage.

Once you know what you want to stand for or be seen as, you need a mission statement, which brings us to the next step.

Developing a Mission Statement

A mission statement will provide you with the rationale for what you are doing in a specific planning period. For instance, if you take a one year period in relation to the above vision, you will first have to evaluate how successful you have been to date towards achieving your vision.

Then you determine what you need to do in the coming year to move towards realizing your vision. An example of a mission statement related to the vision used in the example could be: To increase viewership and generate sufficient revenue and cash to enable investment in the first phase of digitization.

Now we have a vision and a mission. So we need to break down that mission into goals and objectives which, if achieved, will realize the mission.

Developing Objectives both quantitative and qualitative

This key phase of the corporate planning or strategic planning process needs a lot of thought, discussion, analysis of past performance, assessment of technical and technological capability, assets and their employment, liquidity, market conditions and social conditions. The objectives you set at this stage will determine each line of your detailed budget and will impinge on the lowest level of operation or the lowest common denominator and it is vital that you get this right.

You need feedback from all levels, from your sales people, your marketing people, your finance people and your production and programming people. You need statistics on the economy, details of the government budget, a feel for societal development and numerous other factors that may impact your business.

Your overall objectives, in terms of our example, could be some of the following:

- a) Achieve a revenue of X million
- b) Achieve Gross Rating Points of Y
- c) Achieve a Free Cash Flow of Z.
- d) Raise C as fresh capital from shareholders/government or the market.
- e) Make capital investment in digital changeover of D
- f) Pay 10 % dividends
- g) Reduce/increase staff numbers by Q

These are just examples, but you will need to set overall objectives in line with your mission and then break them down into objectives for Divisions, Departments and even individuals as in the case of sales. Of course, the best way is to take a bottom-up approach which, in practice, could mean that, based on the previous period and market conditions, you decide on a sales increase and you push this number down through the system to an individual salesman level and then monitor the feedback to see what the sales team can achieve as increased sales.

This may reveal that you need more sales people to tackle emerging market segments or segments that have grown rapidly, like telecom in developing countries, or you need to rationalize the sales force due to changing market conditions.

This kind of bottom-up approach in all areas will help you set achievable and realistic objectives and help hone your plan to achieve your mission.

4

Key areas of Planning

In this Chapter, I will deal with some of the key areas of planning in a media operation, but these are by no means comprehensive and should only serve as examples.

Developing a Fixed Point Chart or a Programme Schedule

A programme schedule or a Fixed Point Chart is the basis of your broadcast programming. What programmes fit where, are you developing/addressing time bands, where are you vis-à-vis competition, are you getting maximum returns from client potential, how can you divert sales away from competition, etc.- these are some of the questions that can be answered through a stable, appropriate and targeted Fixed Point Chart.

Table 1 gives a sample Fixed Point Chart for three days, which obviously has to cover the whole week, month and year.

If you examine this closely you will see a certain pattern emerge, in that afternoons are clearly for housewives whereas mornings have cartoons and late nights have repeats. These are appropriate for that situation, but will be different for each market. The chart could be colour coded into time belts which will give you a better idea of positioning. Once this is done and agreed upon, one has to put values on both sales and costs for each of the time slots.

Developing a Sales Plan

Based on your proposed FPC (Fixed Point Chart), your sales plan can be developed line by line for the entire year. That is, for each day, for each programme, determine how much revenue you propose to obtain, based on your rates, commercial airtime available and your contracts, long-term deals and promotions. This exercise should be done with the active engagement of each sales team and each sales person with each person including sales managers and directors signing on agreed targets. The sales teams should also be divided into smaller teams, either attacking particular market segments or by channel or even targeting new blue chip business – whatever makes sense for the market. The point is that specialization pays off. A team which handles banks, for instance, needs to demonstrate an understanding of the specialized advertising needs of financial institutions. Similarly a team selling a belt to housewives needs to understand what housewives look for in FMCG products so as to align themselves with the target companies.

The sum total of all your revenue targets will form the sales revenue line in your annual projected or budgeted Profit and Loss Statement.

A further useful refinement of the sales plan would be to relate the revenue forecast to the ratings that you would need to deliver the sales plan. If desired, ratings for each programme can be

forecast for each line of the FPC. Then, a well targeted, cost effective marketing plan can be prepared to deliver the ratings required.

Developing a Marketing Plan

The Marketing Plan should deal with the following key areas:

- a) How will the desired image of the Company, the Channels and key elements (e.g. news programming) be projected and promoted?

The above may be achieved through a combination of advertising, corporate social responsibility (CSR) projects of a high profile nature and strategic promotional events. In today's information hungry society, a station's news programming frequently determines the perception the public have of the station and is vital to the overall credibility and image of the company and its channels. Quite often, more is achieved through balanced and socially responsible up to the minute news broadcasting than through all the high cost advertising and promotion.

CSR projects are now recognized by the public as a means of enhancing the image of the corporate and may be viewed with a degree of cynicism by a sophisticated society. Hence, it is important to remember that the hype should be carefully controlled and real benefits accrue to the segment of society that is being served through a CSR project. Otherwise you may only end up creating bad will and negative perceptions.

- b) How will sufficient viewership of programmes be achieved to obtain the budgeted ratings and revenue?

It is my experience that programmes and programme belts, if promoted properly, can be made to deliver viewers, subject, of course, to quality ensuring return viewership. A new programme should be announced in advance and interest is built through promotions and advertising before the launch date, to entice viewers and interest prospective advertisers. The effectiveness of bill boards or hoardings cannot be overstressed as they are a relatively cheap, highly visible form of advertising that can also be quite versatile due to the 'skin' technology that is available today.

Another very effective way of retaining or bringing back viewers to a particular programme is the use of on-air competitions. Viewers like to win and to see themselves on TV. The bigger the prizes, the more prizes on offer, the bigger the viewership. The bigger the potential viewership, the more sponsors one can attract. In Sri Lanka, TV stations have offered cash, houses (sponsored by a property developer), cars (sponsored by dealers/agents), electrical goods, white goods, jewellery, airline tickets, holiday weekends, clothing and even a year's supply of milk! Advertisers come on board if they can see viewers coming on board in thousands.

The Marketing Plan has to deal with all these issues and the objective should be to achieve the budgeted sales revenue. It is, however, extremely important to very stringently budget and monitor the costs of the marketing plan. For example, corporate entertainment can easily gallop away in a twinkling of an eye and printing costs could escalate imperceptibly. There is no point helping to achieve the sales budget if you do it at an inordinate cost that significantly reduces the viability of the operation.

Table 1: Fixed Point Chart or a Programme Schedule

TIME	MONDAY	TUESDAY	WEDNESDAY	THURSDAY
04.30 AM	Station ID + Night News Rpt	Station ID + Night News Rpt	Station ID + Night News Rpt	PIRITH & Jaya mangala Gatha
05.00 AM	Morning Prayers	Morning Prayers	Morning Prayers	Bana
05.30 AM	Children's Show	Children's show	Children's show	Punchi Kele
06.00 AM	English Lesson Rpt	English Lesson Rpt	English Lesson Rpt	English Lesson Rpt
06.30 AM	NEWS	NEWS	NEWS	NEWS FIRST
07.00 AM	INSPECTOR GADJET	INSPECTOR GADJET	INSPECTOR GADJET	INSPECTOR GADJET
07.30 AM	SONIC	SONIC	SONIC	SONIC
08.00 AM	Morning Show Live	Morning Show Live	Morning Show Live	JID
08.30 AM	Morning Show Live	Morning Show Live	Morning Show Live	JID
08.55AM	Live @ 55 news headlines	Live @ 55 news headlines	Live @ 55 News	Live @ 55
09.00 AM	Morning Show Live	Morning Show Live	Morning Show Live	JID
09.30 AM	Morning Show Live	Morning Show Live	Morning Show Live	JID
09.55 AM	Live @ 55 News	Live @ 55 News	Live @ 55 News	Live @ 55
10.00 AM	Morning Show Live	Morning Show Live	Morning Show Live	JID
10.30 AM	Music show	Music game show	Music game show	Rasata Rasak
10.55 AM	Live @ 55 News	Live @ 55 News	Live @ 55 News	Live @ 55
11.00 AM	Magazine Programme	Magazine Programme	Magazine Programme	DIGANTHAYA
11.30 AM	Magazine Programme	Magazine Programme	Magazine Programme	DIGANTHAYA
11.55 AM	LUNCH TIME NEWS	LUNCH TIME NEWS	LUNCH TIME NEWS	LUNCH TIME NEWS
12.00	LUNCH TIME NEWS	LUNCH TIME NEWS	LUNCH TIME NEWS	LUNCH TIME NEWS
12.15 PM	LUNCH TIME TV	LUNCH TIME TV	LUNCH TIME TV	LUNCH TIME TV
12.30 PM	LUNCH TIME TV	LUNCH TIME TV	LUNCH TIME TV	LUNCH TIME TV
01.00 PM	Housewife's belt E+	Housewife's belt E+	Housewife's belt E+	Housewife's belt E+
01.30 PM	Housewife's belt E+	Housewife's belt E+	Housewife's belt E+	Housewife's belt E+
01.55 PM	Live @ 55 News	Live @ 55 News	Live @ 55 News	Live @ 55

TIME	MONDAY	TUESDAY	WEDNESDAY	THURSDAY
02.00 PM	Comedy Repeat	Comedy Repeat	Comedy Repeat	Nonawarunai Mahathwarunai
02.30 PM	Drama Repeat	Drama Repeat	Drama Repeat	Dewarak Chakkare
02.55 PM	Live @ 55 News	Live @ 55 News	Live @ 55 News	Live @ 55
03.00 PM	Drama Serial	Drama Serial	Drama Serial	Mobee Hobee
03.30 PM	Drama Serial	Drama Serial	Drama Serial	Mobee Hobee
03.55 PM	Live @ 55 News	Live @ 55 News	Live @ 55 News	Live @ 55
04.00.PM	SONIC	SONIC	SONIC	SONIC
04.30 PM	English Lesson Rpt	English Lesson Rpt	English Lesson Rpt	English Lesson Rpt
04.40 PM	English Lesson Rpt	English Lesson Rpt	English Lesson Rpt	English Lesson Rpt
04.55 PM	English Lesson Rpt	English Lesson Rpt	English Lesson Rpt	English Lesson Rpt
05. 00 PM	SCOOBY-DOO	SCOOBY-DOO	SCOOBY-DOO	SCOOBY-DOO
05.30 PM	Tom & Jerry	Tom & Jerry	Tom & Jerry	Tom & Jerry
05.55 PM	Live @ 55 News	Live @ 55 News	Live @ 55 News	Live @ 55
06.00 PM	Magic Box	Magic Box	Magic Box	Magic Box
06.30.PM	Music game show	Music Game show	Music show	Tharumansala
07.00 PM	NEWS	NEWS	NEWS	NEWS FIRST
07.30 PM	PAN BATTU TD	PAN BATTU TD	PAN BATTU TD	PAN BATTU TD
08.00 PM	MAHAGEDARA TD	MAHAGEDARA TD	MAHAGEDARA TD	MAHAGEDARA TD
08.30 PM	KIDURANGANA TD	KIDURANGANA TD	KIDURANGANA TD	KIDURANGANA TD
09.00 PM	PRAVEENA TD	PRAVEENA TD	PRAVEENA TD	PRAVEENA
09.30 PM	KAVYA TD	KAVYA TD	KAVYA TD	KAVYA TD
10.00 PM	NEWS Repeat	NEWS Repeat	NEWS Repeat	NEWS FIRST
10.30 PM	VISAMMUTHIYA Magazine	Vimarshana Investigation	Hard Talk	Kedella Rpt
11.00PM	VISAMMUTHIYA Magazine	Vimarshana Investigation	Hard Talk	Kedella Rpt

Budgeting Cash Flow and Capital Expenditure

In my experience, I have found that Cash Flow is even more important than sales in running a successful business. Capital Expenditure is the necessary commitment that frequently wipes out your cash reserves and hence I have chosen to deal with them together in this section.

A detailed cash flow budget, month by month, based on sales, expected collections, payments, planned Capital Expenditure and borrowings should be worked out and the actual monitored against it.

Each department should agree on their running costs and submit their Capital Expenditure requirements. The CEO and the Finance Head may have to determine what expenses may constitute capital or revenue in the interests of tax efficiency and may also eventually rule on what is possible in terms of Capital Expenditure for the period.

Gearing, or the amount of invested capital against loans or borrowings, is a vital component of Cash Flow budgeting. Sometimes, in high inflation situations, it may be more efficient to borrow as, while your rates rise, your loan servicing remains static, although such situations quite often mean high interest rates. Another consideration is that invested capital often demands a higher rate of return than what can be obtained from a gilt-edged investment, like a treasury bill or a government bond, and sufficient Cash Flow must be generated to be able to pay dividends.

All aspects of cash management, particularly achieving optimum levels of cost of funds (interest) and tax, should be incorporated in the Cash Flow budget. Ratios can be helpful to properly monitor this and they will be dealt with in detail in the P & L and Balance Sheet sections. If there are special situations that demand specific critical success criteria, you can develop or use special ratios to monitor them. For instance, if shareholder value is of great importance, one can budget for and monitor Economic Value Added (EVA).

EVA is defined as the difference between your Return on Capital (ROC) before cost of funds less Weighted Average Cost of Capital (WACC). To determine WACC, you would have to ascribe a notional rate of return to invested capital, say, the rate on a government bond and your various borrowings at their rates weighted to the value of each, including invested capital at its notional rate. EVA then indicates how much more your shareholder is making by investing with you as against buying government bonds.

Budgeted Profit and Loss Accounts

A budgeted P & L statement compared with actual on a monthly and year-to-date basis is a useful tool to determine whether one is achieving sales, controlling costs and achieving profit targets. A line by line comparison of the budgeted P & L against actual can reveal areas that require further study or cause for concern. This is a basic document and can easily be understood by non-financial managers and is a primary report of results.

There are many useful ratios that can be derived from the P & L to analyse the results further and some of these are listed below:

P & L Statement Ratios

Ratio	How to Calculate	What it Means in \$
Gross Margin	Gross Profit/Sales	Measures Profitability at the Gross Profit Level: The number of dollars of Gross Margin produced for every \$1 of Sales.

For example: a Gross Margin Ratio of 34.4% means that for every \$1 of Sales, the company produces 34.4 cents of Gross Profit.

Net Margin Net Profit Before Tax/Sales Measures profitability at the Net Profit level:
The number of dollars of Net Profit produced
for every \$1 of Sales.

For example: a Net Margin Ratio of 2.9% means that, for every \$1 of Sales, the company produces 2.9 cents of Net Profit.

Budgeted Balance Sheets and Important Ratios

In my view, it is important to budget a balance sheet at the end of each month of the year and compare it with the actual monthly statements. A balance sheet gives you a snapshot of the health of your business and the use of ratios derived from the balance sheet are very useful pointers to improving your business. Some of these balance sheet ratios are defined below.

Balance Sheet Ratios

Ratio	How to Calculate	What it Means in \$
Current	Current Assets/ Current Liabilities	Measures solvency: The number of dollars in Current Assets for every \$1 in Current Liabilities.

For example: a Current Ratio of 1.76 means that, for every \$1 of Current Liabilities, the company has \$1.76 in Current Assets with which to pay.

Quick	Cash + Debtors/ Current Liabilities	Measures liquidity: The number of dollars in Cash and Debtors for each \$1 in Current Liabilities.
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For example: a Quick Ratio of 1.14 means that, for every \$1 of Current Liabilities, the company has \$1.14 in Cash and Accounts Receivable with which to pay.

Debt-to-Worth	Total Liabilities/Net Worth	Measures financial risk: The number of dollars of Debt owed for every \$1 in Net Worth.
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For example: a Debt-to-Worth ratio of 1.05 means that for every \$1 of Net Worth that the owners have invested, the company owes \$1.05 of Debt to its creditors.

By looking at the Balance Sheet and the P &L account together, there are many expressions of efficiency we can derive by the use of overall efficiency ratios and specific efficiency ratios to monitor specific things like debt collection. Some of these ratios are given below:

Overall Efficiency Ratios

Ratio	How to Calculate	What it Means in \$
Sales-To-Assets	Sales/Total Assets	Measures the efficiency of Total Assets in generating sales: The number of dollars in Sales produced for every \$1 invested in Total Assets.

For example: a Sales-To-Asset Ratio of 2.35 means that, for every \$1 invested in Total Assets, the company generates \$2.35 in Sales.

Return On Assets NP Before Tax/Total Assets Measures the efficiency of Total Assets in generating Net Profit: The number of dollars in Net Profit produced for every \$1 invested in Total Assets.

For example: a Return on Assets Ratio of 7.1% means that, for every \$1 invested in Assets, the company is generating 7.1 cents in Net Profit Before Tax.

Return On Investment Net Profit Before Tax/Net Worth Measures the efficiency of Net Worth in generating Net Profit: The number of dollars in Net Profit produced for every \$1 invested in Net Worth.

For example: a Return on Investment Ratio of 16.1% means that, for every \$1 invested in Net Worth, the company is generating 16.1 cents in Net Profit Before Tax.

Specific Efficiency Ratios

Ratio	How to Calculate	What it Means in \$
Inventory Turnover	Cost of Goods Sold/ Inventory	Measures the rate at which Inventory is being used on an annual basis.

For example: an Inventory Turnover Ratio of 9.81 means that the average dollar volume of Inventory is used up almost ten times during the fiscal year.

Inventory Turn-Days	360/Inventory Turnover	Converts the Inventory Turnover Ratio into an average "days inventory on hand" figure.
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For example: a Inventory Turn-Days Ratio of 37 means that the company keeps an average of thirty-seven days of Inventory on hand throughout the year.

Debtors Turnover	Sales/Debtors	Measures the rate at which Accounts Receivable are being collected on an annual basis.
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For example: an Accounts Receivable Turnover Ratio of 8.00 means that the average dollar volume of Accounts Receivable are collected eight times during the year.

Average Collection Period	360/ Debtors turnover	Converts the Debtors Turnover Ratio into the average number of days the company must wait for its debtors to pay.
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For example: an Accounts Receivable Turnover Ratio of 45 means that it takes the company 45 days on average.

Accounts Payable Turnover	Cost of Goods Sold/ A/Cs Payable	Measures the rate at which Accounts Payable are being paid on an annual basis.
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For example: an Accounts Payable Turnover Ratio of 12.04 means that the average dollar volume of Accounts Payable are paid about twelve times during the year.

Average Payment Period	360/A/Cs Payable Turnover	Converts the Accounts Payable Turnover Ratio into the average number of days that a company takes to pay its Creditors.
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For example: an Accounts Payable Turnover ratio of 30 means that it takes the company 30 days, on average, to pay its bills.

Developing detailed budgets

Bottom-up budgeting and monitoring

This is the most vital part of the budgetary control process. Budgets should be as detailed as possible, built bottom-up and monitored on a regular basis. These are the golden rules. Additionally, if department heads and managers are incentivised based on achievement of budget, whether achievement of revenue or control of costs, one may find that ownership of and participation in achievement increases and common objectives are embraced at all levels.

The best way is to start at the bottom. For example, how much does it cost to run the maintenance department every year? What did it cost last year? In personnel? In consumables? In spares? In training? In transport and travel? Were the costs reasonable? Did it achieve the desired result? Was equipment down time reduced to budgeted levels? What can be done to improve performance? What can be done to reduce costs? Who is responsible for each item of expenditure? Has he/she any new ideas? Do he/she and his/her team agree with his/her targets? How can he/she better organize his/her team?

These are some of the questions that need to be asked and answered. Each team should agree on their targets. Each group of teams comprising a division should agree to theirs and so on up the pyramid of responsibility. It is these pieces of revenue and cost that come together in the overall budget.

Ok, so you now have a plan, but you cannot afford to wait until the end of the year to see if it has worked. You need to monitor it regularly. Monitoring requires meetings and minutes and we all know that meetings can often be a time-consuming and, sometimes, useless exercise. So what we need is a monitoring system that will flag variations early and alert those who need to know, so that corrective action can be taken quickly. A daily sales report, based on aired revenue against budget, is a fundamental document. The revenue line should not be orders booked but billable commercials aired against what was budgeted, for the day, the month-to-date and the year-to-date.

Likewise, each department or unit should have a ready reckoner of the costs for which they are responsible. Each month a profit and loss account, a balance sheet and other relevant reports, such as a sales report or a ratings report, should be circulated and a department heads or management meeting should be held, chaired by the CEO, to review progress against budget. Minutes of the decisions, corrective action and responsibility for such things should be taken and circulated and action reviewed at the next meeting.

Internal communication of plans

Achieving ownership of objectives by staff

No plan will work unless the people critical to making it work understand it and fully embrace the overall plan and their own objective in making the entire plan achievable. The bottom-up process of budgeting involves all people at all levels and makes them feel part of the corporate planning process. Through clear communication, open dialogue and good leadership at all levels, a full understanding of the collective effort and the individual's place in it can be realized. Department heads should encourage their teams to take full ownership of achieving their targets and it should be a matter of pride to exceed the budgeted targets. This spirit, coupled or sweetened with rewards and recognition, should create a dynamic results oriented team which is necessary if the corporate plans are to be realized and success achieved.

Section C

Controlling Costs

This section will deal with each element of cost and discuss ways and means of controlling them.

5

Costs in Broadcasting Operations

Controlling costs is a vital part of the management of an enterprise to ensure viability and cash flow and is the responsibility of managers and staff at all levels. However, it is important to recognize that cutting costs at the expense of quality and efficiency will negatively impact the overall results. Hence the use of the word “control” as opposed to “reduction” which implies a mere lowering of costs regardless of the consequences. If you have got your cost estimates right in your planning exercise then your task is to control them within the levels agreed upon in your plan and produce the desired outcomes whether they be revenue, ratings or production quality.

Production Costs - Production budgets including recovery of indirect overheads

The best way to control production costs is to prepare detailed budgets for each production. These should include indirect costs such as overheads like depreciation on equipment, administration salaries, power, insurance, etc., which cannot be directly charged to an activity. To include these costs it is necessary to derive a charge-out rate for all such costs at the inception of the financial year and these can be derived in a variety of ways depending on the nature of the costs. For instance, the charge-out rate for a non-linear edit suite can be determined by the sum of the depreciation charge on the equipment, the salaries of editing staff, and the power it would consume over the year divided by the number of hours you plan to use it in the year plus a contingency or notional profit of, say, 5 to 10 %. This is the charge you will use when preparing a production budget. For use of company owned equipment, like cameras and lights, a notional charge could, alternatively, be the rates charged by hire companies.

Usually this budget is prepared by the producer on a prescribed form and approved by his/her section head and general management. Post activity, this can be compared to actual cost (number of hours determining actual indirect costs) and can be used as a measure of the producer’s efficiency.

The following tables give samples of a production budget summary and a detailed production cost sheet.

The above is only a sample to illustrate the level of detailed planning necessary to budget effectively and control costs of production.

If, at the frontline of each process (for example, the hiring of equipment for an outdoor shoot), the cost is controlled, then it helps control the production cost which in turn helps control the operating costs of the company and contributes to boosting or achieving planned bottom line results. The culture of cost control should be encouraged among all employees as the awareness alone of its importance can result in tangible incremental benefits that can be quite significant.

Production Cost Sheet

Prepared Date

PROGRAMME

PICTURE BUDGET SUMMARY

TITLE		Approved by:-		
Producer		Director - Programmes-		
Valid Period		Director-Engineering-		
Format		Director-Personnel & Admin		
Length		Head of Editing		
EFP		Head of Library		
1/2HR.		Head of Make-up		
NO.		Direct	Indirect	Per Prog
1	SCRIPT	0.00	0.00	0.00
2	PRODUCER AND DIRECTOR	0.00	0.00	0.00
3	PERFORMERS	0.00	0.00	0.00
4	PRODUCTION STAFF	0.00	0.00	0.00
5	TRANSPORT/FOOD /STUDIO	0.00	0.00	0.00
6	PRODUCTION EQUIPMENT	0.00	0.00	0.00
7	RAW STOCK	0.00	0.00	0.00
	SUB TOTAL	0.00	0.00	0.00
	5 % CONTINGENCY	0.00	0.00	0.00
	GRAND TOTAL	0.00	0.00	0.00
Remarks				
Final Approval				
General Manager-		Channel Head -		CEO -
				Station Director

The above summary is derived from a detailed production cost sheet as given in the next table:

1 SCRIPT	Time	Qty	D/ Rate	In/ Rate	Direct	Indirect	Per prog
SCRIPT WRITING	0 D	0	0.00	0.00	0.00	0.00	0.00
TOTAL SCRIPT WRITING					0.00	0.00	0.00
2 PRODUCER & DIRECTOR	Time	Qty	D/ Rate	In/ Rate	Direct	Indirect	Per prog
EXECUTIVE PRODUCER	0 D	0	0.00	0.00	0.00	0.00	0.00
PRODUCER	1 D	1	0.00	0.00	0.00	0.00	0.00
DIRECTOR	0 D	0	0.00	0.00	0.00	0.00	0.00
TOTAL PRODUCER/DIRECTOR					0.00	0.00	0.00
3 PERFORMERS	Time	Qty	D/ Rate	In/ Rate	Direct	Indirect	Per prog
PRESENTER	1 D	1	0.00	0.00	0.00	0.00	0.00
GUEST ARTIST	0 D	0	0.00	0.00	0.00	0.00	0.00
TOTAL PERFORMERS					0.00	0.00	0.00
4 PRODUCTION STAFF	Time	Qty	D/ Rate	In/ Rate	Direct	Indirect	Per prog
PRODUCTION ASSISTANT	1 D	1	0.00	0.00	0.00	0.00	0.00
CAMERAMAN - EFP	1 D	1	0.00	0.00	0.00	0.00	0.00
CAMERA ASSISTANT	1 D	2	0.00	0.00	0.00	0.00	0.00
MAKEUP ARTIST	1 D	1	0.00	0.00	0.00	0.00	0.00
EDITOR	1 D	1	0.00	0.00	0.00	0.00	0.00
TOTAL PRODUCTION STAFF					0.00	0.00	0.00
5 TRANSPORT, FOOD & STUDIO	Time	Qty	D/ Rate	In/ Rate	Direct	Indirect	Per prog
TRANSPORTATION		V Km					
Pre-Production	0 D	0 0	0.00	0.00	0.00	0.00	0.00
Production	1 D	1 175	0.00	0.00	0.00	0.00	0.00
CATERING							
1. EXECUTIVE	1 D	3	0.00	0.00	0.00	0.00	0.00
2. NON EXECUTIVE	1 D	3	0.00	0.00	0.00	0.00	0.00
3. TERM CONTRACT/ PARTICIPANTS	1 D	4	0.00	0.00	0.00	0.00	0.00
BEVERAGES	1 D	10	0.00	0.00	0.00	0.00	0.00
TOTAL TRANSPORT, FOOD AND STUDIO					0.00	0.00	0.00
6 PRODUCTION EQUIPMENT	Time	Qty	D/ Rate	In/ Rate	Direct	Indirect	Per prog
CAMERA PACKAGE OR DV	1 D	1	0.00	0.00	0.00	0.00	0.00
TOTAL PRODUCTION EQUIPMENT					0.00	0.00	0.00
7 MISCELLANEOUS	Time	Qty	D/ Rate	In/ Rate	Direct	Indirect	Per prog
MAKE-UP MATERIAL	0 D	0	0.00	0.00	0.00	0.00	0.00
EDITING NON LINEAR	8 hrs.	0	0.00	0.00	0.00	0.00	0.00
GRAPHICS	1 D	1	0.00	0.00	0.00	0.00	0.00
BETA CAM-30	1 D	3	0.00	0.00	0.00	0.00	0.00
BETA-CAM-60	1 D	1	0.00	0.00	0.00	0.00	0.00
EDITING -LINEAR	3 hrs.	1	0.00	0.00	0.00	0.00	0.00
TOTAL RAW STOCK					0.00	0.00	0.00
TOTAL AMOUNT					0.00	0.00	0.00

Programme costs

Contracts for outsourced programmes and methods of cost recovery

One of the most important direct costs is the Programme Cost. This is the cost of a programme produced by your own operation, a commissioned production or a bought out programme. Since we have dealt with the first in the above paragraph, let's examine the other two.

Commissioned Programmes: These are usually programmes such as sitcoms or serials which you commission from an independent production house. A station would sign a contract for a pilot and a full season which is normally 13 episodes, although this may vary according to the market. Two methods of payment are possible: you may agree on a price per episode for the entire season or you may agree on a base price per episode plus a bonus, dependent either on ratings achieved or on programme profitability. For example, you could agree to pay X number of dollars per episode plus Y number of dollars per rating point achieved over, say, ten rating points. Or you could agree to X number of dollars per programme plus a 30% share of the profit of the programme based on clearly understood costs such as a notional airtime cost, tax, agency commission and sales commission. In this way, you could tie your programme costs to the commercial success of the programme.

Bought out programmes: these are either live events, in which case the deals would be quite straightforward and the costs would be the feed cost and the technical costs, such as satellite down link costs, or programmes purchased from distributors, in which case one has to consider programme license cost, media costs (i.e. whether the programme comes to you on tape or via satellite – there are cost effective satellite options such as Smart Jog now available), customs duty if applicable and local taxes.

When entering into licensing contracts it is quite often cost effective to bundle products, which in the case of live events could be a contract for a series of events, and, in the case of products from distributors, a package of different products over a long period of time, say, a year. Also, always try to include rights for multiple runs, as repeats can add value and save costs in your schedule.

The other point to note when budgeting or accounting for programme cost is to charge the costs of the programme contracted for multiple broadcasts in a manner in which the cost is amortised up front. For example, if a serial is purchased to run three times, you could charge 75 % of its cost to the first season and 25 % to the rerun, leaving you an additional free of cost rerun in stock. This way, you don't get stuck with a high cost inventory of programmes which may not yield strong revenues in their second or third runs, thus adversely affecting your bottom line.

As a control mechanism, prepare a programme profitability statement each month or week, showing cost of programme versus revenue earned. If this is done on the same format as the FPC, you can immediately see where you are making or losing money and take corrective action to increase revenue by, say, heavy promotion, competitions, etc., or replace an underperforming programme well in time. You can further refine this report by adding the ratings each week and analyzing the programmes into time belts.

Overhead costs

Methods to control/minimize

Overhead costs are often not given the close scrutiny they deserve and, as an organization grows, can grow inordinately, creating heavy burdens in bad times. Quite often, in the growth phase, where an operation is growing in terms of revenue and profit, managers tend to be lax on overheads and simple administration costs escalate and essential expenditure, such as travelling and entertainment, take on the status of a perk for individuals and high levels of spend get established. This phenomenon should be vigorously guarded against by careful scrutiny of actual costs against the amount budgeted on a monthly basis.

The best method of control is meticulous planning and careful monitoring. In your budgeting exercise, try to budget even the smallest overhead cost in the minutest detail possible.

In the case of semi variables such as power costs, it may be a good idea to incentivise those responsible to minimize power consumption and improve on budgeted costs.

Other overheads that typically need close monitoring are telephone costs, entertainment, maintenance and travelling and transport.

Promotion and event costs

Methods of control

Events and promotions generate costs which, sometimes, cannot be budgeted in detail, in advance, at the beginning of the year, and are often bottomless pits into which cash seems to disappear. Lay down a law that even station promotions should not be run at a loss and, for client or product promotions and other events, a minimum profit level of, say, 30 % of revenue has to be achieved. Such promotions and events should be budgeted in advance, showing both detailed costs and revenue and should be signed well before execution begins. A sample promotion budget is given below.

Promotion Budget for Holcim promotional event

25th & 26th February 2009

Details

Sales Income
Holcim

Total

Agency Commission 15%
Net Income

Cash outflow cost

One 100 x 15 Marquee Shed

Twelve Spot Lights

Five Plug Points

Ten Fans

Thirty 20 x 15 Stalls

Sixty Tube Light

Thirty Plug Points

One hundred and fifty Flag Poles

Forty Table & Cloths

Oil Lamp

One hundred Plastic Chairs

Changing Room

40 x 30 Parabolic Stage

Normal Stage Lights

30000W Band Sounds

Fifteen Halogen Lights

Fifteen Mercury Lights

Five thousand 5w Bulbs

100 KVA Generator with Diesel

80 KVA Generator with Diesel

PA Sounds

Entrance Pandal, Theme Tower, Toilets & Stall Decoration
 Temporary Electricity
 Water
 Band
 Ground Cleaning Charges
 Food & Accommodation (2 Exe. 6 days, 2 part Time DJs, 2 Drivers)
 Two Part Time DJ's 750 x 2 x 2 days
 Transport & Fuel Charges (2 van 1100 KM x 15.50)
 Meals at venue
 Coffee, tea, etc. (75 People)
 Street Promotion Charges (7 days)
 Ex. Allowance & Over Time
 Eight Security personnel (1850 x 8 x 2 days)
 Food for Police
 Labour Charges
 Municipal Council Tax.
 Police Permit
 Miscellaneous
 Total

Contribution
 LESS NOTIONAL COSTS
 Air Time Cost (Without Agency Commission)
 Cost of 50 TV Trailers (50 x 4250)
 Eighteen Live Update (18 x 8500)
 One hundred and fifty FM Trailers (150 x 1700)
 Total
 Net Contribution

Submitting Date : 16th Feb. 2006

For Your Approval

Manager Promotions

Manager Sales

Manager Finance

CEO

Ancillary activities

BUDGET

Holcim Street Promotion @ Galle
18th to 24th February 2006

Details	Direct cost	Indirect	Sponsorship
Sales Income			
Total			
Agency Commission 15%			
Net Income			
Cash outflow cost			
PA Sounds 750 x 7			
Ex. Food & Accommodation			
Transport & Fuel Charges			
2 Helpers (750 x 2x 7days)			
Accommodation			
Driver Foods (270 x 7 days)			
Police permit			
Total			
Contribution			
Total			
Contribution			
Air Time Cost			
Total			
For Your Approval			
Manager Promotions	Manager Sales	Manager Finance	CEO

Holcim Event infrastructure Requirement

One 100 x 15 Marquee Shed
 Twelve Spot Light
 Five Plug Points
 Ten Fans
 Thirty 20 x 15 Stalls
 Sixty Tube Lights
 Thirty Plug Points
 One hundred and fifty Flag Poles
 Forty Tables & Cloths
 Oil Lamp
 One hundred Plastic Chairs
 15 x 12 Changing Room
 40 x 30 Parabolic Stage
 Normal Stage Lights
 30000W Band Sounds With Generator
 Fifteen Halogen Lights
 Fifteen Mercury Lights
 Five thousand 5w Bulbs
 100 KVA Generator with Diesel
 80 KVA Generator with Diesel
 PA Sounds 30 Horns,
 Entrance Pandal, Theme Tower, Toilets & Stall Decoration
 Temporary Electricity
 Water

Finance costs

Interest and capital gearing, cash flow management, credit control, and inventory management

This is a critical area for any operation and the management of financial resources is a key factor in the success of a business. Without sound financial management the best creative efforts can result in disastrous losses and even the closure of the business.

The first area to focus on is the capital gearing of the company. How much is venture capital or equity, which is zero cost, and how much is borrowed capital. What the ideal balance between the two is depends on the economic environment in which the company operates. For instance, in a high inflationary environment, borrowing even at high cost may be an excellent short-term strategy as, while your rates and income increase with inflation, the capital sum borrowed remains the same. Of course, the prudence of this is dependent on interest rates remaining fixed while inflation continues to climb. This is not as impossible as it sounds as long-term loans, particularly on lines of credit from bilaterals or multilaterals, are often fixed interest loans. The point is, choose a ratio that works for your company and make sure long-term loans fund fixed assets and not expenses or inventory which can be funded by short-term borrowings such as overdrafts secured by inventory and /or debt. The point is to budget an overall cost of funds or interest cost and try to better it throughout the period. Park even your short-term surpluses in interest bearing deposits or instruments. If the law permits, move your salary payment date forward or backward from the end of month high cash demand period and park your money on call when the demand and the overnight rates are at their highest. You can pressure your debtors for money just before this period and delay your creditors by a few days to make sure you have surpluses to put on call at this time even for a few days. Done cleverly over a year, the results may surprise you.

The key to achieving desired cash flows is the management of your debtors or credit control and the management of your inventories. Timing is everything and the more you shorten the debt collection cycle and lengthen the creditors' payment cycle (within the limits of reputation and fair play) the more cash you will have at hand and the more you can reduce your interest costs. Look out for new instruments, look at lease versus buy, look to re-lease, look at discounting your invoices or factoring, but always stay within the regulated banking system as you don't want to run the risks associated with dodgy financial institutions.

Staff costs

Incentives, allowances, per diems, etc., and how to make these cost effective

Critical overheads such as Staff Costs need special attention and a detailed human resources budget should be compared with actual on a monthly basis. Overtime is an area that can easily get out of hand and a limit, say, 33% of the monthly salary, should be set for individuals for purposes of control and prevention of misuse.

It is also very important to have a clear policy on per diems, reimbursement of board and lodging expenses when staff is out of station, foreign travel allowances, holiday pay and sick, casual and annual leave and that such policies and changes to them are communicated clearly and in a timely fashion to all staff. This ensures that there is no ambiguity as to what they can expect and it also helps you to plan these costs and control them.

The key area is that of incentives, of which the most common are sales commissions and bonuses. In the case of sales incentives, it is useful to break down sales budgets into team targets and individual targets which could be in excess of the budgets by 5 to 10 % and incentivise sales people on the basis of 90%, 100% 110% and over 115 % of target achievement at increasing rates of commission. Achievement should be tied directly to collection of debts and no commission should be paid on uncollected debts. Sales managers should be incentivised on sales teams' target achievement in the same manner and debt collectors on debts transferred out of sales teams' achievements.

Quite often sales incentives create a lot of dissatisfaction among other staff and it would be appropriate to incentivise programming staff on achievement of ratings, engineering staff on down time and maintenance costs, finance staff on timely external audit and control of finance costs, and managers on divisional or channel profits. However, if such incentives are put in place they must be clear and simple to quantify and should not be so complicated or ambiguous as to lead to disappointment. Another simple way to ensure that no one feels hard done by is to ensure that salaries are commensurate with market rates and sales staff gets paid a basic salary with the bulk of their earnings coming from commissions. If one is able to control one's human resources budget to the optimum and ensure a HR policy that empowers, trains and develops employees while keeping numbers to the required figure and no more, a significant cost is well controlled and, at the same time, organizational stability is ensured. A strategy that pays in the long-term in terms of lower staff turnover, better multi-skilling and greater employee loyalty, is to pay slightly above market rates at all levels and provide skills and professional development opportunities.

Monitoring results and variance analysis

Budgeting and planning is of little use if the feedback loop is not closed. It is essential that results and activities are continuously monitored and compared against budgets, and variances (both adverse and favourable) are investigated to ascertain the reasons for the variance. The use of Balance Sheet Ratios and Key Performance Indicators (such as percentage contribution, gross rating points, percentage revenue growth, market share, etc.) is useful to judge progress and highlight areas that need attention. This will point to corrective action and, in some cases, amendments to plans and budgets - a course of action to be taken only when circumstances are really compelling (for instance, a loss or addition of a channel license or some major event that alters the external environment).

A monthly report and a monthly profit and loss statement and balance sheet, showing month and year-to-date performance against budget, should be submitted, say, within five working days of the end of each month, by the heads of each channel or operation to a management committee that would be presided over by the CEO and these results should be discussed within 10 days of the closure of the previous month. The tight timelines are essential if data is to be of relevance and if timely action is to be taken. Quarterly reviews could also be held to discuss trends and strategies to achieve budgets.

Conclusion

What you would have read about in the preceding chapters are common sense based methods of running a successful electronic media business. These methods and principles apply across the board and the relative size of your operation should not be a factor in using them in your business.

In summation I give below some points that I believe are worth stressing.

1. Without the respect and support of your audience you will never succeed. To ensure this, serve the needs of your audience, do not patronize them, ensure that your news reporting is fair, unbiased and factual, do not bow to vested interests, be they commercial, political or proprietary, provide quality programming, ensure ease and quality of distribution and be the first to help in times of crisis.
2. Train, develop, respect, reward and recognize your staff as they are your biggest asset. They are the ones who will deliver success and ensure growth. Treat them fairly and provide them with opportunities to innovate. Encourage entrepreneurship, recognize ability and results over seniority and age and keep your fast trackers fresh.
3. Plan each and every activity in as detailed a manner as possible and relentlessly monitor results.

4. Lead with energy, foresight, passion and a sense of humour. Be a Mentor not a Master!

I assume that, if you have got this far, you have found this Handbook useful and I hope it has provided you with a few tips that could come in handy. What follows are three articles by experienced media professionals which are very informative and enlightening. The best method of control is meticulous planning and careful monitoring. In your budgeting exercise, try to budget even the smallest overhead cost in the minutest detail possible.

In the case of semi variables such as power costs, it may be a good idea to incentivise those responsible to minimize power consumption and improve on budgeted costs.

Other overheads that typically need close monitoring are telephone costs, entertainment, maintenance and travelling and transport.

Part II

Case Studies

Understanding the media environment, analysis and strategic planning will help maximising income and controlling costs.

Kulpam Peskin gives some professional insights into the Indian media environment, critical for the survival and growth of broadcasters.

6

Maximising Income, Controlling Costs

Kulpam Peshin, Corporate Communications, NDTV Ltd.

Effect of the meltdown

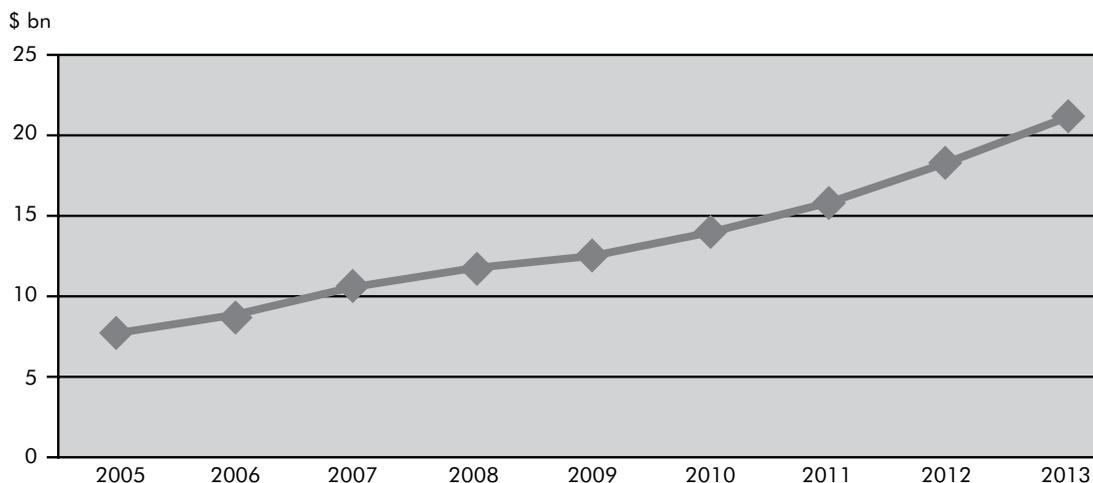
We can call it a slowdown, a credit crunch or an extremely tough environment, but the fact is that economy the world over is facing a meltdown of a proportion never experienced before. All sectors of the economy have had to re-group & re-strategize to survive. The Media & Entertainment industry too has felt the crunch and is trying to cope.

The broadcasting industry has been growing at a fast pace over the past few years and India has been witness to a broadcasting revolution with an explosion of channels, both television & radio, backed by the huge demographic advantage of 1.1 billion people. Though the slowdown has and will impact the operations and expansion plans of broadcasters, it would also, in a way, help segregate the wheat from the chaff. And, with the economy still expected to clock an over seven per cent growth rate this fiscal year, broadcasters have been utilizing this phase to prune operations and improve operating margins. Cost benchmarks have been set on everything from power consumption to travel and transport to the optimum size of the work area. At the same time, the race to catch eyeballs is still on full force, and broadcasters have to be astute in decreasing the costs without compromising on the quality. This predicament faced by broadcasters will ensure that they think of innovative strategies and execution plans to survive the slowdown.

As can be seen in the graph below, despite the slowdown, the industry is still expected to grow.

Indian media & entertainment industry

Compound Annual Growth Rate (CAGR) of 12.5% over 2009-13



Source: (KPMG-FICCI Report)

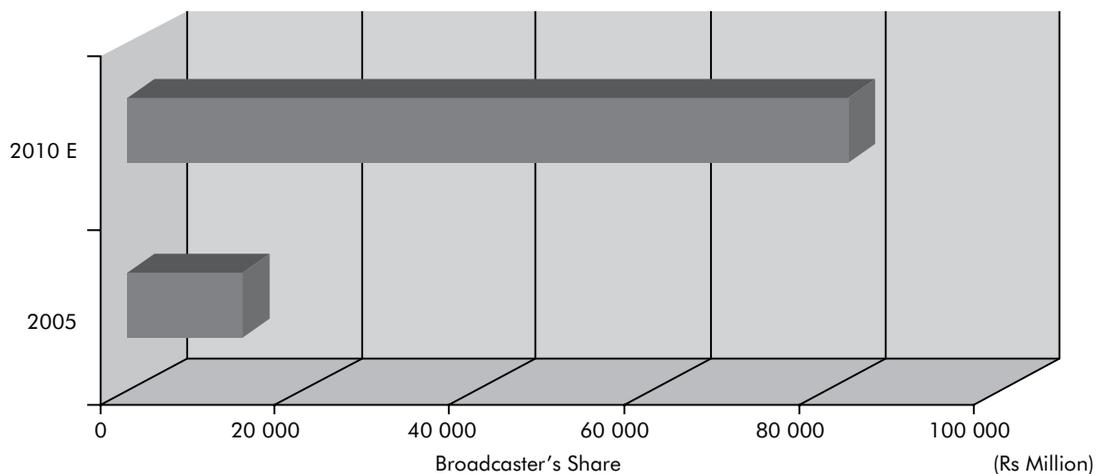
We will share with you, with specific examples, some of the strategies and plans being adopted by broadcasters to tide over this crisis.

Maximizing income

Distribution

An important area that broadcasters are focusing on is changing the distribution landscape. Large scale opportunity in the form of digitization of distribution has tremendous scope for increasing the distribution income of the broadcasters. With USD 4 billion of funds being invested only in DTH, ventures by big players like Tata Sky, Reliance ADAG, Bharti, Sun Network and Dish TV, DTH is well on its way to reach 16m homes by 2010. The broadcasting business, which has been suffering due to under-declaration by cable operators, would be the biggest beneficiary of digitization of television distribution. In order to reduce dependence on ad revenues, media houses like Zee and UTV plan to focus more on their distribution platforms. For example, 60% of revenues of Zee TV, the Zee flagship, comes from advertising and 40% from subscription. UTV has made all its channels “pay channels”.

Broadcaster’s share of pay revenues increasing 6 times over 2005



Source: IDFC-SSKI Research

Leveraging their in-house distribution expertise and extensive network, broadcasters have signed distribution deals with broadcasting companies outside India to distribute their channels in India. NDTV has recently inked a distribution deal with ITV to launch GRANADA TV across India & South Asia.

Carriage Fees

The current annual outgo as carriage fee, which is pegged at \$0.3 billion, is expected to come down this year. The growing acceptance of the digital TV distribution technology will help broadcasters reduce the carriage fee and increase subscription revenue. Entry of new direct-to-home (DTH) service providers will not only heat-up the competition in this segment but also expand the overall market size.

Diverse Products

Over the years, broadcasters have increasingly been looking at opportunities targeted at specific audiences to increase their revenue. In TV channels, ‘narrowcasting’ in the form of catering to specific target groups has come to stay. A case in point is NDTV Good Times, which caters to a niche segment. Zee Trends, Discovery Travel & Lifestyle also cater to the same segment.

Broadcasters are also coming up with city specific channels – NDTV HINDU in Chennai, being an example.

International Subscription

Broadcasters are also gaining from distribution and international subscription as the huge Indian Diaspora outside the country and an increased interest in India provide opportunities for them to go international. In the case of ZEEL (Zee Entertainment Enterprises Ltd), international subscription contributed to 21% of the company's top line in the Financial Year 2009. NDTV has recently launched NDTV Profit & NDTV Good Times on the DIRECTV platform in the US.

Regionalization

Regionalization is another strategy that is proving successful as there are a growing number of television households in the hinterland that prefer to watch programs in their local languages. Advertisers find the regional television segment a good vehicle to reach these audiences. Zee News has ventured into regional movie production and has released four movies in Bengali. Regional channels like Sun TV have done very well despite the downturn. Sun TV has maintained its dominant position in South India and is the only player to book ads according to their rate card, i.e., without giving discounts. The Zee News bouquet (especially Zee Marathi) is also a favourite of medial planners.

Movie Production & Syndication of Content

UTV is a case in point of a company starting as a movie production house and later becoming a broadcaster. Sun TV has set up Sun pictures and NDTV Imagine has five movies under various stages of production - three in Hindi and one each in Tamil and Bengali. Since this is a high investment-high return business, it has a gestation period to become profitable. It remains to be seen how successful broadcasters would be in this business.

Broadcasters are also looking at content syndication deals for extra bucks. Zee, Star and Sahara already have syndication deals in place in NRI-rich international markets such as the US and the UK. Syndication of content is a term used to describe how much and how well a producer repurposes the content and makes it available in different formats and on various platforms. Currently, international syndication is more lucrative for Indian channels and production houses since it brings in dollars. Balaji Telefilms' 'Kyunki Saas Bhi Kabhi Bahu Thi' is hugely popular on the Sri Lankan channel, Maharaja TV. The dubbed adaptation of Ramayana, NDTV Imagine's weekday prime-time driver show, was also aired on Gemini TV in Andhra Pradesh, Sun TV in Tamil Nadu and Surya TV in Kerala.

Integrating Different Media

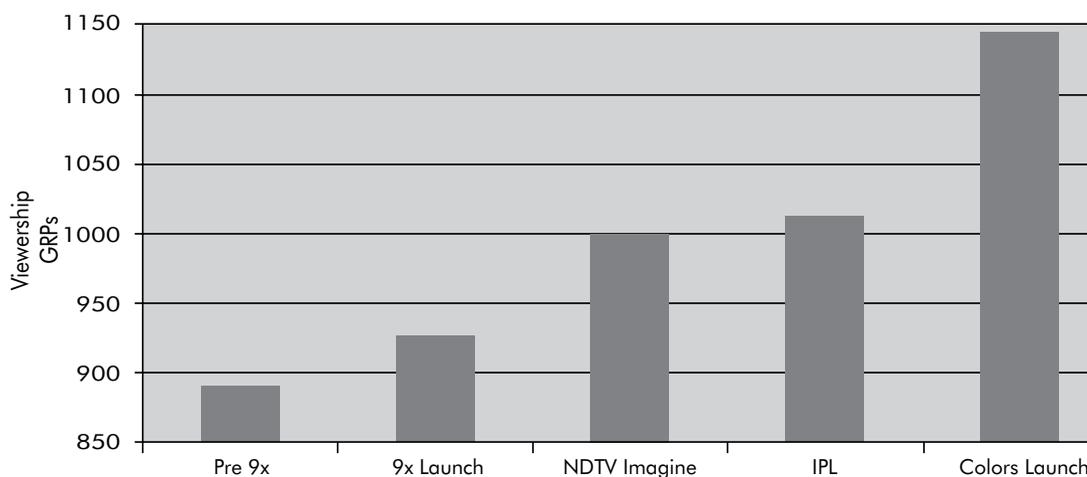
NDTV is a prime example of how broadcasters can diversify into Internet & mobile spaces. NDTV's Convergence team (looking after the Internet business) has been leading the revolution in these two areas and has recently set up a new and updated version of NDTV.com. Network 18 is another group which is focusing on this integration and Web 18 has expanded with the launch of an online aggregator, in.com. NDTV Convergence has partnered with Vdopia to power video advertising on Tubaah.com, the largest repository of NDTV video content. According to reports from E&Y and AC Nielsen, the online video advertisement market is set to grow exponentially at 300 per cent in 2009 and has 85 per cent higher brand recall compared with 54 per cent for the same ad on television.

Low penetration of Internet in India means that there is still a lot of scope for further increase in the Internet using population of this country. The last few years have seen rapid growth in the telecommunications services in our country. Hence, both Internet and mobile technology offer broadcasters opportunities to increase their revenue pie.

Expanding Mainline Viewership

As can be seen from the Bar Graph below, the launch of new channels has increased the GRPs for the GEC channels. This has made the GEC a coveted category for broadcasting majors, but the GECs have been bleeding because of huge production, marketing & distribution expenses. However, even in these times, Turner International launched Real TV which re-affirms the fact that this is a lucrative space to be in. Also the fact that FMCG companies, which are the main advertisers in GEC, have not curtailed their marketing budgets to a large extent, has meant that GEC space has been less effected by the economic downturn.

Table Viewership



Source: TAM Media Research, All Universe, Hindi Speaking Markets of India, GEC Channels Cumulative Average Weekly GRPs

Innovation, Creativity and Quality of Content

Broadcasters not only have to think of innovative streams of revenue generation but also of improving the quality of their content. They can't expect to survive merely by cutting costs but have to try and increase the revenues and be geared for the next phase of expansion. The threat of viewer fatigue is always lurking in the shadows. Keeping this in mind, many GEC broadcasters are not only revamping their content but also launching new shows. Sony Television has launched the maximum number of new prime time programmes. NDTV Imagine too is launching new shows, one of them being Rakhi Ka Swayamvar in which television and film actress, Rakhi Sawant, will search for her "life partner" from among contestants/suitors, and will marry the winner. Innovative show concepts with differentiated programming are the order of the day for the broadcasters, as they still have to attract more viewership to try and get more of the highly fragmented advertisement pie.

In order to tap into the burgeoning education market in India, TV 18, in collaboration with other media professionals, came up with the first private education TV channel aptly called Topper TV. NDTV has also recently started a Broadcast Training Programme. The Times Centre for Media Studies is another effort in this direction. This provides additional revenue to the broadcaster and is a low cost strategy to increase income.

Some broadcasters have entered the retail market, the prime example being TV 18 which has launched an integrated home shopping network (HSN). Star TV is also likely to launch one soon.

Innovative schemes by broadcasters have been able to generate revenue. The Greenathon and Seven Wonders of India by NDTV were initiatives which captured people's imaginations, and brought in increased revenues. Various award shows like 'Radio Mirchi Kaan Awards', 'Star

Parivar Awards', etc., also supplement the revenue pie for the broadcasters.

Barters

Barters have been entered into by broadcasters to decrease their cash outflow. Many companies which might not advertise due to a cash crunch can be convinced through these barter transactions to do so. Barters of all kinds - equity, property, airline tickets, hospitality services, etc. - are what organizations are looking at for the moment. This has helped reduce cash outflow to a large extent.

Foray into Production, Distribution and Publishing

Some are setting up their own production & distribution houses. Recently Studio 18 bought the distribution rights for the Hindi version of 'Ghajini'. NDTV also started its own production house called the Red Dot Productions which will create and design content for television and interactive media.

Forbes, the international business magazine was launched in India in collaboration with the Raghav Bahl promoted Network 18 group. This launch saw a broadcasting company like Network 18 enter into the magazine domain, and increase its area of offerings.

Controlling costs

Indian broadcasters are largely dependent on advertising for their revenues. The advertising pie in India, at 0.44% of GDP, is one of the lowest vis-à-vis comparable economies (China's advertising spend stands at 0.54% of GDP), and is way below the 1.3% of GDP for USA as also the global average of 1%. Considering that India is a consumption-driven economy (private consumption at 60% of GDP), the number looks even more abysmal. Notably, advertising spend in India is just 0.7% of its private consumption against 1.9% for USA and 1.4% for China. This can be attributed to the fact that advertising is cheap in India. Ad to GDP ratio is also very low, and with the economy still continuing to grow at 6-7%, there is vast scope to create value in this medium. After hitting a nadir in Q3 Financial Year 2009, ad spend has shown resilience driven by key sectors like FMCG & Telecom.

The demand-supply gap has made channels vulnerable to rate negotiations. There is more airtime and ad space but fewer takers. This has resulted in increased bargaining over rates due to thinner budgets in these times. As a result, the Media planning cycle (the time it takes for a corporate to plan, negotiate and book advertising spots on broadcasting channels) has shortened and advertisers have been more involved to get the best return on their investment (ROI). In these times, when the bargaining power of the broadcasters is decreasing, it becomes quite natural that serious thought has to be given to cost rationalization.

Hence, the media companies have used the recent slowdown to streamline operations. Broadcasters are looking at decreasing their content costs. The carriage fee (the amount paid by broadcasters to cable operators so that their channel is carried/distributed), has also seen a decline.

The profligacy of the boom times is not tolerated anymore and every company is pulling up its socks to become leaner, smarter and meaner. Companies are trying to reduce costs at all levels and all expenses are being closely scrutinised to curb wasteful expenditure.

Low Cost Strategy

Companies like Zee have followed a low content cost strategy in order to boost their net income in these times. Despite this, the channel has done well with shows like 'Dance India Dance', 'Chhoti Bahu', etc. This is an example of how broadcasters can catch the imaginations of people without going for big ticket shows. Zoom TV, the entertainment channel backed by the Times

Group, has started producing shows like Planet Bollywood, Page 3 and Red Hot Countdown in-house. Non-general entertainment channels are reducing content outsourcing. Zoom, for instance, has reduced its outsourcing by 60%. Times Now, the news channel from the Times stable, is also in cost-cutting and introspection mode.

Reduce Working Capital

Broadcasters are also trying to reduce Working Capital by billing earlier, enforcing payment terms and better production planning. Re-negotiation of many contracts like rents of office space, transponder costs, costs of various vendors, etc., is being explored to achieve better operating margins.

Streamlining Capital Expenditures/Postponing Expansion

Consolidation is the main aim of broadcasters. Besides cost control on content, distribution, marketing and staff, TV 18, NDTV, TV Today and others who have been expanding at a fast pace for the last few years, are trying to consolidate their existing businesses and curtail capital expenditure for the time being. Reliance Entertainment, one of the keenly awaited launches in TV space, was planning to launch 20 channels and had raised \$100 million from George Soros, but that plan has reportedly been delayed for now. As per its original business plan, INX Media was supposed to launch regional channels, but that has been postponed due to a severe cash crunch. It has sold off its news channel, NewsX. UTV has moved its sales and marketing team for its movie channels (UTV World Movies and UTV Movies) from Delhi to Mumbai and integrated it into the main team.

Organizational Cost Control

- Human Resources: 10-20 % salary cuts for management. Non-performers and excess staff laid off and vacant positions not filled up.
- Sales & Marketing Consolidation: A broadcaster with, say, three channels creates one joint team instead of three separate teams.
- Savings: Travel budgets slashed and video conferencing used. Saving in power consumption, transport, canteen, rent, office space, paper cups, etc. explored.

Distribution for Value Creation

Viacom18's entertainment channel, Colors, and the Sony-led distribution network, OneAlliance, have signed a deal that will give Colors a minimum guaranteed return of Rs 2,700 million over three years.

Radio Stations (Feeling the squeeze)

Private FM radio operators are shutting down their late hour broadcasts in smaller cities to shave off costs. Radio Mirchi, the top FM radio broadcaster in terms of revenue, has pulled down the curtains from 1:00 to 6:00 am in 20 smaller stations located in small towns that include Kolhapur, Nashik, and Aurangabad in Maharashtra and Mangalore in Karnataka. Big FM 92.7, which has 44 stations across India, has adopted this cost-saving initiative and stopped its night broadcast operations in all its non-metro stations from 12:00 to 6:00 am. By not operating for four hours a day these radio stations can save approximately 15-16 per cent of the operational costs (power & transmission costs)

Conclusion

Broadcasters are under pressure to innovate & reorganize. The dynamics of the broadcasting industry are changing at a feverish pace, with companies increasingly leveraging cross media platforms and trying to realise synergies. There is a strong emphasis on profitability in these times and maximising revenues through various means still remains the main aim of all broadcasters. The race to get more viewership & eyeballs ensures that broadcasters maintain a very fine balance between the quality of programming & the costs associated with it.

The Island countries of the Pacific, with widely distributed populations and large diversity of languages and cultures, call for small and medium broadcast operations. How does a broadcaster deal with such situations?

Ken Clark shares his insights from Canada, New Zealand, Fiji and Papua New Guinea.

7

Keeping Small Media Stations Afloat

*Ken Clark, General Manager International, Fiji Television Limited, Suva
CEO Media Niugini Limited, Port Moresby, Papua New Guinea*

OK – Here it is! I’m going to reveal to you the secrets of how to run a media organization, do it well, serve the community and remain solvent – even profitable.

The secret is – there are no secrets.

It’s not brain surgery. You set up in a way that is consistent with what you intend to do and the market can bear and then you mind your P’s and Q’s (as my grandmother used to say) – you stick to your knitting and move along one careful step at a time.

It’s my fondest hope that I am not “teaching my grandmother how to suck eggs”. In case you have not run across that Kiwi expression before – it’s just saying that, in writing for media professionals, what we are discussing may be something that is already second nature for you.

However, it doesn’t matter whether you are working in a government owned service or in private enterprise, large or small, the principles outlined are critical to the success or failure of the enterprise.

When I was a young television Producer / Director, we had these people around who were called “Unit Managers”. We wondered what they were there to do. Our role as production people was to make programmes – to make what we thought were good programmes and since we were interested in them, our assumption was that every one else should think so as well.

The accounting and accountability matters were for some one else to consider – they were the boring bits. I am not an accountant and don’t ever want to be one, but the contribution made by the people who look after the back up details is critical to our success on the face of the television set.

The management of the boring bits provided us with the governance controls that were necessary to the corporate reporting structures. And their maintenance established the financial health of the content produced.

People living in Canada in the ‘60’s will all remember a famous programme – “This Hour Has Seven Days”. It was great television, but it was out of control. Senior management had to step in and put its organization right.

As a senior manager, weathered by the storms, I acknowledge with thanks the vital contribution from the people who thought about those boring bits because they make us or break us.

They apply in all areas across the activities of any broadcaster – large or small.

Let me provide a couple of examples.

In the late 80's I was managing television operations in Western Canada.

The market had changed dramatically – new local stations had been introduced affecting local revenues; new national services, delivered by satellite to the cable stations, were affecting national selective and network revenues.

What did that mean to us as managers? It meant that we had to do things differently. The contract with the union had grown over thirty years of relatively good times. Fundamental attitudes and structures needed to be adapted to suit a modern environment. The union didn't want to change anything. In fact, they wanted increases when profitability was very difficult to maintain.

What happened?

The union went on strike in October and stayed on strike until May the following year. You had to admire their gumption, when it gets to be minus 30 degrees and you draw the short straw requiring you to man the picket line from midnight to eight in the morning – that's a rough call.

I clearly remember walking across the company parking lot at about 6:30 in the morning with my wife – she was an acting switch board operator during the strike – “Hey Lady”, someone shouted to her through the early morning gloom, “Your husband is an idiot!” (Well, they used a stronger word then, but we are writing for polite company here). My wife responded “Tell me something I don't know!”

The circumstances for everybody were very difficult. Families were threatened, productions interrupted, advertisers picketed: the pressure was very intense. In one case, a wife worked while her husband walked the picket line and there were only 17 union members who defied the union and came to work.

Finally, the staff came back to work in May for an agreed number and with alterations to the contract that we could live with.

What's the point? The point is that those boring bits –the management details, the costs and benefits need to be carefully reviewed and applied and, sometimes, the pressures to do otherwise are very powerful.

We could have acceded to the union demands, but then we would have found it very difficult to manage the service after such an agreement – the real chance was that we could fail entirely if we had agreed.

Illustration number 2

In the early 1990's I was asked to go to New Zealand to take a fledgling service from receivership to profitability.

The service was the first privately owned television station in the country. It was begun by some excellent television production and operations people, but their previous environment was not an exclusively commercial one. The projects they were doing, they were doing very well – multi camera productions over long periods of time using the very latest technologies, but the problem was that they were spending more on those projects than the company could afford – there was no return to the television operations and the revenue or benefit was going either to the advertisers or the promoters.

Clearly this, among other things, had to change. We can do things right, but we have to also do the right things.

It was painful, but we made the changes and the service remains a valuable contributor to the national fabric of New Zealand to this day.

So – what do you do when some one comes to you and says “I have a good idea – let’s do it!”?

In my experience, the answer is “Well – yes, it’s a good idea, but how can we make it work? How do the plusses and the minuses balance out?”

There are many things to consider.

Is it really a good idea – and why?

To what audience is it to be directed? Why?

Is that “our” audience?

What will the cost be?

Is there a written breakdown of ALL the costs?

Where will the resources for it come from?

Is it in the budget? (We ask that question a lot).

What will be the return to our organization – money, audience, market position?

How will we promote it – what will that cost?

What HR and technical resources will it take to accomplish that goal?

Do we have them?

Are they scheduled elsewhere or available at the time needed for this project?

Where will the programme be scheduled – what time of year, what day, what time of day?

What programming have we already acquired for that time period?

Have we already spent the money for the existing programme in the schedule?

Will it affect the number of runs that we have acquired, or will we find ourselves writing off episodes that have not run.

What happens if we move that scheduled programme?

Are we treating our audience properly if we pre-empt their favourite show for this one?

What revenue will it generate? Is that new advertising money or just existing money already allocated but moved to support this new project?

Will there be a sponsor for the project – a new one?

Will it help create a new advertiser?

Does the sales department know the details of resources that might be available for this?

Will it help our audience flow or hinder it?

Are we being socially responsible?

Is the programme one that offers something special to our community?

Even if we do this at a loss, is it justifiable anyway? Where does it fit in our corporate responsibility profile?

All of this really comes down to knowing what you are, what you want to be and planning – thinking about where you are going, how you are going to get there – making a plan, fulfilling it one careful step at a time and sticking to it.

Look after the boring bits – they'll be the difference between success and failure.

Digital technologies have blurred the line between professional and consumer equipment. Investment in equipment has come down drastically.

Neil Dormand, a consultant to CBA, summarises his experiences in the field.

8

Affordable Production Technology for Broadcasting

Neil Dormand

Television and production capability is now available to anyone, even those with limited means. Digital cameras are available for a few hundred dollars and editing software comes free with personal computers, which are fast becoming must-have household items. Proof of this is evident with the hundreds of items that are regularly posted on websites such as “YouTube”. Much of what is shown is not really very good, but this is down to the skill of the programme makers and not necessarily the quality of the technology. In the right hands and used within the equipment’s limited capabilities, excellent results can be achieved. However, this revolution, which has been apparent for the production of programmes for some time, is now spreading further into postproduction and distribution of the finished programme. In this paper we will explore what all this means to the professional broadcaster.

Cameras

It is true to say that the development of consumer digital video cameras has, in turn, driven down the cost of professional equipment. Less than 25 years ago, hand held TV cameras were specialist professional equipment, costing many tens of thousands of dollars. There were a few cheaper cameras, but these were not very good and were aimed at the industrial semi-professional market. They needed careful alignment and maintenance and were, therefore, unsuited for consumer use. Recording formats used wide tape, with recorders being separate from the camera. It was not until systems using half-inch tape were developed that combined cameras with in-built recorders became the norm. These were, of course, analogue.

Following a breakthrough in the eighties by Sony in the manufacture of CCD (charge-coupled device) sensors, cameras became smaller and easier to use. This, coupled with the development of an 8mm analogue recording format, meant that, although still relatively expensive, camcorders entered the consumer market. Whilst professional cameras still cost many thousands of pounds, these camcorders for the consumer market crept into professional use especially in news and for secret shooting. These early ones were still analogue. However, with the development of digital recording formats, all digital cameras were produced with the consumer version being a spin off from the professional version. Then a revolution occurred and the professional camera became a development of consumer technology. The DV format, originally developed for the consumer market, soon found its way into the professional arena and higher quality versions were produced. This meant that prices across the board plummeted in real terms. Research and development costs could now be spread over many millions of units sold, as opposed to a few thousand. Components for the professional market were now mass produced, many being common between the consumer and semi-professional camera.

Cameras now produced for the consumer market can produce excellent quality, which is usually limited by the standard of the lens. Many produce High Definition pictures, but beware, as most are not true HD. Even if only SD pictures are required, higher quality is gained by using HD cameras.

Instead of CCD sensors, CMOS (complementary metal oxide semiconductor) is generally used now in consumer cameras and, increasingly, in some professional versions. Lower cost consumer cameras utilise one sensor to gather the red, green and blue information whereas semi and professional cameras utilise three separate sensors, which provide better quality.

As for cost, consumer cameras can be bought for as little as \$300. However, these are very limited, especially the lens. So something in the region of \$3000 should be considered, even for news. For higher quality, say, for drama or sport, spending even more should be considered. It is expected that in the future, the higher cost of the cameras will be associated with the lens.

It is not only a camera that is needed to undertake a professional shoot. A kit will need to be provided which will include microphones, tripod and lights, etc.

This is an indicative average costing of a set of low-end professional/high end consumer equipment suitable for news and topical coverage.

Essential

Fixed video lens camera with two batteries and charger	\$ 3000
Tripod	\$ 180
2 Omni directional lavalier microphones	\$ 300
Handheld microphone	\$ 120
Microphone cables	\$ 50
Equipment bag	\$ 150
Miscellaneous cables and adaptors	\$ 100

Desirable

Lights	\$ 250
Wireless microphone system	\$ 200
Wide angle lens adaptor	\$ 200

Total

\$ 4550

Alternately

Small 25MBDV camera, bag, lights, microphone, tripod.	\$ 1200
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In either case you get what you pay for. A small camera is fine for grabbing the odd shot, but, for serious coverage, more needs to be spent.

All the major camera manufacturers such as Sony, Panasonic, and JVC have products covering the whole range from consumer to high-end digital cinema cameras. There are others that mainly sell either in the consumer or professional market.

Sound must not be forgotten and using the fixed microphone on the top of the camera is not satisfactory other than for general effects. Moreover, they pick up camera handling noise, unless the operator is very careful.

There is a widely held misconception that modern cameras can always cope with available light. This is not true for a number of reasons. Different cameras work well for given lighting conditions. In general, the more light the better, within limits. In low light, the camera tries to compensate and “noisy” pictures are produced. In bright sunlight, there is limited contrast capability and so shadow areas need to be filled. This can be done with a reflector such as a white card. There are also artistic reasons. When covering an event, one can get away with badly lit shots. However, if the head of state is being interviewed in his or her office for, say, 10 minutes air time, it becomes very tiring for the viewer if his or her face can barely be seen or, at best, the picture is “flat”. A couple of lights can give the face form and interest in the context of the surroundings. In addition, the subject will be much happier if they look good on screen.

The main recording format will be DV cassettes. These are cheap and transportable, but the material needs to be transferred into an editing system. Some cameras record onto removable optical discs or solid state memory while others use an internal hard disk. However, with the latter, the pictures have to be transferred from the camera to the editing system. Compared to tape, optical discs and removable memory are more expensive.

Studios and multi-camera

So far we have only discussed the use of single stand-alone cameras. It is a little more complex in a studio or OB van, when more than one camera might be used, either in live or recorded situations. Studios cameras can cost many millions of dollars, but this depends on their use and how flexible they need to be. In a news presentation situation, with a fixed set and lighting and three static cameras, the cost can be as little as \$120,000 to \$150,000 for equipment, excluding building construction. Similarly, a simple 3 camera OB can be as little as £250,000. However, for coverage of sporting events, such as a football match, with multiple cameras and large lenses, requiring large complex vehicles, the cost can rocket to \$2-3million or more. What it amounts to is to determine what the programme requirements are and then specify the minimum equipment to achieve that requirement.

Postproduction

As the consumer digital video camera drove down the cost of the professional versions, so has the growth of IT technology changed the nature and cost of postproduction. Tape editing was linear, i.e. the editing of a programme started from the beginning and worked through in time sequence. If a change had to be made in the middle of a programme then all edits following that change had to be remade if further copy generation (and consequent reduction in picture quality) was to be avoided. The development of software to enable video editing on a PC or Apple Computer meant that a programme could be edited in any sequence. This is called nonlinear editing and, what's more, unlike film, it is non destructive, i.e. the original always remains intact.

Early non-linear editing suites, although cheaper than linear tape-based editing suites, were still expensive. This was due to high software licenses, high-end computers with bespoke accelerator cards, and external storage requirements. The same level of monitoring of the pictures as was found with tape was also required. In addition, if anything other than a cut was performed, the pictures had to be rendered and this took time. The slowness was due to the power of the machines. Gradually, cheaper software and more powerful hardware came on the market from such companies as Adobe, Pinnacle, Matrox and others, bringing the cost of an editing suite to around \$10,000. However, whilst some of these systems were quite adequate for video, sound was often a problem and, for more complex production, a sound dubbing suite would often be used.

The real breakthrough on cost came when Microsoft included a simple editing package free with the XP operating system and Apple developed “Final cut”. Along with these developments PCs became much more powerful, enabling faster, more complex, transitions to take place without bespoke hardware.

Whilst the software provided free by Microsoft is used on some stations by news reporters editing on a laptop on location, its functionality is very limited, especially for sound, but adequate for simple editing such as tidying up the beginning and end of a shot for transmission. Adobe, Apple and others provide more functionality in their editing software with the basic editions suitable for news at under \$200 a license.

Apple's Final Cut range is now the most widely used editing software throughout the world. It only runs on an Apple machine, but is widely used, by large organisations and even individuals, in feature films and TV News. Final Cut Express is ideal for news

Again, apart from the basic version, Adobe produces a range of professional suites of software, ranging from \$1200 to \$2500, depending on functionality.

Most software packages will handle high definition pictures, but more storage is required for the same programme duration and will need converting to SD for transmission in most cases.

The typical cost of a stand-alone editor running on a laptop is around \$2000. This includes hardware and software licenses. It is useful to note that using a laptop has the advantage that it has a built in uninterrupted power supply. So if an editor is in the middle of a complex edit and there is a power failure then the internal batteries will take over. A desktop editing installation with microphone for commentary and small picture monitors, etc. will cost between \$3000 and \$4000 for a more professional result.

Transmission and automation

Again, we have only considered standalone single editors. The finished product has to be transmitted and archived. It is possible to transmit straight from the editing machine. In a news operation, where speed may be of the essence, this could be very desirable. However, the machine has to be networked in some way. In an analogue situation this could mean taking an analogue video and sound output and connecting to a router. The operator then merely runs the item when cued, as in the past with tape.

More flexibility is achieved if the editing devices are networked and all the material stored on a central server. In this way, all material is kept for a predetermined time as files and can be called to any edit suite for reversioning at any time, even if someone is working on the same material. The material can be played to air from the server or better still, for both technical and operational reasons, transferred to a transmission cache prior to going on air. The technical reason is that, when a story is edited, all that is produced is an edit decision list. This list is used to assemble the material when the cut story is viewed. If a cache is used, then the cut story exists in the cache as one conformed item. In addition, it provides a safety back-up as there is the option to play from the cache or the main server.

The main cost is the server, but there is a range of price options depending on manufacturer, storage, bandwidth, number of simultaneous accesses, etc. Again, Apple provides a cost effective solution with Final Cut Server at under \$1000 for the software plus hardware. This features easy cataloguing of material, fast searches, automated events, collaboration, multi-format and flexible configuration.

Up until quite recently automated studio and channel playout operations have only been available to those with deep pockets and the potential to make large staff savings to justify the capital outlay. Now there are a number of manufacturers selling cost effective "channel in a box" solutions. Some of these use bespoke customised hard ware, but others are based on off the shelf commodity computer hardware even though they may be in a proprietary cabinet.

There are many manufacturers offering a range of prices and specifications. Many of them include storage, editing, simple graphics production as well as automated vision and sound mixing of

items, either manually, under the control of an operator, especially useful when following a news presenter, or fully automated with events occurring according to a predetermined run down. The top end, with full multiple editing and graphics generation with playout automation and storage systems running as one unit, can cost a few hundreds of thousands of pounds. Others with more limited functionality can be down to a few tens of thousands. In either case, it all depends on the system capacity, the number of channels to be run and the amount of editing and graphic works that will need to be undertaken simultaneously.

OneBox is one such, very new at present, suite of software that runs on a standard PC. This includes a mixer for external sources such as cameras, playout of pre-stored material and simple graphics generation. It will shortly have a moss interface so that it can accept instruction from an external source such as a newsroom scripting system. The price is around \$10,000 including hardware.

All stations will want to keep an archive of material for future use. The cheapest material is still tape although optical disks such as Blue-ray are worth consideration.

Graphics

Graphics systems, developed primarily for television, tend to be towards the more expensive end of the spectrum both in terms of capital outlay and training for the users. Many youngsters, especially those trained in a design discipline, or those coming from a print background, are used to graphics packages from Adobe or Apple. So it makes sense to use these to produce graphics. Although these are not designed for television, many manufacturers have successfully integrated these common tools for use in a television environment. New Delhi TV, for example, developed, in house, a very cost effective networked graphics production and playout system, using Adobe Photoshop and After Effects as basis.

Staffing and Training

This paper has concentrated on what can be achieved with a limited capital budget. However, this is not the whole story. It is often the ongoing costs that make or break a TV station. Of these, labour is usually the greatest cost. So it is important that working practices have to be such that the station is run in the most cost effective and efficient manner. Automating repetitive tasks reduces the requirement for labour. File-based systems eliminate the need for people to move tapes around and they reduce storage space. There is no point in saving money by buying the cheapest equipment if that means more staff needs to be employed. For example, poor pictures produced on the shoot create the need for extra time later and, therefore, cost is expended to put them right in postproduction. That is, assuming there is the expertise to do it.

As mentioned, quality does not necessarily depend on the equipment but on how it is used. In the hands of an expert, excellent results can be achieved with the cheapest of equipment. A misplaced assumption is that equipment is now so easy to use that anyone can do it, that cameramen and sound men are not needed as the director can operate the camera and, in the case of news, the reporter can manage everything. Many organisations operate this way, but the most successful have a mixed economy. In any case, the important thing is to ensure that who ever undertakes a task is fully trained and competent to do it. It is essential that everyone knows the limitation of the equipment being used. Systems fail because they were not used as intended. So it is very important that the limitations are understood and the equipment operated correctly.

The other factor is the nature of the assignment. For example, in the case of a simple interview or press conference, a reporter is sent with a camera and does everything. However, this is not possible on a big breaking news story when, as well as covering events, people have to be interviewed and what is going on has to be ascertained. Often these things need to be done

simultaneously at the same time as pictures are edited and transferred back to the newsroom. In other words, a flexible approach will produce the best results in the most efficient manner.

As in most cases, it all depends on the staff. Setting up a new station is easiest because people are employed bearing the skill and working arrangement required. It is more difficult with established organisations where staff will have to undergo a change in their working practices or even be without a job. This needs careful management.

The vital consideration to remember is that there is no point saving a one off payment on a cheaper piece of equipment when running an efficient operation can make a real ongoing saving.

Conclusion

Whilst it is possible to have a networked file-based system, it is important to keep it simple. The large complex installations required by big organisations can cost many millions of dollars. However, it is possible to build a very workable 24 hours news station, employing about 170, using file-based technology, studios, cameras, field editing, and a small OB truck, for a capital cost of less than \$3m. The proof is that it has been done.

The costs mentioned in this paper are indicative only and in US\$. Real costs will depend on exchange rates and the market condition where the equipment is purchased. More information on the hardware and software solutions referred to in this paper can be obtained from the following websites. This list is not exhaustive and there are many others providing a bewildering array of options.

Cameras

www.sony.net
www.panasonic.com
www.pro.jvc.com
www.canon.com

Post production graphics and automation

www.apple.com
www.avid.com
www.adobe.com
www.vizrt.com
www.chyron.com
www.ndtvlab.com
www.wasp3d.com
www.snellgroup.com
www.pebble.tv

One box solutions

www.omnibus.tv
www.on-air-systems.com
www.oneboxtvstudio.com
www.playbox.tv

Though the development of technology has brought down costs, broadcasting still remains an industry that demands high capital outlays and high cash flows.

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