



# **Business Master Plan 2005 - 2010**

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**BHUTAN BROADCASTING SERVICE CORPORATION LTD.**

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དཔལ་ལྷན་འབྲུག་གཞུང་། བད་དོན་དང་བརྒྱུད་འབྲེལ་ལྷན་ཁག།  
**Ministry of Information and Communications**  
Royal Government of Bhutan, Thimphu : Bhutan

## *Foreword*

Bhutan Broadcasting Service (BBS) has made a commendable progress within a short span of time. Today BBS TV reaches nationwide and over 40 foreign countries via satellite, nonetheless the audio services of TV news and programmes are reaching to the remotest areas through Radio FM services.

BBS depends entirely on the Royal Government and foreign donors for funds to finance its everyday operations and development projects. But for BBS to be an independent public service broadcaster and extend services to the people up to the maximum capacity, it needs to achieve financial sustainability. In this context, it is essential for BBS to explore all possible opportunities and sources of revenue generating activities. At the same time BBS cannot afford to become a full commercial organization and compromise the role of a public service broadcaster.

I am very pleased to know that BBS has finally drawn up a Business Master Plan with the support from Danish International Development Agency (DANIDA), Asia-Pacific Broadcasting Union (ABU) and Korean Broadcasting System (KBS). While I am very thankful for their financial and technical support, I also hope that this Business Master Plan would assist and guide BBS in achieving their financial sustainability.

In this endeavor I would also like to extend the support of Ministry of Information and Communications and sincerely wish the BBS the very best in the years ahead.

**Tashi Delek**

Lyonpo Leki Dorji  
Chairman, BBS Board of Directors  
&

Minister for Information and Communications







འབྲུག་རྒྱུང་བསྐྱུག་ལས་འཛོམས་

BHUTAN BROADCASTING SERVICE CORPORATION

December 31, 2005

*Acknowledgement*

The Bhutan Broadcasting Service Corporation (BBSC Ltd) wish to thank the Danish International Development Agency (DANIDA) for funding the preparation of the Business Master Plan 2005-2010. BBS also wish to place on record its appreciation to the Asia-Pacific Broadcasting Union [ABU] based in Kuala Lumpur, Malaysia for assisting in identifying the Consultant Mr. Hwang Jung Yun and the Korean Broadcasting System [KBS], South Korea for relieving Mr. Hwang Jung Yun to assist in preparing the master plan and also for sharing the cost of consultancy services.

In 1973, a group of youth volunteers in Thimphu started an amateur radio station. It was called 'Radio NYAB' [National Youth Association of Bhutan]. Only after the commissioning of a 10kw SW transmitter by the Royal Government in 1986 did it officially gain its present name 'Bhutan Broadcasting Service (BBS)'. In 1992, through the Royal Decree, BBS and Kuensel were formerly de-linked from the then Ministry of Communications, and were accorded autonomous status as corporations and made directly accountable to their respective Board. However, BBS could introduce its corporate financial system and function as a corporation only from July 1998. In 1999, as per the decision of the Royal Government, BBS introduced TV with 1-hour programming for Thimphu from its Chubachu Radio Station. Today, BBS broadcasts weekly 95 hours of radio news and programmes in four languages (Dzongkha/Sharchopkha/Lhotshamkha/English) and 76 hours of TV news and programmes in two languages (Dzongkha/English). BBS also provides online services.

As a public service broadcaster, BBS is mandated to inform, educate and entertain the Bhutanese public. Currently, there are over 30 television channels available in the country through local cable network, thereby inundating most of the urban population with numerous foreign programmes, advertisements and news. On the other hand, there is a demand for not only to produce local content of mass appeal but also make these programmes 'accessible to the entire population'. As per the national Audience Survey conducted by BBS in 2006, the present coverage stands at 76% for Radio (SW & FM) and only 22% (88% of urban population) for TV.

Over the past few years alone, BBS has made a quantum leap in terms of airtime expansion, technology up-gradation and human resource development. The biggest challenge BBS faces today is lack of adequate funds for its human resource and infra-structural development. BBS is entirely funded by the central government at present.

This Business Master Plan 2005-2010 therefore is being prepared at a time when the BBS is in the process of critically reviewing its media role in the light of major historical changes that is taking place in the kingdom and also with a view to provide long term financial sustainability to ensure its rightful voice as a broadcast media.

Special thanks are extended to all the staff, and in particular to the staff of the Finance & Commercial Department of the BBSC for actively facilitating the preparation of the Master Plan.

(Mingbo Dukpa)  
*Managing Director*



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## I. INTRODUCTION

BBS began its commercial operation only in 1997 when it started charging small service fee for TV announcements. Eventually the services were further extended and now the organization has embarked on mass revenue generation activities like multi service operations, sale of programs, program sponsorship and advertising. However, all these activities were taken-up without any proper guidance and un-planned strategies. In order to achieve the financial sustainability as mandated by the Government, the Organization needed a well-charted business master plan to guide and help in exploring new avenues of revenue generating activities.

As this was a professional work, development of a Business Plan was incorporated as one of the main component under Danida assistance Phase II. To ensure that this assignment is taken-up by an experienced consultant, BBS requested Asia-Pacific Broadcasting Union (ABU) for assistance in finding out a competent Technical Assistance. After series of efforts, ABU could finally identify a consultant from Korean Broadcasting System and also agreed to share the cost with BBS. The consultant provided his services from 2<sup>nd</sup> November to 15<sup>th</sup> December 2005. The consultant in the process of developing the Master Plan had discussions with relevant organization such as Telecom, BICMA, Department of Information and Technology, Kuensel and Bhutan Media Service and also visited big business organization like; Tashi Commercial Corporation, FCB, STCBL and Bhutan Carbide Chemicals limited at Phuentsholing.

### OBJECTIVES

The basic objectives of the Business Master Plan is to explore new sources of revenue generation and side by side promote ongoing commercial activities, prepare the fundamental income system and develop a basic data on income generation. For this, the Business Plan has identified following strategies:

- i. Increase the number of television sets and audience reach
- ii. Develop new & various advertising services
- iii. Proceed with aggressive promotions
- iv. Focus on commercial areas
- v. Make an objective & essential data of advertising
- vi. Utilize current regional bureaus
- vii. Explore additional ways of making revenue

For the fundamental income system, following three strategies have been identified:

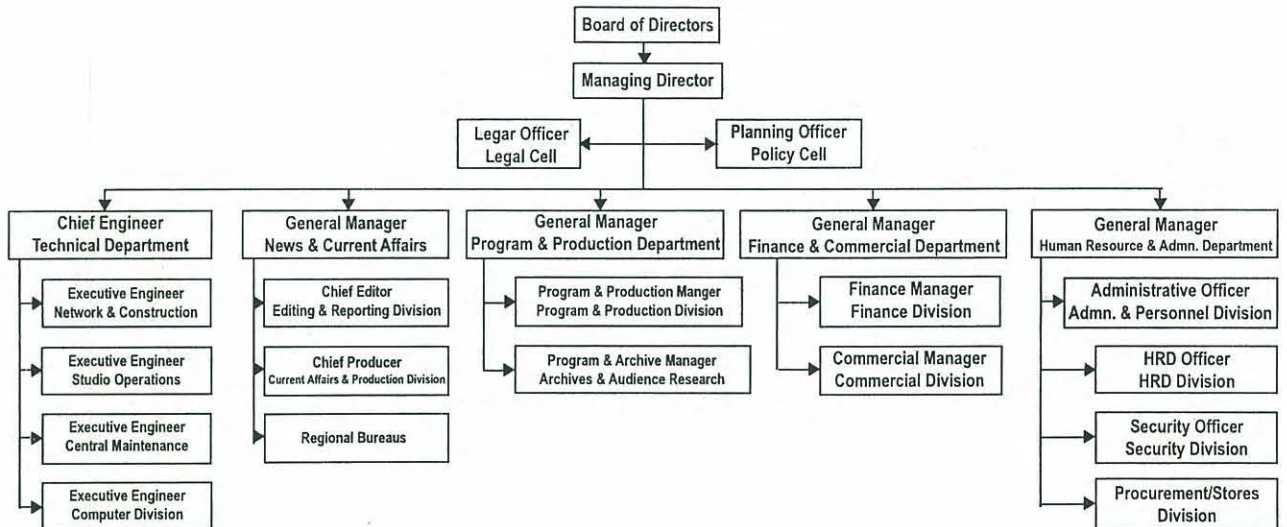
- a. Explore new revenue based on MSO master plan
- b. Introduce license fee
- c. Establish public broadcaster development fund

### STATE OF THE ORGANIZATION

The main activity of BBSC is to provide TV & Radio Services to the people. Currently there are 206 employees working in the organization. With the total capital of Nu 151,978,984.00, at present the share capital of the organization remains at Nu 130,835,100.00, sale at Nu 43,504,017.00, net loss at Nu 32,493,645.00, net asset at Nu 90,894,418.00 and accumulated deficit at Nu 61,084,566.00.



## STRUCTURE OF THE ORGANIZATION



## II. SITUATIONAL ANALYSIS

With the increase in GDP and launch of BBS TV services nationwide, TV preferences of Bhutanese nationals are expected to increase. The increase in the number of TV audience, advertising through TV broadcasting will become the most powerful and efficient way to attract Bhutanese market. For the same reason, the demand for TV advertisement is expected to increase and TV broadcasting companies also earn more money from the advertising market.

### 1. TREND IN INDUSTRY

#### a. Changing market

With GDP at US \$ 673 million (Reference from the World Bank), the national economy is growing. Therefore, TV Broadcasting industry would also grow rapidly due to the<sup>23</sup>increase in the number of audiences who can afford to pay to watch TV. With a<sup>5</sup>increase in people's preference for TV broadcasting due to the widening of coverage and broadcasting time and variety of programs, shown in the media survey conducted in the year 2002 and due to the increase in private income, the consumption would also increase. Accordingly, advertising market for TV is also expected to grow and the service cost per person would be lowered.

#### b. Increase in cable television

The audience preference for cable TV is increasing with the growing cable TV companies. As most cable TV companies compete with the various foreign channels and license fee, TV broadcasting companies can broadcast 24hrs a day to compete with the various foreign TV channels.

#### c. BBS Starts Nationwide Broadcasting

<sup>4</sup>On 20<sup>th</sup> February 2006 BBS launched satellite services nationwide and over 40 foreign countries. BBS can transmit their program live throughout Bhutan and over 40 foreign countries, with the extended TV broadcasting time to 10hrs of live telecast.

<sup>4</sup>Reference: 9<sup>th</sup> Five Year Plan of BBS 2002-2007

<sup>23</sup>Reference: Total GDP 2003, 2004 - World Bank

<sup>5</sup>Reference: Media Survey Report of BBS - 2002