

## GMA Networks

### Cost Control & Production Efficiency

GMA (Global Media Arts) is one of the largest broadcast networks in the Philippines. GMA provides news and entertainment programs through four originating, one affiliate and 40 relay affiliate television stations and thirty-four radio stations throughout the Philippines. GMA has grown into the No.1 broadcasting company in the Philippines and boasts an audience of over 12 million households.

“Many of the concepts and ideas implemented during the program were not new to our management team, but what the Renoir team added was a well structured tool to drive through the changes in a very short time.”

**Felipe L. Gozon**

**President & Chief Executive Officer**

#### Key Results

Reduction of 612 taping days through better planning

Cost reduction in excess of \$2.2 million

Reduction in news team overtime by 40%

4 additional programs accommodated in post-production facilities at no additional cost

Increase of story utilization from 70% to 92%

#### ANALYSIS

After a period of uncertainty, the current management team took over, reworked the company's image and operations and sparked a period of exponential growth. They predicted a decline in profitability during 2006, due to a downturn in advertising revenues, and with a pending IPO, the Network wanted to increase its focus on operational expense.

Renoir conducted an initial survey of the GMA's operations to identify issues and opportunities impacting operating efficiency and costs.

The assessment revealed that:

- Low focus on production
- cost controls
- Excess capacity of in-house facilities Television program budgeting process in need of updating & improving.

#### PROJECT APPROACH

GMA and Renoir jointly launched the CST project with the aim of optimizing excess capacity, reducing costs and improving production efficiency.

A 6 member project taskforce was selected from the target areas of Production (Entertainment, News & Public Affairs), Engineering, and Post Production, to help drive this initiative.

Under the guidance of Renoir a 3 stage approach was taken:

##### Stage 1

Focus Process™. Develop strategies, objectives and controls to address the identified problem areas.

##### Stage 2

Implementation of methodologies and controls to realize targeted level of improvement.

##### Stage 3

Sustaining the change process through the use of Zero Based Program Budgeting and Production Bible compliance auditing.

#### PROJECT RESULTS

The key project objective was to implement a performance oriented culture to increase efficiency, productivity and profitability.

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By week 20, production performance had improved by 20% above the base period. A similar level of improvement had been demonstrated in the optimization of internal facilities and equipment usage. Outside post production costs were reduced by 25% and were on track to be zeroed out. 5 key working practices helped bring about these changes through discipline and early warnings:

- Preproduction linkages with in-house facility groups
- Consistently manageable preproduction daily planning
- Ground level daily production reporting to increase awareness of issues

### OVERALL RESULTS

Reduction of 102 talent positions

Reduction of Overtime by 40%

Increase of story utilization from 70% to 92%

Removed 612 tapings days through better planning

4 additional programs accommodated in GMA's post production facilities with no additional rental cost

Cost reduction in excess of \$2.2 million

## THE RENOIR GROUP

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