

**MASTER OF APPLIED INFORMATION TECHNOLOGY**

**EPM5740**-**PROJECT RISK MANAGEMENT**

**“GROUP ASSIGNMENT ON BBC’s DIGITAL MEDIA INITIATIVE PROJECT FAILURE**”

STAGE 1A

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# ABSTRACT

This study will give the reasons for the failure of the project. Many projects of IT failed because of some reasons. The aim of this research is to focus on the main reasons, by which the BBC’s Digital Media Initiative project failed. This study gives the information regarding this project, identify, analyze risk and then find the solutions to mitigate those risks. This study highlights the reasons by which this project had been failed. Mainly the failure of this project is lack of communication and all the system was not up to date. Moreover, this project exceeds the cost estimation and has failed to complete the project on time. By the research of some papers, it has been found that most of the projects failed due to mismanagement of time and lack of unity to do work together. The BBC’s project has some more limitations like the contractors left this project in between. So, this paper gives some methods by which project could be take forward to success.

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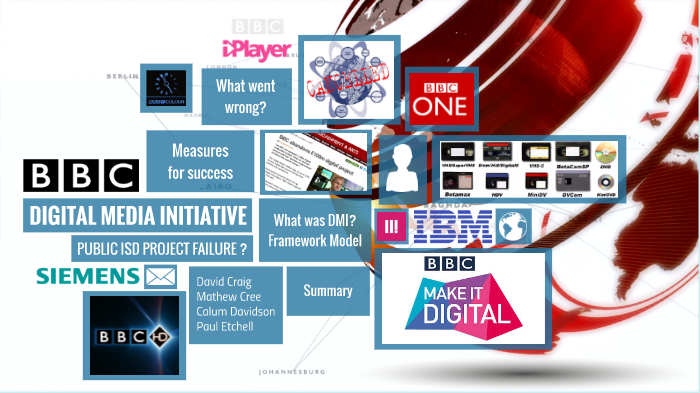
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# INTRODUCTION

This research introduces the identification, analyzing and mitigate the risks by which the BBC’s Digital Media Initiative failed. Most of the IT and ERP projects failed due to some reasons. The aim of this project is to focus on those reasons of BBC’s project. BBC’s Digital Media Initiative project was a British project started in 2008 and has been canceled in 2013. It has many reasons by which it failed. There was a big reason that It was going 21 months behind from the schedule ([Robert N. Charette](https://spectrum.ieee.org/author/charette-robert-n)). It further has its own reason like, lack of communication, weaken bond between members. Some contractors left contract in between. This project blows £98 million on this project ([Robert N. Charette](https://spectrum.ieee.org/author/charette-robert-n)). The problem was BBC has chosen the wrong person to write statements regarding project. They have not done any good project in their past. The team members were failed to bind stakeholder with the project. So, lots of reasons caused this project failed.

However, by identifying all the risk, there is some kind of solutions present by which they could be completed their project. This study will give those solutions. These includes the better communication, increase the stakeholder engagement with the project, choosing better members for this who has achieved success in their future. Mainly, the point is the need of focus and concentration on the cost, schedule estimation as well as the requirements of the project and the engagement of the stakeholders. These things can take a project towards its success to its extreme.

**BBC Digital Media Initiative**



# OBJECTIVE

The purpose of this case study is to elaborate and clarify the reasons of failure of the BBC Digital Initiative. The examination of the background information is very important part to this study because it is hoped it would be possible to identify characteristics and factors that were responsible for the failure of the whole program.

In 2012, there were only 39 percent of the that succeeded on time and with allocated budget and provided all the benefits and features whereas 18 percent of the projects failed due to many reasons like they were not completed on time or budget exceeded and many more reasons. Out of which the project of BBC Digital Media Initiative was one of them. So, this report is about the evaluating the BBC project and finding out the reasons on the failure of the project. This report will also include Risk Register which will be having the risk involved, risk identification, their nature, analysis of risk, and risk evaluations which will be part of stage one.

In the second stage, our team will recommend a plan that will include risk treatment and schedule, risk action, and recommendations related to success of project.

At the end of the project, our team will be able to identify risks after the deep study of the BBC Digital Initiative Failure. We will be able to make plan and recommendations after going through the qualitative research. In this research we will go through various journals and articles so that we will be able to make recommendations for the success of the project.

# RISK METHODOLOGY

A methodology is a set of methods or standardize activities on any project that helps to successfully accomplish the goal of that project (Alexandra Cote,2018). Risk methodology plays a vital role in any project to execute its activities smoothly to achieve the best results within allocated time, budget and specified quality. For risk management in any project, it is imperative to have methodology which defines the different activities in detail to manage the likely risk that might reveal itself while undertaking the project. There are different methodologies available market for risk management in a project. This report is going to use the PMBOK risk management methodology. PMBOK is the well-known methodology developed by the Project Management Institute which has various distinct processes for the management of risks such as:

1. Plan risk management
2. Identify risks.
3. Perform qualitative and quantitative risk analysis.
4. Plan risk response.
5. Implement risk response.
6. Monitor risks.

# RISK ASSESSMENT

Risk assessment is a series of processes that involves three steps risk identification, risk analysis, and risk evaluation. Each one of the steps are detailed below:

* Risk Identification: To identify all the situations, findings, reasons, and processes that might cause damage to the general public.
* Risk Analysis: To analyse the severity and likelihood of the risk.
* Risk Evaluation: To determine the severity of the risk by comparing the estimated risk and given criteria of the risk.
* Risk Control: To eliminate the risk by implementing appropriate procedures. Risk assessment is critical for a project to create a suitable setting for the current project. Our focus in this report is BBC Digital Media Initiative project. The risk assessment will be completed, and all the steps of risk assessment methodology will be elaborated in coming sections.

# TOOLS AND TECHNIQUES

Every process of Risk Management requires some tools and techniques to get the optimum result. The table described below will have the different processes and the tools and techniques used.

|  |  |
| --- | --- |
| **Process** | **Tools and Techniques Implemented** |
| Initial Stage Risk Management plan | * Advice and consultation from the professionals * Detailed analysis of related data and Stakeholders * Communication via meetings/meeting minutes |
| Risk Identification | * Advice and consultation from the professionals * Data collection * Brainstorming * Interviews * Data Analysis * Main cause analysis * Constraints and Assumptions analysis * SWOT analysis * Documents Analysis * Interpersonal skills and team skills * Facilitation * Meetings |
| Risk Response Implementation | * Advice and consultation from the professionals * Interpersonal skills and team skills * Project Management System (Digital) |
| Risk Monitoring | * Data Analysis * Technical performance analysis * Reserve analysis * Regular audit * Communication and meetings |

**Table 01: Implemented Tools and Techniques**

# RISK IDENTIFICATION

The general aim and objective of risk identification process is to identify and save all of the likely risks that can occur in the project. The risk can be either positive or negative. If the risk can be identified at the initial stage, it becomes very easy to measure it; meaning if the risk is positive then what policy/procedure should be implemented to contain the risk and if the risk is negative then how to contain the chances of the risk.

The table below describes the risks identified in the BBC DMI project:

|  |  |
| --- | --- |
| **Risk** | **Description** |
| Strategic Risk | Risk connected to improper and inefficient strategic implementation. In BBC DMI project’s case, the strategy was not effective, and the team members did not follow the BBC DMI project handbook related to risk management. |
| Budget Risk | Risk related to the allocated budget. BBC DMI project was a long and complicated project due to a new technology innovation related to it. Therefore, there were some chances that the project may fail from problems due to its complexity which can lead to over-running the budget. At the time, BBC did not have a plan for funds for unexpected requirement. Therefore, the project faced failure due to budget risk. |
| Tactical risk | Risk related to specific action during a situation or condition. BBC DMI project was not reviewed regularly, therefore the Project Manager did not know how to react to any unforeseen risks. |
| Concentration Risk | Focussing on a specific area can be related with Concentration risk. BBC DMI project’s whole focus was on enabling the new technology rather than also focusing on the changes arisen in the requirements. |
| Process Risk | The risk shows itself due to single of multiple error in a project. There were multiple issues occurring within the BBC DMI project but the Project Manager ignored those issues and ended up with a failed project. |
| Reputation risk | Risk related to the reputation of the business organization. BBC is a well-known name in the world, so there were high expectations from BBC. Attributed to the failure of the BBC DMI project, BBC had to face reputational risk. |
| Quality risk | Risk linked to the quality of the project. The BBC DMI project was about empowering the new technologies, but BBC DMI did not plan for a preventive measure for the unforeseen technical issues. |

**Table 02: Elaborated risk identification**

# INTERNAL AND EXTERNAL FACTORS

There are always certain factors that affects the project or an organization either in positive way or in negative way.

1. **INTERNAL FACTORS**- These are the factors which can be seen inside the organization as strengths and weaknesses. It can strongly affect that how good a company is meeting its objectives or how badly the employees are failing to handle the situation. In this case certain internal factors are-

* Financial resources like funding, budget, investment opportunities were not properly managed, so they were going over budget.
* Human resources like employees, target audiences, teams were not supporting each other which lead to misunderstandings.

1. **EXTERNAL FACTORS-** These are the factors that are not under the control of the organization or management team and affects the plans or project from outside environment. In this case external factors can be competitors, political environment, legal and technological changes etc.

To explain the external factors in this project, we are using **PESTEL analysis**-

It is a tool which is used to analyze and monitor the external factors that may have impact on an organization’s performance. This tool is used in the beginning with the planning of the risks and the factors so that it becomes easy to understand the project.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| P  Political | E  Economic | S  Social | T  Technological | E  Environmental | L  Legal |
| Government policy | Economic Growth | Age distribution | Technical Systems | Raw materials | Health & safety |
| Global influences | Interest rates | Organizational image | Advance structure | Using products that produce pollution | Equal opportunities |
| Corruption | Exchange rates | Cultural trends | Potential copyright | Natural disasters | Consumer rights and laws |
| Political stability | Wages rates | Customer satisfaction | Training in Innovation | Structural issues | Competitive legislation |
| Tax Policy | Inflation | Attitude towards people | Technological maturity | Disturbing neighbors | Advertising standards |

# RISK ANALYSIS

Risk analysis is the process of swotting the likely risks and ranking it based on its effects and likelihood of manifestation on the project. Risk analysis plays decisive role for the recognition of major risks to the project, so that project team members do not have to spend too much time for the risks that are insignificant. There are qualitative and quantitative ways to analyze risks.

## QUALITATIVE METHOD

Qualitative method identifies the risk for the further process. This method is used mainly to identify risks that are based on the chances of occurrence (Likelihood) of risk throughout the lifecycle of the project and the possible effect of it on the project.

The chances of occurrence of risk is separated into 5 different levels that are very low, low, moderate, high and very high. The likelihood of the identified risk for BBC DMI project are given below:

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No.** | **RISK NAME** | **LIKELIHOOD** | **RATING** |
| 1 | Strategic risk | High | 4 |
| 2 | Budget risk | High | 4 |
| 3 | Tactical risk | High | 4 |
| 4 | Concentration risk | Low | 2 |
| 5 | Process risk | Moderate | 3 |
| 6 | Reputational risk | High | 4 |
| 7 | Quality risk | Moderate | 3 |
| 8 | Schedule risk | Very High | 5 |

**Table 03: Details of the likelihood and rating of the risks identified**

The impact of each identified risk to the BBC DMI project is elaborated in a tabular view below:

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No.** | **RISK NAME** | **IMPACT** | **RATING** |
| 1 | Strategic risk | High | 4 |
| 2 | Budget risk | High | 4 |
| 3 | Tactical risk | High | 4 |
| 4 | Concentration risk | Moderate | 3 |
| 5 | Process risk | High | 4 |
| 6 | Reputational risk | High | 4 |
| 7 | Quality risk | Moderate | 3 |
| 8 | Schedule risk | Very High | 5 |

**Table 04: Impact of each individual risks to the project**

Based on the probability of occurrence and the effect of each individual risk, a risk matrix is organized to categorize those risks as such:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 5 | 10 | 15 | 20 | 25 |
| 4 | 8 | 12 | 16 | 20 |
| 3 | 6 | 9 | 12 | 15 |
| 2 | 4 | 6 | 8 | 10 |
| 1 | 2 | 3 | 4 | 5 |

1 2 3 4 5

LIKELIHOOD

5

4

3

2

1

IMPACT

**Figure 01: Qualitative analysis of the identified risks via Risk Assessment Matrix.**

Based on the Risk Assessment Matrix, the risks are ranked as such:

|  |  |  |
| --- | --- | --- |
| **RANK** | **RISK NAME** | **RISK SCORE** |
| 1 | Schedule risk | 25 |
| 2 | Strategic risk | 16 |
| 3 | Budget risk | 16 |
| 4 | Tactical risk | 16 |
| 5 | Reputational risk | 16 |
| 6 | Process risk | 12 |
| 7 | Quality risk | 9 |
| 8 | Concentration risk | 6 |

**Table 05: Ranking of the risks based on the qualitative method**

## QUANTITATIVE METHOD

Quantitative method is the most accurate of the two risk analysis methods but also takes a lot of effort for investigating the risks accuracy. The input for the quantitative method is the risk derived from the qualitative method. There are different ways of doing quantitative method of risk analysis. Expected Monetary Value (EMV) Analysis is suitable for this project since it is high value project in terms of monetary value as well as the expectation of BBC. This method takes in consideration both chances and the impact of individual risk. The EMV result for each risk is the multiplication of ratio of occurrence of it and the impact in terms of money value.

The EMV analysis is given in a table below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **SERIAL NUMBER** | **RISK** | **CHANCES (%)** | **IMPACT (£)** | **EMV (£)** |
| 1 | Schedule risk | 50 | 5,000,000 | 2,500,000 |
| 2 | Strategic risk | 30 | 1,000,000 | 300,000 |
| 3 | Budget risk | 10 | 500,000 | 50,000 |
| 4 | Tactical risk | 5 | 1,000,000 | 50,000 |
| 5 | Reputational risk | 15 | 2,000,000 | 300,000 |
| 6 | Process risk | 20 | 500,000 | 100,000 |
| 7 | Quality risk | 20 | 1,000,000 | 200,000 |
| 8 | Concentration risk | 10 | 800,000 | 80,000 |
| 9. | Total |  |  | = 3,580,000 |

**Table 06: Calculation of the risks based on EMV method**

# RISK EVALUATION

Risk evaluation is the procedure of linking the risk evaluation criteria and the result of risk analysis to receive the most optimum result whether the risk has low priority or high priority. Risks can be discounted if it has low importance. If the risk gives the impression to be high importance, then it needs to be recognized and give high attention. Additionally, risk evaluation encompasses identification of risk and determining them based on their severity with the assistance of EMV analysis.

From the EMV quantitative method for risk analysis, the BBC DMI project’s team members must have separated £3,580,000 as a reserve money to respond to the unforeseen risk. Based on the EMV quantitative method analysis, the final updated table is as such:

|  |  |  |
| --- | --- | --- |
| **S. No.** | **RISK NAME** | **RANK** |
| 1 | Schedule risk | 1 |
| 2 | Strategic risk | 2 |
| 3 | Reputational risk | 3 |
| 4 | Quality risk | 4 |
| 5 | Process risk | 5 |
| 6 | Concentration risk | 6 |
| 7 | Budget risk | 7 |
| 8 | Tactical risk | 8 |

**Table 07: Risks based on the Expected Monetary Value technique**

# RISK REGISTER

A risk register is a type of document or table which is used to manage the risk in a project and to fulfill the necessary details which is important for those risks and includes some extra information also, such as the nature of the risk, how it is generated or consequences, some mitigation measures etc.

Its purpose in project management is to record the details of the risks which has been identified in the project along with their analysis and then plans for how the risks will be treated in future and what actions will be taken to mitigate them.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| ***RISK REGISTER*** | | | | | | |
| **FUNCTION/ACTIVITY** | | |  | | | |
|  | **CONSEQUENCES OF AN EVENT**  **HAPPENING** | |  |  |  |  |
| **THE RISKS- WHAT CAN HAPPEN AND HOW** | **CONSEQUENCES** | **LIKELIHOOD** | **ADEQUACY OF EXISTING CONTROLS** | **CONSEQUENCE RATING** | **LIKELIHOOD RATING** | **RISK RATING** |
| Delay in reporting to the concerned authority | Lead to delay in solving the problems | VERY LIKELY | Timely reporting to the authority | HIGH | ALMOST CERTAIN | HIGH |
| Spend against the budget | Wastage and Left company with no money | VERY LIKELY | Must have done proper cost management | HIGH | ALMOST CERTAIN | HIGH |
| Confusion and lack of planning | Lead to misunderstanding | VERY LIKELY | Proper making of charts, table and time management plan | HIGH | ALMOST CERTAIN | HIGH |
| The risk and issues logs were not kept up-to-date | Lead to rising of issues in huge amount and trouble in solving them | VERY LIKELY | Up-to-date reports of each risk and issues | HIGH | ALMOST CERTAIN | HIGH |
| Lack of timely review and audit | Resulting in failure to deliver | VERY LIKELY | Meetings after every report for reviewing work | HIGH | ALMOST CERTAIN | HIGH |

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