PUBLIC
MEDIA MODELS
OF THE FUTURE

Insights to help increase the local impact, relevance, and sustainability of stations across the system

PARTNERING
Inspiring RESOURCE ALLOCATION
STATIONS Governance
website SERVICE
STRATEGY MODELS
EDUCATION Sustainability
Sharing *Insight*
COMMUNITY Resource
IMPACT Leadership Allocation
Culture organizational capacity
Growth
REVENUE

LETTER from Ted Krichels

Directing the Models of the Future project for the last seven months has been an experience of discovery and inspiration. It began as a journey of faith to find the healthy heartbeat of public television. Most managers have heard numerous success stories from their colleagues and probably told some of their own. Managers are great storytellers but often, after a conference panel or rousing presentation, there is a sense of disconnection and unreality reflected in hallway comments like: "It works for them because they're in Minnesota or they're licensed to a school board or they have a radio station or…"

The overused platitude that "if you've seen one public television station you've seen one public television station" has truth to it. Communities across the country are unique. Their economic realities vary, as do their governance structures, managements and staffs. At times that diversity is strength as stations forge their own strong direct relationship with their community. Other times, however, it can obscure how much there is in common, from the national program schedule to many of the business practices and revenue drivers. To use a card analogy, stations may be leading with different suits but they're mostly playing with the same deck.

Our focus throughout the project has been on finding what works. The faith that prompted this journey has been reinforced by the reality of what I, in collaboration with Steve Holmes at PBS, found: strategic innovation, fearless initiative, and passion. The goal has not been to make up new models for public television or to single out the most successful stations. It has been to find current service models that seem to be succeeding today and show promise for tomorrow, and to present them in a way that others can learn from and possibly replicate and extend. It is not a project that ends with this report, but rather a starting point for more conversation, sharing and experimentation.

The Models of the Future project was inspired and supported by Paula Kerger and Michael Jones and the PBS Board Strategic Planning Advisory Group. Their vision that vibrant public stations across the country are the foundation of a healthy public broadcasting system has been our guiding principle. The journey has also been guided by the great support of Tom Axtell and Malcolm Brett, both going far beyond the role that a chair of SPAG or AGC dictates.

Perhaps most rewarding has been the generosity and openness of those that Steve and I have visited and interviewed. There is a dynamic energy throughout our system that is not always communicated at regular meetings. We found it in talking with managers and also in meeting staff and touring facilities. These may be challenging times but they are also times of creativity and energy.

Hopefully you will find some guideposts and resources here, and inspiration as well. Thanks and I look forward to continuing our work in the future.

Ted Krichels

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1. EXECUTIVE summary

Conversations in recent years have often focused on the uncertainties and difficulties that stations face in dealing with financial, political, and technological challenges. However, researching sustainable service models has helped demonstrate that these challenges, although real, are not a roadblock to station relevance and success. Across the system, there are many inspiring examples of stations embracing change and not just surviving but thriving in challenging environments. Stations throughout the country are providing inspirational content and services to their communities and doing it in ways that ensure their ongoing financial sustainability.

Although it is true that individual stations are unique (as a result of focusing on the specific needs of their communities), it is equally true that there are important similarities behind how stations achieve sustainability and success. Successful stations demonstrate remarkably similar organizational strengths and also provide sustainable services within a relatively focused number of areas. This report shines a light on the local service models and consistently successful approaches taken by station leaders across the country with the objective of helping all stations learn and benefit from the valuable experiences of their peers.

DEFINITION of sustainability

Project research has helped highlight that sustainability is not just about money; although economic success is an essential element. To achieve long term sustainability, organizations also need to create social value and have the organizational ability to implement initiatives and adapt over time. As highlighted in a Knight Foundation study, long term sustainability is achieved at the intersection of:

1. **Social value creation** – the ability to create unique and relevant content and services and to engage citizens in ways that produce measurable impact
2. **Economic value creation** – the ability to raise revenue streams to support the creation of content and services that support the organization's mission, and
3. **Organizational capacity** – the infrastructure, resource allocation and skills that enable the organization to adapt and innovate

ORGANIZATIONAL CAPACITY

SOCIAL VALUE CREATION

ECONOMIC VALUE CREATION
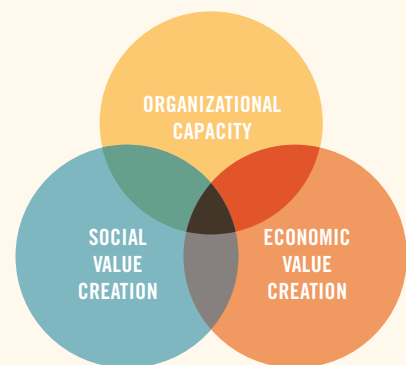
IMPORTANCE of organizational effectiveness

Conversations with general managers throughout the project helped reveal the importance of organizational capacity as the essential foundation stone for station success. Station leaders highlighted the importance of:

- **Strategy and planning** – understanding how stations can best address local needs by having in-depth knowledge of the opportunities/threats in the community as well as a clear understanding of station strengths and weaknesses
- **Governance and leadership** – having strong support from a station board (or governing entity) as well as executive leadership that provides inspiration to those around them and a clear sense of where the organization is heading and how it will get there
- **Resource allocation** – identifying the organization's most critical resources and aligning those resources with areas of greatest opportunity/threat (as outlined by strategy work)
- **Organizational capabilities** – having, or getting access to, the necessary capabilities (collective skills, abilities, and expertise) to implement goals and ensure success
- **Organizational culture** – having/creating the necessary environment to successfully implement new initiatives, make shifts in direction, and positively impact the community

These findings mirror other research conducted by management experts such as Jim Collins and management consultants such as McKinsey & Company. Collins' work highlights how the most successful organizations have a strong sense of what they're deeply passionate about, what they can be the best in the world at, and what best drives resources to them (money, talent, goodwill, and more). Additionally, McKinsey research found that an organization's internal alignment on direction, quality of execution, and capacity for renewal can account for 54% of its overall performance.

DEVELOPING resources and capabilities

The project has also helped identify a number of ways in which stations are growing, freeing up, or obtaining the resources and capabilities they need to provide valuable local services. Although these initiatives don't directly create social value by themselves, they do help provide or protect the resources that stations need to have a meaningful impact in the community through other work. To build the resources and capabilities needed, many stations are engaging in:

- **Cost management initiatives** – keeping operating costs low by adopting good practices, sharing costs with others, outsourcing functions, and adopting other initiatives that enable the station to save money and focus more of its resources on content and services
- **Revenue growth initiatives** – taking advantage of relevant growth opportunities by adopting good practices and utilizing station infrastructure to full effect (e.g. CDP, spectrum leasing, fee-for-service productions, data storage, and more)
- **Partnering and collaboration** – integrating or partnering with others to help build (or maintain) the resources and capabilities needed to create community value

Stations that have been successful in these areas have realized that they are not defined by their infrastructure but by the content and services they provide and by the impact that they have on their local community.

SERVICE model focus areas

The project has uncovered a number of focus areas where stations operate local service models that meet all three sustainability criteria (social value creation, economic value creation, and organizational capacity). The focus areas fit into two broad categories: community impact and education.

Community impact initiatives address areas of interest to the local community and typically rely on community, foundation, and/or corporate involvement. Sustainable local service models were uncovered in:

- **Addressing community needs** – working with other community organizations to address local social needs
- **Engaging beyond broadcast** – using events and other activities to engage public media audiences in new ways
- **News and public affairs** – providing local news and public affairs content and services that are unavailable from commercial alternatives
- **Production collaborations** – sharing mission-relevant content between station partners in a cost effective way (e.g. the Arts Initiative)

Education services involve formal learning or training, often in an accredited context, with funding typically from state, federal, and/or institutional sources. Sustainable local service models were uncovered in:

- **Pre-school - K-12 initiatives** – enhanced pre-K-12 services: online courses, hotlines, virtual labs, learning objects, and more
- **Lifelong learning** – adult GED courses and other opportunities for personal growth and lifelong learning
- **Professional development** – professional development for teachers and care givers through online and in-person training courses
- **Workforce training** – multiplatform and cost effective training to enhance job skills and workforce readiness

SUPPORTING website

A key goal for the project has been to ensure that insight into what is working in the system is shared on an ongoing basis. To this end, a website is in development to complement and build on this report. It will be a central repository for effective station practices across the system and will provide a new opportunity for station managers to learn from, communicate, and collaborate with one another.

The website will contain the findings discussed in the report and will also go further by including more station examples, detailed case studies (to uncover the 'how' as well as the 'what' behind station success), example materials such as station strategic plans, and relevant consulting reports. It will also highlight people and organizations to contact for more information in each relevant area. The website may also grow in functionality in the future to include additional system insight and potential improvement opportunities such as self-assessments, guides, and toolkits.

Sustainability has been a theme in our system for a number of years but it has been a word without a clear definition and no real insight into sustainable success has been shared. The report and future website attempt to change that by providing all system leaders with a better understanding of the key elements of sustainability, by highlighting the importance of organizational capacity, and by providing more insight into sustainable local service models across the system. The findings don't take away the difficulties of making changes and hard decisions, but they do help provide more insight into the most critical components of station sustainability and offer new understanding of how many stations have overcome obstacles and created both economic and social value in their communities.

2. INTRODUCTION

A. HISTORY

The ongoing financial sustainability of the system has been, and continues to be, a topic of great interest and concern to leaders across public television. To help address such concerns, many station and system leaders have been working on initiatives to help strengthen public television for a number of years. Individual affinity groups pursue many improvement opportunities and the Affinity Group Coalition (AGC) and its committees take a great interest in system success. In particular, the AGC Revenue and Opportunities Committee and its sister Efficiencies Committee provide system leadership in both growth and cost saving opportunities.

At the national level, CPB develops, funds, and provides support for stations in a number of different ways and also helps to provide overall insight into system issues and opportunities. Through consulting studies, support materials, funding for new partnerships such as master control projects, CDP, and a number of other initiatives, CPB is a critical catalyst in helping to strengthen the health of the system. In a different vein, APTS works with stations to articulate the compelling case for continued federal funding, helps share station success stories, and provides a number of supporting tools such as the Grant Center.

PBS also takes a great interest in this area. In recent years, PBS has commissioned and shared system research by Booz & Company and brought a panel of system leaders and industry experts together to develop the Funding the Vision II report and recommendations. The PBS Board also provides guidance on system sustainability through its Strategic Planning Advisory Group (SPAG). It is through this work that the inspiration for the Models of the Future project emerged. PBS and SPAG believed that more insight into the specific ways that stations achieve sustainability was required and commissioned Ted Krichels to research this issue in more detail and share his findings and recommendations.

Although the project complements and builds on prior work, it also differs in an important way. Previous studies have tended to focus on broad national revenue generation or cost reduction opportunities, but the Models of the Future project focuses on what is working at individual stations and how station managers can learn from the experience of their peers. It provides insight into what is working and why in other communities to help strengthen the financial sustainability of every individual station throughout the system.

B. PROJECT description

The overall project objective is to:

Increase the local impact, relevance and sustainability of PBS member stations through better understanding of financially successful system service models and the development of new opportunities for stations to learn from, communicate, and collaborate with one another

SPAG also encouraged the work to be both practical and bold. In addition, the group highlighted the importance of exploring how local service models can leverage and be leveraged by national content/services and collaboration.

As the project objective points out, the work has not just been about finding success stories in the system; it's also been about identifying how success can better be shared between stations. To this end, the project has focused on a future beyond this report – developing new tools for station leaders to learn from their peers and making recommendations for future work to help increase the value of the work still further.

Another key component of the project is ensuring that the service models and other recommended actions are replicable by other stations. Success stories at some stations are often met with responses such as "that's great, but it wouldn't work here" and it was important for the project to identify how and why an initiative was successful rather than just state that it was successful. That doesn't mean that every model or initiative described in this report is appropriate for every station – different local markets and different station strengths and weaknesses make that impractical and unwise. But it does mean that, with the necessary conditions in place, it is possible for stations to successfully implement many of the practices and models described in the report.

It's also important to point out that **replicable doesn't mean reproduce**. The initiatives highlighted in the report have already proved successful at one or more stations. Therefore, there is no need to try to reproduce that success at another station but, instead, it's important to learn from the experience of others to help reduce the obstacles that may be faced. In fact, many stations are happy to work with others and share their work, including licensing their products and services to other stations.

C. PROCESS

The report is based on considerable research conducted over a six month period. Many previous studies were reviewed as well as research conducted within and beyond public media. Wherever possible, station data was analyzed (e.g., SABS, AFR, 990 returns) as well as business plans and budgets to better understand the quantitative as well as the qualitative components of each initiative.

However, the most critical aspect of the project research was talking with station leaders across the system. Through multiple station visits, many phone conversations, and discussions at system meetings, the research uncovered many station success stories and great insight into how that success was achieved. **It is thanks to the great work of station managers and their willingness to share their insight that this work has been possible.**

Unfortunately, there was not time to research every station success story. The stations highlighted in the report are just a snapshot of the great work going on around the system and an absence of other station examples is not intended to infer that the report contains the only successful approaches to local financial sustainability. In fact, it is hoped that this work is just the starting point and that success stories throughout the system can continue to be shared on an ongoing basis – whether that is through existing groups and meetings or through the creation of new tools such as a website.
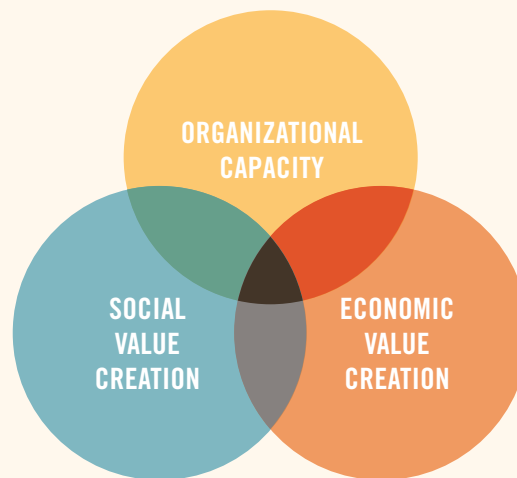
3. STATION sustainability

The overarching goal of the project is to help increase the local impact, relevance, and sustainability of PBS member stations. The most critical component is sustainability - but what does sustainability really mean?

A. KNIGHT definition of sustainability

According to the Knight Foundation's Getting Local: How Nonprofit News Ventures Seek Sustainability report, sustainability has three critical elements :

1. **Social value creation** – the ability to create unique and relevant content and services and to engage citizens in ways that produce measurable impact
2. **Economic value creation** – the ability to raise revenue streams to support the creation of content and services that support the organization's mission
3. **Organizational capacity** – the infrastructure, resource allocation and skills that enable the organization to adapt and innovate

ORGANIZATIONAL CAPACITY

SOCIAL VALUE CREATION

ECONOMIC VALUE CREATION

Although the Knight framework is primarily focused on nonprofit news organizations, it is similarly relevant for all public television service models. It helps highlight that **sustainability is not just about high revenue and low costs; it's also essential that all services provide real value to the local community and that a station has the operational capacity and capabilities to deliver that social value over the long term.**

All service models considered during the project were assessed based on the three elements of sustainability and only those that met all three criteria are included in the report.

B. ROLE of organizational capacity

As the definition of sustainability clearly demonstrates, **a station's organizational capacity – its resources and capabilities – provide the backbone to an organization's ability to create economic and social value in its local community.** It can be reimagined as a foundation stone on which economic and social success is built – without it, station sustainability is unobtainable.
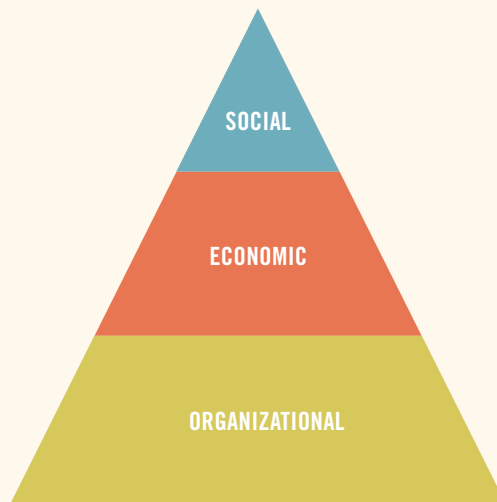
Project research reinforced the importance of organizational capacity over and over again. Sustainable service models are built on a core number of organizational strengths – activities that are very familiar, but often very hard to implement. At some stations, the process is very formal and takes months and sometimes years to put in place. At others, the process is more intuitive but it is still built on an in-depth understanding of the industry, the local market, and the station itself.

4. ORGANIZATIONAL capacity

A. KEY steps for model success

Project research has helped highlight that successful service models are built on a relatively small number of fundamental organizational practices. The five core areas are:

1. Strategy and Planning
2. Governance and Leadership
3. Resource Allocation
4. Organizational Capabilities
5. Organizational Culture

1. STRATEGY and Planning

Strategy and planning is the most critical element. **Successful stations have an in-depth knowledge of the opportunities and threats in their local communities and a fundamental understanding of how their organization can provide meaningful value to meet those community needs.**

Many stations have spent hundreds of hours in the community over many months and years talking with multiple stakeholders in order to build up an in-depth understanding of local needs and where the station can add value. Prominent examples include the Listening Project in Cleveland and the Collective Impact approach taken by stations such as St. Louis, Detroit, and Indianapolis. Many state networks and school board licensees also operate the same way – closely engaging and listening to the needs of state legislators, educators, officials, and other stakeholders to find new ways of continually meeting their changing needs.

Other stations take a less formal but no less informed approach. Station leaders observe (directly and through research) how their local community is changing and determine how the station needs to evolve to meet those needs. It may be that a local shift in demographics requires a new content approach or that a transformation in an industry - such as the decline of local journalism - provides an opportunity (or, as some feel, an obligation) to fill the gap and serve the local community in new and/or more effective ways.

The approach taken is less critical than the end result of obtaining a critical understanding of how a station can best meet its local needs. In the words of KPBS general manager Tom Karlo, **a station needs to understand the 'anchor store' around which its success is built. The anchor store defines the station and helps inform those inside and outside the organization what the station is all about.**

Important tools to help stations develop their strategy are strategic and business plans. Again, the way they are done is less important than going through the process and producing clear documentation. It could be a very long document or a succinct deck of slides. The process could include multiple stakeholders or a small group of trusted leaders. The plan could be for the organization as a whole or for a specific initiative that the station wishes to pursue.

The Models of the Future project has collected a small number of station plans and budgets that may help provide structure to other stations in their strategy and planning work. The documentation will be shared on the website StationMgmtCenter.org when it is launched in early 2014. More information about the website can be found on page 46.

2. GOVERNANCE and Leadership

All stations need committed leadership – from both the governing entity and station executives. The project has helped demonstrate that **success requires, at a minimum, the strong support of the board and the inspiration of station general managers.**

Station boards play both very active and relatively passive roles in supporting station leaders and station change initiatives –the most effective role depends on the situation and the needs, desires, and talents of those involved. A prescriptive approach is not required, what's critical is board commitment and belief in the manager and direction of the station. It is clear that unsupportive or dysfunctional governing entities can make it extremely difficult for station managers to achieve their objectives and create economic and social value. Therefore, it's important for station managers to recruit the right board members, develop a supportive board, and communicate with them often to ensure initiatives are successfully implemented.

Equally important is the station's executive leadership – station general managers need to provide inspiration to those around them and provide a clear sense of where the organization is heading and how it will get there. Managers do this in very different ways and with very different styles. What's important is understanding what staff and other stakeholders need from their leaders and putting it into practice.

General manager discussions throughout the project continuously reinforced the importance of communication and engagement, especially with staff, as key components of success. In fact, in many cases, station leaders wished they'd paid more attention to selling their vision internally at an earlier stage in the change process. Managers also highlighted how communication, buy-in, and inspiration are constant challenges that require a leader's attention; they are not challenges that end with implementation.

3. RESOURCE Allocation

Station success relies on the ability to apply resources to the areas of greatest opportunity identified through strategy work. Successful stations researched during the project reallocated and realigned their people and other resources to ensure that they were focused on the areas of most critical importance for their future. In other words, they made sure that they had the right people within the organization and that those people were in the right positions.

Although critically important, resource allocation is a very difficult process for all leaders. It often necessitates a shift in the balance of a station's budget to a new or different department and this frequently involves eliminating positions. Also, changes in direction and a reallocation of resources can lead to disenfranchised staff - and disenfranchised and uncommitted staff can have a very negative impact on an organization and a leader's ability to achieve desired goals.

To help further their objectives, many stations have done more than simply reallocate resources – they have also made physical changes to match their directional changes. At a number of stations, the general manager has brought critical staff closer together to improve communication and to ensure that key roles work more closely and effectively together.

To be able to (re)allocate resources, stations first need to be able to assess and obtain the resources they need. Stations take a variety of different approaches to this issue. Some won't move forward without first securing all the funding they need. Others so strongly believe in the chosen direction that they are willing to take some risk. That may involve taking a loss until the initiative breaks even or being willing to accept that the initiative may fail but that it's important enough to move forward and find out.

New initiatives always have some risk associated with them but those risks can be substantially reduced through detailed planning and budgeting work and by experimenting on a small scale. As many managers highlighted, Jim Collins clearly made this point at the GM Planning Meeting in Denver when he recommended **firing many bullets to perfect your aim before firing a cannonball.**

A change in direction is extremely hard without access to financial and human resources. However, it is possible and many stations have demonstrated entrepreneurial ways to get what they need. The section on page 21 goes into more detail about the ways in which stations can develop and/or maintain the resources and capabilities they need to ensure they can address local community needs.

4. ORGANIZATIONAL Capabilities

Building on resource allocation, it is also critically important that an organization has the right capabilities to be able to implement its goals and create local value. **Organizational capabilities are the collective skills, abilities, and expertise of an organization – they are the key and sometimes intangible assets that make all the difference to station success.**

Staff knowledge, skills, and capabilities are usually the most critical resource for stations but other organizational capabilities can also play a significant role. Having the right information (data, knowledge, information systems), organizational processes, relationships with key stakeholders, and many other capabilities all influence a station's ability to achieve its goals. Where a station doesn't already have the necessary capabilities, it needs to figure out a way to obtain or develop them.

For example, many stations that provide education services in their communities have needed to continually develop new capabilities as a result of significant changes in media and technology. To have a meaningful impact in education requires not just expertise in education, but expertise in producing interactive online content – skills that weren't needed a decade ago. Stations across the system have adapted to this change by developing and obtaining the talent and capabilities they need or, where that isn't possible, by partnering with other organizations that do have those capabilities. This has taken place in services focused on all age ranges, including professional development and workforce training for adults.

But developing or obtaining organizational capabilities isn't just for education. Stations focused on other areas of impact have also brought in producers and other staff with different skillsets and have even been willing to take some financial risk to develop the capabilities they needed. For example, WSKG in Binghamton, New York has embraced the Arts Initiative to help develop local production capabilities in a genre it believes will be critical to its future success. And Wisconsin Public Television realigned its staff and absorbed a short-term financial loss in order to build up the institutional knowledge and skills it needed to pull off impactful and profitable events on an annual basis.

5. ORGANIZATIONAL Culture

The culture of an organization shapes its behavior. It can be both positive and negative – many obstacles can be overcome with the right culture but the best intentions can be completely diluted with an unsupportive culture or environment.

It is often said that "culture eats strategy" but that doesn't mean that strategy, or having clear understanding of your intended direction, doesn't play a role in creating a culture of success. It's critically important that staff and other key station stakeholders know where the organization is heading and how they can help. As highlighted above, it's also critical that the right people are in the right place within the organization and that unsupportive people and practices are properly addressed.

Organizational culture is about creating the right environment to successfully implement new initiatives, make shifts in direction, and positively impact the local community. As many station managers have highlighted, leaders plays a critical role by helping to communicate values, expectations, habits, goals, enthusiasm and motivation that influence the organization's culture. As previously mentioned, managers also stress how culture and communication is something that needs constant attention – it's not something that gets done once and can then be forgotten.

Many stations have faced, and continue to face, cultural challenges as they make changes to their organizations. In some cases, managers have had to deal with mindset differences between TV and radio staff as they become integrated into a more multiplatform organization. In other cases, cultural difficulties are faced when shifting from a producer-focused approach to one that is primarily focused on addressing local community needs.

Media and technology changes have also had a cultural impact. A number of managers have had to overcome the challenge of introducing and integrating 'new media' into their more 'traditional media' environments - a challenge in news and public affairs, education, community impact, and beyond.

B. REINFORCING research

Beyond the findings of this project, the importance of organizational effectiveness is also reinforced by a variety of other work – insights developed by both management experts and management consultants.

1. COLLINS' Good to Great Framework

A prominent example is Jim Collins. His research shows that building a great organization proceeds in four basic stages; with each stage consisting of two fundamental principles.

Stage 1: Disciplined People

- **Level 5 Leadership.** Level 5 leaders are ambitious first and foremost for the cause, the organization, the work—not themselves—and they have the fierce resolve to do whatever it takes to make good on that ambition

- **First Who … Then What.** Those who build great organizations make sure they have the right people on the bus, the wrong people off the bus, and the right people in the key seats

Stage 2: Disciplined Thought

- **Confront the Brutal Facts.** Have the discipline to confront the most brutal facts of your current reality while retaining unwavering faith that you can and will prevail in the end

- **The Hedgehog Concept.** Greatness comes about by a series of good decisions consistent with a simple, coherent concept—a "Hedgehog Concept"

  WHAT you can be the best in the world at, **WHAT** you are deeply passionate about and **WHAT** best drives your resource engine

Stage 3: Disciplined Action

- **Culture of Discipline.** Disciplined people who engage in disciplined thought and who take disciplined action—operating with freedom within a framework of responsibilities—this is the cornerstone of a culture that creates greatness

- **The Flywheel.** There is no single defining action, no grand program, no one killer innovation, no solitary lucky break, no miracle moment. Rather, the process resembles pushing a giant flywheel in one direction, turn upon turn, building momentum until a point of breakthrough

Stage 4: Building Greatness To Last

- **Clock Building, Not Time Telling.** Build an organization that can adapt through multiple generations of leaders; the exact opposite of being built around a single great leader, great idea or specific program

- **Preserve the Core and Stimulate Progress.** Adherence to core values combined with a willingness to challenge and change everything except those core values—keeping clear the distinction between "what we stand for" (which should never change) and "how we do things" (which should never stop changing)

The project has helped demonstrate that a number of stations exhibit many, if not all, of Collins' principles. In particular, it is clear that the most successful stations have a strong sense of what they're deeply passionate about, what they can be the best in the world at, and what best drives resources to them (money, talent, goodwill, and more).

2. MCKINSEY Organizational Health

McKinsey & Company research further reinforces the critical role played by what they call "organizational health." McKinsey describes organizational health as internal alignment on direction, quality of execution, and capacity for renewal, and highlights nine vital health signs that organizations should take into consideration.

1. **Direction** – clear sense of where the organization is heading and how it will get there
2. **Leadership** – the extent to which leaders inspire others to act
3. **Culture and Climate** – the shared beliefs and quality of interactions across the organization
4. **Accountability** – the extent to which individuals understand what is expected, have appropriate authority, and take responsibility for results
5. **Coordination & Control** – the ability to evaluate organizational performance and risk, and to address issues and opportunities
6. **Capabilities** – the presence of the institutional skills required to execute strategy and create competitive advantage
7. **Motivation** – the presence of enthusiasm that drives employees to put in extraordinary effort to deliver results
8. **External Orientation** – the quality of engagement with customers, suppliers, partners and other external stakeholders
9. **Innovation and Learning** – the quality and flow of new ideas, and the ability to adapt and shape the organization

McKinsey studies have found that organizational health can account for 54% of the variation in an organization's performance – so more than half of an organization's performance can be attributed to what could be called 'doing the basics right.'

5. CAPACITY building

Project research has also helped show that organizational capacity can be created through effectiveness and efficiency. Many stations are growing, freeing up, or obtaining the resources and capabilities they need to provide valuable local services in their community by adopting practices in three principal areas:

1. Cost Management Initiatives
2. Revenue Growth Initiatives
3. Partnering and Collaboration

Freeing up resources, especially through partnerships, has often been a challenge for stations as it requires relinquishing control of an important part of the organization. However, a number of stations have found success in this area and achieved very positive results. **These stations have realized that they are not defined by their infrastructure but by the content and services that they provide and by the impact they have in their local community.** With a focus on service and impact, many general managers have welcomed the opportunity to reduce control over some parts of their organization in order to lower costs and/or improve their effectiveness.

A. COST management initiatives

Cost management initiatives focus on keeping operating costs low by embracing good practices, sharing costs with others, outsourcing functions, and adopting other initiatives that enable the station to save money and focus more of its resources on content and services. Examples include shared master control, outsourcing backroom operations, shared space collaborations, program scheduling, program traffic, direct mail, telemarketing and more.

The Affinity Group Coalition (AGC) has been focused on this area through its Efficiencies Committee. The group has revealed a number of areas where stations can reduce their operating costs and they continue to look for new opportunities for stations to learn from the experience of others.

Two prominent examples of cost saving opportunities within public media highlighted by many general managers throughout the project are the NETA Business Center and the Contributor Development Partnership (CDP). Through the NETA Business Center,

a number of stations have been able to outsource their financial management activities – CPB paperwork, budget creation, payroll, financials for board meetings, and more. This has helped stations save money and it has also provided access to highly relevant knowledge and skills that would be hard to find in their local market.

With CDP, participating stations provide and get access to key fundraising data that enables them to benchmark against peer stations. It also provides opportunities for stations to take part in programs that provide vendor cost savings by taking advantage of the efficiencies of scale inherent in being part of a large partnership. As highlighted in the next section, CDP also plays an important role in helping stations raise money as well as reduce costs.

B. REVENUE growth

Revenue growth initiatives involve taking advantage of relevant growth opportunities by adopting good practices and utilizing station infrastructure to full effect. This includes being more effective at what a station does already (e.g. membership and underwriting) and potentially generating revenue from a station's existing infrastructure and capabilities.

Although new revenue initiatives provide opportunities, it is also critical that such activities are not a distraction from the core services that the station provides to its community. As the Knight framework demonstrates, revenue generation is only one element of sustainability and pure profit initiatives may use up operational capacity and distract staff from creating lasting social value.

Stations currently increase and supplement their revenue through membership growth opportunities provided by CDP and other vendors, as well as through spectrum leasing, fee-for-service productions, data storage, and more. As highlighted in the previous section, CDP leverages station data and select improvement initiatives to increase fund-

raising effectiveness across the country. A particular success story for many major market stations has been canvassing – increasing overall membership levels, especially sustainers, in many markets across the country.

Beyond more effective fundraising practices, some stations have also been able to raise funds by providing vital emergency services to local first responders, and others have been able to use their technical and production capabilities for local sports and other community purposes. For example, WHRO in Norfolk provides production and development services for school systems, educational publishers, defense contractors and industry training organizations through its in-house staff of instructional designers, writers, app developers, producers, videographers, graphic artists, recording engineers and announcers.

C. PARTNERING & collaboration

Partnerships and other collaborations between organizations also provide stations with the opportunity to develop or protect the resources and capabilities they need to better (or continue to) serve local needs. Effective partnerships can range from complete integrations or mergers, to smaller-scale contractual relationships between stations.

Although many partnerships are focused on reducing costs, it's not always about money. Some stations enter into partnerships to improve their ability to provide local content and services – they believe their collective impact will be greater than the sum of their parts. A prominent example of this is in Cleveland, where separate public television and radio stations came together to form ideastream. The station leaders and boards didn't do it to save money, they did it to have a more valuable impact on the people of Cleveland. Shared master control is another area where, although cost savings are an important component of the partnership, service improvement and the ability to focus more time and energy on content rather than infrastructure are also fundamental drivers.

Partnerships also enable stations to concentrate their limited resources on the most beneficial local activities. For example, New Hampshire partnered with WGBH to provide a number of support services following a loss in state funding. The partnership is a friendly

contractual agreement that enables New Hampshire to concentrate more of its resources on local content and services. The station even talks about a day when it might be housed in an office building, where essential broadcast and production services are outsourced; leaving the manager to focus on maintaining the license and editorial control of the service to the community.

It's also important to remember that it's not always about large stations providing resources to small stations. Although there is often efficiency in large scale operations, there is also additional cost associated with operating in metropolitan areas. As members of the New York master control project highlight, it would be a very different, and considerably more expensive, proposition if the operation was centered in Manhattan rather than Syracuse.

6. SERVICE model focus areas

There are a number of station initiatives that meet all three sustainable service model criteria: social value creation, economic value creation, and organizational capacity. These initiatives or models are operated by stations of all licensee types and budget sizes and fit into two broad categories: **Community Impact** and **Educational Services.**

A. COMMUNITY impact

Community Impact initiatives address areas of interest to the local community and typically rely on community, foundation, or corporate involvement. Community impact is not a new idea but the thinking behind it has evolved over the past fifteen years to increasingly focus on the business models that support the local services. In 1999, Richard Somerset-Ward (a community impact thought leader for many managers) spoke of the challenge:

…except in isolated instances, public television has never been a real force in local or community programming. Now, it has to be-or it will be nothing, lost in a Minow-esque wasteland in some forgotten portion of the dial.

What if every public television station in this country …shared its frequencies and its digital potential with its own community? ….What if, in every community in this country, a grand alliance of providers and users of digital communications was formed-specifically to serve the interests of the community?

…This is not the begging bowl scenario we're all so familiar with. This is something to which whole communities will be able to contribute-because they will be active participants in it, and because they will get something back from it.

There are millions of dollars (billions) that are already available – in education budgets, in state and local government budgets, in contributions from business, even in the budgets of cultural institutions. They've never contributed before because there's been nothing like this at the community level to contribute to…. Any community that is serious about making use of these new technologies on its own behalf, for its own development and prosperity, will find some resources…

Rich Harwood (founder and president of The Harwood Institute for Public Innovation and a frequent consultant to public media) added to this thinking in 2011:

> *… for each and every public broadcaster, being healthy and bold and ultimately relevant means …to put a stake in the ground about their commitment to their community. It means being rooted in a particular place, and developing a deep relationship with that community.*

Harwood suggests some "building blocks" for this effort, including:

> *1. Know your community: Creating real change requires that individuals and organizations working in communities be deeply rooted in those communities... Our work must be relevant to people's lives and help them create new pathways back into community life… Similarly, we must understand the community's capacity for change at any given moment. …*

> *2. Focus on impact: Having an impact means more than successfully implementing a program or initiative. It means addressing a specific public challenge or issue and creating the conditions for change at the same time.*

Stations have developed different service models to more effectively and efficiently strengthen their community connectivity and support. The project revealed four main focus areas within Community Impact where stations are operating sustainable service models:

1. **Addressing community needs**
2. **Engaging beyond broadcast**
3. **News and public affairs**
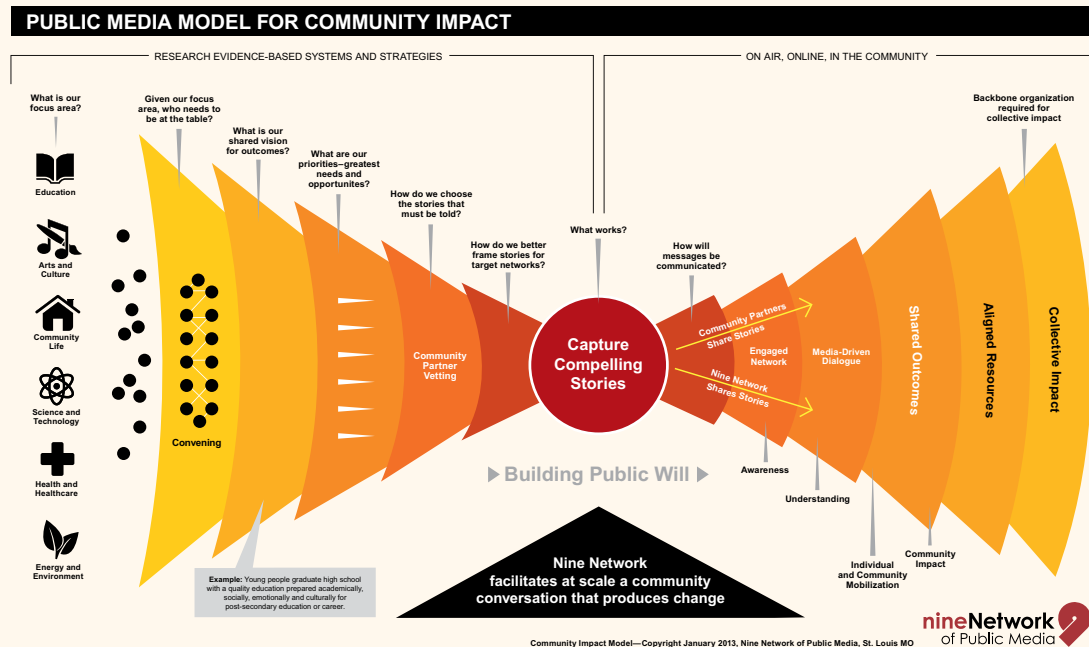4. **Production collaborations**

1. ADDRESSING community needs

Addressing Community involves the development of sustainable partnerships and programs in collaboration with other nonprofit organizations in the community to address and positively impact local needs or concerns.

A number of stations refer to their work in this area as Collective Impact. FSG, a nonprofit consulting firm that has worked closely with the Major Market Group on this subject, describes Collective Impact as:

The commitment of a group of actors from different sectors to a common agenda for solving a complex social problem.

The Collective Impact model has been fully embraced by many in the Major Market Group, including the Nine Network in St. Louis. They use the model to help structure how they coordinate with other local nonprofits around a clearly defined goal and created the diagram below to demonstrate how Collective Impact can work in public media.

PUBLIC MEDIA MODEL FOR COMMUNITY IMPACT

RESEARCH EVIDENCE-BASED SYSTEMS AND STRATEGIES

ON AIR, ONLINE, IN THE COMMUNITY

What is our focus area?

Education

Arts and Culture

Community Life

Science and Technology

Health and Healthcare

Energy and Environment

Given our focus area, who needs to be at the table?

What is our shared vision for outcomes?

What are our priorities–greatest needs and opportunites?

How do we choose the stories that must be told?

How do we better frame stories for target networks?

What works?

How will messages be communicated?

Backbone organization required for collective impact

Convening

Community Partner Vetting

Capture Compelling Stories

Community Partners Share Stories

Engaged Network

Nine Network Shares Stories

Media-Driven Dialogue

Shared Outcomes

Aligned Resources

Collective Impact

▶ Building Public Will ▶

Awareness

Understanding

Individual and Community Mobilization

Community Impact

Example: Young people graduate high school with a quality education prepared academically, socially, emotionally and culturally for post-secondary education or career.

Nine Network facilitates at scale a community conversation that produces change

nineNetwork of Public Media

Community Impact Model—Copyright January 2013, Nine Network of Public Media, St. Louis MO

Discussions with managers while researching the report have uncovered a great deal of interest in local service models that address community needs. Not all stations label their work as Collective Impact, but they do all ensure that they understand the needs of the local community. Stations achieve this by directly engaging the community, including at WVIZ in Cleveland where they have created the Listening Project to better understand local needs.

In 2001, WVIZ/PBS and 90.3 WCPN joined forces to create ideastream, a multiple media public service organization with a mission to "strengthen our communities." While disseminating content through broadcast channels, the Internet and other media are core services, from its inception ideastream has undertaken another role: that of dedicated listener. By devising and implementing an ongoing community engagement process called The Listening Project, ideastream gains input and direction for its programs, services and outreach initiatives.

In the process of "Listening to the Community and Looking for What Matters," thousands have participated. People in the suburbs and the cities, from a variety of income, educational and ethnic backgrounds, have shared their thoughts about the region they call home.

In his booklet, *Good to Great and the Social Sectors,* Jim Collins illustrates the different funding sources for non-profit organizations using the quadrant diagram below. The upper right quadrant, high business revenue with high charitable donations and private grants, is where many stations are seeing the most revenue growth when addressing local community needs. This increasingly means that the funding comes with at least some degree of expectations around what will be delivered; it is not unrestricted philanthropy.
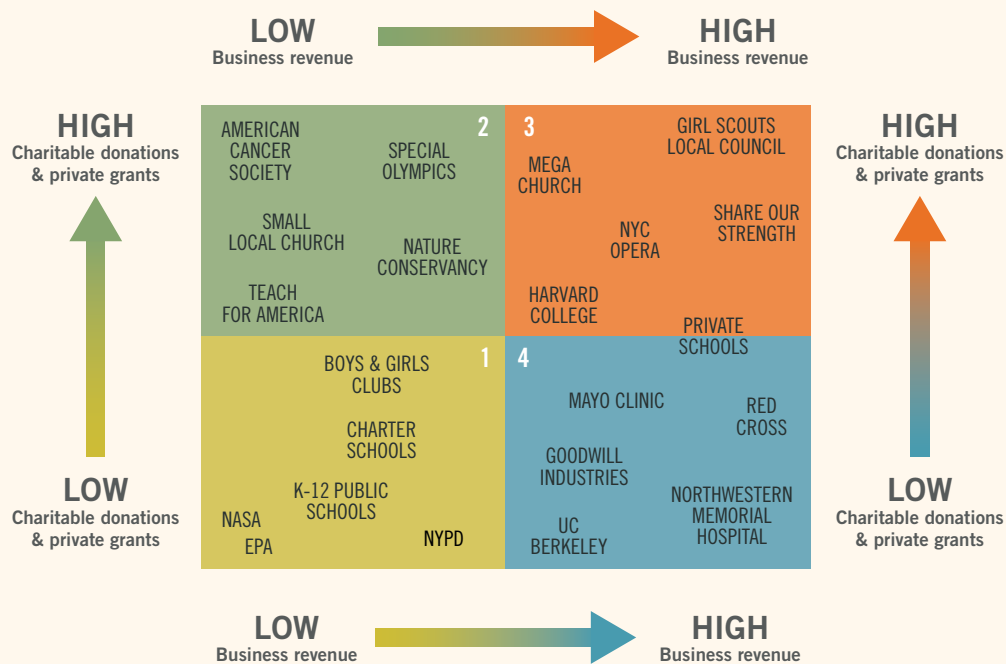
To get funding, whether corporate, foundation or governmental, projects need to have more clearly defined objectives and measurable outcomes than in the past. Partners often expect, if not an editorial role, at least a role in determining project scope. Whereas there was once reluctance to accept funding from entities with specific interests in a project's content or goals, that has changed in some communities. This change can present challenges to editorial integrity standards, and stations successfully pursuing this model have worked hard to clearly establish editorial guidelines.

For example, TPT's Minnesota Channel has reengineered its working relationship with community partners and created a collaborative production services agreement that outlines a contractual fee-for-service arrangement. They have also laid out editorial guidelines for programming that airs on the channel:

1. **Never mislead our audiences**
2. **Always provide full disclosure of partner interests**
3. **Respect the vital and exclusive role of our partners**
4. **Not be used for simple self-promotion**
5. **Not be used for advocacy on issues of controversy**
6. **Not pay for interviews**
7. **Take special care in producing on-going series**

The Minnesota Channel has been a great success for TPT. In the last fiscal year, the channel generated close to $3 million in gross revenue and approximately $600,000 in net revenue. (However, although the channel is now a financial success, it's important to note that it can take time to build financial success – it took TPT a number of years to build the community partnerships, board support, and staff skills needed for the Minnesota Channel to become self-sustaining.)

Other stations are also partnering with local nonprofit organizations to address community needs but do not have the same direct business relationship. The essential components of close community engagement, listening to your partners and, often, securing funding in advance are, however, very much part of the process.

NPT in Nashville has achieved demonstrable success. Starting with the Next Door Neighbors project, which addressed challenges for local immigrants, NPT has raised over $4 million in gross revenue from partner organizations for projects that address specific Nashville issues such as Children's Health Crisis, Aging Matters, and Tennessee and the Civil War. Initial seed funding for Next Door Neighbors was supported with a CPB grant but project revenue is typically generated from local community funders.

In St Louis, the Nine Network has developed six topic areas and identified funding sources to financially support each area. This has helped the station increase its overall revenue by 12% (with the majority of the funding coming from new funders), led to new partnerships, and helped address critical issues in the community. And, through its Nine Academy, the station has helped further strengthen its community impact by training people in St. Louis to produce short documentary films on community issues that are then shared through the station website.

2. ENGAGING beyond broadcast

Engaging Beyond Broadcasting involves using events and other activities to build brand awareness and bring people in the community together around an area of common interest. The goal is to more intensively serve community needs, build stronger loyalty, and generate income for the station.

Although it may seem old fashioned, there is nothing more effective than people meeting and talking with each other around common interests – from young children's gatherings at libraries or fairs to large concerts or assemblies. **Events help engage people in the community and provide opportunities for stations to generate revenue through classes and sponsorship as well as through ticket sales.**

Wisconsin Public Television (WPT) is a leader in this field. Over the course of many years, the station has built up the skills and expertise needed to run profitable events that reinforce existing content strengths. WPT's events didn't break even immediately but, through careful planning, leadership vision, board support, and tolerance for managed risk, the station has been able to achieve event success in a number of distinct areas.

Vietnam Reunion

Building on WPT's existing strength and reputation for engaging veterans, WPT brought 30,000 veterans from Wisconsin and around the country together in May 2010 to be honored for their service and sacrifice at LZ Lambeau: Welcoming Home Wisconsin's Vietnam Veterans, a special weekend of activities in Green Bay, Wisconsin. The event generated considerable support and much favorable reaction, including this comment from a former Army Medic:

I have never been part of such a huge healing ground where thousands of my 'Nam brothers gathered to embrace each other physically and emotionally. Thank you

Quilt Expo

WPT holds a Quilt Expo over the course of three days each year. During the most recent event, total attendance was 18,055, the highest figure in Quilt Expo's history. The event featured 395 exhibitor booths, 466 quilts on display, 126 informational lectures, 24 stage presentations, 42 workshops, and appearances by Nancy Zieman of Sewing With Nancy. Gross revenue for the event was approximately $550k and net revenue totaled around $200k.

Garden Expo

The Garden Expo is WPT's longest running event and the starting point for developing its expertise in running profitable community events. The 2011 show was the first to break 20,000 in attendance. Educational offerings included 118 seminars, 33 stage demonstrations and 10 hands-on workshops. The exhibitor floor featured more than 300 booths representing businesses and non-profit organizations and appearances were made by WPT hosts such as Shelley Ryan of The Wisconsin Gardener and Kyle Cherek from Wisconsin Foodie. The Garden Expo grossed $305,000 with expenses of $155,000 and attracted comments such as:

Continue to do what you're doing. A humble "THANK YOU" to all involved

I just love the Expo and always wait for it to come. It helps me get through the rest of winter

Direct interaction, whether person-to-person, intimate events, or mega-events like Lambeau Field, resonate in effective ways for many in the community and can serve a number of purposes for the station:

- Raise awareness of station programs and other content/services
- Build loyalty and support among key constituents
- Engage niche communities around a specific interest or issue
- Generate funds for the station
- Energize the board and provide added confidence in the station leadership

Events can play a uniquely important role in a station's community profile or brand while also cultivating significant goodwill among key financial supporters. It takes time to build the capability to manage an event profitably but WPT has shown what is possible and the station's experience can help provide a roadmap for others interested in taking similar steps in the future.

3. NEWS/public affairs

News and Public Affairs service models cover local news and other issues relevant to the community across various media platforms – on-air (radio and TV) and online – and help fill a void left by the decline of local newspapers and the lack of objectivity and depth in commercial news.

Media commentator Clay Shirky highlighted the changes taking place in news and journalism and the potentially important role that nonprofit organizations can play in this field:

Journalism has always been subsidized. …The list of models that are obviously working today, like Consumer Reports and NPR …ProPublica…, can't be expanded to cover any general case, but then nothing is going to cover the general case…Society doesn't need newspapers. What we need is journalism…When we shift our attention from 'save newspapers' to 'save society', the imperative changes from 'preserve the current institutions' to 'do whatever works.' And what works today isn't the same as what used to work…For the next few decades, journalism will be made up of overlapping special cases…. Many of these models will rely on sponsorship or grants or endowments instead of revenues….. Many of these models will fail. No one experiment is going to replace what we are now losing with the demise of news on paper, but over time, the collection of new experiments that do work might give us the journalism we need. (Newspapers and Thinking the Unthinkable)

Filling the void left by newspapers or commercial media in a community has risks. There are probably more public TV stations that have dropped a nightly news program over the past decade then there are ones that currently produce one. And yet, there are compelling reasons to consider this approach:

1. **There is a clear public interest**
2. **Public radio stations, including joint licensees, have thrived in this arena**
3. **There are realistic funding models**
4. **There are willing partners**
   a. **Nonprofit news organizations**
   b. **Public radio stations**
   c. **Newspapers**

Stations across the country have taken different approaches to news. For example, KPBS in San Diego already had a strong news/public affairs radio station before deciding to expand its TV news service and develop a more significant web presence in the community. It now has a nightly TV news show and, to ensure a truly multiplatform news service, intentionally broke down barriers between web, radio and TV, including relocating staff to ensure they all worked side by side. This approach has led to increases in audience and fundraising (membership, underwriting and major giving). KPBS' multiplatform approach is also seen in other markets, especially those with joint licensee operations such as Cleveland and Oregon.

Market size is often a factor in a station's ability to provide a sustainable news service as it can take significant community resources to fund the type of engagement these stations offer. Additionally, journalism partnerships can also play a significant role. KPBS has a relationship with Investigative Newsource (inewsource.org) that is particularly noteworthy.

Inewsource is an independent nonprofit focused on in-depth, data-driven journalism. In partnership with KPBS it launched an Investigations Desk, which serves a broad audience with deep reporting through television, radio, print and the Web. Inewsource also networks with other nonprofit investigative centers to explore common problems across the country. Its business model relies on multiple revenue streams, including an endowment to ensure long-term sustainability. It also relies on paid media partnerships, foundation grants, philanthropy, individual donations and sale of services.

A similar partnership is also in place in Denver between Rocky Mountain PBS and I-News, producing in-depth, research-based journalism. I-News also works with journalism students at the University of Colorado and trains high school journalists at their summer Investigative Journalism Institute.

These partnerships provide an in-depth reporting capacity that most stations could not provide on their own. Conversely, public media offers a significant media outlet and a potential funding partner to create a viable business model very different from that of the ad driven newspaper industry.

A working relationship with public radio can also be a significant, some say essential, factor in defining a news presence in a community. The previously highlighted examples of KPBS, Denver, Cleveland, and Oregon all either have a significant radio news opera-tion or are working toward expanding their radio presence.

However, market size and a radio operation do not always determine success. Lakeland Public Television (LPT) in Minnesota has carved out a unique role in its small com-munity with a nightly news program. LPT serves a large but sparsely populated rural area, which is not described as a Nielsen market, and there is no significant other media covering local news – LPT fills that gap. The economic potential of the area is limited but LPT has been able to provide its nightly news service for many years on a budget of approximately $350-$375k a year. The news service brings in underwriting and also plays a significant role in securing institutional funds for the station.

Creating a strong news presence demands unique focus, but has great potential in the right community. A strong alliance with a news-oriented public radio station offers major advantages as does a working relationship with a nonprofit news organization. There is also significant potential for developing stronger links to national news programs and investigative series.

4. PRODUCTION collaborations

Production Collaborations help strengthen ties to major national programming themes and provide opportunities for stations to share mission-relevant content between one another in a cost effective way.

The most significant multi-station production collaboration is the WNET-led Arts Initiative which costs partner stations approximately $14k per year. The concept can be traced back to PM/Evening Magazine that was popular on commercial television in the late 70's and 80's. The series had a news and entertainment format and used local hosts for on-location wraparounds and to introduce short feature stories. It also allowed the stations to share their feature stories between each other.

All members of the Arts Initiative collaborative, about two dozen to date, have access to the full range of partner arts content and can also host it on their websites (having a strong web presence, especially an event calendar, can be an attractive community draw). The benefit of the model is that a station can have a viable arts presence without significant production costs. If a station desires, no additional local production is required – some stations do no more than provide a simple voiceover narration to introduce the segments.

However, many stations use the Arts Initiative as the basis for a more robust local arts show or block. For example, KLRN in San Antonio has a local host and produces one segment a week to complement the overall Arts Initiative offering. Like others, KLRN has also experienced local fundraising success – raising approximately $150k to completely cover the cost of the Arts Initiative partnership, the local productions, and the local host.

Beyond the arts, there is consideration of applying the same model to genres such as outdoors programming, news, and science. In each of these areas, there are often motivated local partners and funders as well as compelling stories of community interest. There are also strong thematic ties to the PBS national program schedule such as Great Performances, Nature, Nova, and the PBS Newshour.

On a practical level, these collaborative initiatives can cut production costs, reduce infrastructure, and leverage system capacity. They can also inspire local station producers to think more creatively and ambitiously about their work, knowing that it might reach

a significantly larger audience. More ambitiously, this could be the beginning of a new form of local/national production collaboration that enhances local presence and relevance (across multiple platforms) and cost effectively grows community support.

Local Production Challenges and Opportunities

High quality video production often defines a station in its market but good production is hard, it's labor intensive, and it's expensive (which often means that local production is cut when times are difficult). This is because:

1. Broadcast production equipment has been especially costly and the loss of PTFP has significantly increased the potential cost for many stations
2. Skilled production positions, editing, directing, etc. are hard to find and can require high salaries and benefits
    a. Production crews of 3-5 staff have often been required for many shoots
3. Studio infrastructure is expensive to build and maintain

Ironically, some of the very changes that are challenging traditional public media production are also providing new opportunities:

1. Some production equipment costs have come down significantly and the quality of consumer grade equipment has increased significantly
    a. In San Diego, news reporters are now equipped with inexpensive digital video cameras that can be used to capture simple interview footage or a location shot
    b. In Alaska, one and two person teams using low cost video cameras are creating unique and compelling stories about life in their state

2. The availability of independent producers in some markets has prompted some stations to find ways of tapping into this emerging community of content creators. For example, KPBS in San Diego seed funds local community producers for projects that air on KPBS

3. Some stations are intentionally moving away from infrastructure heavy operations, looking forward to an environment that is more nimble and mobile
   a. Nashville Public Television has minimized its studio use to such a degree that it now rents it to a local theater group
   b. New Hampshire Public Television sees a future with no studio
   c. In Cleveland, ideastream has moved in a somewhat different direction and, through local collaborations, it has created a functional multi-use facility in downtown Cleveland. Different spaces can be used for production or other uses determined by partners or the community

B. EDUCATIONAL services

Educational Services typically focus on initiatives designed to meet specific educational goals. They can include courses offered for credit or certification, for job or school readiness, or simply for enriching a life experience.

On some level, virtually every PBS member station is delivering a form of educational service. The children's program schedule alone would ensure that. The fact that PBS programs are so heavily used by teachers around the country reinforces that role as does the role of PBS Learning Media – which has made it possible for any station to be constructively involved with formal education in a community.

With all of that, however, few stations have significantly developed business plans based on the delivery of educational services. Those that do are typically licensed to state or school licensees and, even there, the creation and delivery of those services and support for them is changing as a result of evolving technology and funding reductions. Many of the most successful stations are developing a more diverse funding base for their services – complementing institutional funding with foundation, corporate, federal, and fee-for-service support.

Although institutional licensees play the most substantial role in education, there are opportunities for community licensees to be more significant players in this area. A number of community licensees provide a variety of different educational services, often in partnership with other local and national providers. The single biggest challenge for such licensees is developing strong working relationships with essential partners from key state agencies and/or school districts, especially Departments of Education.

Project research has identified four areas where stations operate sustainable local service models with an education focus:

1) Pre-K-12 Initiatives
2) Lifelong Learning
3) Professional Development
4) Workforce Training

1. PRE-K-12 initiatives

Pre-K-12 Education involves delivering enhanced services to pre-K-12 students and their families from online courses and learning objects to homework hotlines, virtual labs, and broadcast programs.

Models for serving students and families from pre-school through high school have continued to evolve significantly in the multimedia environment. Stations are working to revitalize existing funding models and also exploring ways to broaden their revenue bases. The KET Early Childhood Initiative, for example, was launched with grants totaling $200,000 from Kentucky Power/American Electric Power Foundation in 2009 and PNC Bank in 2011-12. These funds enabled KET to produce the Everyday Science for Preschoolers curriculum and instructional resources such as lesson plans, short video, and animated learning objects.

Most recently, KET partnered with the National Center for Family Literacy, based in Louisville, and Metro United Way on several large-scale proposals centered on Everyday Learning. This partnership resulted in a $818,775 grant from the James Graham Brown Foundation and another grant is pending.

Many stations develop their own digital resources and make use of other provider content to supplement the **PBS LearningMedia** service in their communities. For example, Kentucky makes use of services from different providers (including LearningMedia) as well as its own content to provide teachers with a robust digital education service through KET EncycloMedia. And, in Norfolk, WHRO does a similar job with its eMedia-VA service that now serves all Virginia schools.

Various stations also provide additional services such as virtual labs, homework hotlines, online courses, and more traditional broadcast content. In the online course area, KET is again a leader with its AP physics course that provides students with rigorous preparation for the AP physics and college aptitude tests. At the end of the 2012 school year, the AP Physics B test scores showed that KET's physics students outperformed their in-state and national peers: KET students' scores were 81% higher than the state average and 57% higher than the national average. KET now charges tuition for Kentucky students (and enrollment has increased 16% over last year when it was free) and out-of state students have always paid tuition.

WHRO in Norfolk offers a range of free and fee-based online content and development services, including textbook independent online courses, educational software, apps, instructional design and production services. They believe that their advantage over commercial vendors is that schools can purchase a complete course and are able to customize it as they wish. They are effectively purchasing their own textbooks with the ability to make internal adjustments as necessary to stay current.

WHRO raises funds for education like other stations raise funds for documentaries – through foundations, grants, and state and federal sources. Like Kentucky and others, education is WHRO's "anchor store" and core business. For their business to succeed they believe their organization needs to have a high tolerance for risk, a characteristic that is not common in public broadcasting. Initiatives often require upfront investments and lose money before they are successful. However, stations like WHRO, KET, and VegasPBS thoroughly plan to ensure that they are not negatively impacted during the period before an initiative has time to break even. These stations understand that they will lose money in the short term but they are prepared for this eventuality and move forward with the help of board support, detailed plans, and the knowledge that the initiative will ultimately strengthen their ability to create (social and economic) value in their community.

2. LIFELONG learning

Lifelong learning includes non-credit personal growth over a lifetime as well as initiatives such as GED courses. KET Kentucky is a system leader in this field through its adult education training initiatives.

Lifelong learning is formally described as the ongoing, voluntary, and self-motivated pursuit of knowledge for either personal or professional reasons. It recognizes that learning is not just for children but that people of all ages have an interest in personal development at some, or all, points in their life. Lifelong learning is also not confined to the classroom – people are interested in increasing their knowledge in many different environments, including in-person and online.

Public television stations can and do play a significant role in creating and delivering life-enriching services across platforms and for a variety of age groups. So far, most initiatives have been focused on adult education and continuing education. This is the case

with KET's adult GED services that blend different business models into a robust service program. KET is currently developing a new service, Fast Forward, to address upcoming GED test changes.

A new edition of the GED test, computer-delivered and aligned to the national Common Core State Standards, will be introduced in January 2014. These changes will be very challenging not only for adult learners, but for many of their teachers as well. Based on recommendations from a national advisory group of adult educators and educational media representatives, KET is developing Fast Forward, a flexible, multiplatform adult learning system aligned to Common Core State Standards and emphasizing skills required for post-secondary success. The new KET Fast Forward learning system will include:

- In-depth online instructional courses in key academic areas of language arts (reading, writing, and language), mathematics, science, and social studies. Designed for use in classroom settings and for self-paced learning, the courses will include pre-assessments to help determine individual learner strengths and weaknesses as well as post-assessments. Each lesson will engage learners and meet diverse learning styles with interactive demonstrations (animations), embedded video segments, step-by-step instruction, and numerous practice questions.

- eBooks for learners that focuses on test-passing strategies in an interactive format. The eBooks will incorporate video segments and interactives to provide learners with essential information they need to prepare for specific high school equivalency assessments. The books will focus on the key strategies for success in each content area and test, beginning with the 2014 GED test, and will include practice test items, video explanations of concepts, and problem solutions.

KET has raised about $1.8 million in grants to develop Fast Forward and is currently developing a Station Affiliate Program that will enable participating stations to receive a sales commission through a Fast Forward-branded portal on the station's website. These courses will be available for a fee to individual learners and through license agreements with adult learning centers and other organizations working with adult learners.

3. PROFESSIONAL development

Professional Development is primarily concentrated on providing teachers and caregivers with the training they need to meet local standards and positively impact the students they reach. Stations operating in this area provide both online and in-person training opportunities. Depending on the station, revenue is generated through state or local school board support and/or by charging trainees or institutions on a fee-for-service basis.

A prominent example is Arkansas. AETN developed the ArkansasIDEAS service to provide all teachers in the state with the professional development training and certification they needed to meet state teaching standards. The opportunity was the result of an equity lawsuit in Arkansas that effectively doubled the professional development hours required by teachers. AETN worked with the state department of education to develop the program and secure the funding (approximately $4 million a year) and produces all the content in its studios. They also have a van with a fully equipped learning lab that travels the state to provide in-person training.

AETN is not the only station providing professional development services. Stations such as WHRO, KET, VegasPBS and others all provide similar professional development opportunities for teachers, caregivers, and state education employees. These stations use different production models (a mix of in-house and outsourced content production), use different providers (including PBS TeacherLine), and generate funding from different business models (from 100% state support to 100% fee-for-service) to deliver their local services. What's consistent and critical is that stations know what's needed in their community and what approach best suits that need.

4. WORKFORCE training

Workforce Training involves offering **basic skills training for those seeking to enter the workforce or to enhance their job readiness.**

VegasPBS has been a leader in this area. Through its Vegas Virtual online education service, VegasPBS provides workforce training in a number of areas, including food handling and English skills for hotel workers. The service proved especially important for the local community when it launched at the height of the recession as Nevada was then experiencing the highest unemployment in the nation.

To develop its service, VegasPBS hired the former director of the local community college's Workforce Training & Economic Development Division to write a strategic and business plan for the new initiative. The station felt that the investment needed to develop a long-term recurring revenue stream with a permanent job training and certification effort was a worthwhile risk. They estimated the cost would be about the same as producing a weekly TV series but could have more impact in the community. The goal was to generate $1.5 million in net revenue within 5 years.

So far, they have exceeded their projections, although not exactly as they expected. The main driver has been a high volume of low cost programs, specifically one on food handling practices, rather than a low number of high cost programs, which they projected would determine their success. VegasPBS licenses most of the content from other sources although they do produce some material themselves. They've added staff as the volume of business has increased.

It is instructive to look at the timeline for the development of the initiative:

- February, 2010 to June, 2010 – Drafting of the business plan, obtaining state support, and applying for local approvals
- July, 2010 – Launch initiative at a press conference
- September, 2011 – Secured $200,000 Bank of America Neighborhood Builder Award to fund staff and technology
- June, 2013 – By the end of the year, VegasVirtual had served over 115,000 students and had a net income of over $1 million

The revenue is generated on a fee-for-service basis and the **station is discussing the potential of licensing the content it has acquired/developed to other stations interested in providing workforce training in their market.**

How VegasPBS developed this service model is as important as what it is. Although the station is licensed to the Clark County School District and receives significant support from the district, there are well defined expectations about how the district funding will be used. The station has used that base to develop strong working relationships with educational and state leaders in the city and the state. They have also developed the organizational capacity to seek out and to take on new ventures without being guaranteed an immediate return on their investment. That entrepreneurial spirit is an essential ingredient in their organizational culture and their ability to turn initiatives like VegasVirtual into financially sustainable success stories.

7. RECOMMENDATIONS

A. WORK underway

As highlighted at the beginning of the report, this project builds on and complements great work on the financial sustainability of the system that has been, and continues to be, done by many others including the AGC, CPB, APTS, PBS, the affinity groups and more. The report findings have been developed with input from each of these groups and it is anticipated that the most relevant findings from the project research will live on within these groups in the future. In particular, the AGC already has committees dedicated to both growth and cost saving opportunities and these groups are ideally placed to help inform and drive much of the needed activity. However, the AGC committees can't do this alone and resources and support tools will be needed from the national organizations in particular.

One area that national support is already underway is with the development of a website. Early in the project it was clear that developing a website was going to be the best way to collect and share station success stories on an ongoing basis. The report is useful for a moment in time but it's not something that evolves with the needs of station managers over time. Therefore, PBS staff is working with stations and the national organizations to create a website based on the findings highlighted in the report. It will include all the information provided on the previous pages but it will also go further – it will provide more detailed materials to support the findings. A number of in-depth case studies will be provided along with sample materials such as station strategic plans, business plans, budgets and more. Another key area will be contact information. The site will provide details on how to engage relevant station leaders and vendors around initiatives of potential interest. The overall objective of the site is to be a central repository for effective station practices across the system – providing a new opportunity for station managers to learn from, communicate, and collaborate with one another.

The name of the website will be the Station Management Center and will be found at StationMgmtCenter.org. PBS staff will work with a user group of station managers and other stakeholders to help refine the initial site. It is anticipated that it will launch in early 2014. To complement the roll out, webinars will also be held to explain the goals, layout, and resources on the site and to discuss how station managers can take a leading role in the site's future development.

B. POTENTIAL future work

It is recommended that future work be concentrated around the website and through the existing groups and organizations focused on system sustainability. Discussions with general managers suggest that the website could be even more valuable with the potential addition of evaluation and self-assessment tools to help system leaders determine their station's greatest strengths, weaknesses, opportunities, and threats. Additionally, guides and toolkits that help provide stations with more instruction on how changes and new initiatives can be implemented would also be very valuable. The website could also be used to share data on system trends and other information that helps provide further insight into public media financial health.

The development of peer or professional networks may also benefit the system. Through the AGC and other organizations, groups of managers interested in particular focus areas or improvements could be established. For example, a group of station managers particularly interested in events could develop their own community of practice to learn from the experience of their peers and share valuable resources. To aid these networks or groups, the website could be used to store and share the relevant resources.

There are a number of future developments that have the potential to constructively build on the project research and provide ongoing value to the system. It is recommended that the exact direction be developed in consultation with all relevant stakeholders, particularly station managers. This will ensure that future developments effectively meet the needs of those being served on an ongoing basis.

8. CONCLUSION

Difficulties rather than opportunities have often been the focus of conversations within public media over the past several years. However, this project has helped highlight that a lot of great work is going on around the system and that **there are tremendous opportunities to create value in local communities across the country and to learn from the experience of others.** It is hoped that the findings detailed in this report will help provide new clarity, motivation, and impetus for a renewed focus on local financial sustainability and how it can be achieved.

The uniqueness of each station is often raised as a barrier to adopting service models that have been successful elsewhere. But the project has found that, although stations need to meet the unique local needs of their community, there is remarkable similarity between how stations actually achieve success. Most significantly, it is clear that financially sustainable stations focus on more than just money. In fact, sustainability is achieved at the intersection of three critical elements:

1. **Social value creation** – the ability to create unique and relevant content and services and to engage citizens in ways that produce measurable impact
2. **Economic value creation** – the ability to raise revenue streams to support the creation of content and services that support the organization's mission
3. **Organizational capacity** – the infrastructure, resource allocation and skills that enable the organization to adapt and innovate

A station's organizational capacity underpins its social and economic success. Multiple **general managers throughout the project highlighted the importance of strategy and planning, governance and leadership, resource allocation, organizational capabilities, and organizational culture as the foundation stones on which their success was built.** These findings are reinforced by the work of Jim Collins, McKinsey, and others that have found that success ultimately depends on a healthy organizational foundation.

The project has also helped show that organizational capacity can be created through effectiveness and efficiency. **Many stations are growing, freeing up, or obtaining the resources and capabilities they need by engaging in cost management initiatives, revenue growth initiatives, as well as partnerships and collaborations.**

It is also clear that financial sustainability can be achieved within a number of different focus areas. Covering the fields of both community impact and education, sustainable initiatives have been found in:

- **Addressing community needs** – working with other community organizations to address local social needs
- **Engaging beyond broadcast** – using events and other activities to engage public media audiences in new ways
- **News and public affairs** – providing local news and public affairs content and services that are unavailable from commercial alternatives
- **Production collaborations** – sharing mission-relevant content between station partners in a cost effective way (e.g. the Arts Initiative)
- **Pre-school - K-12 initiatives** – enhanced pre-K-12 services: online courses, hotlines, virtual labs, learning objects, and more
- **Lifelong learning** – adult GED courses and other opportunities for personal growth and lifelong learning
- **Professional development** – professional development for teachers and care givers through online and in-person training courses
- **Workforce training** – multiplatform and cost effective training to enhance job skills and workforce readiness

The project findings help highlight many station success stories and demonstrate that underlying good practices can and should be replicated. It is hoped that this report is just the start of the sharing and learning process and that, through the website and a variety of system groups, stations can continue to learn from, communicate, and collaborate with one another. The past few months of research have helped show that **by working together we can and will increase the local impact, relevance, and sustainability of the public television system.**