ONE + ONE = MORE THAN TWO

- Bruce Theriault - CPB Radio
- Mark Fuerst – Innovation4Media
- Susan Rogers – WXXI, Rochester, NY
- Erik Langner – Public Radio Capital
You guys doing OK?
ONE + ONE = MORE THAN TWO
AVERAGE TSR BY QUARTILE

Total Station Revenue (TSR) by Quartile

- **Top Quartile**: $6.9M
- **2nd Quartile**: $1.6M
- **3rd Quartile**: $807,310
- **4th Quartile**: $335,839

Average TSR: $2.4 Million

$5M without top-10 stations
CHANGE IN THE FORECAST

“I NEVER WORRY ABOUT ACTION, BUT ONLY INACTION.”

WINSTON CHURCHILL

© Lifehack Quotes
THE COLLABORATIVE EQUATION

$1 + 1 \geq 2$?
ONE + ONE = MORE THAN TWO

- Mark Fuerst – Our economic reality
- Susan Rogers - Stories from the trenches
- Erik Langner – Collaboration blueprint
PARTNERSHIPS AND COLLABORATIONS
Opportunities straight ahead
COLLABORATIVE OPERATIONS AND SERVICES PROGRAM

- Supports mergers, consolidations, functional integration, centralization or collaboration
- Grants up to $750,000 but typically < $300,000
- Rolling deadline
- Details in “Grants” section of CPB.org
Goals

- Encourage & support strategic alignment
- Achieve more effective & efficient scale
- Maximize & focus station resources & assets
## STATION COLLABORATION PROGRAM

Qualifying Stations receive $150,000 base grant for up to 3 years

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>$1,000,000</td>
<td>$2,000,000</td>
<td>$3,000,000</td>
<td>$2,000,000</td>
<td>$1,000,000</td>
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**TOTAL = $9,000,000**
Full operational consolidations
- Under one executive management structure
- Mergers/LMAs/Acquisitions
Administrative collaborations under central management

- Combing at least two operational areas:
  - HR
  - Financial
  - Engineering/IT

Development

- Centrally managed fundraising and systems
Application form available at CPB.org
Details at 11 am Azalea 3
OUR ECONOMIC REALITY

Mark Fuerst
Public Media Futures Forums
MONEY IS NOT (FOR NOW) OUR MAIN PROBLEM

- Public Radio—as a whole system—has been growing.

- Growth had been led by Major Market News Stations and Regional, Multi-Channel Networks
Total Direct Revenues: Public Radio Licensees
(Adjusted to 2012 dollars)
* 294 Licensees with AFRs for every year 2001 through 2012

Total Dir. Rev. up $233.8 million from 2001 to 2012

MILLIONS

CONTRAST: A SYSTEM IN DECLINE

Newspaper Advertising Revenue Adjusted for Inflation, 1950 to 2012

Source: Newspaper Association of America

Shared by Bill Davis SCPR
The most powerful driver of system growth is individual giving.

Source: Licensee CPB Annual Financial Reports
Development Execs and CEOs agree there are two large areas of financial opportunity: Sustainers and Major Gifts.

We have $100M opportunities.
WE HAVE $100M OPPORTUNITIES

Major Gift Revenues
294 CPB Qualified Radio Licensees
Adjusted to 2012 dollars

Major gifts up $41.7 million from 2001 to 2012

Source: Licensee CPB Annual Financial Reports
A VIRTUOUS CYCLE

Increased Operating Revenue, Additional Local Service
Often Funded by Major Gifts and Foundation Support

Format Clarity
Strong Operating Revenues
GM role evolves to be “more like a small college President.”
Expansion of Development staffing

Development/Expansion of Major and Planned Giving
Implementation of more sophisticated membership work.

Increase News and Digital Service Investments
Salary levels now compete for experienced development, digital and news executives
Licensee Program & Production Expenses
294 CPB Qualified Radio Licensees
Adjusted to 2012 dollars

- $290 million in ‘01
- $440 million in ‘12

$150 million increase over 11 years (52%)
PROBLEM 1: CONCENTRATION OF RESOURCES

Average Annual Increase in Prog./Prod Exp.
2001 – 2012 segmented by 50-station Tiers

On average, the top 7 stations (by budget size) increased Prog./Production Spending by over $1 million/yr. each year from '01 – '12.

On average, the next 43 stations increased Prog./Production Spending by $133,000/yr.

The average growth for 50-station groups then falls to $55,000/yr. or less.
PROBLEM 2: EVEN YOU THINK “EVERYTHING IS GOING ONLINE”

IN TEN YEARS (in 2023)
How much of your service value will be delivered online?

<table>
<thead>
<tr>
<th>% Online</th>
<th>Value</th>
</tr>
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<tbody>
<tr>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>5%</td>
<td>24%</td>
</tr>
<tr>
<td>10%</td>
<td>14%</td>
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<tr>
<td>15%</td>
<td>14%</td>
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<td>20%</td>
<td>30%</td>
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<td>35%</td>
<td>0%</td>
</tr>
<tr>
<td>100% Broadcast</td>
<td>5%</td>
</tr>
<tr>
<td>Split 50/50</td>
<td>24%</td>
</tr>
<tr>
<td>100% online</td>
<td>0%</td>
</tr>
</tbody>
</table>

82% of the managers told us that by 2023 their service delivery would be 50% (or more) online.

Source: 40 CEOs responding to Public Media Futures Forum Interviews and Surveys, May 2013
“Being local” is expensive and difficult
- National programming drives revenue at most stations
- Local production must meet the “core values” needs of listeners
- Local service requires more staffing—reporters, producers, editors, web staff, social media support

Most stations cannot “staff up” for the most promising revenue opportunities: sustainer programs or major gifts

The level of tax support is likely to remain stable or decline

Declining AQH poses a significant problem for everyone—stations and networks
CAN WE SEE A WAY FORWARD?

- Move from transactional membership to sustainers

- Overcome legacy conflicts in major gift work: bring stations and networks together for major donor solicitation

- Expand the development capacity of small and mid-sized stations - they need specialization and stability

- Re-imagine the program/production networks
  - We are at the end of the “sole station” era
  - Regional production networks can meet the “core values” needs of listeners
  - Focus on expanding/improving service not maintenance
OUR ASPIRATIONS

- We, collectively, can increase our service capacity
- No one wants a national system
- We can preserve unique regional services
- Effective service will generally combine local and national - both pieces need attention
- Many staff and managers can retain their leadership roles in their communities

We need an effective process that takes us beyond “everyone do it yourself.”
VIEW FROM THE TRENCHES
Involved in a range of collaborations:
- Capitol News Bureau
- Administrative functions
- LMA’s
- Television Joint Master Control
- Innovation Trail LJC
- Developing the Upstate New York Journalism Collaborative
It’s easier to have quality conversations before there is a crisis – but it rarely happens without an incentive.

Having grant funds to spur conversation and provide “glue” is valuable – but someone needs to do the heavy lifting.

Not all stations share the same overarching goals.

Changes at partner stations can have an impact.

Everyone is busy...too busy.
Sometimes collaboration among colleagues within the station can be equally difficult.

Move to full cross-platform work is not without turf battles and culture clash.

Center for News & Public Affairs
COLLABORATIONS ARE PEOPLE

- Change is always hard
- It can be a lot of work to get things started
- Personnel changes can magnify problems...
  - ...and might solve some as well, of course
- Keep the focus on audience, rather than stations
THINGS YOU MUST DO

- Educate Boards as well as staff
- Make enough time for communication at multiple levels
  - Note: there isn’t enough time
- Allow for and respect individual station needs and differences
  - Don’t fight over the small stuff
  - Protect and enhance local service
- Build pride in collaboration
  - Leverage its value so it is seen as a strength rather than a weakness
WHAT ARE THE NEXT STEPS?

- Provide a more responsive reporting focus
- Enhance reporter collaboration
- Deliver higher quality content to audiences including news data capability
- Achieve business efficiency through improved content sharing technology
- Develop different levels of participation
- Focus development efforts
Crises highlight our ability to mobilize

Let’s not wait for an illness, shooting, flood, storm or fire to test what we can do together
STATUS QUO
Shared vision for growing scale and capacity
Create an inclusive process that builds trust
Recognition that local stations have meaningful and on-going value
Build individual and collaboration models to establish a baseline context and planning tool
Create scenarios and case statements around collaborative operations
Seek approval from boards, universities, and other stakeholders
Operational implementation to improve efficiency and deliver greater services
KENTUCKY COLLABORATION