

Final Report – Volume 1

# Review of the Voice of America and the International Broadcasting Bureau

Broadcasting Board of Governors

Washington, DC  
July, 2006

*This document is confidential and is intended solely for the use and information of  
the Broadcasting Board of Governors and IBB / VOA*



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## **The Broadcasting Board of Governors (BBG) engaged Booz Allen to conduct a broad review of the IBB and the VOA**

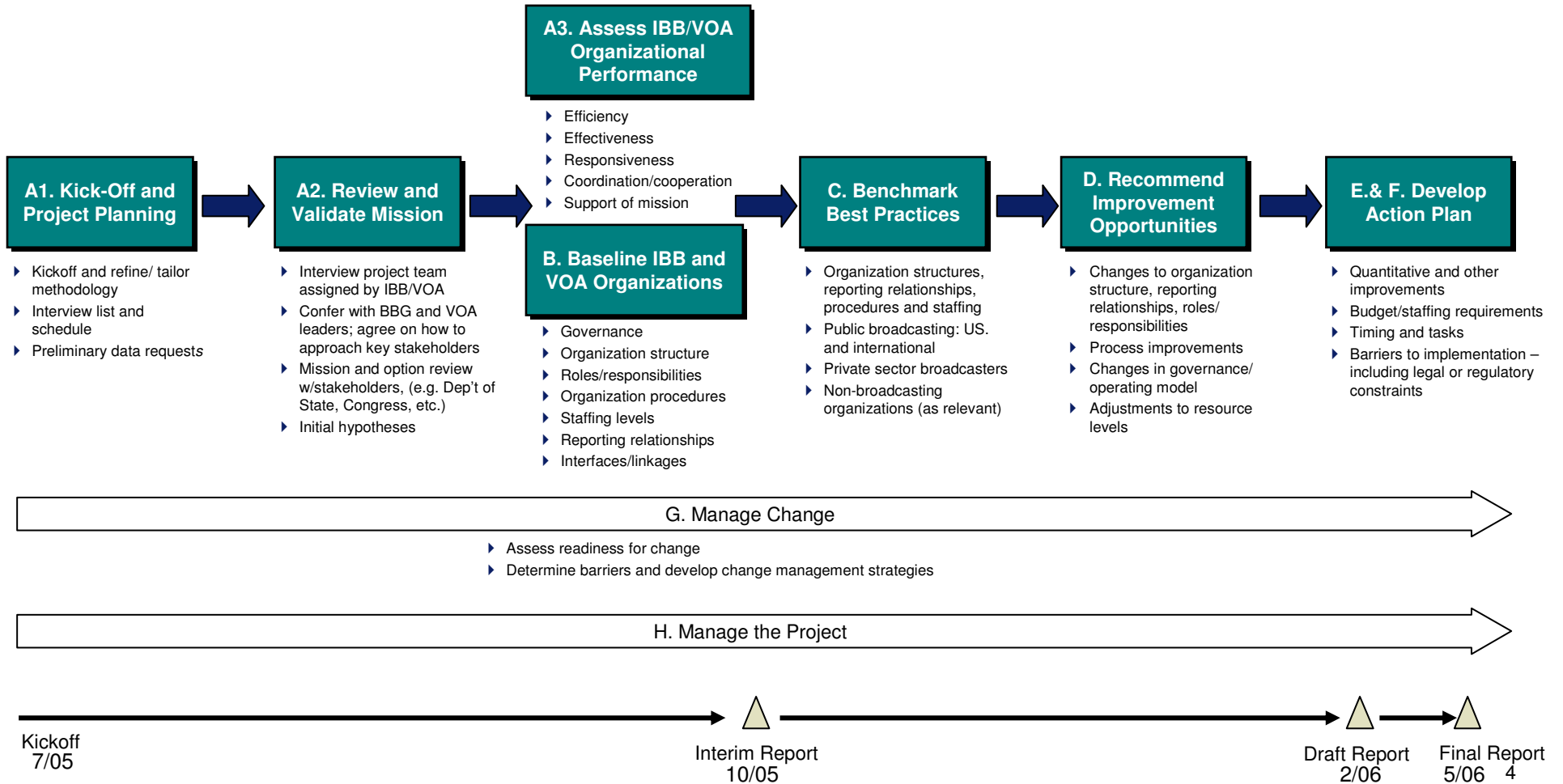
- ▶ The review includes the authorities, structure, organization, processes, coordination, and staffing of the International Broadcasting Bureau (IBB) and the Voice of America (VOA)
- ▶ These features were analyzed to determine how they affect the effectiveness and efficiency of:
  - VOA’s core programming mission performance
  - IBB’s administrative, logistics, and other support performance
  - BBG’s resultant overall ability to respond quickly and effectively to a constantly changing international broadcasting environment
- ▶ As part of the analysis, Booz Allen collected “best business practices” used by other public and private sector broadcasting organizations and compared them to IBB/VOA’s current practices, recognizing BBG’s unique mission, charter and Federal agency status
- ▶ Based on the review, Booz Allen makes recommendations to the BBG regarding improvements to achieve greater productivity, efficiency, and mission alignment, including potential organizational restructuring

## **This review focuses on issues related to operational effectiveness, rather than the content of mission strategy or programming**

- ▶ This study does not examine the “strategic” effectiveness of BBG / IBB / VOA’s broadcasting – how well it accomplishes its fundamental mission on behalf of the American public
  
- ▶ This study considers how the IBB / VOA structure and processes contribute to the “operational” effectiveness of the organization – how well it accomplishes the creation, production and delivery/distribution of programming that meets content, format, quality and production objectives
  - Please note also that the study’s scope did not include assessment of the content, format or quality of specific programming, nor consider the countries or languages for programming

# We followed a structured process of “baselining” the current organization and operation, analyzing and comparing it to others

## IBB / VOA Assessment Project Plan



# To gather the data for this report, our team reviewed numerous internal and external documents

## Sample Internal / External Documents Reviewed

### ▶ Statutory and Regulatory Documents

- US Code, Title 22
- Legislation pertaining to the BBG, IBB and VOA (e.g. 1994 and 1998 Foreign Affairs Acts)
- Labor-Management Documents (e.g. Negotiated union agreements)

### ▶ Strategic Documents

- BBG Strategic Plan, “Marrying the Mission to the Market”
- BBG Program Enhancement Guidance Memos 2005

### ▶ Organizational Structure Documents

- IBB/VOA Business Unit Roles and Responsibilities (e.g. VOA Operations Directorate Roles and Responsibilities, 2005)
- IBB/VOA Overview Documents (e.g. IBB Engineering Overview, July 2005)
- IBB Staffing Pattern 2005
- Change Management Strategies (e.g. WorldNet-VOA TV merger documents, 2004)
- VOA Broadcasting Information (e.g. TV Broadcasting Schedule July - Aug 2005)

### ▶ Finance and Budget Documents

- BBG/IBB budget documents 2000-2005
- BBG FY05, FY06 Budget
- Enhancement Proposals FY 2005, FY2006, FY 2007
- Capital and Information Technology Planning Process

### ▶ Marketing and Affiliate Documents

- Strategic Marketing Documents (e.g. OMPP Strategic Plan 2002-2007)
- Affiliations Process Presentations

### ▶ Performance Measurement and Review Documents

- IBB Annual Program Reviews (e.g. Swahili Language Service Program Review, 2005)
- Annual BBG Language Service Reviews
- Performance and Accountability Reports, 2004 and 2005

### ▶ External Background Documents

- GAO and Congressional Research Reports, 2002-2005
- Journal Articles, 2002-2005 (e.g. Foreign Affairs, Heritage Report)

## We also obtained formal and informal input from many key stakeholders in BBG, IBB, VOA and Congressional committees

- ▶ We conducted structured interviews and discussion groups with more than seventy individuals
- ▶ The interviews were supplemented with numerous informal consultations with managers and staff
- ▶ The interviews and discussions were used:
  - To identify other documentary sources
  - To clarify, elaborate and connect information presented in the reviewed documents
  - To ensure that the organization charts and process maps presented in this report were complete and accurate
  - To obtain various perspectives on the meaning of data, as well as to identify important features and issues for ongoing analysis
- ▶ We also received information and opinions from many employees through an anonymous e-mail address established for this purpose

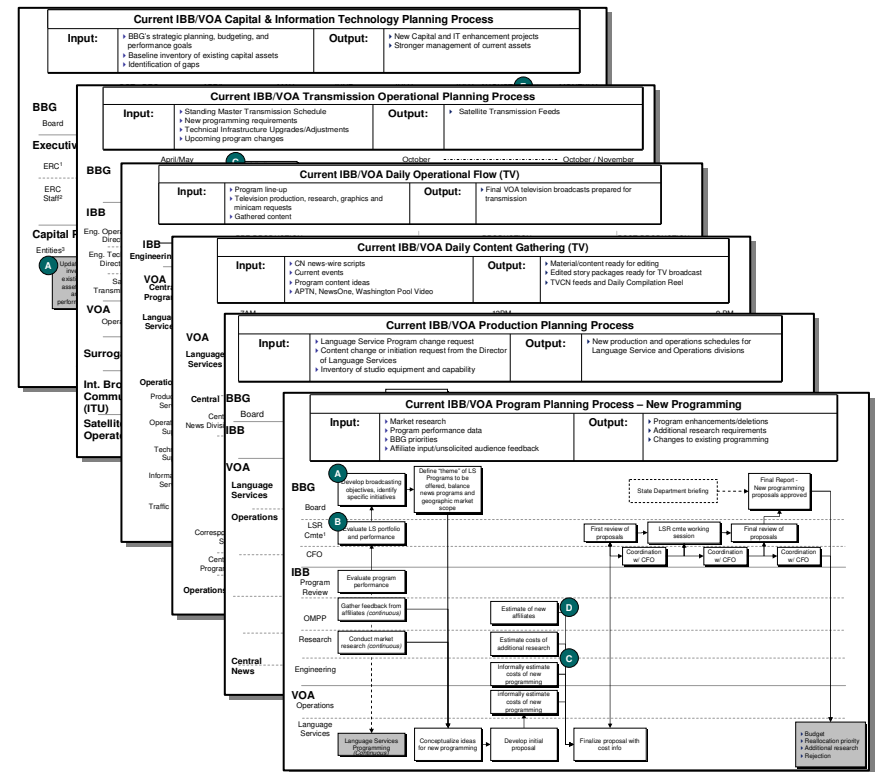
### Stakeholder Interviews

- ▶ **Broadcast Board of Governors:**
  - All Governors
  - Executive Director, General Counsel, CFO, and selected staff
- ▶ **International Broadcasting Bureau:**
  - Acting Director (BBG ED), Chief of Staff
  - Directorates: Engineering, Management, Program Support
  - Divisions: Personnel, Program Review, Public Affairs, Marketing/Affiliate Placement
- ▶ **Voice of America:**
  - Director, Chief of Staff, Discussion Group with Senior Staff
  - Directorates: Operations, Central Programming, Language Programming
  - Divisions: Operations, Traffic, Information Services, Technical, Production, Central News, Central Programming, Representative Sample of individual Language Services
  - Representatives of 3 employee unions
- ▶ **Grantees**
  - President, Middle East Broadcasting Networks
  - President, Radio Free Europe/Radio Liberty
- ▶ **External:**
  - Senate Foreign Relations Committee staff
  - House International Affairs Committee staff

# Working closely with management and staff, we developed maps of the core operating and management processes for the IBB/VOA

- ▶ In most cases, we found limited documentation describing the core business processes, participants or decision rights
- ▶ We conducted numerous interviews and informal discussions with managers and staff who participate in each process
- ▶ When complete, each map was confirmed as accurate by the relevant process “owner”
- ▶ The maps display the end-to-end sequence of activities, the range of participants, and the flow of work and/or decisions for each process
- ▶ Given the multiplicity of participating units, and the lack of standardization, the maps represent only the general process, not every variation of each process
- ▶ The mapping exercise identified many issues related to each process; these issues typically shed light on broader concerns in the organization

## Sample Core Business Processes



## **We compared key features of the IBB/VOA with those of other public and private organizations, including multimedia companies**

### **1. Individual commercial and public service broadcasting organizations:**

- British Broadcasting Corporation (BBC), Canadian Broadcasting Corporation (CBC), Emirates Media International (EMI), ABC News/ Disney, News Corporation, Bertelsmann Media, Viacom, WETA, Discovery Communications, and the National Geographic Society (and others)

### **2. U.S. government-funded organizations:**

- National Endowment for Democracy, U.S. Institute of Peace, Neighborhood Reinvestment Corporation (Neighborworks), Federal Housing Finance Corporation, and the Smithsonian Institution (among others)

### **3. Media and functional industry reports:**

- Captured and summarized organizational and business process data across multiple public and private sector organizations. Reports were sourced from both proprietary Booz Allen research (our Media and Communications Team), and relevant third-party organizations

### **4. External media industry experts**

- Interviews were conducted with agreements for confidentiality

## This report presents our findings and conclusions regarding the IBB and VOA, along with our recommendations

- ▶ This report is organized into two volumes:
  - ***In the first volume***, we describe the current IBB/VOA structure and the distribution of functions between the IBB and VOA, examine how they affect the current business and management processes, and review information on IBB/VOA's resources and program output. We present our findings from research on comparable public and private organizations on issues of critical concern to the Agency. We then review the strategic directions that the Board has emphasized in recent years and assess some of the organization and capability requirements needed for the IBB/VOA to pursue those directions. Finally, we propose a set of recommendations to strengthen the organization and increase its ability to accomplish its mission effectively and efficiently
  - ***In the second volume***, we provide additional detail and analyses in the form of related appendices that informed the findings, conclusions, and recommendations presented in Volume 1. Each section of Volume 1 contains footnotes that will direct the reader to the appropriate reference appendix

## The overall process of conducting this review has revealed notable features of the organization

### Observations

- ▶ The team received excellent cooperation in obtaining information and opinions
- ▶ Perspectives on the relevance and resolution to organizational Issues varied significantly
- ▶ The organization charts and operational and management process descriptions presented in this document have been constructed from the input of many participants
- ▶ We obtained pieces of related data / information on each topic from many sources, as no one individual or group had complete information on the relevant research topics
- ▶ In many cases, senior executives and managers were unable to fully describe the processes they contribute to and frequently mistakenly described the roles and processes of their colleagues
- ▶ Frequently interviewees voiced concern over the reliability of the information provided to us irrespective of the data source (e.g. official documents, interviews, etc.)
- ▶ We understand that such variety of opinion is not the same as obtaining factual data, which we made every effort to gather

### Findings

- ❑ ***Stakeholders at all levels of IBB/ VOA are eager to see major improvements in its processes and effectiveness; there is little agreement as to how best to achieve these improvements***
- ❑ ***Key operating and management processes are not well-documented***
- ❑ ***Information is fragmented within the IBB / VOA organization***
- ❑ ***Many managers and employees do not fully understand the end-to-end processes in which they participate, nor what others in related parts of the organization do***
- ❑ ***Although IBB/VOA has numerous measures of performance, the types of data needed for high-level assessment, robust operational performance management, and comparisons across units and organizations is limited and/or not widely shared***

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## **This section\* discusses the organization structure, authorities and the distribution of key functions across the IBB and VOA**

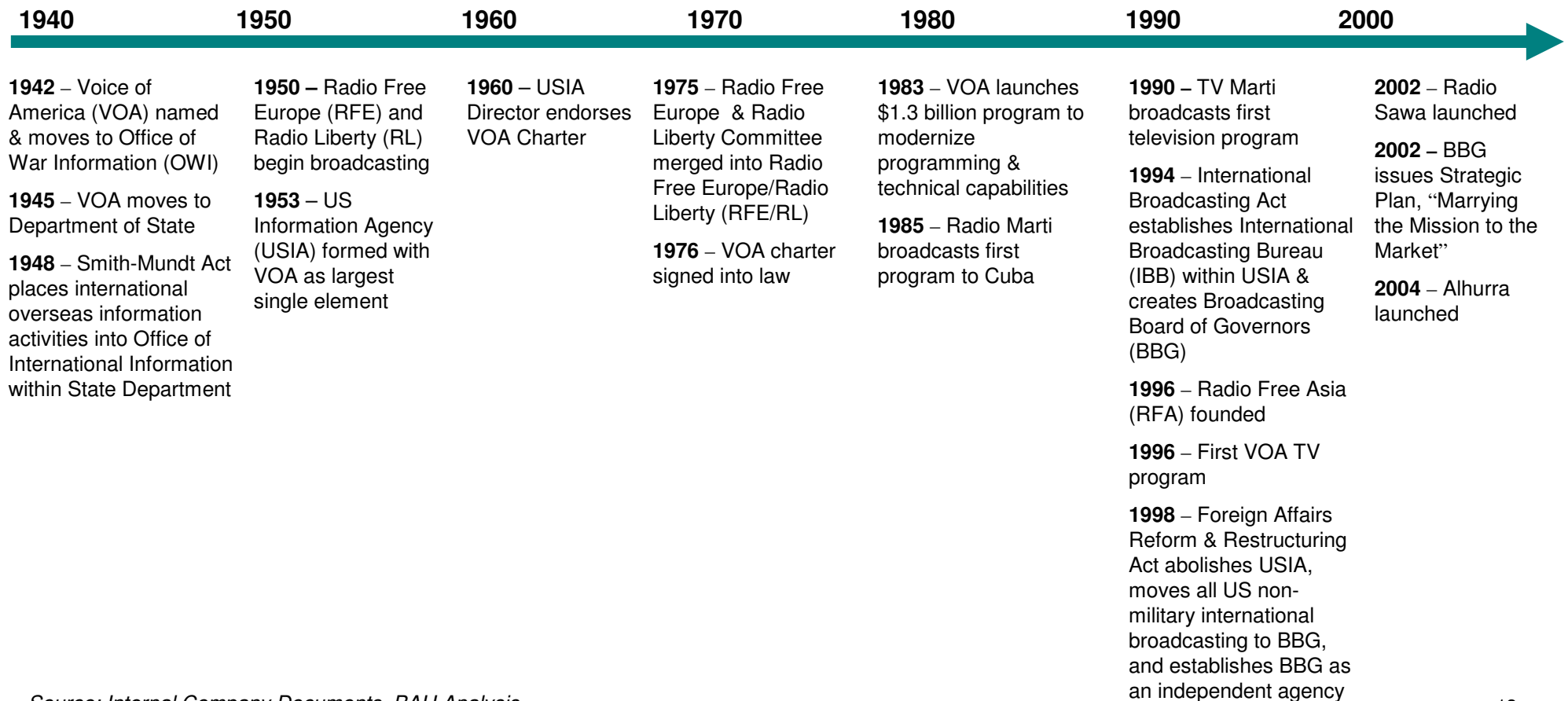
- ▶ First, we outline the formal structure and the assignment of functions within the IBB and VOA, noting delegations and informal arrangements that significantly affect the IBB/VOA structure in practice
- ▶ Then, we present our conclusions on the structural and functional assignments

*Note: The scope of this assessment is limited to the IBB, the VOA, and the Board's oversight of those units, so detailed descriptions of the Office of Cuba Broadcasting (OCB) and the grantee organizations are not included. As the Board itself is the executive manager of the United States International Broadcasting "system" (USIB), the interface of the Board and its direct staff with the IBB and VOA are included in our organizational description.*

*\*See Volume 2, Appendix A for additional detail on authorities; See Volume 2, Appendix B for a more complete set of current organization charts and functional assignments*

# The United States has a rich history of government-supported international broadcasting extending almost 65 years

## Timeline of Key Events in US International Broadcasting History



Source: Internal Company Documents, BAH Analysis

# The structure and functions of the United States International Broadcasting system (USIB) flow from a series of laws

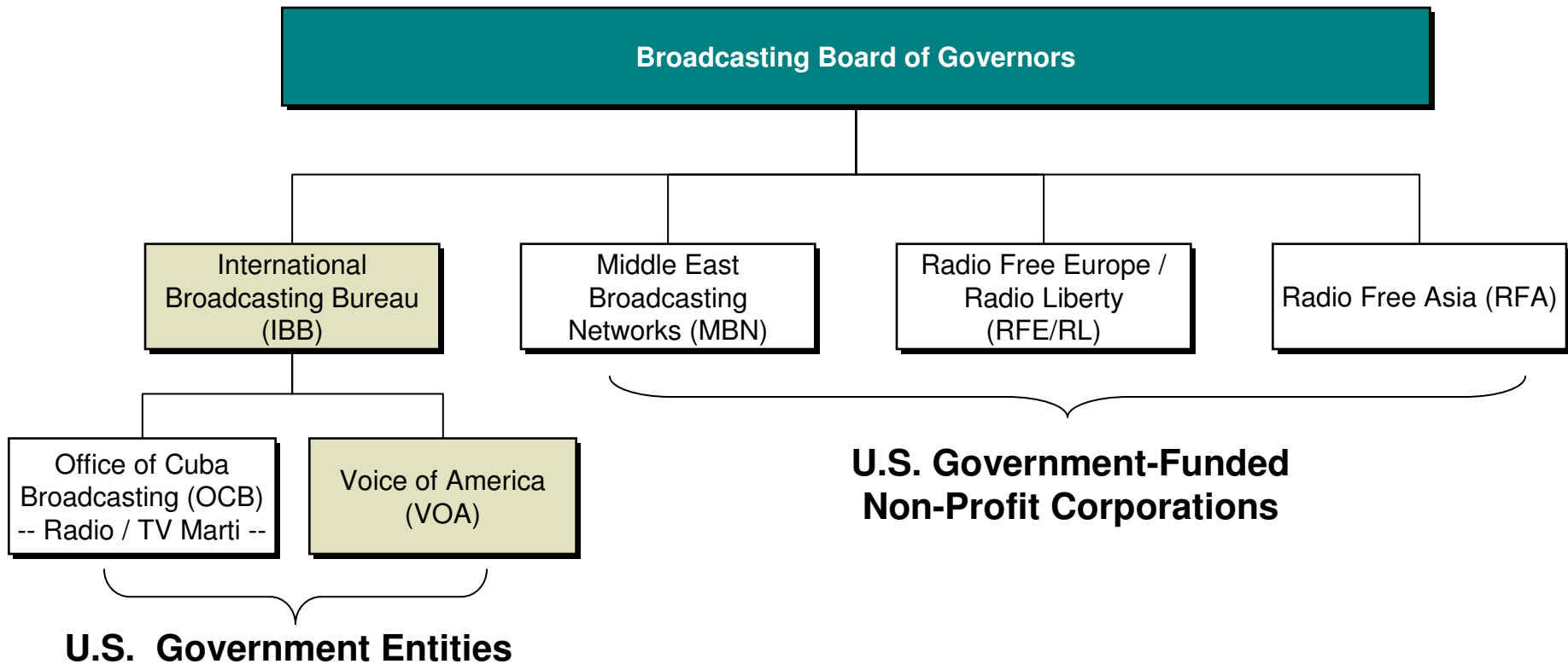
## Major Legislation Related to International Broadcasting

- ▶ **1948: US Information & Educational Exchange Act (Smith-Mundt Act)**
  - Placed international overseas information activities under the Department of State
- ▶ **1953: Reorganization Plan Number 8 (22 USC 1461 Note)**
  - The functions vested in the Secretary of State by the Smith-Mundt Act were transferred to the USIA
- ▶ **1976: Voice of America (VOA) Charter**
  - Established purpose and essential principles for VOA as federal law
- ▶ **1994: Foreign Affairs Act, the International Broadcasting Act**
  - Established and defined Broadcasting Board of Governors (BBG) within the US Information Agency (USIA)
- ▶ **1998: Foreign Affairs Reform and Restructuring Act**
  - Disbanded USIA and moved most of its functions into the Department of State
  - Established BBG as an independent federal government agency
  - Gave BBG responsibility for all US non-military international broadcasting, both direct US Government broadcasting and US Government-funded broadcasting conducted by nongovernmental entities

Source: Legislation as listed, BAH Analysis

# The United States International Broadcasting (USIB) system operates under the governance of the BBG

## United States International Broadcasting (Simplified)



Source: BBG Internal Documents; BAH interviews

## The BBG was created to achieve a few critical goals

### Initial BBG Authorizing Framework

- ▶ According to key Congressional committee staff and former IBB staff who participated in creating the 1994 and 1998 foundational legislation – the BBG was established with a few critical goals in mind:
  - Maintain a “firewall” between international broadcasting and the political branches of government (both the Administration and the Congress), to ensure that journalists would not feel undue influence to shape their coverage, both to enhance their credibility with audiences and to protect their safety
  - Bring the various components of US international broadcasting (those from USIA, RFE/RL and RFA) under one governance structure to reduce duplication and competition for resources, and to promote effectiveness and efficiency
  - Ensure high standards of professional and financial integrity across all components

## The law specifies the Board's responsibilities and authorities

### Board Authorities and Responsibilities

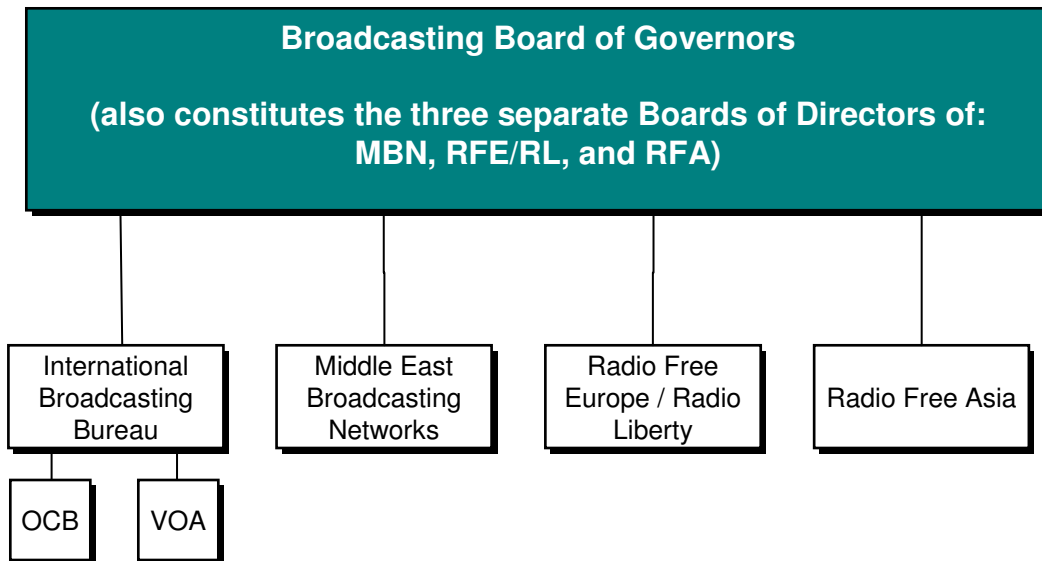
✓ = Non-delegable authority

- ✓ ▶ Ensure that United States international broadcasting is conducted in accordance with appropriate standards
- ✓ ▶ Submit to President and Congress annual report which summarizes and evaluates activities within BBG
- ✓ ▶ Review and evaluate mission and operation, and assess quality, effectiveness, and professional integrity of all activities
  - ▶ Review engineering activities for quality and cost-effective delivery
- ✓ ▶ Supervise all broadcasting activities
  - ▶ Include in required annual report information on expenses for administrative and managerial services by IBB and grantees and steps taken by BBG to reduce overhead costs for each broadcasting service
  - ▶ Procure temporary and intermittent personal services for BBG as BBG determines necessary and fix their compensation
- ✓ ▶ Ensure US international broadcasting is conducted in accordance with US standards & principles
- ▶ Procure goods and services from other departments or agencies for BBG and IBB
- ✓ ▶ Review, evaluate, and determine, at least annually, after consultation with the Secretary of State, addition or deletion of individual language services
- ✓ ▶ Allocate funds appropriated for international broadcasting activities among the various elements of IBB and grantees
  - ▶ Undertake studies to identify areas where broadcasting activities could be made more efficient and economical
  - ▶ Procure supplies & services necessary to carry out functions of the Board
  - ▶ Obligate and expend, for official reception and representation, money available through appropriations
- ✓ ▶ Appoint staff personnel for BBG subject to title 5 and fix compensation
- ✓ ▶ Make and supervise grants for broadcasting and related activities

Source: US Code Title 22 Chapter 71 § 6204

## The Board of Governors also serves as the board of directors for each of the non-profit corporations within the USIB structure

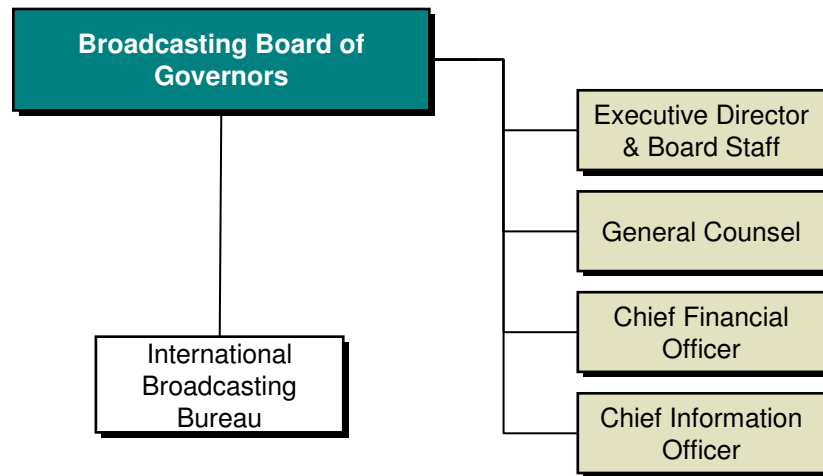
### United States International Broadcasting



### Key Characteristics

- ▶ The legal structure of the system provides that the Board of Governors simultaneously serves as head of agency for the government portions of the system and as the Board of Directors for each separately chartered non-profit corporation
  - Each Board of Directors is comprised of the same nine individuals that serve as the Broadcasting Board of Governors
- ▶ The Board of Governors has appointed individual Board members to serve on committees
  - Committees meet between Board meetings with the executive management of each of the entities, and make recommendations back to the Board
- ▶ Each of the four major organizational entities -- the IBB, MBN, RFE/RL and RFA -- reports directly and separately to the Board

## The Board staff performs several key functions



### Roles and Responsibilities

▶ **Board:**

- Supervises and oversees all non-military US international broadcasting including the IBB, VOA, OCB, RFE/RL, RFA, and MBN

▶ **Executive Director and Board Staff:**

- Principal liaison between the Board of Governors and external/internal entities; coordinates Board activities
- Integrates strategic planning, language service review, audience research and program review
- Coordinates BBG's congressional activities and programs

▶ **Office of the General Counsel:**

- Provides legal advice to the Agency
- Represents the BBG on all legal matters
- Assures compliance with all pertinent laws and regulations

▶ **Office of the Chief Financial Officer:**

- Responsible for the overall management of the BBG's budget, financial operations and strategic management

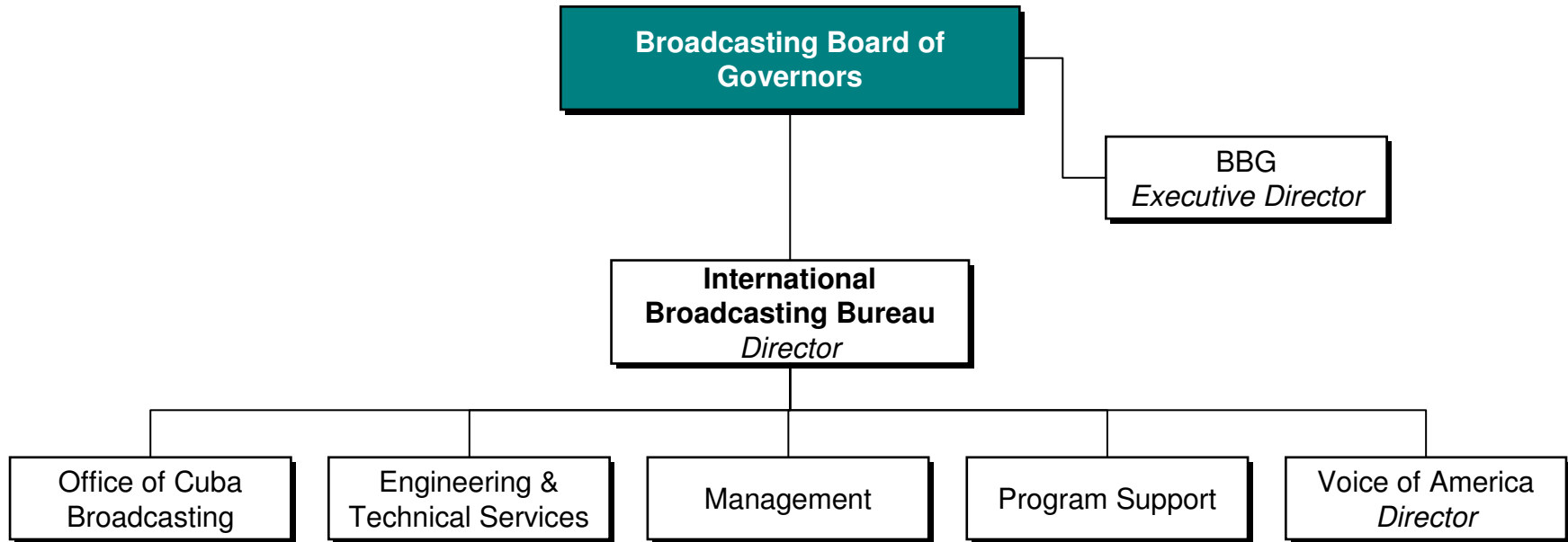
*Note: Although the Chief Information Officer reports directly to the Board, description of the position is contained in Engineering & Technical Services*

*Source: BBG Resource Book (2004); BAH interviews*

## The BBG staff works directly with IBB and its individual directorates – including VOA

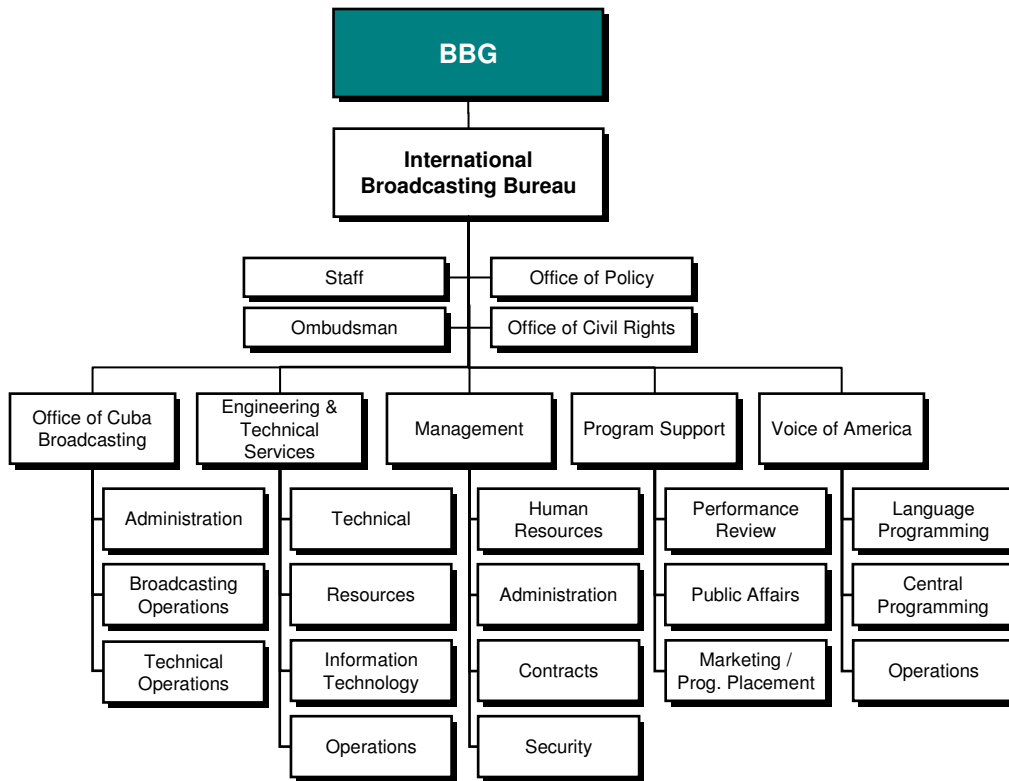
- ▶ The BBG executive staff supports the Board in both its oversight and executive management functions related to IBB, VOA, OCB and the grantee organizations
  - The BBG Executive Director is a non-political career executive and reports to the Board
  - Agency-wide financial management, legal, and strategic planning activities report directly to the Board
- ▶ The Office of the Chief Financial Officer (OCFO) has units organized by **function**: budgeting, financial operations (transactions / audit) and strategic management (requirements reporting)
  - Budget office staff are organized by **customer type**: e.g. Engineering/Technical Services and Capital Branch, Program Support and Management Branch, and Broadcast Services Branch
  - OCFO receives financial information from IBB/VOA administrative officers and staff, and also from the grantees as individual organizational units
  - Financial control and audit functions are conducted by the OCFO
- ▶ The General Counsel's office maintains a **subject alignment** within the legal staff, providing advice, counsel and representation to each of the IBB, VOA and OCB directly
- ▶ Agency strategic planning and performance review functions are in the process of being formalized into a new office
  - These activities are coordinated with program review and planning activities within each organization
- ▶ By legislative mandate, the Chief Information Officer formally reports to the Board, but has dotted line reporting to the IBB Director of Engineering and Technical Services, where the office resides

## The Board formally oversees the IBB, which includes VOA as one of its five directorates



Source: BBG Internal Documents; BAH interviews

# The IBB contains three directorates providing support services, as well as two broadcasting/programming units (VOA and OCB)



## Roles and Responsibilities

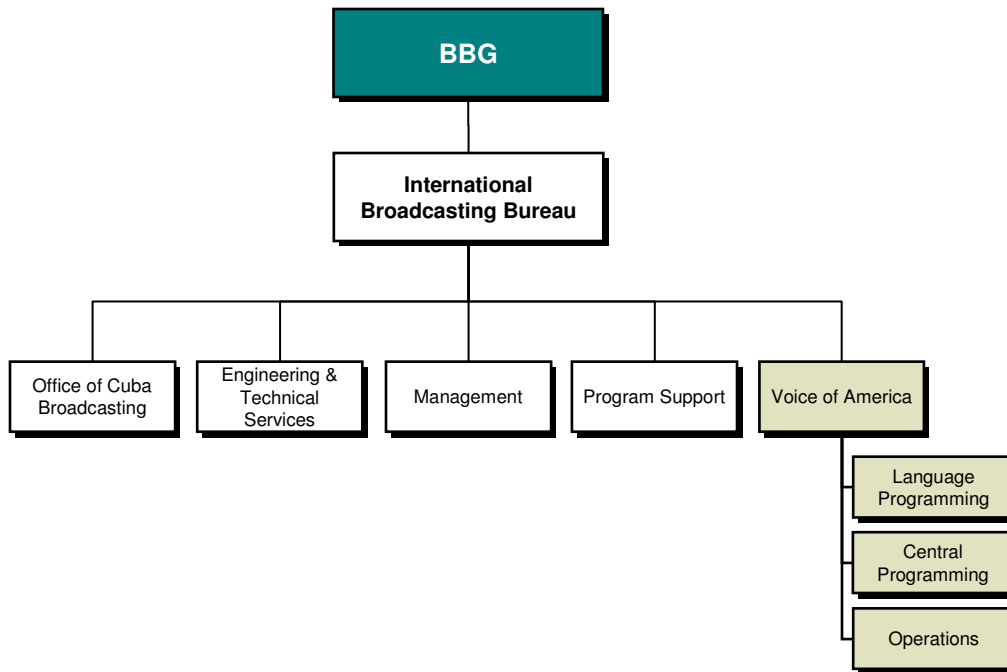
- ▶ **International Broadcasting Bureau**
  - Supervises support services to USIB and the broadcasting operations of VOA and OCB
- ▶ **IBB Staff Offices**
  - Chief of Staff, Policy, Civil Rights
- ▶ **Office of Cuba Broadcasting (OCB)**
  - Administration, Technical, and Broadcasting (Radio and TV Marti)
- ▶ **Program Support**
  - Marketing/Program Placement, Performance Review, Public Affairs
- ▶ **Management**
  - Administration, Contracts, Personnel, Security
- ▶ **Engineering & Technical Services**
  - Engineering and technical policy and support for global transmission network, serving all of USIB
  - Information technology for IBB
- ▶ **Voice of America (VOA)**
  - Creates and produces programming through 3 directorates

Source: BBG Internal Documents; BAH interviews

## **IBB's functional support directorates reflect an initial step toward efficient, USIB-wide shared services**

- ▶ Engineering & Technical Services is focused system-wide
  - Manages and operates the transmission infrastructure for all of the broadcasters, and works with each organization to upgrade and maintain technology assets
  - Includes geographically dispersed operations, technical policy, and information technology (OCIO)
- ▶ Management directorate conducts a range of support functions for IBB, VOA and OCB, and BBG
  - Facilities management, mail processing and security
  - Contracting and personnel management
- ▶ Program Support directorate contains some functions that can serve all the broadcasters as well as other functions that serve only the IBB, VOA and OCB
  - Marketing and Program Placement is responsible for affiliate acquisition and management for all the broadcasters, although interviews indicated that the greatest emphasis by far is for VOA, with some work also for RFE/RL
  - Public Affairs manages external communication for IBB, VOA and OCB
  - Performance Review manages the program review process for VOA and OCB

# The VOA creates radio, television, and Internet programming for broadcast and distribution world-wide

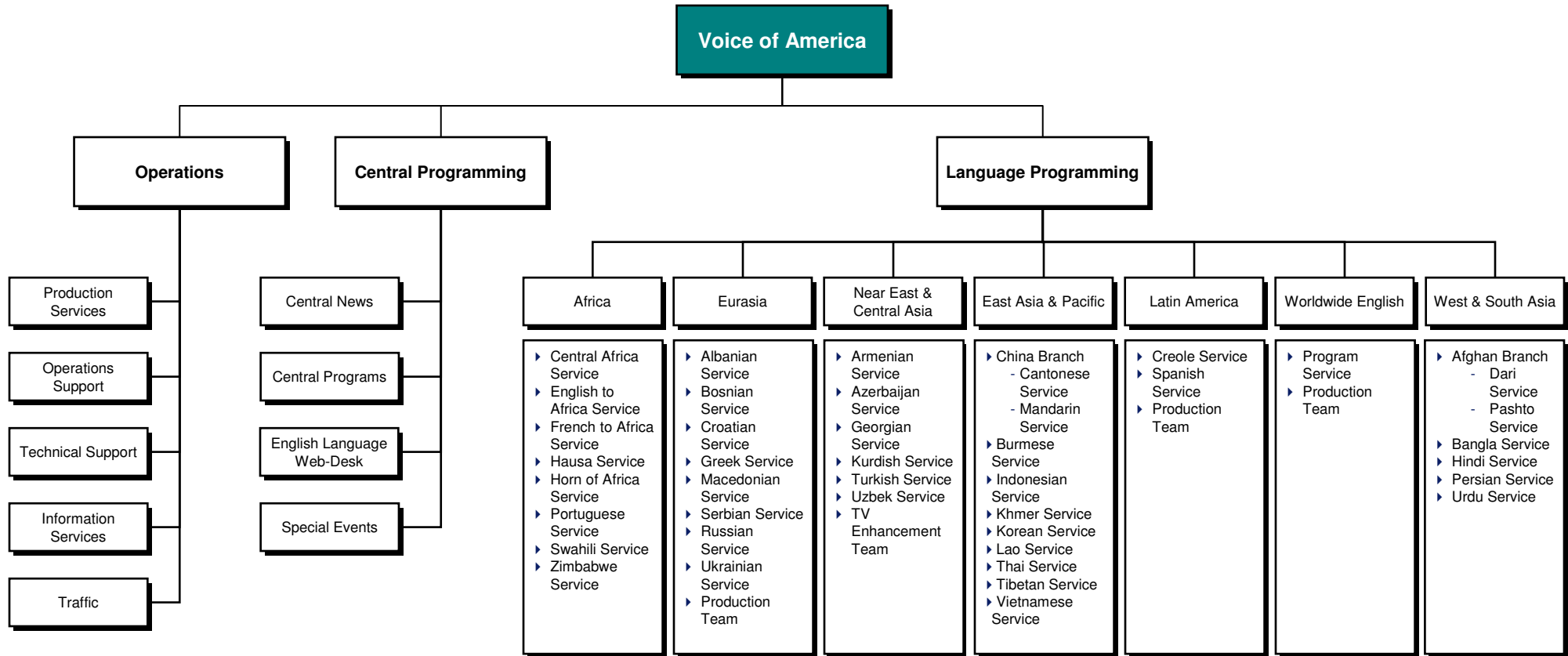


## Roles and Responsibilities

- ▶ **Voice of America**
  - Creates and produces programming ready for broadcast and/or distribution for radio, TV and Internet
- ▶ **Language Programming**
  - Develops and creates programming for each market/language in radio and some in TV
  - Some programming is original, some is versioned from Central Programming products, some is blended
  - Seven geographic/language divisions, 44 language services, three cross service support teams
- ▶ **Central Programming**
  - Creates English language news wires, radio scripts, video, and feature programming for multiple service use
  - Assigns and manages VOA correspondents and special events coverage
  - Manages English-language Web Desk
- ▶ **Operations**
  - Provides technical and production support, and liaison with IBB Engineering for broadcast/distribution

Source: BBG Internal Documents; BAH interviews

# The VOA creates radio, television, and Internet programming for broadcast and distribution world-wide (cont'd)



Note: See Volume 2, Appendix B for a more complete set of current organization charts and functional assignments  
 Source: BBG Internal Documents; BAH interviews

## VOA is organized as a programming unit

- ▶ The VOA Director is a non-career appointee of the Board, reporting to the IBB Director
  - VOA functions as a programming unit within IBB
- ▶ Language Programming produces language-specific, broadcast-ready programming (radio/TV/internet)
  - Its seven divisions are mostly geographic, containing 44 individual language services
  - Language services are located in Washington, DC
  - Most language services do not maintain a regular staff presence in their target countries, although some regularly use regionally-based “stringers” for local reporting
  - Teams within a language service often contribute to the production of multiple programs/formats, and staff may work on both radio and television products
- ▶ Central Programming produces English language news wires, radio scripts, video pieces, correspondent reports and feature programming for versioning and use by multiple language services, and manages the Web Desk
  - Its units are organized by product type: e.g. Central News (Radio), Central Video (TV), Correspondents, Features (Radio)
  - Units may be aligned by function (writers, researchers, etc.) or by program (Features)
- ▶ Operations provides production services to both Central Programming and Language Programming
  - Operations is functionally aligned, with some subunits aligned to radio and television

## **Although formally part of same unit, IBB and VOA often operate as though they are separate organizations**

- ▶ IBB 's mixed mission (supervise VOA management, provide support to VOA and also support USIB components) creates conflicting priorities
- ▶ VOA does not have responsibility or capacity for allocating or managing resources for key support functions (as they are located elsewhere in IBB)
  - VOA creates initiatives without full recognition of impact on other units
  - Conversely, VOA is impacted by the decisions of other IBB divisions
  - Currently, the VOA Director is really a programming chief – not a business unit head
- ▶ In practice, the current organizational structure of the IBB/VOA impacts efficiency and productivity
  - Has more management layers than necessary
  - Fragments business processes and slows decisions
  - Reduces cooperation in shared operational objectives
  - Promotes disconnects between marketing and programming
  - Contributes to poor communication
  - Inhibits total cost tracking by programs or markets

## Findings: Current Structure and Authorities...

- ▶ The BBG governs a complex US International Broadcasting system
  - The founding statute of 1998 created an overarching governing body
  - The Board maintains a “firewall” between policy makers and journalists
- ▶ Statutory authority in the system is concentrated in the Board
  - Executive management authority is placed with the whole board
  - The IBB Director’s role is only briefly stated in law; it is a Presidential appointment confirmed by the Senate
  - The VOA Director’s role is not mentioned in statute; in practice, the Director is politically appointed by the Administration in consultation with the Board
- ▶ The roles of the BBG Executive Director, Legal Counsel and Chief Financial Officer and their staff are to help manage the overall system

*Note: See Volume 2, Appendix A for additional detail on authorities; See Volume 2, Appendix B for a more complete set of current organization charts and functional assignments*

## Findings: Current Structure and Authorities...(cont.)

- ▶ Through delegation from the Board, the IBB has a combination of roles:
  - It is structured as a full business unit, analogous to the other (non-government) broadcasting entities, with VOA and OCB as its programming sub-units
  - It provides some consolidated services (e.g. transmission engineering) to the entire USIB
  - Except for engineering, most of IBB's effort (management and program support services) supports VOA, with a small amount for OCB and a limited amount of affiliate management for RFE/RL
  
- ▶ VOA provides radio, television and Internet programming in multiple languages
  - It is organized as a programming sub-unit within IBB
  - The VOA Director has limited operating responsibilities, authorities and resource control
  - VOA has 3 directorates, including two for programming
  - 44 language services are grouped into 7 divisions mostly based on geography
  - The central programming unit produces programming intended for use by multiple language services
  - An operations directorate provides production services for both programming groups in both radio and TV media

*Note: See Volume 2, Appendix A for additional detail on authorities; See Volume 2, Appendix B for a more complete set of current organization charts and functional assignments*

## Conclusions: Organizational Structure and Authorities...

- ▶ ***The current organizational structure is unnecessarily complex***
  - The structure is stove-piped by function; closely-related functions have separate reporting lines in practice
  - Managers make operational decisions without adequate understanding of the upstream and downstream impact and cost
  - The number of official management layers slow decisions and has generated a practice of side-stepping formal chains in order to get things done in a more timely way
  - The combination of unclear management roles/authorities and operating processes that are not standardized causes extra effort, negotiation, and friction at the front-line level
  - The increasing need for timely action in rapidly changing environment requires full-time management
  - The government side of the USIB has few separate business units and does not justify a separate organization structure for most support functions

## Conclusions: Organizational Structure and Authorities...(cont'd)

- ▶ ***The current organizational structure hinders the effectiveness of the enterprise***
  - There is considerable support for developing a strategic roadmap for the USIB as a whole and especially for IBB/VOA, building support for the plan among policy-makers, and communicating it to staff (see later section of this report)
  - Although many of IBB's functions are important, the added value of structuring IBB as a separate organization from VOA is not demonstrated; the overlapping activity areas cause confusion and disjointed decisions
  - IBB's dual mission as support for VOA and service provider to the USIB system makes it difficult for IBB to set and execute effective priorities
  - Although treated in many ways as a business unit, VOA lacks the ability to operationalize its decisions, as key elements in its resources and delivery processes are effectively in a separate chain of management
  - Retaining a structure of VOA as a programming unit within the IBB increases the perceived inequities between VOA and grantees

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## **This section\* discusses the core business and management processes across IBB and VOA**

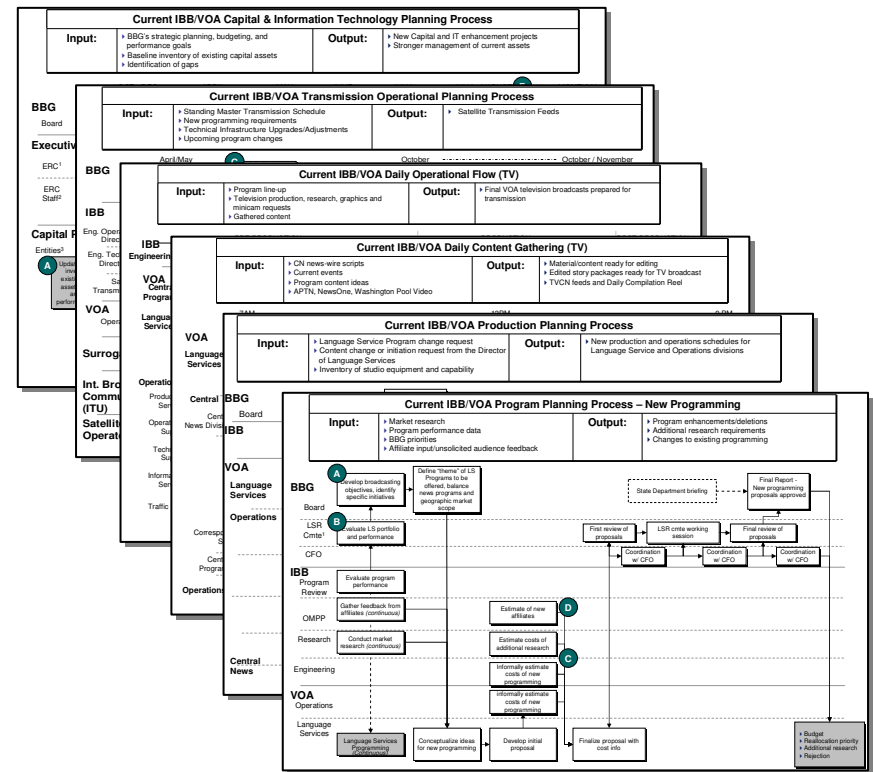
- ▶ First, we highlight relevant issues from our review and analysis of ten of the IBB/VOA core operating and management processes, to grasp some of the operational consequences of the structure and functional assignments, as well as some other performance issues
  - Our process maps were constructed from discussions with relevant participants (managers and staff) in the processes. Our subsequent analyses are based on these discussions, and the high-level issues articulated during the course of these conversations. The scope of this process did not allow for direct observation of each individual process for objective verification.
  - Our process maps reference, as necessary, key points of interaction between the Board, its staff and IBB/VOA management and staff
- ▶ Second, we analyze the impact of these issues on the efficiency and effectiveness of the business processes
- ▶ Then, we present some conclusions on the processes

*\*See Volume 2, Appendix C for detailed descriptions of core operating and management processes*

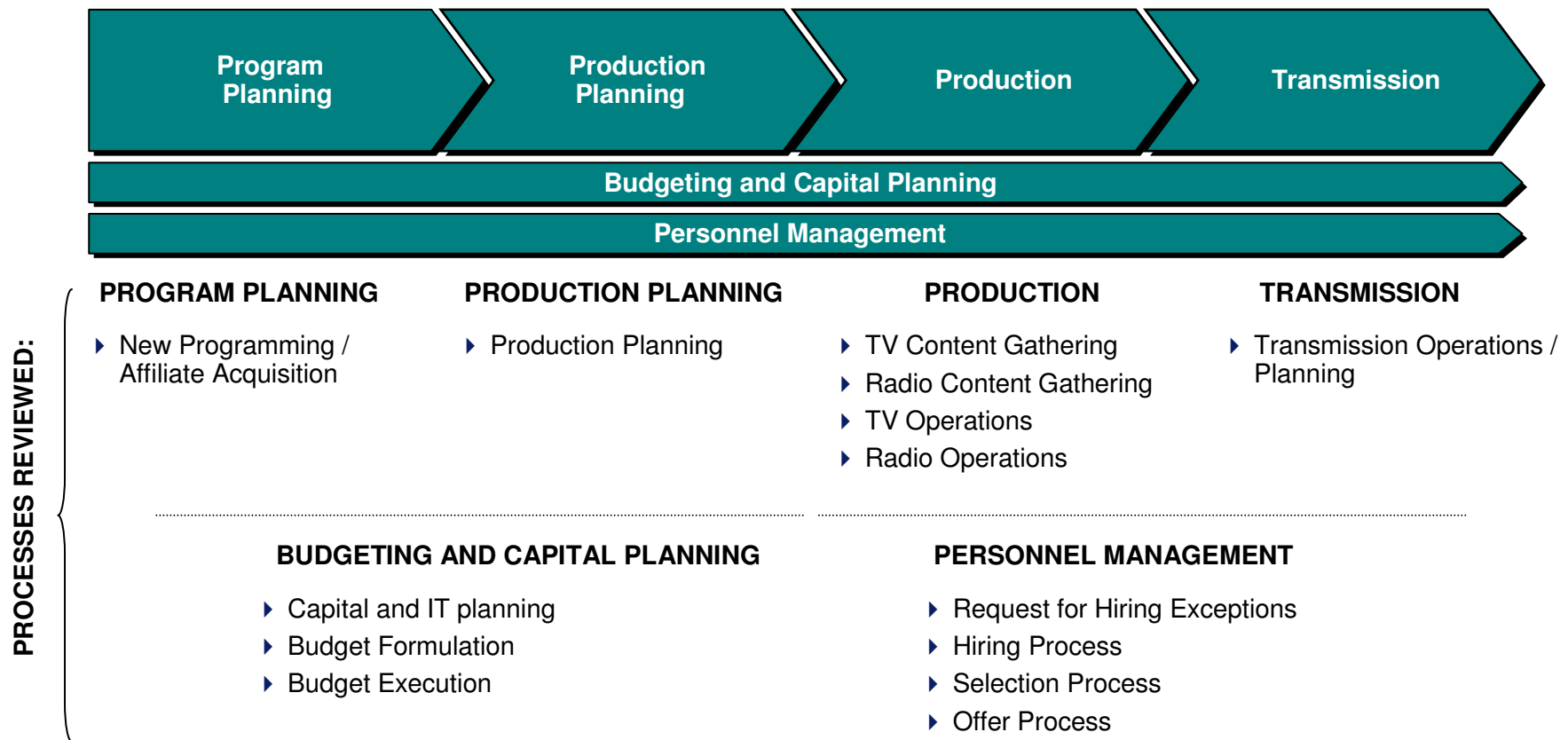
# To examine the performance of IBB and VOA functions, we reviewed and mapped their core operating and management processes

- ▶ Detailed process maps are presented in Volume 2, Appendix C
- ▶ We developed the process maps in close cooperation with IBB/VOA management and staff; maps were validated by the process “owners”
  - Process maps articulate a generalized view of how a given process works; significant deviation from this generalized view was not captured graphically
- ▶ The maps display the end-to-end sequence of activities, the range of participants, and the flow of work and/or decisions for each process
- ▶ Each map (and its accompanying table) identifies specific issues that participants raised or we observed as affecting the efficiency and effectiveness of that process
- ▶ The following pages summarize some key issues that emerged from our process mapping
  - Many issues clearly relate to structure and coordination
  - Others also involve overall strategy and business models, staff skill sets, technology, and resource allocation
  - Taken as a whole, these issues illuminate larger organizational dynamics and structural concerns

## Sample Core Business Processes



# The operating and management processes reviewed span the range of IBB/VOA's core business and support activities



*Note: Appendix C includes a map of each of these business processes and a list of related issues identified by process participants*

## The operating processes reviewed reflect coordination issues as well as several other types of concerns...

Process	Selected Issues
Production Planning	<ul style="list-style-type: none"> <li>▶ Program planning assumptions often are outdated or inadequate for implementation</li> <li>▶ Change requests back-up due to time needed to resolve schedules</li> <li>▶ Technical labor and equipment resources do not match programming needs; e.g., TV requires much more work</li> </ul>
Content Gathering (Radio)	<ul style="list-style-type: none"> <li>▶ Language Services (LS) and Central Programming (CP) are frequently in disagreement over the usefulness and timing of central new programming as most services are increasing their customization</li> </ul>
Content Gathering (TV)	<ul style="list-style-type: none"> <li>▶ CP assigns and produces pieces that may have little use by LS, and production cycles are not always aligned</li> <li>▶ VOA staff have little TV experience and require extended time</li> <li>▶ Limited resources to gather original video; uses APTN video</li> <li>▶ Current process adding video to VOA radio scripts is highly inefficient and slow -- critical problem since many affiliates have direct access to APTN source video</li> </ul>
Operational Flow (Radio)	<ul style="list-style-type: none"> <li>▶ Competition for Operations resources, due to concurrent requests from LS and CP</li> <li>▶ Significant use of overtime for technical staff, with several causes; radio and TV technicians may not substitute</li> <li>▶ Managers believe technical staff are not able to fully use available technology, affecting both quality and cycle time</li> </ul>
Operational Flow (TV)	<ul style="list-style-type: none"> <li>▶ Most VOA staff has very limited TV production experience and require extra time and support</li> <li>▶ Television studios and technical staff operate on limited daily schedule</li> <li>▶ Some equipment is antiquated; new video server is behind schedule and may not be sufficient to handle volume</li> </ul>
Transmissions Operations	<ul style="list-style-type: none"> <li>▶ Program changes/enhancements are not tracked centrally, leading to issues in capacity planning</li> <li>▶ The Board adjudicates the use of transmission capacity when delivery scheduling conflicts between language services within an entity (e.g. VOA) or between entities (e.g. VOA and RFE/RL)</li> </ul>

Note: See Volume 2, Appendix C for additional detail on processes and related operational issues

## Similarly, the management processes reviewed reflect coordination issues as well as several other types of concerns

Process	Selected Issues
Capital & IT Planning	<ul style="list-style-type: none"> <li>▶ A new process is underway (not fully implemented); requires significant effort with low success rate for capital requests</li> <li>▶ Much of infrastructure is outdated, and requires replacement</li> <li>▶ Technology acquisition takes time and is costly; requires a clearer sense of long-term priorities</li> </ul>
Budget Formulation & Execution	<ul style="list-style-type: none"> <li>▶ Operational managers have discretion over only a small part of their budgets (most is staff salaries), and see little value in detailed requests and tracking</li> <li>▶ Lack of timeliness in reporting may be leading to missed opportunities to de-obligate funds for other uses</li> <li>▶ Focus is on budget enhancement; little focus on cross-unit redeployment of resources</li> </ul>
Personnel (Hiring)	<ul style="list-style-type: none"> <li>▶ Under the existing hiring freeze, the Board must approve filling positions and some promotions</li> <li>▶ Hiring process is very long and lacks transparency</li> <li>▶ Employment process limits flexibility and ability to attract candidates with certain skills</li> </ul>




Note: See Volume 2, Appendix C for additional detail on processes and related operational issues

## To get an overall picture of the process issues, the major issues and findings from each process were placed into categories...

Issue Category	Description	Process Type
<b>Coordination</b>	<ul style="list-style-type: none"> <li>▶ Activities to bring related functional units and decisions together, to ensure decisions and actions are taken with due consideration of “upstream” and “downstream” impacts, and to develop ongoing cooperation among participants</li> </ul>	All
<b>Strategy / Business Model</b>	<ul style="list-style-type: none"> <li>▶ Plan for how the organization will move from present to desired future state</li> <li>▶ Model of how the organization produces and distributes its products and services to bring value to its “customers” (audience and US public), including its relations with suppliers and distributors (BBG’s evolving business models are described in a later chapter of this report)</li> </ul>	All
<b>Resources</b>	<ul style="list-style-type: none"> <li>▶ Total amount, allocation and utilization of funds, people and technology dedicated to a process</li> </ul>	All
<b>Process Design</b>	<ul style="list-style-type: none"> <li>▶ The intended and actual flow of related activities within a process, including the degree of variation among various participating units; also the fit between the process and the organization’s critical requirements</li> </ul>	All
<b>Skills</b>	<ul style="list-style-type: none"> <li>▶ Professional skills (journalistic, technical and operational management) necessary for effective and efficient performance in the present and anticipated environment</li> <li>▶ <i>Note: Category not rated for the designated management processes</i></li> </ul>	Operations
<b>Technology</b>	<ul style="list-style-type: none"> <li>▶ The tools, machines and technical processes used to produce and transmit programming, and the internal IT systems</li> <li>▶ Issues relate to the quantity, utilization and efficiency of current equipment and technical processes relative to other available equipment and techniques</li> </ul>	Operations
<b>Products</b>	<ul style="list-style-type: none"> <li>▶ The live or taped programming made available for direct broadcast or distribution</li> <li>▶ Issues relate to the choice of programming content and format, the degree of commonality and variation in programs, the match between products and customer needs, and the quality of the programming as perceived by BBG internal reviewers and audience research</li> </ul>	Operations
<b>Transparency</b>	<ul style="list-style-type: none"> <li>▶ The degree to which the process, criteria and objectives of decision-making processes are known and understood by affected parties, especially executives and managers</li> </ul>	Management

Note: See Volume 2, Appendix C for additional detail on processes and related operational issues

## We rated the importance of each category for each business process, based on process analysis, document reviews, and interviews...

Importance	Notation	Definition
High		<ul style="list-style-type: none"> <li>▶ Critical impediments to the effective and efficient performance of this process</li> <li>▶ Cause major conflicts and/or frustrations among participants</li> <li>▶ Resolving the recurring individual examples of these issues demands (or will demand) large amount of high-level management attention</li> <li>▶ Addressing these issues comprehensively and promptly will enable major performance improvements</li> </ul>
Medium		<ul style="list-style-type: none"> <li>▶ Significant impediments to the effective and efficient performance of this process</li> <li>▶ Cause some conflicts and/or frustrations among participants</li> <li>▶ Resolving the examples of these issues requires (or will require) significant management attention</li> <li>▶ Addressing these issues comprehensively will enable important performance improvements</li> </ul>
Low		<ul style="list-style-type: none"> <li>▶ Relatively minor impediments to effective and efficient performance of this process</li> <li>▶ Conflicts over these issues are manageable and/or have resolutions underway</li> </ul>

# Issues from the operational processes were categorized and rated by their impact on efficient and effective performance...

Process	Issue Categories						
	Coordination	Strategy / Business Model	Resources	Process Design	Skills	Technology	Products
OPERATIONAL PROCESSES							
Program Planning / Marketing	●	●	●	●	●	◐	●
Production Planning	●	◐	●	◐	◐	◐	◐
Content Gathering (Radio)	◐	●	◐	◐	◐	◐	●
Content Gathering (TV)	●	●	●	●	●	●	●
Operational Flow (Radio)	◐	◐	○	◐	◐	◐	◐
Operational Flow (TV)	●	●	●	●	●	●	◐
Transmissions Operations	◐	●	○	◐	◐	◐	○

○ Low Impact   ◐ Medium Impact   ● High Impact

## ...As were those from the major management processes

Process	Issue Categories				
	Coordination	Strategy / Business Model	Resources	Process Design	Transparency
MANAGEMENT PROCESSES					
Capital & IT Planning	●	●	●	○	●
Budget Formulation	●	●	○	●	●
Budget Execution / Financial Management	●	●	●	●	●
Personnel Management (Hiring)	●	●	●	●	●

○ Low Impact    ● Medium Impact    ● High Impact

## **We paid special attention to the process for planning and marketing new programming...**

- ▶ The process of planning and developing new programming recently has become more structured, involving:
  - BBG: Language Service Review Committee
  - IBB: Program Review, Research, Marketing & Program Placement, Engineering
  - VOA: Language Services and Operations
  
- ▶ The annual planning cycle begins with the Language Service Review (LSR)
  - LSR evaluates the performance of each BBG broadcasting entity in each language/market
  - LSR considers the audience size, growth and obstacles addressed, but does not establish specific targets for each service or market

*Source: BAH Interviews, Language Service Review documents from FY 2003, 2004 and 2005*

## **...The current structure and process of program planning does not produce a comprehensive picture of costs as well as benefits...**

- ▶ Individual VOA language services and divisions conceptualize ideas for new programming and develop initial proposals
- ▶ The potential costs of proposed new programming are not identified systematically:
  - Input on costs of supporting the proposed programming is obtained informally from other units
  - There is no consistent methodology for estimating short-term and long-term costs
  - Costs are estimated for new programming by individual division and/or language, without consistently or adequately addressing larger operational plans or capacity requirements, or opportunities for cross-division leverage (or cross-broadcaster leverage)
- ▶ The process leads to proposed creation of additional programming and additional demand on resources
  - VOA Operations would like increased input to this process, especially regarding capacity constraints
  - Creating additional demand within existing capacity constraints forces reprioritization during implementation
- ▶ Proposals then go to LSR Committee and CFO for further revision and the Board adopts/rejects proposals
  - These proposed “enhancements” may become part of the BBG Budget for the next fiscal year submitted through OMB to Congress
  - Congressional appropriations have included specific allocations of funds for particular projects and have required Congressional notification before redeploying resources, sometimes with significant effects on the implementation of management priorities
  - The process from research to approved funding (and then on to production and distribution) can be quite lengthy, raising concerns that national priorities or the market situation may change in the interim

## **...And generates significant conflicts between VOA's program staff and IBB's marketing organization...**

- ▶ For proposals that receive funding, the process may move into a dual effort to develop and produce programming and simultaneously to place it with potential affiliates; this stage creates conflict between the priorities of VOA Language Services (LS) and IBB Office of Marketing & Program Placement (OMPP)
- ▶ Some OMPP staff expressed concern that selected Language Services do not pay sufficient attention to audience research in developing new programming or making changes in existing programs, and at times resist efforts to focus on a smaller number of affiliates that may have greater or better reach
  - OMPP staff reported that LS may at times solicit and make agreements with affiliates known to them personally within the country or region, reducing the value of an overall marketing plan
  - Some individuals reported that programs have been developed and produced before an affiliate has committed to broadcasting them
- ▶ At times, LS managers and staff question the research they receive as well as the information regarding affiliates' performance
  - LS staff reported some concerns regarding the product knowledge, local language capability and/or marketing experience of OMPP field staff
  - LS staff expressed concern that OMPP may make promises or agreements for programming without considering the resources that a Language Service may have available or the operational feasibility
  - Some LS staff believe that their own frequent contact with affiliates in the course of ongoing program communication provides them with a closer understanding of the interests and concerns of affiliates than OMPP

Source: BAH Interviews, marketing database analysis

## **...Requiring extraordinary efforts and executive attention *ad hoc* to coordinate and resolve routine planning and business issues**

- ▶ Under the current structure, no single manager has
  - Responsibility and accountability for the end result of this process
  - Authority over the range of functions necessary to resolve these disagreements routinely and direct the timely development of programming that reaches the desired audience, is attractive to affiliates, and implements the mission -- and can be produced within constraints of personnel, technology and money
- ▶ In a recent example, the IBB Chief of Staff organized a special series of meetings to resolve these issues for a single language service
  - This level of effort is not sustainable for 44 services
- ▶ Each functional area has considerable autonomy in establishing priorities – conflicts arise from dependent functional areas setting conflicting priorities
  - Interviewees reported that colleagues frequently make accommodations to try to help each other out, but these are seen as favors and “work-arounds” rather than participation in a common enterprise
- ▶ Beyond structural issues, the program planning process raises a broad range of management concerns:
  - Insufficient market-specific, multi-year operational strategies
  - Change of the IBB/VOA’s business model to increase market focus
  - The adequacy of the marketing effort and the skill sets of field staff
  - The level of communication among the marketers, programmers, and production teams
  - The crossed responsibility for maintaining and managing ongoing affiliate relationships

## Findings: Business Processes...

- ▶ IBB and VOA have developed highly complex operating and management processes that are not standardized and vary widely in application
  - This variation increases the process cycle time and level of effort required of management and staff
- ▶ Interviews and review of these processes indicate that the process complexity stems from a mutually-reinforcing combination of structure, lack of common understanding, and lack of strong, uniform management practices
- ▶ **Structure:**
  - Closely-related and inter-dependent functions are separated into different organizations
  - No manager is fully responsible/accountable for the results of inter-unit processes
- ▶ **Lack of common understanding:**
  - Managers held significantly different views of business processes at the various levels of the organization
  - Participants do not understand their processes end-to-end and frequently discount the concerns of others involved
  - Managers (and staff) do not have a clear understanding of a common operational strategy or priorities, nor the relation of individual decisions to a longer-term plan
  - Full information is not widely shared

*Source: BAH Interviews, internal documents.*

*Note: See Volume 2, Appendix C for additional detail on processes and related operational issues*

## Findings: Business Processes (cont.)

- ▶ **Management practices:**
  - Individual units establish their own work processes and create products with great variability
  - Language Services have discretion to develop unique program formats / types
  - Decision rights and criteria are not clear and the decision process appears to vary case by case
  - Managers and staff who disagree with organization direction frequently resist implementation, forcing issues to be frequently revisited and requiring operational work-arounds
  - Units develop ad hoc “work-arounds” to enable task completion, leading to processes based on personal relations and favor-trading
  - Performance objectives for units and individuals are not clearly articulated in sufficient detail
  - Support units are not measured on their level of support to customers, nor is internal “customer satisfaction” measured
  - Metrics on end-to-end costs, programs, and internal support requirements are not available
- ▶ Numerous interviewees emphasized that managers and staff are demoralized by the processes and practices described above

*Source: BAH Interviews, internal documents.*

*Note: See Volume 2, Appendix C for additional detail on processes and related operational issues*

## Conclusions: Business Processes

- ▶ ***A number of business processes are inefficient and are frequently executed ad hoc***
  - Although the multiplicity of language services and programs inevitably requires some flexibility in IBB/VOA operations, the lack of standardization and the degree of variation in conducting routine business functions is very high
  - As a result, there are numerous ways of doing routine business operations in almost every area, making it difficult for managers to implement improvements without unexpected consequences
  - Decisions by one unit impose demand or constrain supply to others, yet are often made without real consultation and end-to-end process understanding; frequently, no one is accountable for the specific end results of complex processes
  - Coordination issues across participating units take great time and energy; the number of internal meetings and management interventions revisiting process issues is high

## Conclusions: Business Processes

- ▶ ***A number of business processes are inefficient and are frequently ad hoc (cont'd)***
  - The absence of good metrics on costs, products, and internal support requirements limits managers' efforts to identify and improve problem areas
  - Many factors contribute to the process inefficiencies: the fragmented organizational structure, legacy processes from VOA's traditional radio approach that do not meet the needs of today's greater focus on customized products for specific markets (see later chapter in this report), older technology, inflexibility in staff deployments that lead to bottle-necks, as well as a culture of getting the daily work out by extra effort without resolving deeper issues
  - A number of the business processes need redesign and/or full re-engineering

*Source: BAH Interviews, internal documents. See Appendix C for detail on individual processes*

## Conclusions: Business Processes

- ▶ ***There are impediments to effective and efficient performance in multiple areas:***
  - **Coordination:** Significant improvement is required in the coordination of program planning, production and marketing, in the entire television effort, and in the personnel process
  - **Strategy and business model:** The increased market focus, the shift from shortwave to FM, and the growth of television programming have dramatic consequences for the organization, as discussed later in this report. Current efforts to make these changes are not clear to managers and staff, causing strains in resource utilization and inefficiencies in television initiatives
  - **Resources:** The lengthy federal budget process and other problems in allocating and using resources have a major impact on the planning process, on television programming, and the hiring process
  - **Process redesign:** The process flow itself needs urgent attention in program planning, television content gathering and production, and hiring. Radio would also benefit from an updated process

*Source: BAH Interviews, internal documents. See Appendix C for detail on individual processes*

## Conclusions: Business Processes

- ▶ ***There are impediments to effective and efficient performance in multiple areas (cont'd):***
  - **Skills:** The organization must address how to obtain the skills it needs to produce television of the desired quality and volume. The current process of utilizing VOA radio personnel (both journalists and technicians) is causing inefficiencies in both media
  - **Technology:** The strategic shift emphasizing a greater portfolio of television offerings requires a significant investment in technology and support
  - **Products:** The choice of product types and volume (based on strategy, market research, and an overall operations plan) heavily impacts the efficiency of radio and television
  - **Transparency:** The current hiring decision process can cause frustration across the organization and makes planning more difficult

*Source: BAH Interviews, internal documents. See Appendix C for detail on individual processes*

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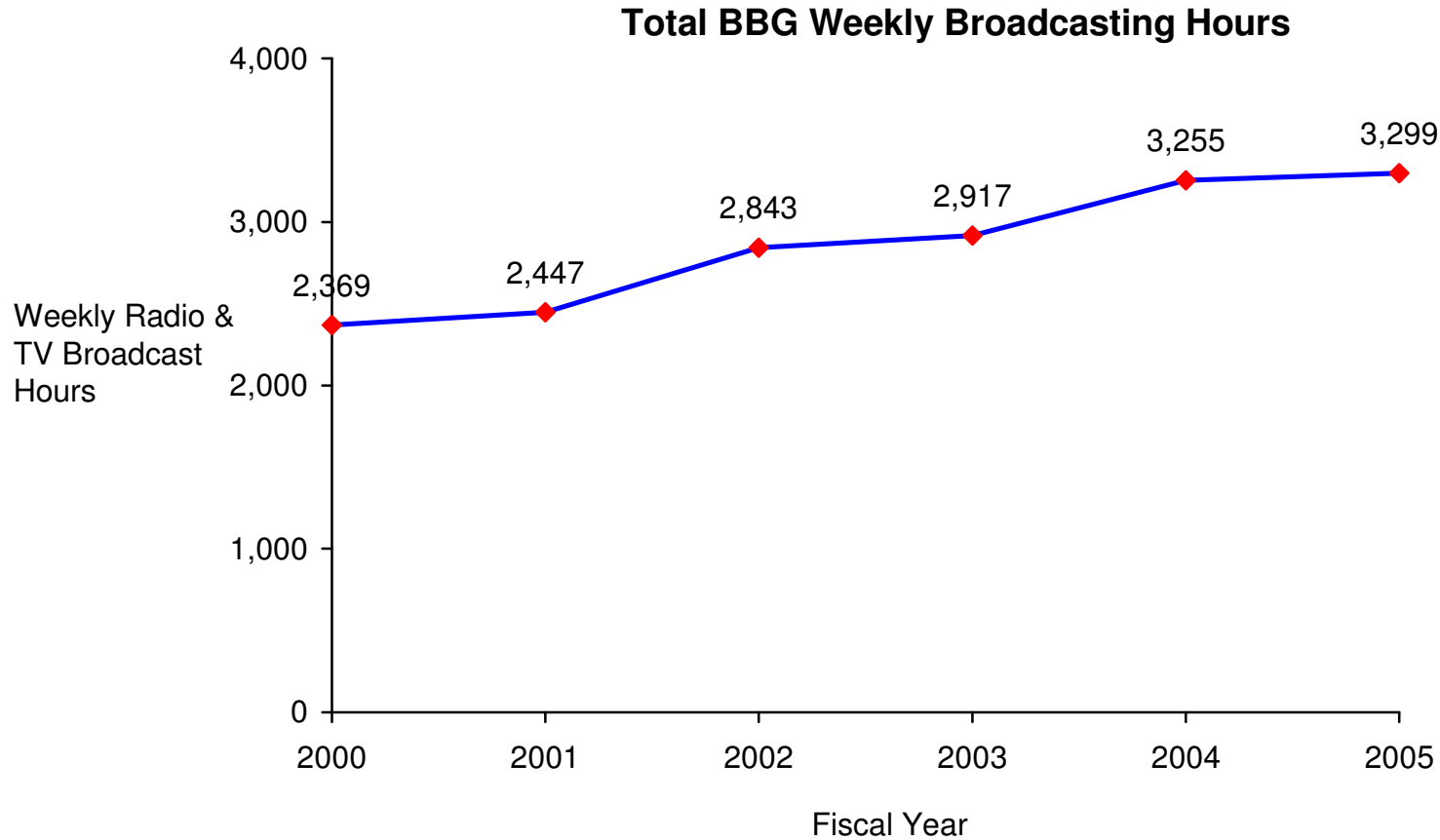
## **This section\* reviews the current levels of programming produced and distributed by the Voice of America**

- ▶ To provide an overall sense of scale of the organization and the output of its business processes, this section highlights some basic information and analysis of the programming produced and distributed
- ▶ The programming information includes the amount and categories of radio and television programming produced and broadcast or distributed through affiliates

*Note: To place VOA production levels in context, additional information is included on overall BBG production output*

*\*See Volume 2, Appendix D for additional detail on production levels*

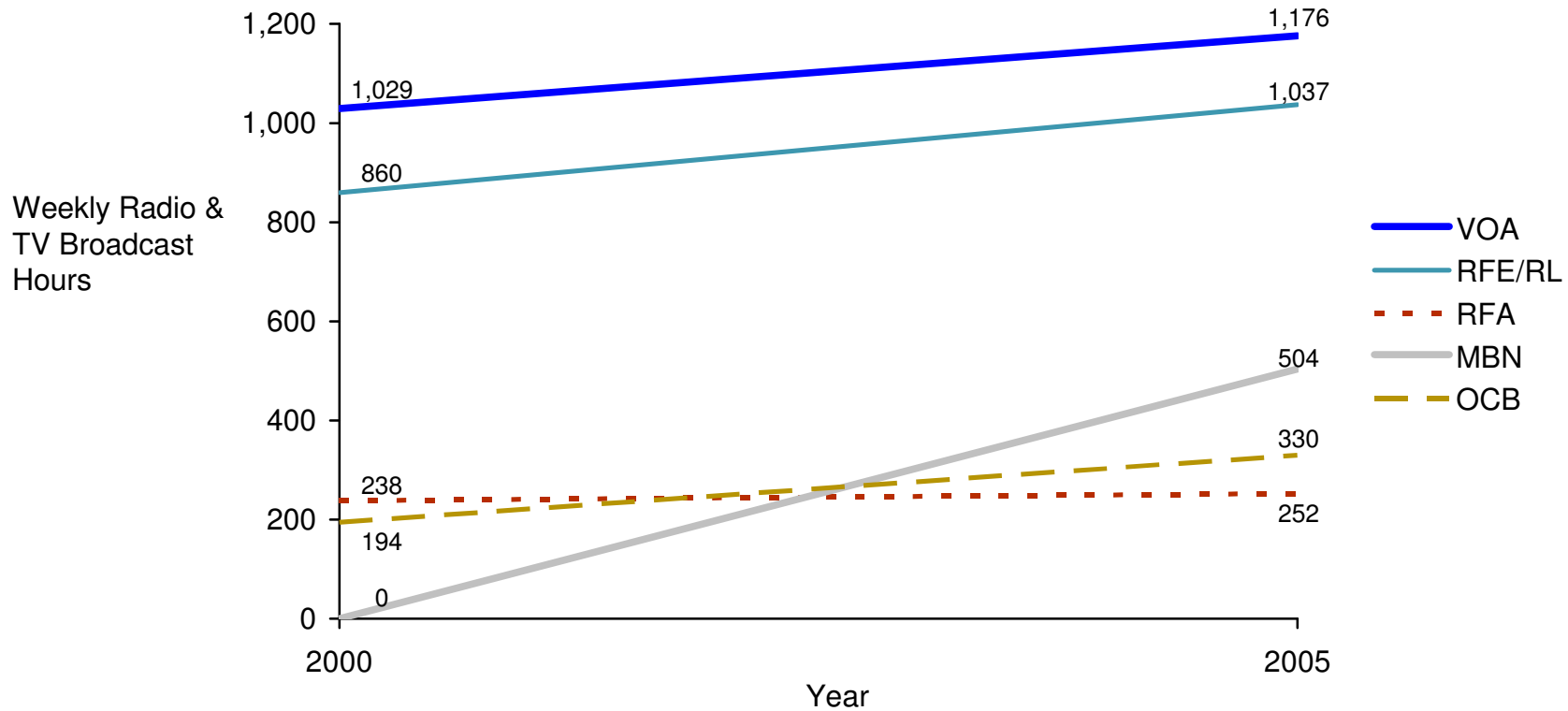
## Total weekly broadcasting hours for all the entities under BBG has increased 39% in the last 5 years



*Note: Includes radio and TV programming hours combined; broadcast hours include some program repetition  
Source: BBG Budget Documents (as of 9/30/05)*

## All of the BBG entities have increased their weekly broadcasting hours over the period, with VOA up 14%

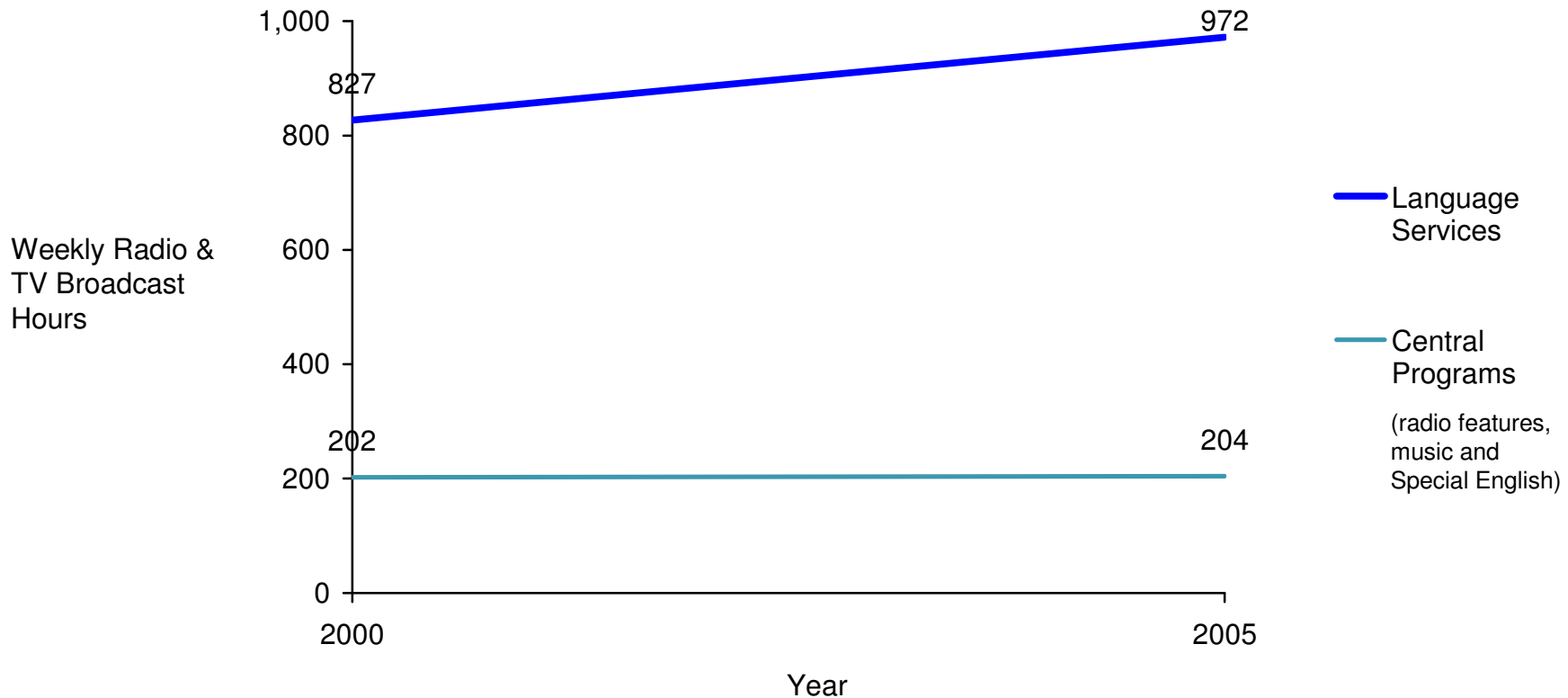
### BBG Weekly Broadcasting Hours by Broadcasting Service



Note: Includes radio and TV programming hours combined  
Source: BBG Budget Documents (as of 9/30/05)

# VOA's Language Services have increased broadcasting hours by 18% since 2000, while Central Programs' hours have remained flat

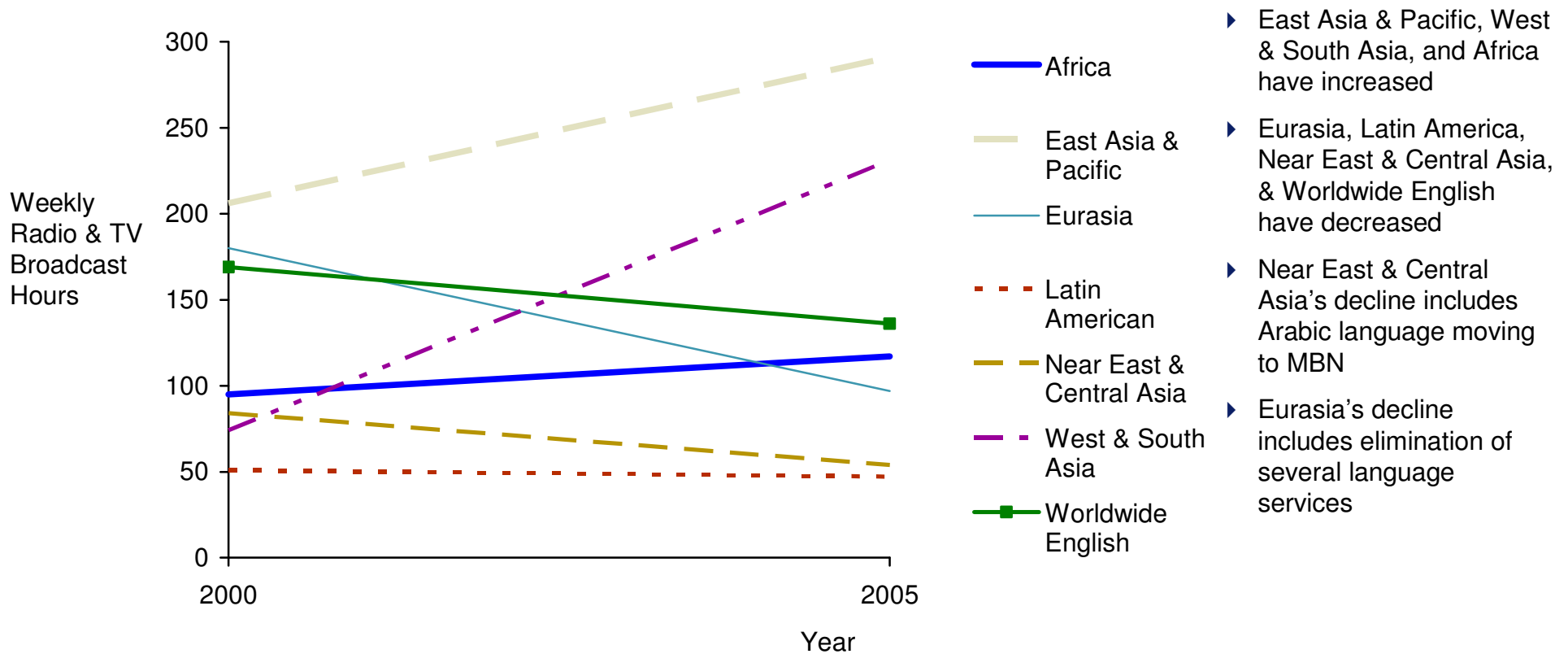
VOA Weekly Broadcasting Hours For Language Services and Central Programs



Note: 2005 includes all VOA TV, 2000 Language Service does not include 18 hours of VOA TV or 49 hours of Arabic (since moved to MBN)  
Source: BBG Budget Documents (as of 9/30/05)

# VOA's East Asia & Pacific and West & South Asia Divisions have increased their broadcast hours dramatically since 2000

VOA Weekly Broadcasting Hours by Language Service Division



- ▶ East Asia & Pacific, West & South Asia, and Africa have increased
- ▶ Eurasia, Latin America, Near East & Central Asia, & Worldwide English have decreased
- ▶ Near East & Central Asia's decline includes Arabic language moving to MBN
- ▶ Eurasia's decline includes elimination of several language services

Note: 2005 includes all VOA TV, 2000 Language Service does not include 18 hours of VOA TV or 49 hours of Arabic (since moved to MBN)  
 Source: BBG Budget Documents (as of 9/30/05)

# VOA's many radio products vary significantly in length and format; however, production data is not collected by program

\*As of 9/23/2005

		News/ Current Affairs	Features	Talk/ Interactive	Music	Total
Africa	Weekly Programs <sup>(1)</sup>	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>
	Weekly Hours <sup>(2)</sup>	67	21.4	8.1	13.5	110
East Asia & Pacific	Weekly Programs	44	83	20	14	161
	Weekly Hours	154.3	47.3	20.2	11.6	233.5
Eurasia	Weekly Programs	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>
	Weekly Hours	54.1	6.5	7.3	.5	68.4
Latin America	Weekly Programs	10	24	2	7	43
	Weekly Hours	31.5	3	1.5	5.5	41.5
Near East & Central Asia	Weekly Programs	73	34	6	11	124
	Weekly Hours	34.2	10.8	2.5	10.1	57.5
West & South Asia	Weekly Programs	156.3	142.8	58	40	397
	Weekly Hours	54.5	32	30.8	79.2	196.5
Worldwide English	Weekly Programs	966	82	5	10	1063
	Weekly Hours	79	31	5	10	125
<b>Totals</b>	<b>Weekly Programs</b>	<b>N/A<sup>(4)</sup></b>	<b>N/A<sup>(4)</sup></b>	<b>N/A<sup>(4)</sup></b>	<b>N/A<sup>(4)</sup></b>	<b>N/A<sup>(4)</sup></b>
	<b>Weekly Hours</b>	<b>474.6</b>	<b>152</b>	<b>75.4</b>	<b>130.4</b>	<b>832.4</b>

(1) Wide range of counts of weekly programs across Divisions suggest that some counted "programs" while others may have counted "individual segments"; totals suggest that multiple airings of a program (i.e. hourly newscasts) are counted separately

(2) Hours of programming provided for broadcast each week; may exceed hours produced due to repetition. Decimals represent parts of an hour and not minutes

(3) Languages Services within Division were unable to provide accurate number of programs data

(4) Unable to calculate total due to incomplete data

Note: Total broadcast hours by region may differ with other published sources due to the inconsistency of program tracking

Source: BAH Language Services Program Survey 9/23/2005; Broadcast Hours 8/2005; BAH analysis

## VOA television offers a relatively even balance of news, talk and feature programs, along with numerous shorter news feeds

\*As of 9/23/2005

		Talk	News Magazine	Features Magazine	News Feed	TOTAL
Africa	Weekly Programs	3	1	1	0	5
	Weekly Hours <sup>(1)</sup>	5	1	1	0	7
East Asia & Pacific	Weekly Programs	11	1	14	4	30
	Weekly Hours	8.2	.3	7.2	3.6	19.3
Eurasia	Weekly Programs	0	30	4	31	65
	Weekly Hours	0	19.9	1.8	4.3	26
Latin America	Weekly Programs	0	1	0	5	6
	Weekly Hours	0	1	0	.4	1.4
Near East & Central Asia	Weekly Programs	1	0	3	10	14
	Weekly Hours	.5	0	1.5	1.3	3.3
West & South Asia	Weekly Programs	2	3	1	9	15
	Weekly Hours	2	1.5	.5	7.25	11.3
Worldwide English	Weekly Programs	0	0	5	5	10
	Weekly Hours	0	0	.33	.20	.5
<b>Totals</b>	<b>Weekly Programs</b>	<b>17</b>	<b>36</b>	<b>28</b>	<b>64</b>	<b>145</b>
	<b>Weekly Hours</b>	<b>15.7</b>	<b>23.8</b>	<b>12.3</b>	<b>17</b>	<b>68.8</b>

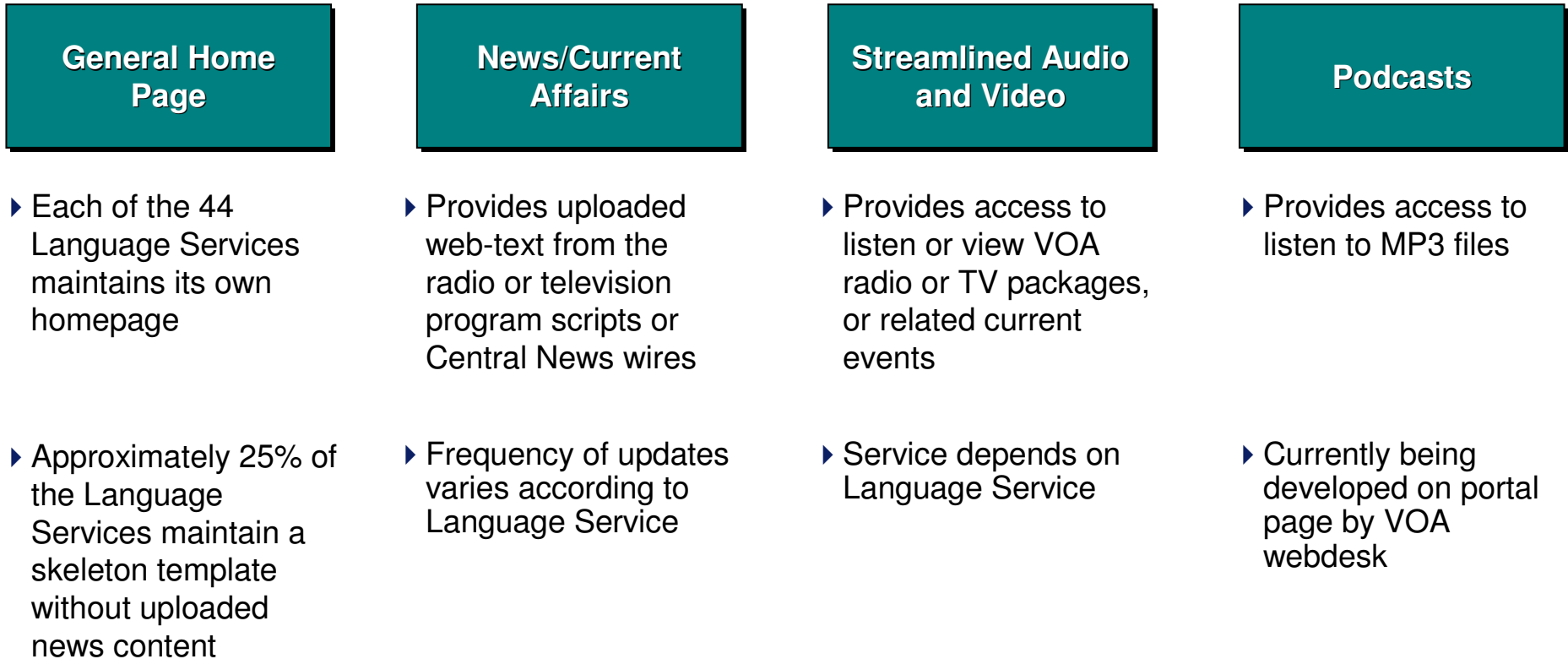
(1) Hours of programming provided for broadcast each week; may exceed hours produced due to repetition. Decimals represent parts of an hour and not minutes

Note: Total broadcast hours by region may differ with other published sources due to the inconsistency of program tracking

Source: BAH Language Services Program Survey 9/23/2005; VOA TV Checklist 5/9/2005; Broadcast Hours 8/2005; BAH analysis

## Aside from the VOA homepage and portal, each Language Service is responsible for maintaining its own internet content

### Internet Services



Source: BBG Internal Documents, BAH Interviews / Analysis

## Findings: Production Levels

- ▶ Since 2000, the overall US International Broadcasting system overseen by BBG has increased its total weekly broadcasting hours by 39%, with all entities increasing their hours
  - VOA’s Language Services have increased programming hours by 18%, Central Programs’ hours have remained flat
  - VOA has increased programming hours in countries/language services related to the War on Terrorism
- ▶ VOA broadcasts many types of segments/programs/formats in radio and in television
  - The majority of radio programming is news and current affairs, using a variety of formats and lengths
  - Television offers a relatively even balance of news, talk and feature programs, along with numerous short news feeds
  - However, VOA’s television program types and radio formats are not standardized; divisions do not track their “programs” the same way
- ▶ To measure programming output, VOA relies on the number of hours broadcast weekly, but this statistic may not be an accurate indicator of the amount of programming *produced* each week
  - Some Language Services repeat much material, with minimal or no updates from hour to hour, according to interviews with language service staff
  - Broadcast hours are gathered monthly using input from various sources. There is no database or data system that tracks the hours on a regular basis to provide time comparisons or trend data. Additional details on programs must be collected separately from different sources
  - These gaps in output data make it difficult to measure and evaluate productivity, or to make valid comparisons across Language Services, Divisions and broadcasters

## Conclusions: Production Levels

- ▶ ***VOA needs better data on its programming output to assess its operational performance and its comparative productivity across units***
  - Better understanding of the output of individual units and labor shifts within them would assist managers and planners in objectively identifying performance improvement opportunities and finding areas of under-used capacity
  - Development of better performance measures should involve front-line managers and staff members to promote “buy-in”
  - Performance measures should retain and enhance indicators of quality as well as quantity to ensure attention to professional standards and to recognize differences in the effort required by various program types

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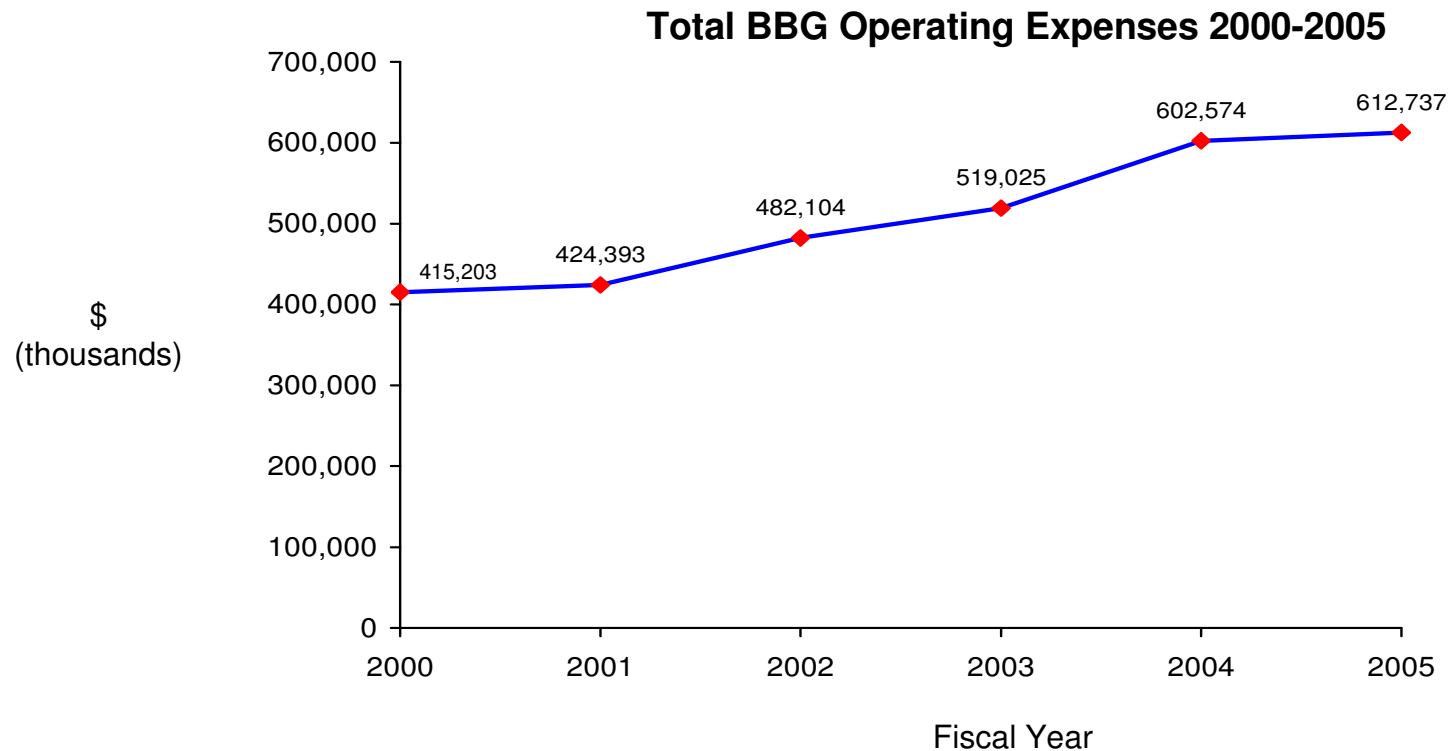


## **This section\* reviews the current resource utilization of the IBB and VOA**

- ▶ This section highlights some basic information and analysis of the resources utilized by the organization to provide an overall sense of scale of the organization, and the inputs of its business processes
- ▶ This resource analysis includes funding, staffing and technical resources

*\*See Volume 2, Appendix E for greater detail on IBB and VOA resource utilization*

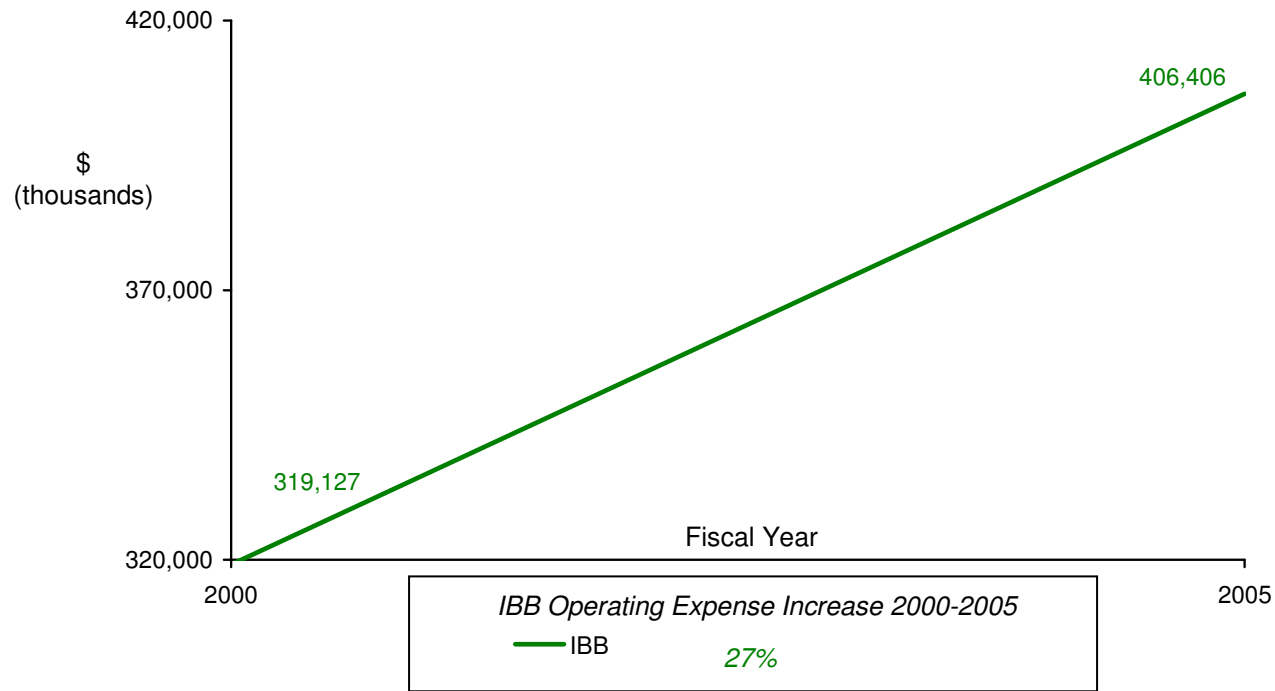
## Over the past five fiscal years, BBG's total operating budget has increased by \$198 million (48%)



Source: BBG Budget Documents (as of 9/30/05)

# IBB's operating expenses have risen 27% over the past five fiscal years

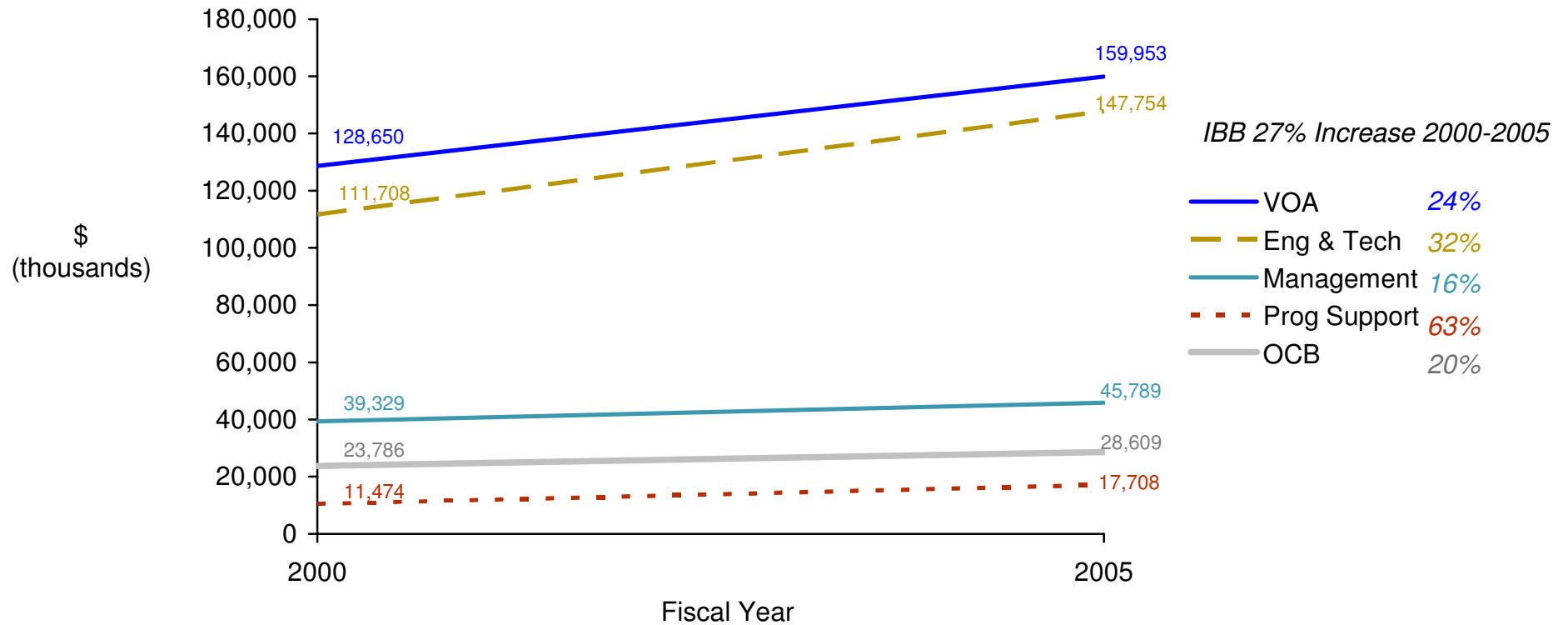
IBB Operating Expenses 2000-2005



Source: BBG Budget Documents (as of 9/30/05)

## Within IBB, VOA's budget has increased \$31 million, while the Engineering & Technical directorate's budget has grown by \$36 million

Allocation of IBB Operating Expenses 2000- 2005

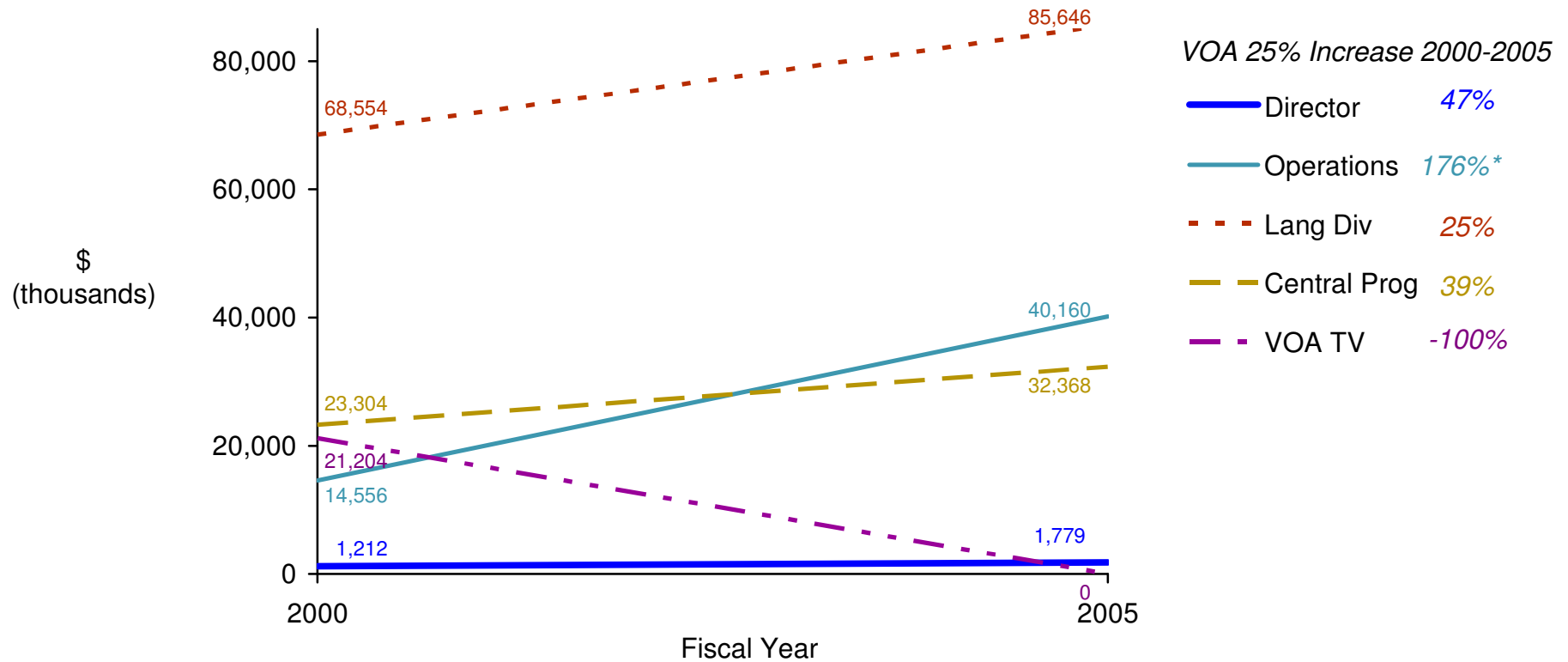


Note: Capital Improvements of \$17.8 million not included

Source: BBG Budget Documents (as of 9/30/05)

## Within VOA, the Operations budget has grown the most since FY 2000, although Language Services still has the largest allocation

Allocation of VOA Operating Expenses 2000-2005

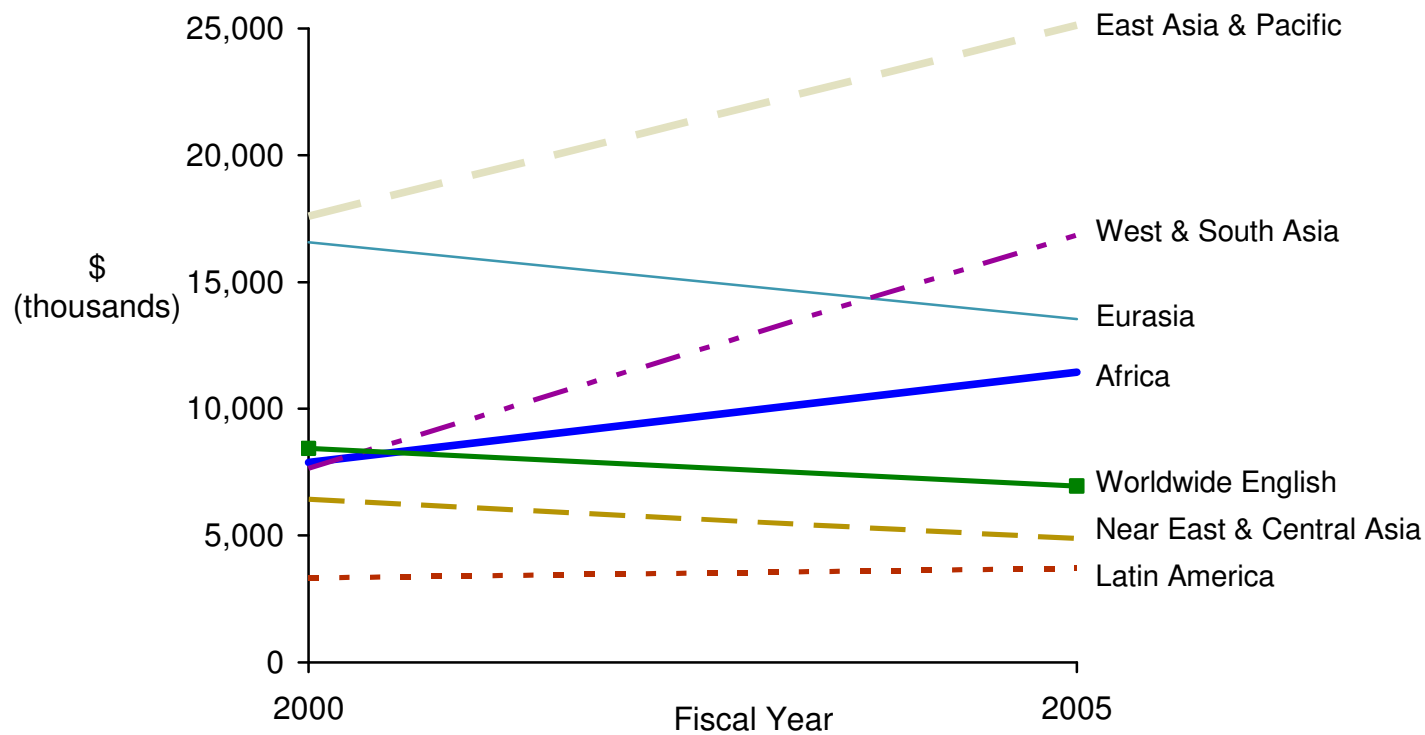


Notes: The large growth in Operations reflects the incorporation of much of VOA TV; Central Programming is the sum of Central Programs, Central Programming, Domestic & Overseas Bureaus

Source: BBG Budget Documents (as of 9/30/05)

## VOA's East Asia & Pacific and West & South Asia divisions have seen the largest budget increases since 2000

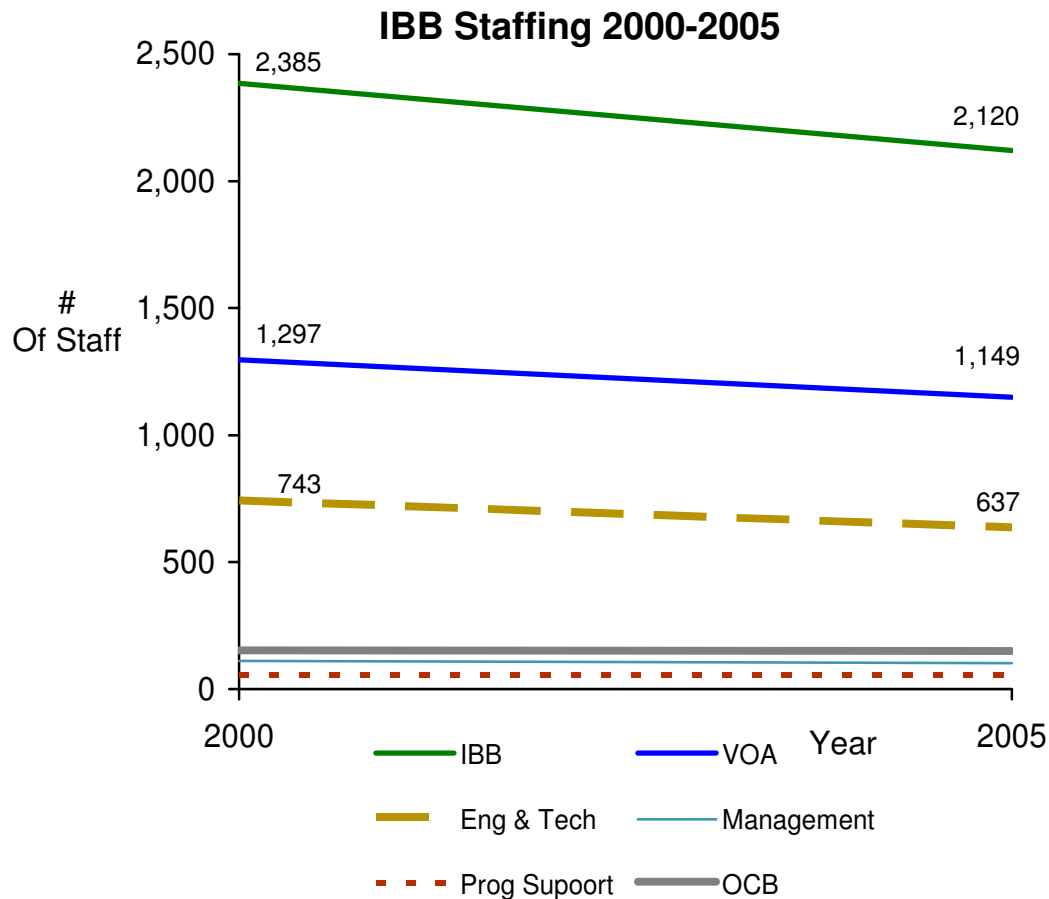
VOA Language Service Division Operating Expenses 2000-2005



- ▶ East Asia & Pacific, West & South Asia, and Africa had significant increases
- ▶ Eurasia, Near East & Central Asia, and Worldwide English had decreases

Source: BBG Budget Documents (as of 9/30/05)

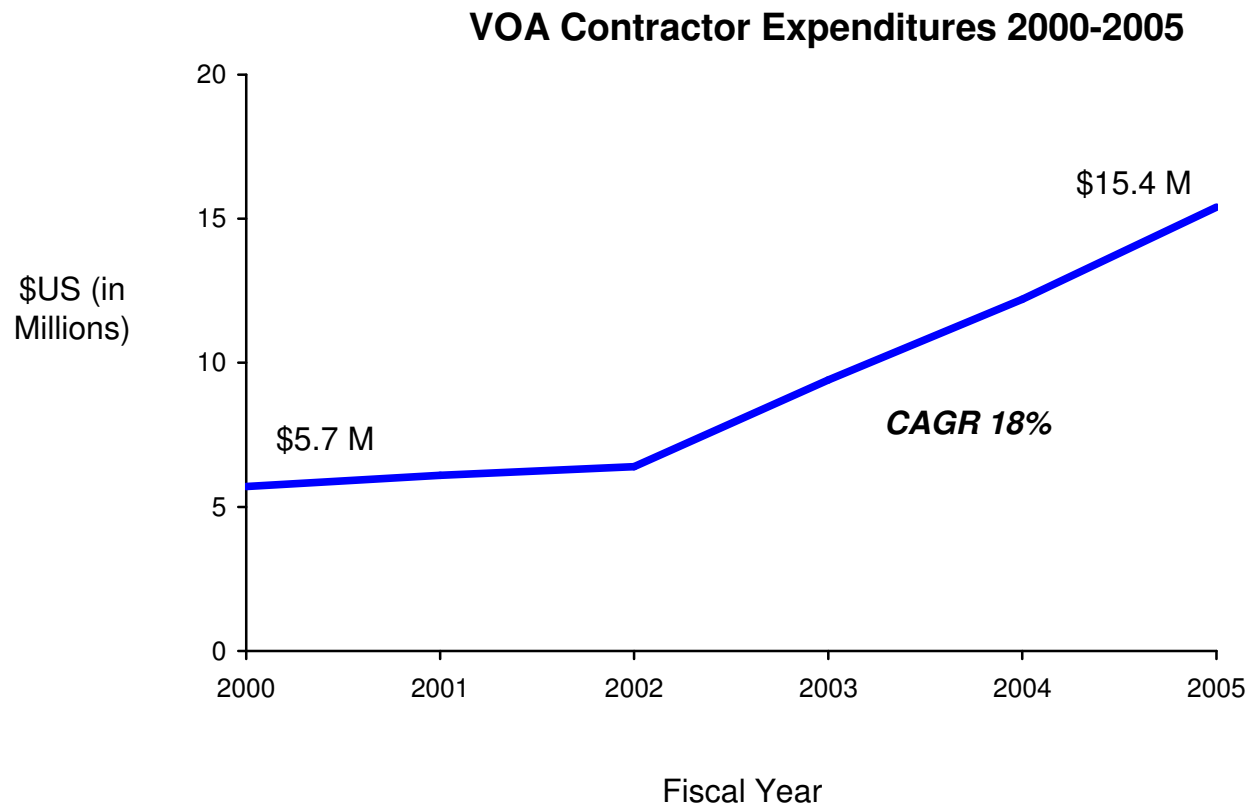
## IBB and the VOA have slightly reduced their permanent employee staff levels since 2000



- ▶ **IBB (including VOA) contains two thirds of the total employees of USIB**
  - Over half of the IBB's staff work in VOA
- ▶ **The reductions in IBB's total staff level came mostly from declines in VOA and in Engineering & Technical support**
- ▶ **The 11% staff reduction in the VOA since 2000 has been associated with 3 primary causes:**
  - Elimination of several language services
  - Transfer of Arabic to MBN
  - Trimming staff in other languages

Note: Figures refer to On Board staff  
 Source: BBG Budget Documents (as of 9/30/05)

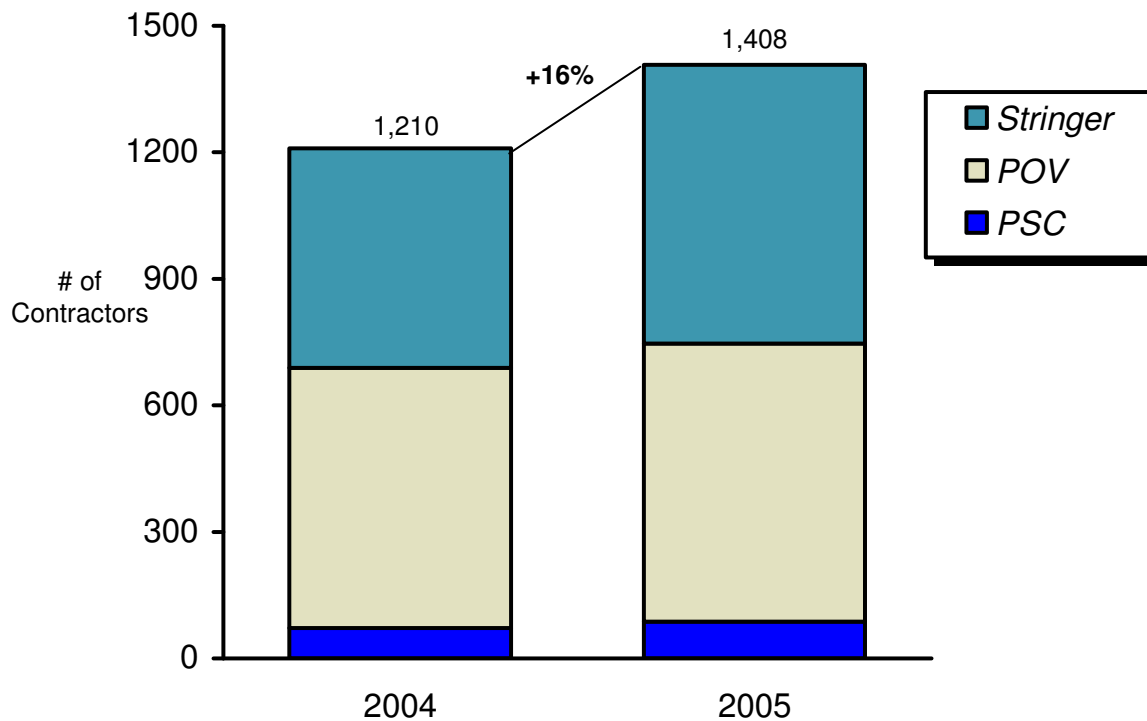
## In recent years, VOA's total spending on contractors has been increasing rapidly



Source: Office of the Chief Financial Officer

## The IBB and VOA have rapidly increased the use of contractors to address production requirements

IBB Contractor Usage\* 2004-2005



\*Chart illustrates total # of hired contractors, but does not indicate contract labor hours

- ▶ **The use of contractors has been growing rapidly**
  - 21% one year growth in PSCs
  - 7% one year growth in POVs
  - 27% one year growth in Stringers
  
- ▶ **Management is supplementing permanent staff levels through the use of individual contractors in news, production and engineering**
  - Contract hiring may be influenced by the shift in emphasis of media (TV) and the drive toward “market-driven” programming

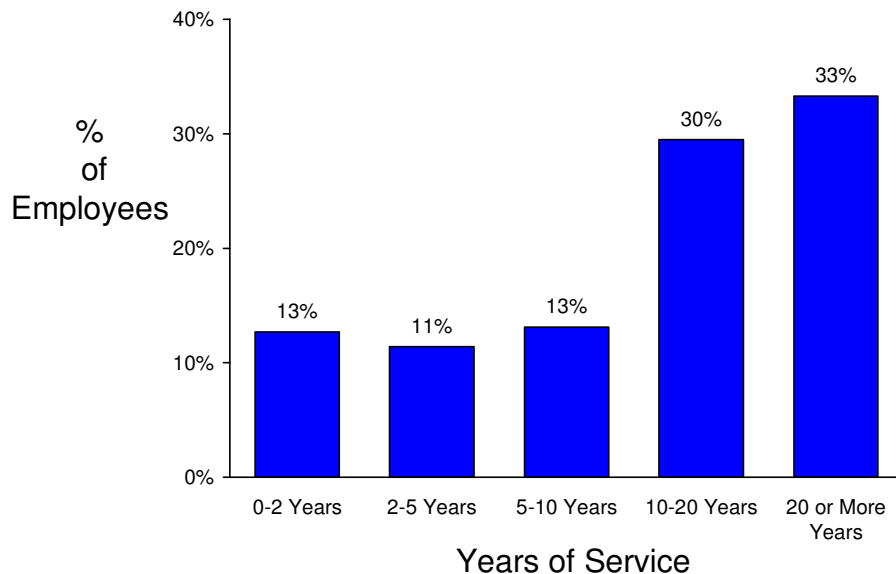
Note: Stringer: news reporter paid per piece (usually field-based); POV: Purchase Order Vendor – contractor paid for delivery of a designated product/service; PSC: Personal Services Contractor: contractor who may be directed and supervised for a range of tasks

IBB includes VOA, OCB and IBB Support Divisions; Overseas bureaus were not included

Source: Office of the Chief Financial Officer

## More than 60% of BBG's permanent employees have 10 or more years of service, and a third have 20 years or more

**BBG Employees by Years of Service**



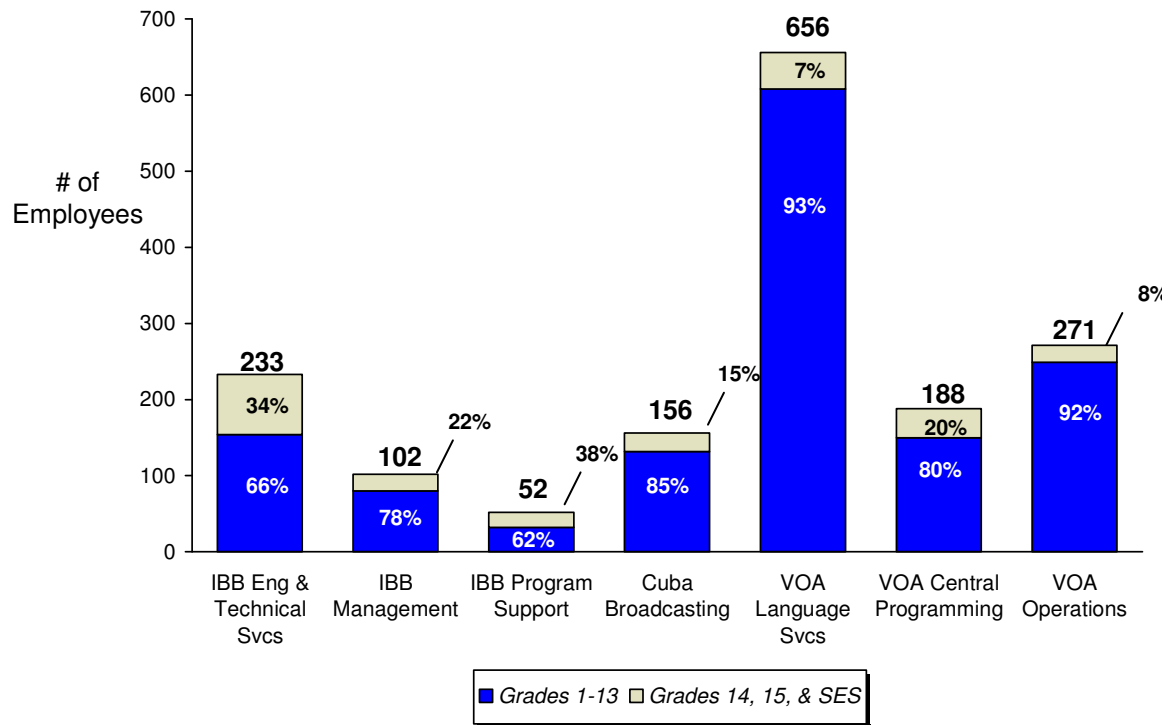
- ▶ **Long tenure is common among staff**
  - 63% have been with the organization more than 10 years
  - Correspondingly, only a small percentage of staff are recent hires
- ▶ **A significant number of employees could retire in next several years**
  - 33% have been with organization 20 or more years

*Note: Includes IBB, VOA and other government employees only. Tenure includes some USIA service for employees who transferred to the BBG from other USIA elements when the BBG was part of the USIA, excludes volunteer interns*

*Source: IBB Office of Personnel*

# The grade level distribution of employees within IBB/VOA varies significantly by their organizational unit

IBB / VOA Employees By Grade



- ▶ **The percentage of senior grade employees varies significantly by division**
  - *The Program Support and Management Divisions have 38% and 22% of their GS graded employees at level 14 or above, respectively\**
  - *Within VOA, the Central Programming directorate has 20% of its GS graded employees at level 14 or above*
  - *Language Services has smallest proportion of staff at GS-14 and above*

Note: IBB / VOA employees within the GS / SES system including GM and GG designated sub categories; analysis does not include employees outside these categories.

\*This analysis skews the Engineering & Technical Service data, as many supervised staff at overseas transmitting stations are not on the GS Schedule

Source: IBB Office of Personnel

## **Available data\* suggests VOA language services vary significantly in the number of hours broadcast weekly per staff FTE**

- ▶ The Voice of America, as a total unit (including radio and television broadcasts), has an average weekly broadcast hours per staff FTE ratio of roughly 1.01
- ▶ Overall, the Voice of America has increased its ratio of weekly broadcast hours to staff FTE by 18% between FY2000 and FY2005\*
- ▶ The VOA's individual services vary considerably in the ratio of number of hours broadcast weekly per staff FTE
  - The range of hours/FTE ratios is 15.27(highest) to .58 (lowest)
  - However, this 15.27 ratio is an outlier in the data set, representing the music programs created by Central Programs
  - The Urdu Service, with a ratio of 4.55, represents the second highest ratio of weekly broadcast hours per staff FTE

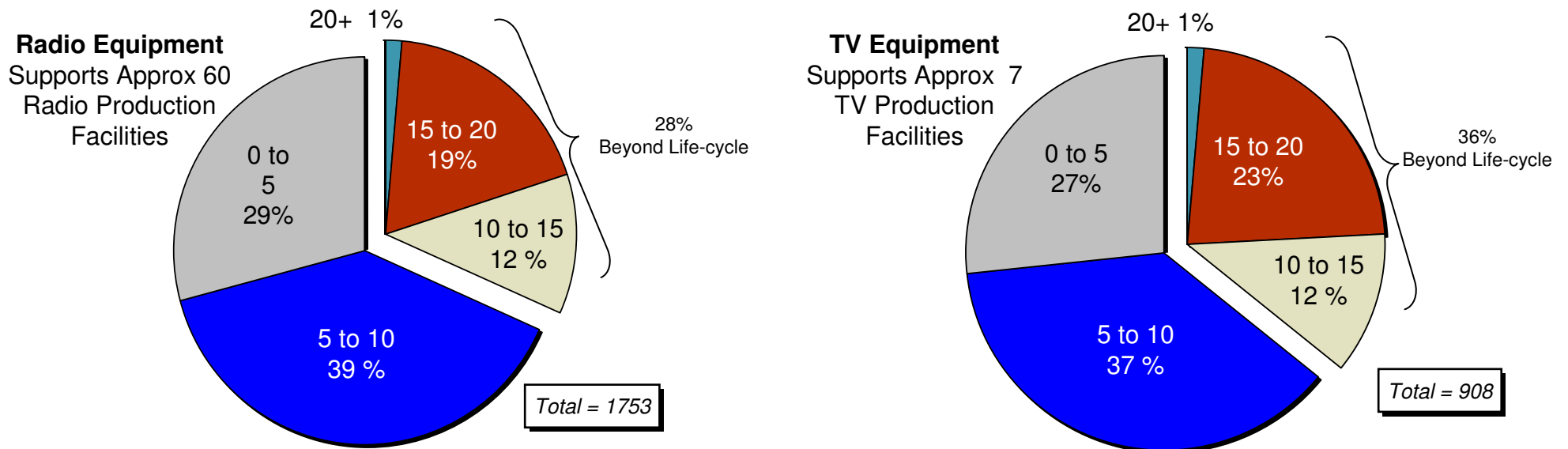
*\* Available data were limited; The output / input ratios may not represent accurately the productivity of individual language services as they do not include the FTE equivalent for contract labor used by some language services. Detailed research into the productivity of the individual language services was beyond the scope of this study.*

*Note: See Appendix F for additional detail on individual language services and the limitations of the available data*

*Source: BBG Budget Documents (as of 9/30/05)*

# Much of VOA's production equipment is beyond the industry-standard life-cycle

VOA Operations Equipment Inventory Categorized by Age (in years)



## ADDITIONAL EQUIPMENT DATA

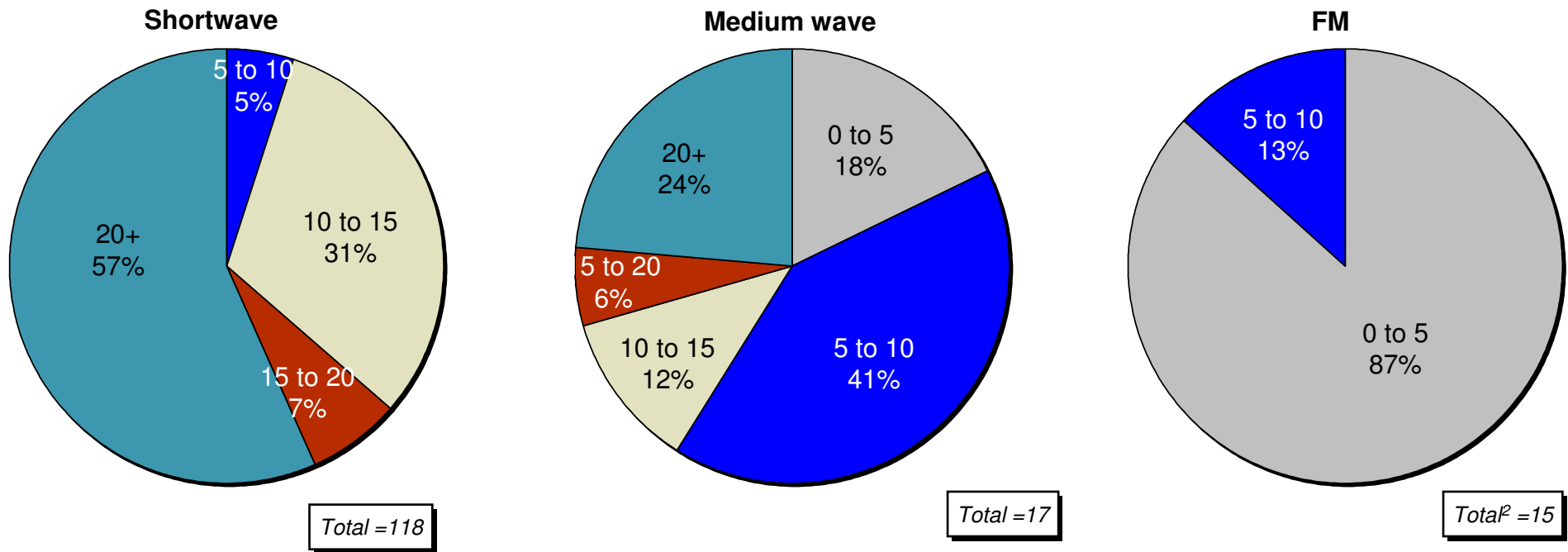
- ▶ 100% of VOA's primary radio broadcasting equipment is 15 to 20 years old
  - 19 radio studios are considered 'core' and used for daily radio broadcasting; all 19 are equipped with audio broadcasting equipment aged at 15-20 years
- ▶ Between 2001-2005, 687 pieces of a specific radio recording equipment were removed, as part of migration from analog recording to digital 'Dalet' system

Notes: Radio inventory analysis aggregates five equipment categories: Non-core audio consoles, Core studio audio consoles, Core studio audio processing and ancillary equipment, Studio audio record and playback equipment and Radio Master Control; Television inventory analysis aggregates two equipment categories: Television studios and TV Master Control; Beyond life-cycle section refers to equipment with a length of service exceeding the industry standard for that equipment (generally 7 years)

Source: VOA Operations Technical Services Inventory Spreadsheet (as of 9/30/05), 2005; BAH interviews

# The large majority of IBB's shortwave and medium wave transmitters are older than 15 years, while many of its FM transmitters are new

IBB Transmitter Inventory<sup>1</sup> by Age (in years)



<sup>1</sup> Includes currently transmitting stations only (as of 9/30/05)

<sup>2</sup> Total FM transmitter count is 32, however, age data was not available for 17 of these

Source: IBB Operational Broadcast Transmitter Network September 2004

## Findings: Resources

### ▶ **Budget:**

- The total operating budget for BBG has increased by almost \$200 million (+48%) since 2000; IBB accounts for more than \$85M of that increase (27% growth in IBB funding)
- Within IBB, VOA and Engineering each grew at approximately the same pace as IBB overall
- Within VOA, Language Services were allocated just over half (54%) of the total budget, and they grew slightly more (25%) than the total VOA (24%) over the period
- In general, IBB and VOA budgets have grown very modestly in inflation adjusted dollars since 2000

### ▶ **Staffing:**

- Over the past five years, staff levels at VOA and IBB Engineering have declined slightly
- During the same period, VOA and IBB have rapidly increased their use of contract staff to meet their production requirements
- The permanent staff across BBG has long tenure -- 33% have more than 20 years of service
- Some divisions have a high proportion of supervisory and managerial personnel (GS-14 and higher), although this varies widely by division

### ▶ **Equipment:**

- Much of VOA's radio and TV production equipment is beyond industry age standards, with less technical capability and requiring greater maintenance

## Conclusions: Resources

- ▶ ***The development of robust television production capability will require substantial investment over and above normal growth levels and will need careful planning and management***
  - Interviews inside IBB/VOA and with outside media experts indicate that television production costs from **4 to 10 times more** per minute than radio
  - The MBN example (\$80 million per year for a fully developed news and information television production and broadcasting unit plus a full radio station with a music and news/features format) can be used as a high-end benchmark
  - Other television efforts from the current VOA are envisioned as much smaller in scale than MBN. Many will produce individual programs rather than an extensive schedule; so, the costs for each language developed may be significantly smaller
  - Even at a smaller scale, there will be important initial costs for capital investment, studios, and equipment, as well as appropriate staff
  - More than 20 VOA language services are currently pursuing television production initiatives\*

\* As of 1/2006

## Conclusions: Resources

▶ ***The current staffing approach may not be sustainable***

- To a growing extent in recent years, IBB/VOA management has brought in new editorial and production talent as individual contractors
- This approach has proven faster and more flexible than the existing hiring process, allowing the organization to address some of its changing personnel needs more quickly, bringing in some needed skill sets and avoiding increases to permanent staff levels
- However, some of these contract employees seek longer-term opportunities whenever available, leading to frequent turnover in some areas, scheduling issues, and training needs
- Further, the current structure may limit the attractiveness of positions for potential employees with significant experience in television news, production and management
- The increasing use of contracted individuals has generated internal friction and poses ongoing morale issues among the workforce
- Contractors are managed by individual units and opportunities for sharing resources are missed
- A more flexible human capital system, especially for television, would improve overall effectiveness and efficiency

# Table of Contents

- ▶ Introduction
- ▶ Organization Structure and Authorities
- ▶ Business Processes
- ▶ Production Levels
- ▶ Resources
- ▶ Comparable Organizations
- ▶ Strategic Direction and Business Models
- ▶ Recommendations



## **This section highlights comparable organizations and practices in the public and commercial sectors, including the media industry**

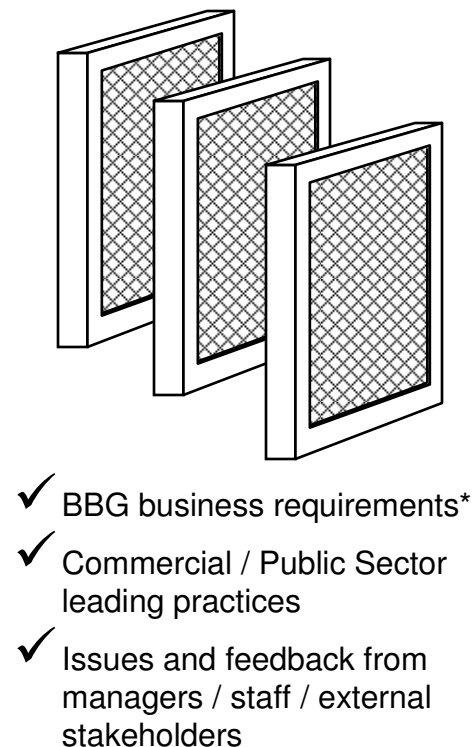
- ▶ We examined the structures and practices of private and public sector organizations, as well as reviewing industry-wide research, to provide comparisons with IBB / VOA
- ▶ This section discusses structures, functions and relationships in three areas:
  1. Operating units and the “corporate core”
  2. Multi-media programming/production units
  3. Marketing and programming
- ▶ These issues were selected based on the Board’s direction to prioritize organization structure, as well as our business process review and analysis of requirements from the BBG strategic directions
- ▶ Each area summarizes common features or trends from the research, and presents comparison to the current practices or issues facing the IBB and VOA. We recognize that differences may be fully justifiable based on the missions or context of each organization

## The project team conducted extensive research on leading practices to inform our analysis of the IBB and VOA

***The team gathered internal / external organizational data...***

- ▶ Input from key IBB / VOA management, staff, and external stakeholders
- ▶ Relevant commercial and public sector research\*
  - Collected both case study and best practice data
  - Conducted interviews with industry leaders/experts
  - Reviewed models / practices from ~ 10 organizations as well as cross-industry data
  - Drew from BAH's engagements with commercial and public sector media organizations

***Evaluated them across the emerging BBG organizational criteria...***



***And identified leading practices in key areas that informed our analyses and recommendations on...***

- 1 Operating units and the “corporate core”
- 2 Multi-media programming / production units
- 3 Marketing and programming

*Note: As stated in the SOW, and further refined through client consultations*

## **The first area of comparison is the responsibilities managed by the “corporate core” versus those conducted by business units**

- ▶ One of the areas of concern raised throughout the study of IBB/VOA was the distribution of functional responsibilities throughout the organizational structure
  - Which functions should be managed directly at the USIB level and which should be conducted by the individual business units?
  - In the government-operated part of USIB, what grouping of functions makes an effective and efficient business unit?
- ▶ We examined how comparable public/private organizations -- media firms in particular -- distinguish between functions managed at the central corporate level and those managed within their individual business units
- ▶ We found that the specific functions managed by the corporate core vary by the size, asset diversity and management approach of the corporate leadership
  - However, there are some leading practices in assigning responsibilities to strategic business units
  - The basic approach is to give them resources, control and accountability for their performance

## The involvement of the corporate core in business unit decisions varies among multi-media companies, reflecting their different strategies to build value

### *Role of Corporate Core & Rationale*



- Strong CEO and small corporate core
- Significant input into business unit strategy and major decisions
- Value derived from the underlying brands



- “Hands on” management by CEO and corporate staff
- Value derived from exploiting products/characters across business units



- Strong CEO and executive management team
- Significant input into business unit strategy; strong financial oversight
- Significant global presence and strategies requires coordination



- CEO emphasizing decentralization; shrinking corporate core
- Value driven by business unit
- Diverse portfolio requires local decision making

# A large majority of broadcasting organizations we researched had strong business units executing the corporate strategy

Organization	Role of the Corporate Core	Sample* Business Unit Characteristics			
		Clear, Distinct Value Proposition	Authority to Make Decisions to Execute Strategy	Control of Necessary Resources	Accountability Procedures for Unit Performance
Viacom** (MTV Networks)	Strategic Management	●	●	●	●
Disney Corporation (ABC News)	Active Management / Operationally Involved	●	◐	◐	●
News Corporation (Star News)	Strategic Management	◐	◐	◐	●
Bertlesmann AG (RTL / M6)	Strategic Management	●	●	●	●
Discovery Communications (US Networks)	Active Management	◐	●	●	No Data Available
BBC (BBC World Service)	Active Management	●	◐	●	No Data Available
Regional (Int'l) Broadcaster	Active Management	◐	◐	●	◐

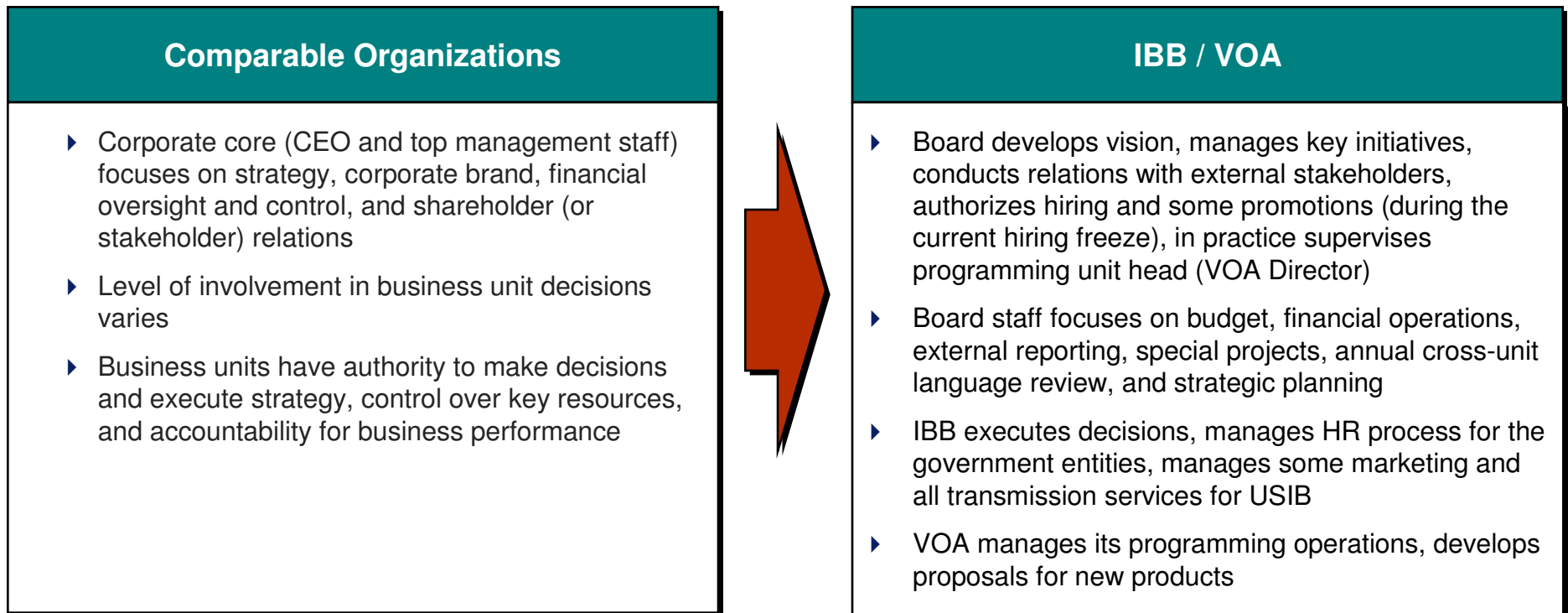
Relative Strength of Business Practice



\* A representative sample of broadcasting business units was researched within each larger organization  
 Note: "Business Units" ranged in scale and scope depending on the media organization; Viacom split into two publicly traded companies, Viacom, Inc. and CBS Corporation, as of 12/31/05  
 Source: Corporate Documents, Proprietary Client Research, Executive Interviews

# Neither the IBB nor VOA is structured either as a corporate “core” or as a pure “business unit”

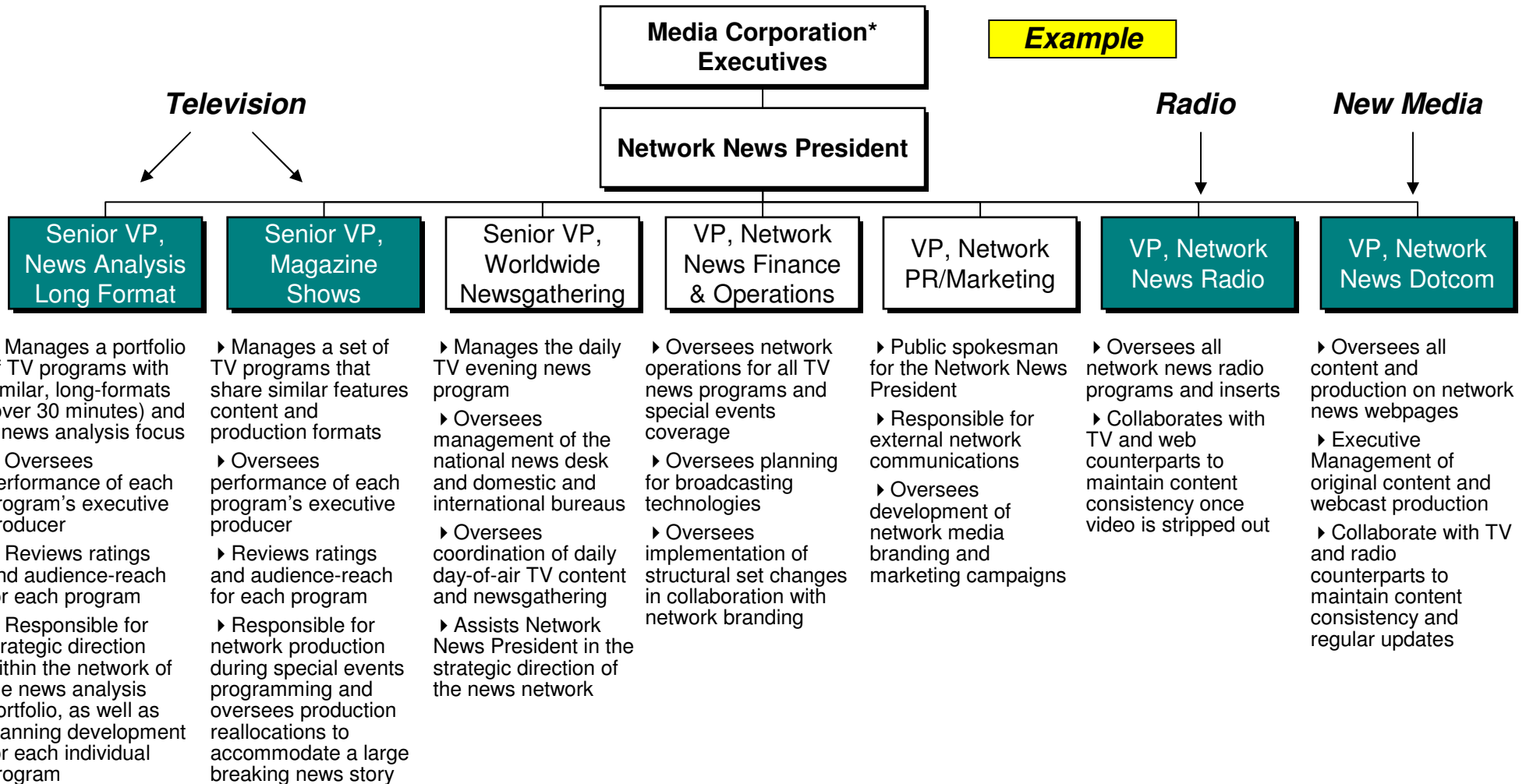
## Corporate Core and Business Units



## **The second area of comparison is how multi-media programming and production operations are organized**

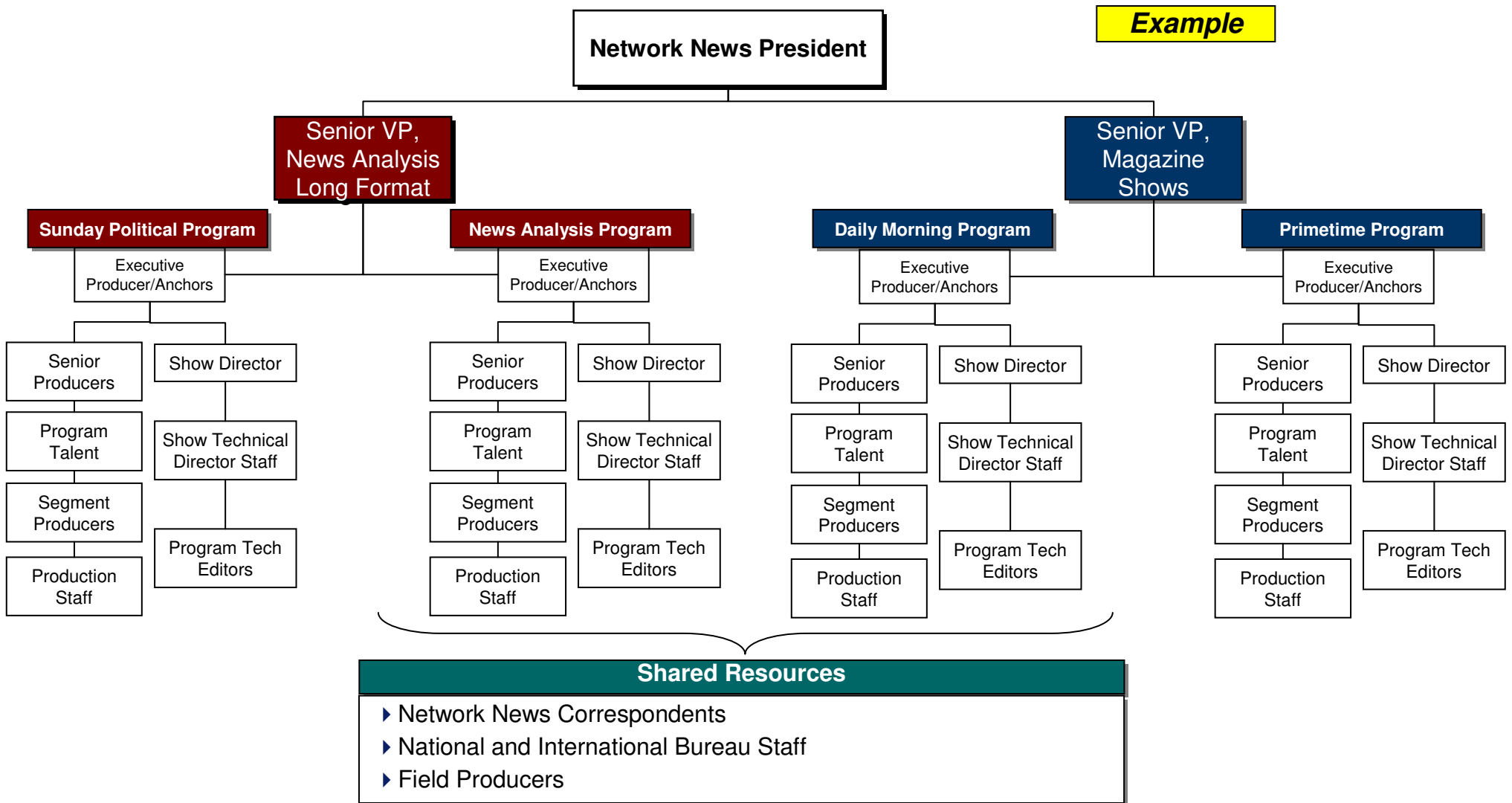
- ▶ During the course of our baseline research and interviews, we collected a great deal of feedback on the current implementation of television / new media initiatives
  - Stakeholders expressed varying opinions on the ability of VOA to fully implement these initiatives
  - Many questioned whether the VOA structure could manage both radio and television operations effectively and efficiently
- ▶ To inform our analysis, we researched how media organizations align multi-media programming and production functions within both their overall corporate structure and also within the business unit

# A US-based major news network illustrates alignment by broadcast media, and within TV by format, a very common approach



\*Interviewees of this corporation spoke with BAH on the condition that data would not be attributed to the company  
 Source: Confidential Media Company Interviews; BAH Analysis

# Within the TV business units, program teams are constructed based on functional production requirements



Note: Interviewees of this corporation spoke with BAH on the condition that data would not be attributed to the company  
 Source: Confidential Media Company Interviews; BAH Analysis

# The commercial and public broadcasters we researched separate their Radio, TV, and New Media production capabilities by medium

Organization	“Hard Alignment” between Radio / TV	TV News BU Alignment by Format / Program	“Producer-driven” TV News model	New Media as separate operating unit	Centrally-gathered News Content shared among BUs
CBS Corporation (CBS News)	●	●	●	✓	◐
Disney Corporation (ABC News)	●	●	●	✓	◐
Time Warner (Turner Broadcasting / CNN)	◐	N/A	●	✓	●
British Broadcasting Corporation	◐	N/A	●	✓	◐
Regional (Int'l) Broadcaster	●	●	●	✓	◐

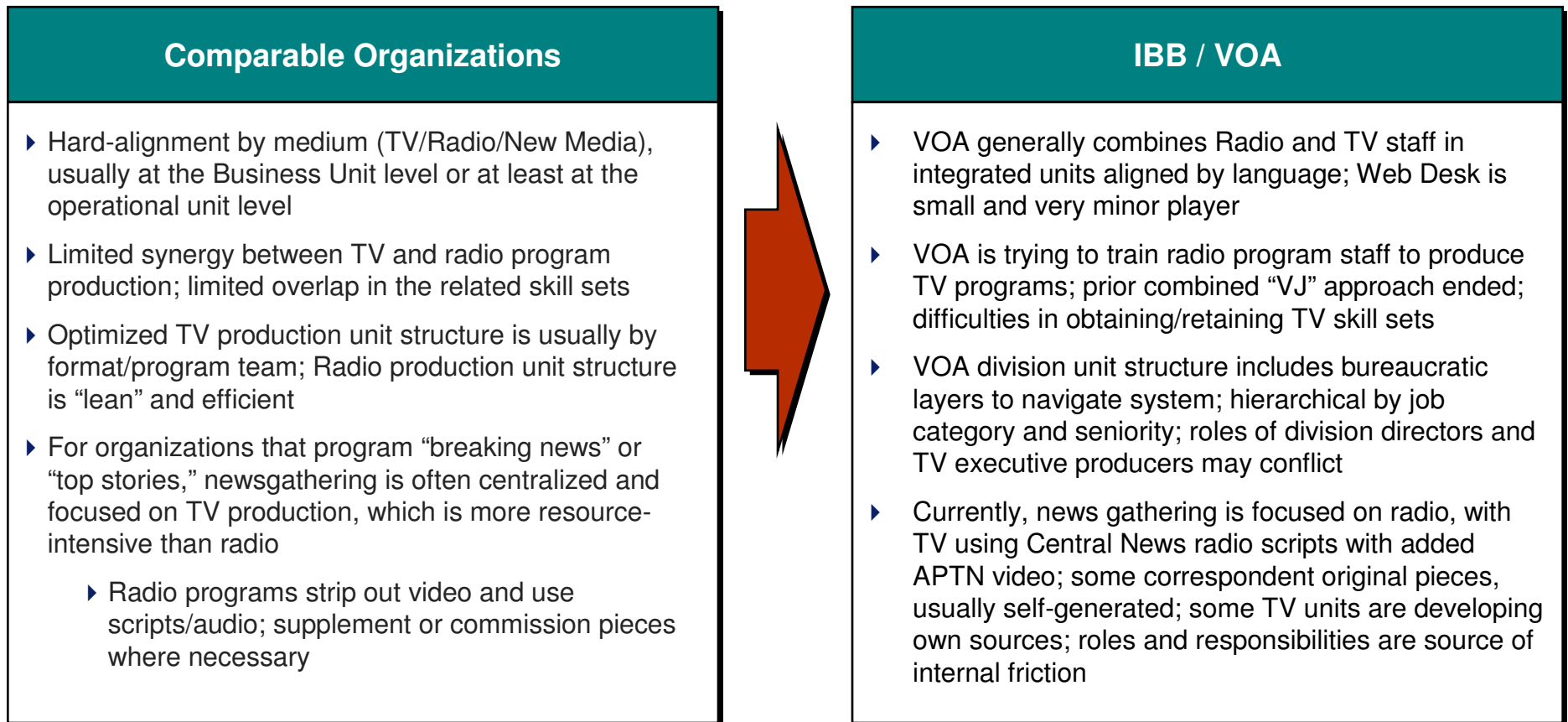
Relative Strength of Business Practice



Note: Viacom split into two publicly traded companies, Viacom, Inc. and CBS Corporation, as of 12/31/05  
 Source: Corporate Documents; Proprietary Client Research, Executive/Staff Interviews.

# The VOA practice of combined radio and television operational units is uncommon among broadcasting organizations

## Multi-media Production Organizations



Source: Confidential Media Company Interviews; Interviews with Industry Experts; Proprietary Media Client Data, BBC Company Data, BAH Analysis

## **The third comparison area is the relationship of the marketing and programming functions in multimedia organizations**

- ▶ As discussed in an earlier chapter of this report, the relationship between the IBB Office of Marketing and Program Placement (OMPP) and the VOA has been problematic, and several structural or procedural responses have been proposed. For comparison, we examined how the marketing and programming functions are related in several media organizations
- ▶ First, we identified the functions of OMPP as compared to commercial marketing units, to be sure that researched examples were relevant to OMPP's primary affiliate marketing activities
- ▶ Second, we looked at the structure of these functions in a number of relevant media organizations, including public service broadcasters
- ▶ Third, we analyzed why these marketing functions were split out into a separate unit from programming
- ▶ Finally, we identified the key operating challenges that these organizations face in maintaining high performance in the separate but inter-dependent units

## The IBB Office of Marketing and Program Placement conducts some but not all functions common to marketing units in commercial firms

### IBB Office of Marketing and Program Placement

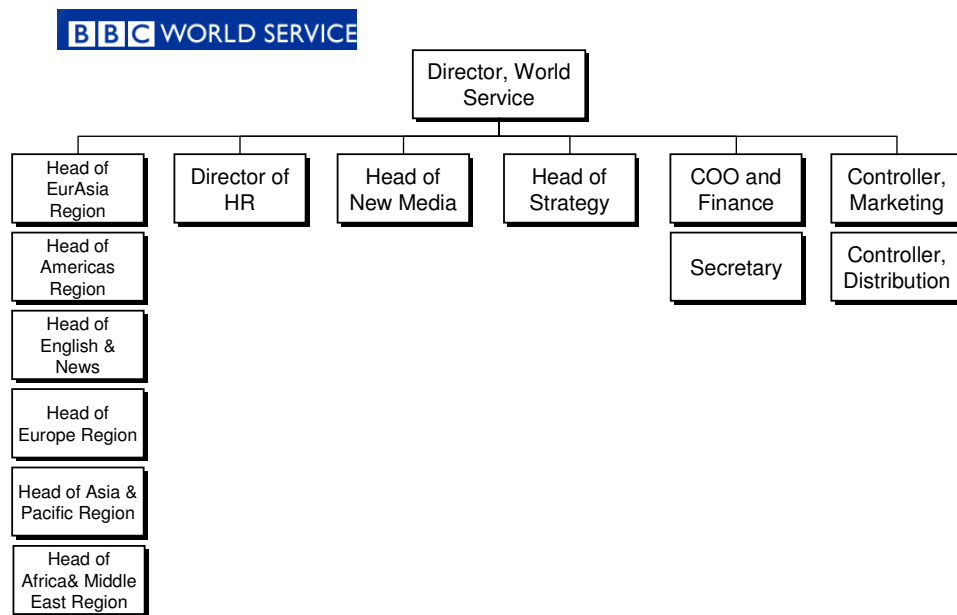
- ▶ Identifies and secures AM, FM, TV and internet broadcasting arrangements through local and network affiliations and licensing agreements
- ▶ Manages and services worldwide affiliates
- ▶ Promotes awareness of VOA and its programs in target media markets through brand and program advertising and other promotional activities (currently very limited)

### Commercial Marketing/Sales Functions

- ▶ Market Research / Tracking:
  - Conduct viewer / advertiser segmentation and preferences analysis
  - Monitor and measure ratings of internal channels/programs
- ▶ Branding / promotional campaign development and execution
- ▶ Affiliate program marketing, sales and management
- ▶ Advertising sales

## Example 1: The BBC World Service manages the relation between marketing and programming at the business unit level

### 2005 BBC World Service Management Board



### Key Characteristics

- ▶ Marketing and program distribution functions report to the Director of the World Service, and are “dotted line” aligned to the corporate Marketing Communications & Audience group
- ▶ Programming is generated by regional divisions who also report to the Director of the World Service
- ▶ The alignment of these functions is managed and coordinated at the business unit level, under the business unit Director

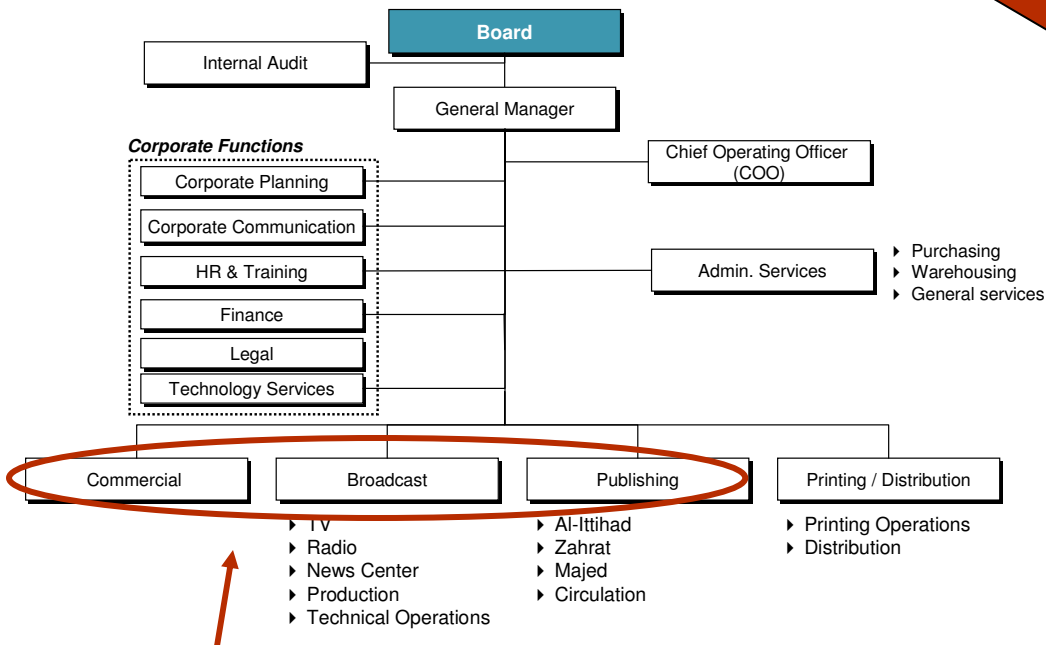
Source: BBC 2005 Annual Report; BBC World Service Annual Review 2004-2005

Note: BBC World Service has announced 2006-2007 changes to the organization that have not yet been formally documented

## Example 2: A regional broadcaster has separate marketing and programming business units that report to one General Manager...

**Client Example**

### Regional (International) Multi-media Organization



*Separate marketing / sales and broadcast / publishing functions*

### Key Characteristics

- ▶ Separation of “commercial” and broadcasting / publishing functions
- ▶ Commercial functions include:
  - Ad sales and brand management (corporate marketing)
  - Limited affiliate relationships
- ▶ Broadcasting / Publishing functions include:
  - Consumer marketing and promotions
  - All programming, production, and transmission responsibilities (in addition to select facility-related management)
  - All magazine and newspaper editorial and production activities

Source: Internal Company Interviews/Documents; BAH Analysis

Note: The example organization includes both TV/Radio broadcast operations with a Commercial and Public Service Remit

## The same broadcaster considered the tradeoffs involved with integrating or maintaining separate functions...

A stand-alone marketing function can capture efficiencies and synergies...

**Client Example**

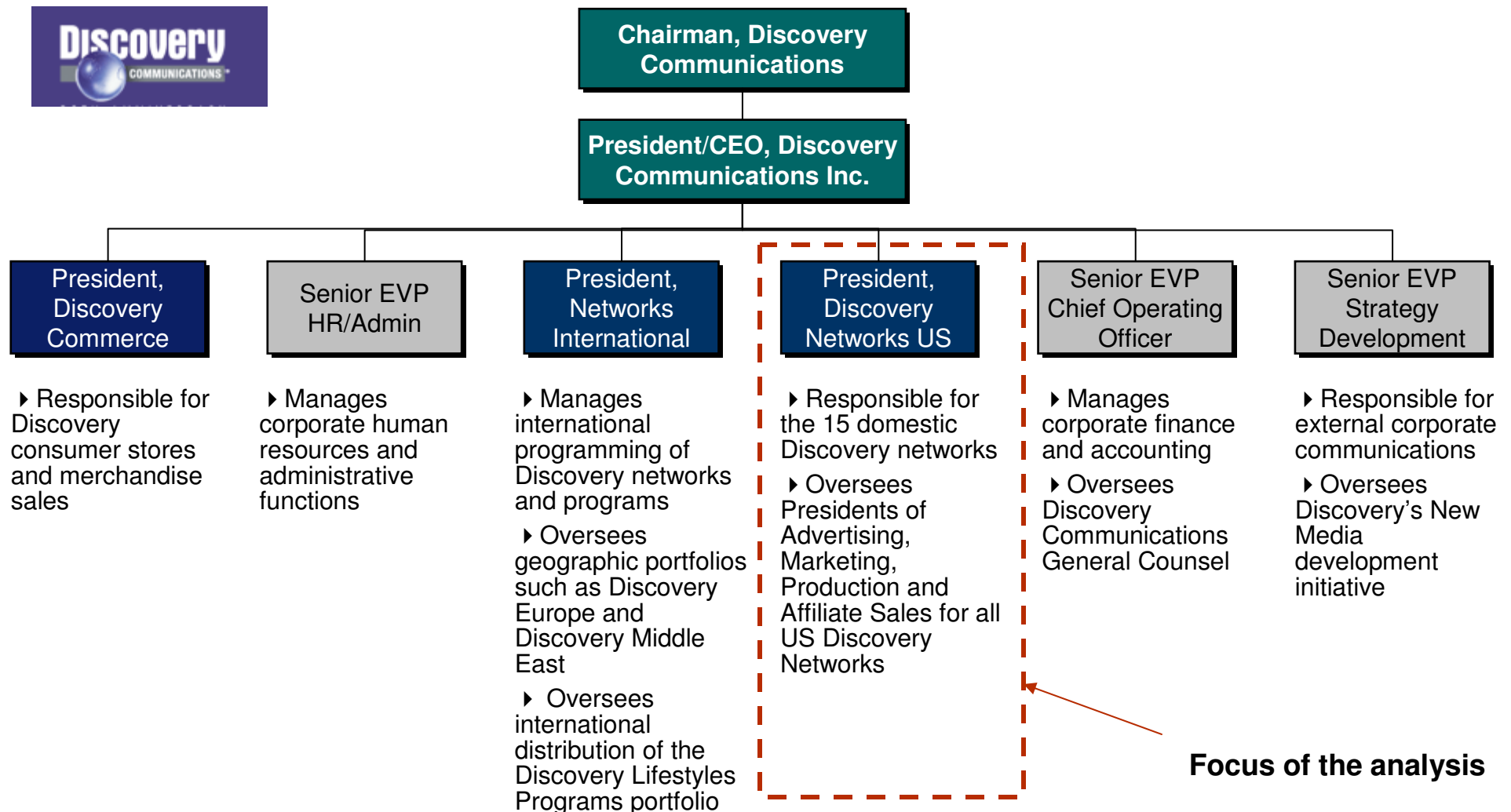
Evaluation Criteria	Option 1 Stand-Alone Function	Option 2 Integrated Within Each BU	Comments / Rationale
▶ Lower costs (efficiency)	✓		<ul style="list-style-type: none"> <li>▶ In Option 2, the organization needs to:                             <ul style="list-style-type: none"> <li>– Hire additional salespersons and an extra Head of Section</li> <li>– Set up 2 functions which will increase overhead costs</li> </ul> </li> </ul>
▶ Single interface with media buyers	✓		<ul style="list-style-type: none"> <li>▶ Media agencies prefer to have a single point of contact; Heavily consolidated media buying market</li> </ul>
▶ Better positioning for cross promotions across media types	✓		<ul style="list-style-type: none"> <li>▶ More than 80% of Company XYZ ad sales are done through 10 big media agencies in Region</li> <li>▶ Strong advertising preferences for specific channels provide enough leverage to sell TV spots</li> </ul>

### ...but integration ensures better coordination and performance accountability

▶ Better coordination and communication with broadcast and publishing BUs		✓	<ul style="list-style-type: none"> <li>▶ In Option 2, the head of BU manages the flow of information between the commercial department and specific programming operations</li> </ul>
▶ Better BU P&L accountability		✓	<ul style="list-style-type: none"> <li>▶ In Option 1, the head of BU and the head of the commercial function may have competing and/or diluted interests</li> </ul>

## ...and decided to maintain separate units, but to improve coordination

## Example 3: Discovery Communications illustrates an evolving relationship between marketing and programming functions...

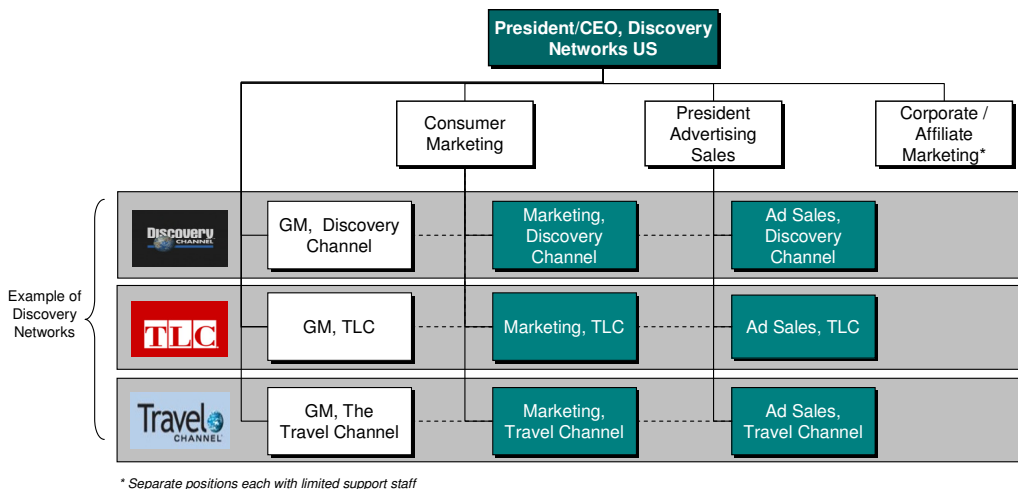


Source: Company Interviews; BAH Analysis

Note: The issues of Discovery Networks US mapped most closely to the structural issues of the BBG/IBB/VOA

Final Report: Review of IBB / VOA, Volume 1

## For many years, Discovery's marketing and programming organizations were aligned primarily by network...



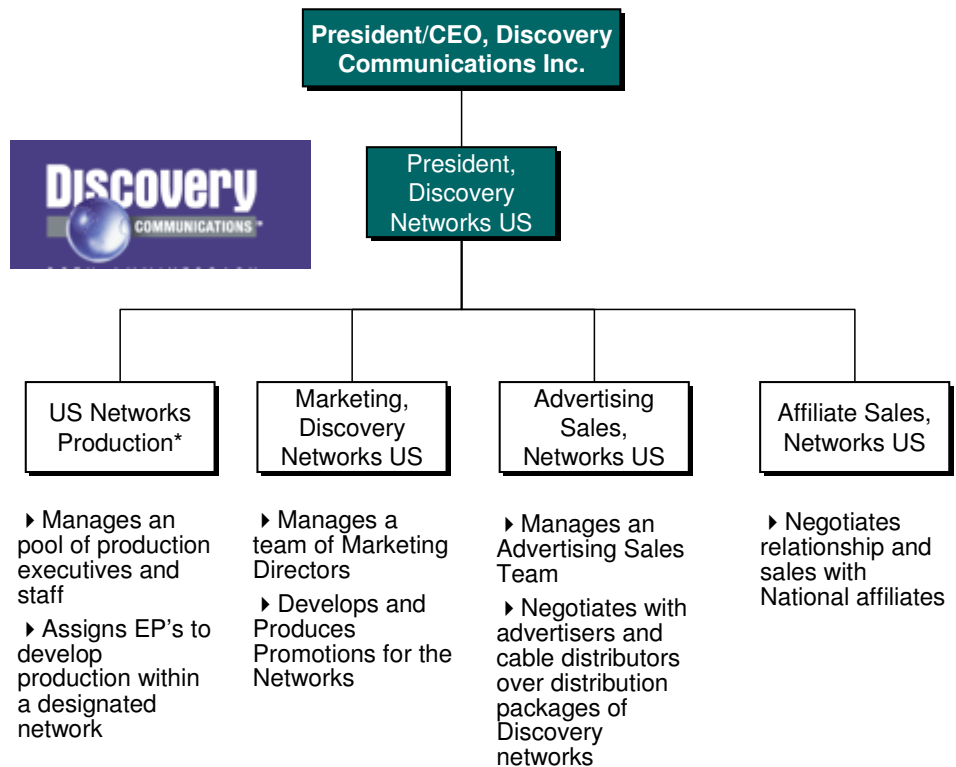
### Key Characteristics

- ▶ Marketing / Affiliate and programming functions were managed within a business unit of the broader corporate structure
- ▶ Matrix organization in which marketing functions were aligned to specific product lines within the TV broadcasting portfolio
  - Components of the marketing / sales groups aligned to product teams, taking direction from both channel programming leadership and their functional leadership
- ▶ Affiliate and corporate marketing were not channel specific, and reported as separate units directly to the President of US Networks
- ▶ The channel programming units\* had significant input into program development and marketing activities

Note: Discovery Communications US had, and continues to have a significantly different mission and business model than the BBG, IBB and VOA. Example is included for illustrative purposes only; Org chart depicts Discovery Networks US only

Source: Company Interviews; BAH Analysis

## ...Recently, Discovery Networks US re-aligned its organization to reflect a more mature, marketing-driven business model



### Key Characteristics

- ▶ Channel-specific “silos” are eliminated, to support the sale of bundled content / advertising packages
- ▶ Sales / Marketing organizational units, including affiliate marketing, take the lead in determining market requirements
- ▶ Production / programming capabilities are pooled and allocated on an as needed basis to channels as programming and production capacity changes
- ▶ Internal tensions between programming still exist – the re-alignment is relatively new

*Note: Discovery Communications US had, and continues to have a significantly different mission and business model than the BBG, IBB and VOA. Example is included for illustrative purposes only; Org chart depicts Discovery Networks US only*

*Source: Company Interviews; BAH Analysis*

## The alignment of affiliate marketing activities varied significantly according to the growth strategy, media assets, and market reach

Organization	Separate Marketing / Programming Functions	Business Unit Affiliate Marketing Function
Viacom (CBS News)	✓	✓
Disney Corporation (ABC News)	✓	✓
Time Warner (Turner Broadcasting / CNN)	✓	✓
Discovery Communications, Inc.	✓	✓
British Broadcasting Corporation	✓	✓
Regional (Intl) Broadcaster	✓	

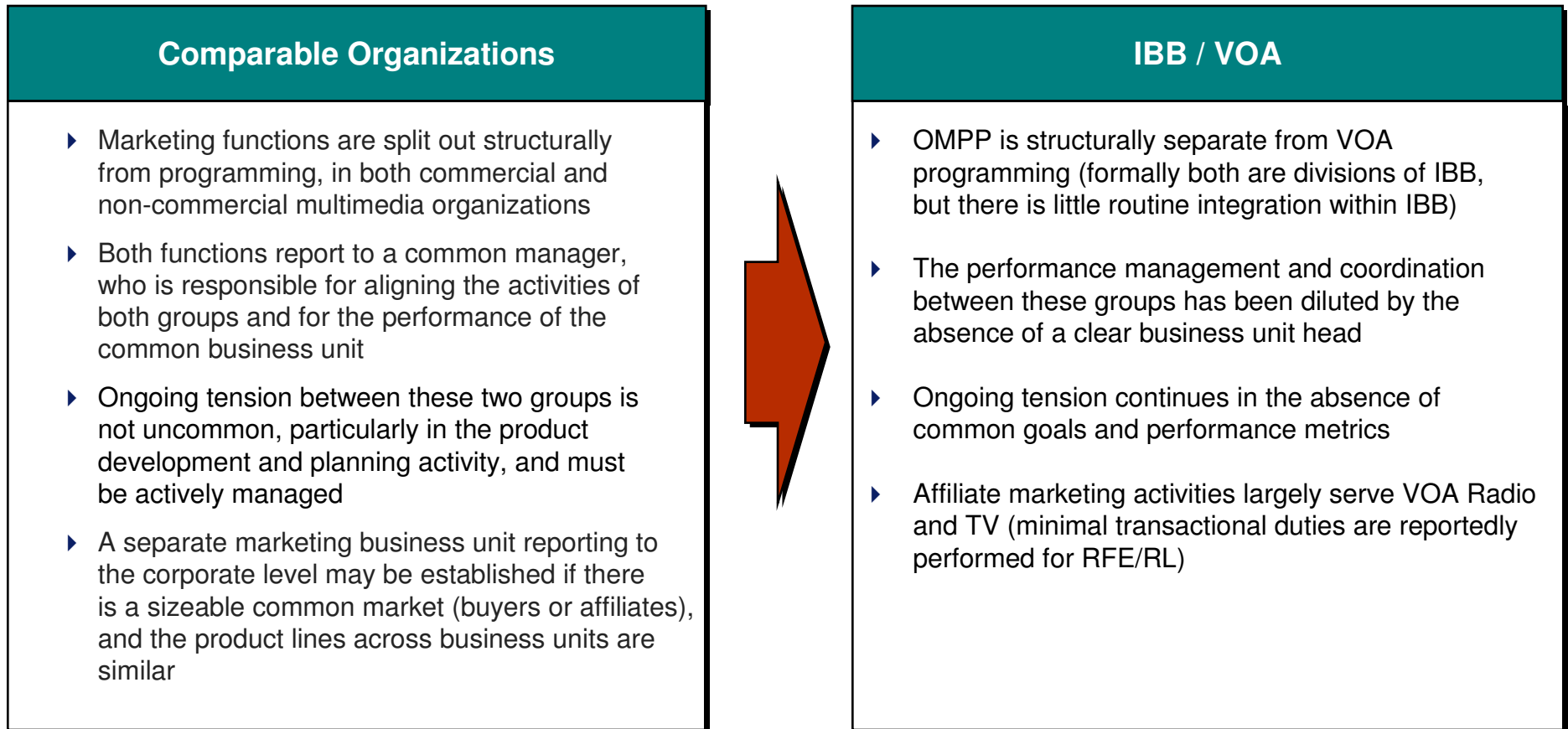
- ▶ Marketing and programming functions were consistently separated in the organizations we researched
- ▶ Many organizations had affiliate marketing activities at multiple levels of the organization
  - Corporate, business unit, and/or program
- ▶ Interaction with affiliates was not the exclusive domain of the marketing group (as programming needs dictated); however, functional responsibilities with respect to the affiliates were sharply defined
- ▶ The structure of affiliate marketing functions varied depending on:
  - Growth strategy, Asset portfolio / life cycle, Market Reach
- ▶ However, marketing and programming functions were typically actively managed by a common manager responsible for the performance of both operating units

✓ Practice of the Organization

*Note: Viacom split into two publicly traded companies, Viacom, Inc. and CBS Corporation, as of 12/31/05.  
Source: Corporate Documents, Proprietary Client Research, Executive Interviews*

# OMPP and VOA programming are more separated in practice than in comparable organizations

## Marketing and Programming



Source: BAH Study of Trends in Corporate Governance

## Conclusions: Comparable Organizations

- ▶ *The practices of many leading companies in media and other industries suggest that restructuring functions, decision rights, and accountability from elements of IBB and VOA into a single “natural” business unit with a professional administrator could improve organizational performance*
- ▶ *The experience of numerous other multi-media organizations suggests that creating separate units for television, radio, and new media may improve productivity and efficiency in these units*
- ▶ *The practices of private and public sector media organizations suggest that the marketing and programming function are commonly separate operating units that are actively managed within the same business unit*

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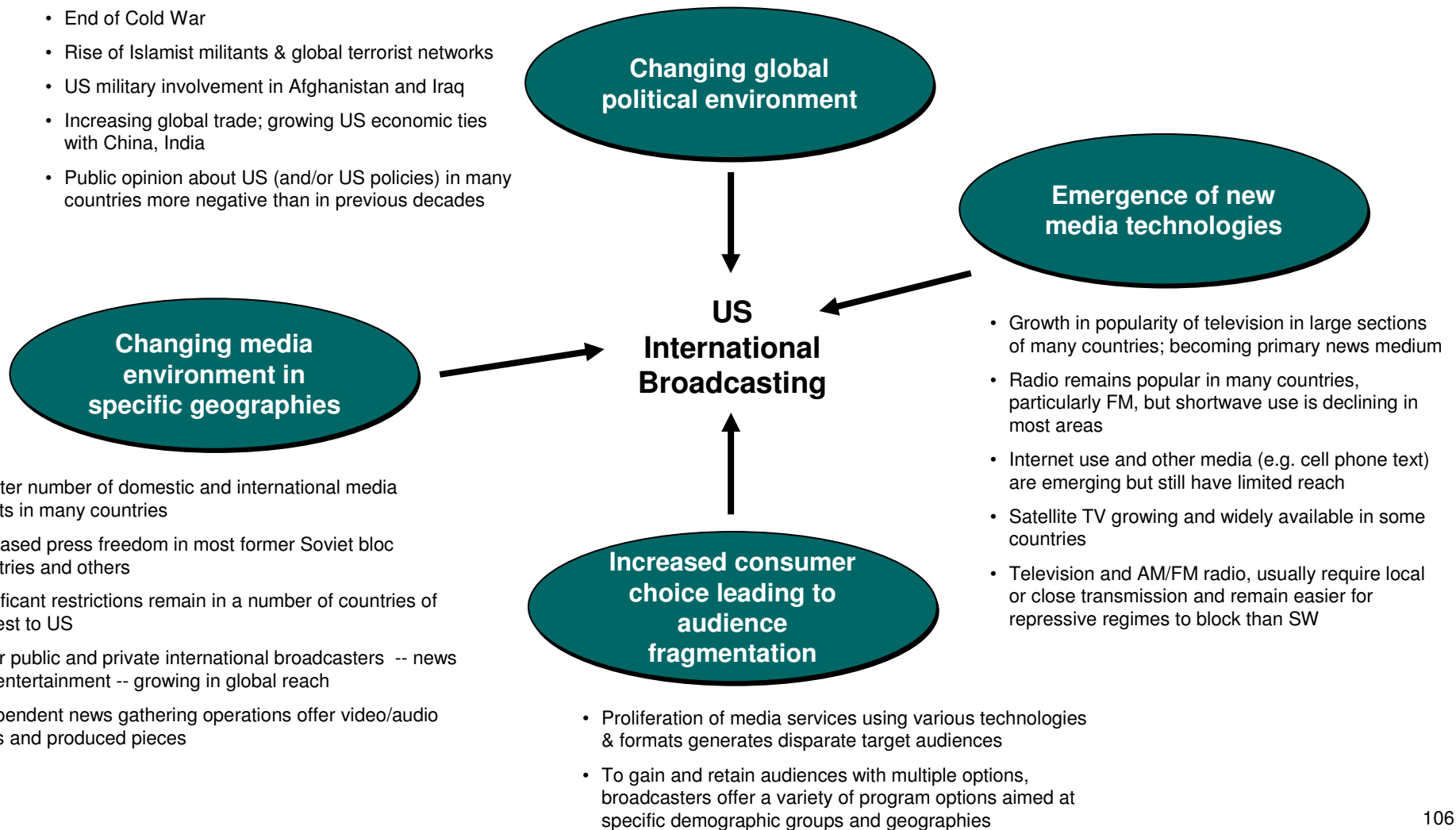


## **This section discusses new requirements that flow from the Board's strategic direction**

- ▶ First, we describe some of the important changes that have been occurring in the environment for international broadcasting in recent years, and the BBG's strategic response to some of these changes
- ▶ Second, we identify two major business models that are currently in use within IBB/VOA and describe their key features
- ▶ Third, we note several areas where BBG's strategic directions about the business model and media to be used raise important questions for the organization as it moves ahead
- ▶ Finally, we draw conclusions about critical requirements for the organization to implement the Board's strategic direction

# The environment for US international broadcasting has been changing rapidly over the past two decades

- End of Cold War
- Rise of Islamist militants & global terrorist networks
- US military involvement in Afghanistan and Iraq
- Increasing global trade; growing US economic ties with China, India
- Public opinion about US (and/or US policies) in many countries more negative than in previous decades



## BBG's 2002 strategic plan, "*Marrying the Mission to the Market,*" outlined a high-level approach to this changing environment

### BBG Mission

*"To promote and sustain freedom and democracy by broadcasting accurate and objective news and information about the United States and the world to audiences overseas."*


### BBG Vision

*"A flexible, multi-media, research-driven U.S. International Broadcasting System, incorporating regional networks and single-country operations, that reaches mass audiences by programming the distinct content of the Voice of America and the surrogate services through state-of-the-art formats and the distribution channels-AM, FM, audio and video satellite, shortwave, and the Internet – that our audiences use and we control."*

### BBG Focus

BBG supports 65 broadcast languages through over 90 language services (counting VOA and the surrogates separately) to more than 125 markets worldwide<sup>(1)</sup>

Congress has directed that U.S. international broadcasting should prioritize those countries and regions that lack democracy or are in transition to democracy

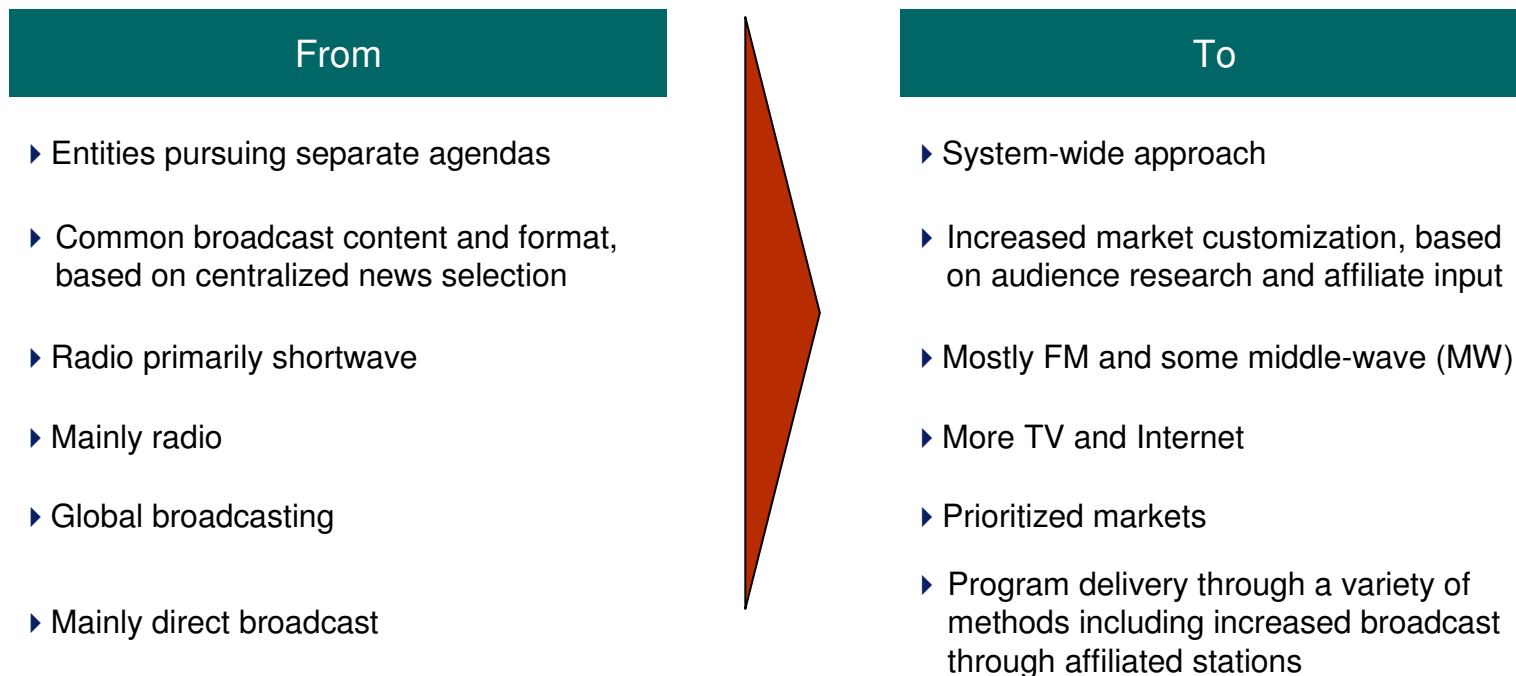
- 
- ▶ Seek to reach largest possible audience consistent with mission; focus on acquiring younger viewers and listeners
  - ▶ Increase focus of limited resources on key markets, particularly those relevant to the "War on Terror"
  - ▶ Manage a portfolio of content and distribution assets that allows the organization to customize media/programming to individual markets

(1) Note that BBG's 2005 Annual Language Service Review Briefing Book states that there are now 58 separate languages served by 82 language services across BBG

Source: BBG Strategic Plan 2002 – 2007; BBG Language Service Review 2005

## This approach proposed significant changes in the ways that the USIB, and specifically the IBB/VOA, carry out the mission

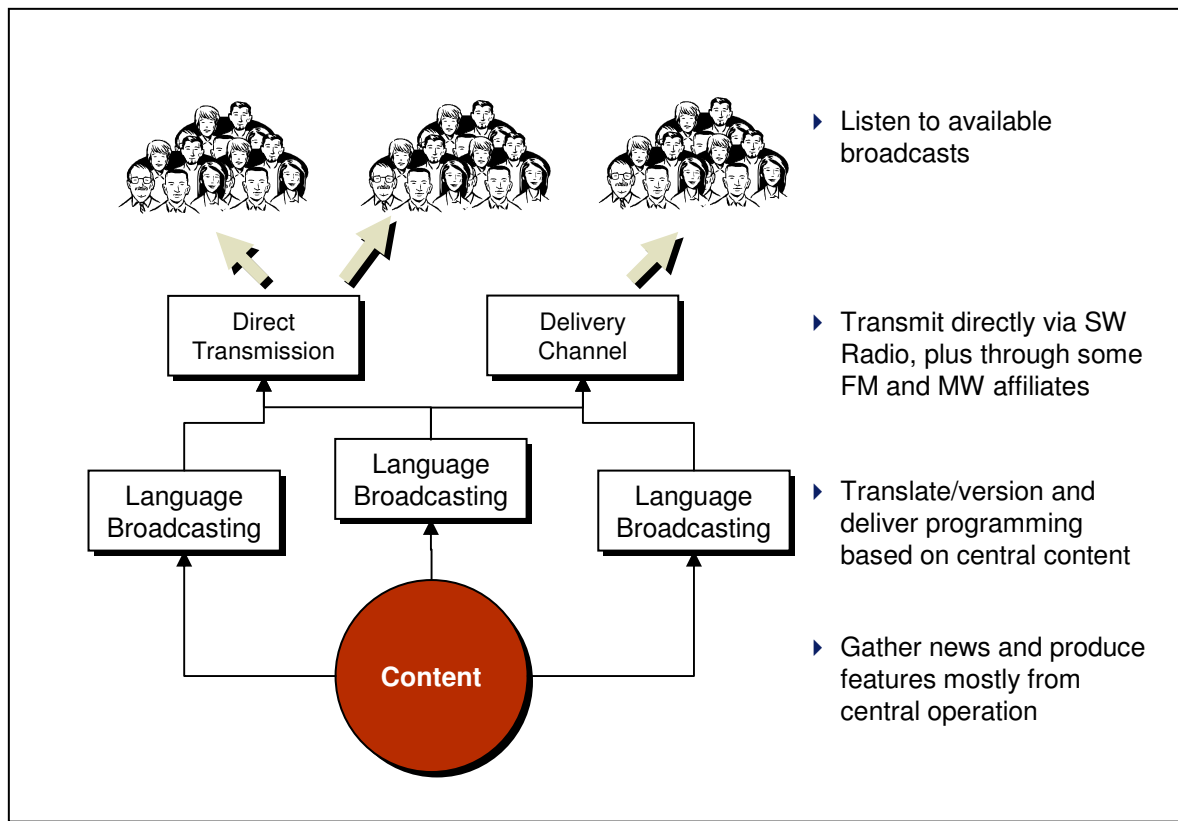
- ▶ The 2002 Strategic Plan and subsequent BBG budgets and reports stress the need to address the changing environment by making significant changes in approach:



Source: BBG Strategic Plan 2002 – 2007; Language Service Review 2005; Annual Budget 2005, 2006; Performance and Accountability Reports 2003, 2004, 2005

# VOA's business model has traditionally been content-driven, centralized, and direct-broadcasting focused

## "Content-Driven Business Model"

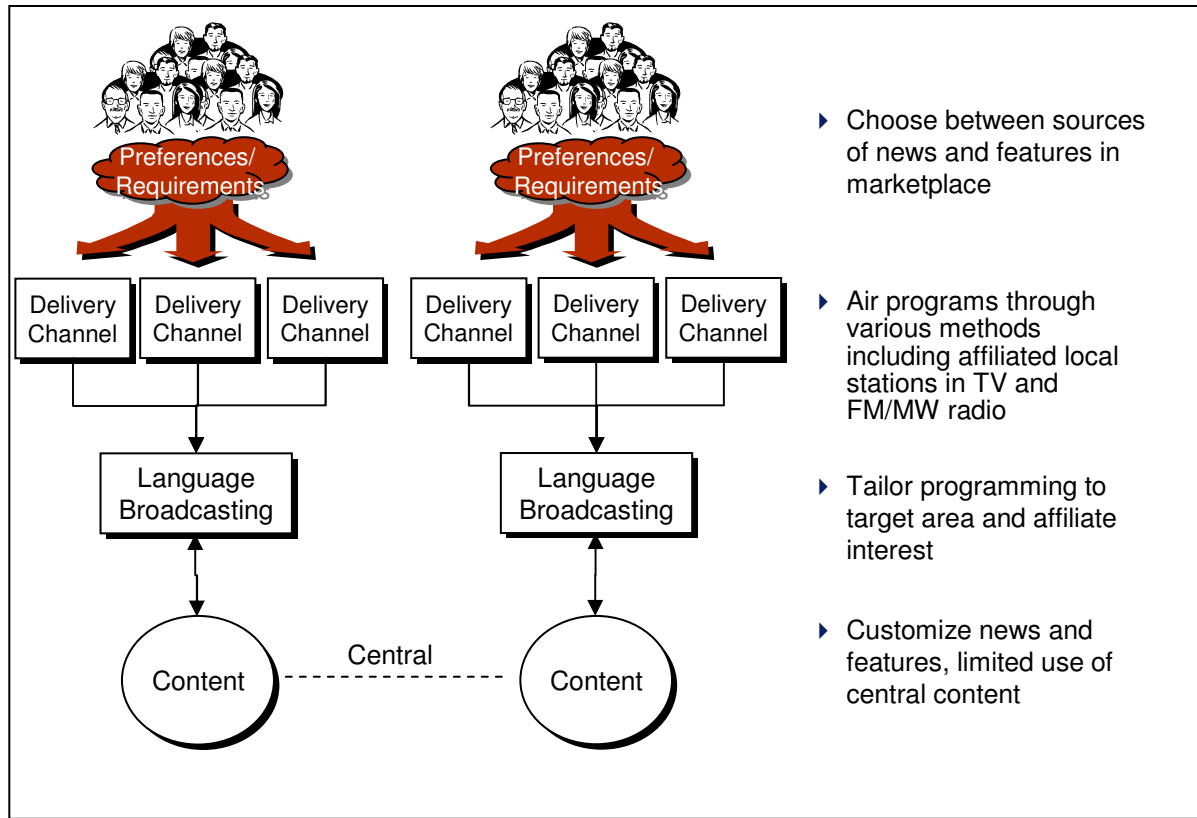


Features
▶ Focused on product content
▶ Primary provider of international and US news to self-selected audience, often surreptitiously listening
▶ Centrally-driven content gathering and production
▶ Common processes to capture efficiencies
▶ Customization for markets is secondary
▶ Program formats developed based on VOA judgments
▶ Operating as direct broadcaster
▶ Performance evaluated on output production
▶ Audience size data not critical; impact sought on opinion leaders

Source: BBG Strategic Plan 2002 – 2007; BAH interviews; BAH analysis

# In recent years, a second model has been introduced that is more heavily tailored to individual markets

## “Market-Driven Business Model”



Features
▶ Focused on increasing audience share in specific markets
▶ Competing for audience attention with other numerous local and international broadcasters
▶ Content and delivery driven by demand from individual markets
▶ Tends to emphasize local content and special interest information
▶ Low leverage of common content; custom content gathering drives costs up
▶ Operating mostly as programming provider to affiliated stations
▶ Distribution effectiveness is key
▶ Programming must fit into affiliates' schedules and formats; subject to greater restriction by governments
▶ Performance evaluated on reach and audience size

Source: BBG Strategic Plan 2002 – 2007; BAH interviews; BAH analysis

## **The organization could use a detailed “roadmap” to guide the implementation of strategic changes to the business model**

- ▶ Interviews indicated that IBB/VOA is currently using both of these business models
  - The content-driven model prevails in radio; the market-driven model is primary in television
  - However, within each medium, managers are trying use both approaches simultaneously
- ▶ Managers and staff expressed confusion about the changed business model and how to implement it within their operating constraints
  - Not all managers and staff are “on board” with the strategic direction
  - Others stated that the changes would have little or no effect on their units
- ▶ Those indicating support for the strategic direction asked for clarification about priorities, timing, resources, staffing plans and production capabilities, as well as a better understanding of who would be accountable for success

## Individual VOA language services have prioritized the development of television programming

- ▶ According to an internal count as of January 2006, at least 22 Language Services are either producing and preparing some form of television programming, plus Central Programming:
  - Hindi
  - Indonesian
  - Mandarin
  - Cantonese
  - Tibetan
  - Persian
  - Azerbaijani
  - Armenian
  - Uzbek
  - Dari
  - Pashto
  - Albanian
  - Bosnian
  - Serbian
  - Croatian
  - Ukrainian
  - Russian
  - Greek
  - Macedonian
  - Spanish
  - Worldwide English (India, Cambodia, Indonesia)
  - English to Africa
- ▶ The proliferation of TV efforts has placed a strain on the available studio time, the few camera crews, and other production resources
  - “Work-arounds” are common, for example having LS staff edit many pieces on laptops instead of using Operations
  - On several recent occasions, multiple Services have sent camera crews to cover the same event
- ▶ Managers openly state that they do not have sufficient staff with TV experience to produce the quality of product they would like and that most of their staff is simultaneously involved in radio programming
- ▶ LS managers ascribe their television initiatives to the need to stay strategically relevant. They stated the belief that only Language Services that produce television are likely to receive their budget requests
- ▶ Senior managers defended this approach as “sending a message” that VOA is moving toward substantial TV programming and expressed hope that some of these efforts would survive and eventually receive the resources needed for competitive-quality production

Source: BAH interviews; VOA documents

## Findings: Strategic Directions and Business Model...

- ▶ The US international broadcasting system operates in a complex environment that has been changing rapidly in recent years in several ways
  - Geopolitical changes
  - Widespread growth of television and FM radio in many markets
  - Availability of other international news and information broadcasters, as well as greater development of local radio and television stations of all types
  - Increased consumer access to a greater choice of media in many countries
  
- ▶ These environmental changes were identified in the BBG's 2002 Strategic Plan, "Marrying the Mission to the Market"
  - This document outlined a high-level strategic approach
  - Detailed strategies and implementation plans have not been developed
  - IBB / VOA executives, managers and staff seem uncertain about how to implement this approach systematically

## Findings: Strategic Directions and Business Model...(cont.)

- ▶ Much of VOA continues to operate under its traditional business model based on centralized generation of news content, adapted slightly for individual markets
  - Simultaneously, some of VOA (particularly in television) operates under a different business model emphasizing the creation of customized content for individual markets with relatively little use of common content
- ▶ The selective application of each business model is a fundamental driver for many aspects of the organization structure, processes, staffing, technologies, and resource allocation

## Conclusions: Strategic Direction and Business Models

- ▶ ***The Board has determined that major changes are required for USIB to meet the demands of the changing environment for international broadcasting and has outlined a high-level strategic vision***
- ▶ ***To implement this vision in IBB/VOA, a more detailed plan is needed to outline priorities, major milestones, and strategies for developing needed capabilities***
- ▶ ***Implementing the market-driven business model and the desired growth of television programming will require the development of greater and / or new capabilities in several areas, including:***
  - *Market analysis, affiliate relations, television news/content gathering and production, Internet and new media development, technology to efficiently produce competitive-quality programming, human capital management*
- ▶ ***Within each medium, the operation of the market-driven business model is likely to be more expensive per minute of production than the central content-driven model***
- ▶ ***In addition, the development of significant television programming production and technical capability will require major capital investment, as well as increased dedicated operating staff, and so will require significant short and long-term prioritization and planning***

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## This section articulates our recommendations for improvements to the IBB / VOA

### Summary of Recommendations

- 1 DEVELOP STRATEGIC ROADMAP:** Develop a multi-year “roadmap” to guide the IBB/VOA in implementing the Board’s strategic vision
- 2 INTEGRATE VOA/IBB INTO A BUSINESS UNIT:** Restructure VOA and select divisions of the IBB into an integrated, customer-focused business unit; move other IBB functions into a “shared service” unit
- 3 CONSOLIDATE TELEVISION:** Create a business unit responsible for television programming, production and distribution as well as Internet/New Media service offerings; renew IBB/VOA as a radio business unit
- 4 RE-ENGINEER BUSINESS PROCESSES:** Re-engineer the top priority business processes
- 5 DEVELOP KEY CAPABILITIES:** Develop / obtain the key capabilities necessary to implement the market-driven business model and a truly multi-media approach

## Recommendation 1: Develop a “Strategic Roadmap”

- ▶ As noted in the section on strategic direction and business models, the Board has developed a strategic vision for USIB. IBB / VOA management need a more specific plan to provide guidance for the many decisions that will need to be made to implement the vision
- ▶ We recommend that the Board conduct a structured planning process to create such a “roadmap” that identifies the key decisions in each area and the general sequence of major actions that are needed
- ▶ The plan would be a good place to set out the Board’s priorities for service provision over the next several years. Although such priorities may be politically sensitive, a comprehensive discussion of the criteria and a multi-year calendar provide the best opportunity to make the case for change where necessary
- ▶ The process of developing the roadmap also would be a good opportunity to generate discussions with key policy makers in the Administration and Congress and to seek support and resources for a multi-year framework

## **The strategic roadmap would articulate the major decisions facing the USIB and provide guidance for management to follow**

- ▶ Many of the key decisions needed to achieve the Board's strategic vision still need to be fully articulated
  - Managers throughout the system report that they do not fully understand the operational decisions that flow from the strategic vision
  - Setting priorities for investments in multi-year initiatives, updated technology and new capabilities -- and decisions on what to phase out when necessary – require determination of how these choices will advance the organization's goals, and how they fit together
  - The complex organization structure, the tangled lines of management authority, the limits of current performance objectives and metrics, the history of poor internal communications and the competing internal loyalties make it even more necessary for the Board to provide a clear path forward to all
  - The strategic roadmap can provide a framework for making specific choices with a sense of how they may affect the important building blocks of the overall vision

## **Developing a strategic roadmap for IBB/VOA would include some key steps**

- ▶ Use the planning process to gather input from policymakers and internal stakeholders and to develop greater support for the resulting decisions
- ▶ Set out a set of strategic goals to be accomplished over the next 3 - 5 years in pursuit of the vision, including implementation of the new business model and the expanded multi-media emphasis
- ▶ Set the priorities for service provision among various markets and audience segments
- ▶ Determine the key additional capabilities needed to achieve these goals and identify strategies to overcome any major obstacles in each area
- ▶ Identify a core set of specific performance objectives and measures that will indicate success or substantial progress in each area
- ▶ Direct the creation of an ongoing process to ensure that annual program, budget, and investment plans stay on course, and that management is accountable for performance on the objectives

## **In order to guide the action of the business units within USIB, the strategic roadmap should address issues in several key areas...**

### ▶ Organization:

- Define the structure for the USIB system to be most effective in achieving the overall mission in the changing global political and media environment
- Define the structure for TV and Internet functions at both the management and the production levels, and designate the responsible parties for developing and coordinating these capabilities
- As increased customization of programming for audiences in individual markets changes the role of VOA Central Programming, restructure so it will add greatest value
- Identify other major resources within the USIB system that should be leveraged through creative internal arrangements

### ▶ Resources:

- Determine the major capital investment costs and the long-term operating costs that will result from the strategic decisions
- Identify the anticipated level of resources over the next several years. Given that level, establish the pace for IBB/VOA to implement the new business model and multimedia services (recognizing that adjustments will need to be made based on actual appropriations received)
- Define how BBG can maximize the use and value of its reporting and production resources across the existing organizational unit boundaries within USIB

## **In order to guide the action of the business units within USIB, the strategic roadmap should address issues in several key areas...(cont.)**

### ▶ Staffing:

- Identify the skill sets needed to deliver radio, television and Internet programming in the new business model – news/editorial, production/technical, marketing, and management support -- and determine how well IBB/VOA's current skill sets match those needs
- Define the human capital approaches that will be used to address any skill gaps – training, hiring, labor contracting, purchasing products – and how capability development will be integrated with operational decisions

### ▶ Business Processes:

- Direct IBB/VOA to develop more efficient and effective news gathering and production processes, adapting methods used by other broadcasters and programmers where appropriate, with major milestones for implementation

### ▶ Technology:

- Identify the additional/replacement technology needed to produce competitive-quality programming, raise efficiency, and recruit/retain production/technical talent, and outline a schedule for procurement (subject to availability of funds)
- Determine how the BBG's strategic decisions on the business model, organizational and programming changes will affect the USIB worldwide technical infrastructure

## **In order to guide the action of the business units within USIB, the strategic roadmap should address issues in several key areas...(cont.)**

### ▶ Programming:

- Define criteria for determining the target audiences in each country/market, so appropriate programming can be developed and later evaluated and refined
- Identify the top priority markets/countries for delivering television programming, and set the timeframe for roll-out
- identify which markets are to be served by “full-service” broadcasting and which by program syndication
- Establish new mechanisms to ensure editorial quality control as individual Language Services produce more material that is not based on common edited scripts,

### ▶ Affiliate Relations:

- Identify ways to strengthen partnership between affiliate management and program development
- The market-driven model depends much more heavily on affiliates to reach target audiences in certain markets. Outline how IBB/VOA will identify and secure affiliates best positioned to reach the targets, gain access to desirable air times, and verify what is actually aired

## **Recommendation 2: Consolidate VOA and certain divisions of IBB into one integrated, customer-focused business unit**

- ▶ Create a single business unit from VOA and select divisions of the IBB to manage end-to-end program creation, production and distribution, including resource utilization
  - Include programming, marketing, operations, program support, and management functions
  - Create office of resource management for the business unit, matrixed to the CFO of USIB
  - Establish a level of integration and responsibility similar to grantees
- ▶ Create a single manager responsible for performance of this entire business unit, not only programming
  - Directly control key resources, within a framework established at USIB level for all components
  - Selected by the Board based on significant management experience in broadcasting and/or multimedia
- ▶ Transfer the IBB functions primarily supporting USIB or multiple components into a single unit, e.g. the engineering and transmission unit, as well as the capability to conduct system-wide language reviews
  - Structure this support unit as a “shared services” organization

## Closely-related functions of IBB and VOA could be combined into a single business unit or left within two organizational layers

### RECOMMENDED

	1. Single Business Unit	2. Separate Units
<b>ADVANTAGES</b>	<ul style="list-style-type: none"> <li>▶ Provides greater accountability for business results</li> <li>▶ Reduces layers and simplifies decision making processes</li> <li>▶ Increases process integration and efficiency</li> <li>▶ Facilitates planning and resource allocation based on total costs</li> <li>▶ Streamlines communication</li> <li>▶ Strengthens support units' responsiveness to their customers' business needs</li> <li>▶ Generates potential savings from combining management functions</li> <li>▶ Helps address VOA/OMPP linkages</li> </ul>	<ul style="list-style-type: none"> <li>▶ Maintains current roles and relationships</li> <li>▶ No legislation needed</li> </ul>
<b>DISADVANTAGES</b>	<ul style="list-style-type: none"> <li>▶ Takes leadership and energy to create a combined culture</li> <li>▶ Requires transition effort</li> <li>▶ Administration or Congress may oppose reducing political appointments</li> </ul>	<ul style="list-style-type: none"> <li>▶ Creates inefficiencies</li> <li>▶ Multiple layers slow decision making</li> <li>▶ Fragments business processes and decisions</li> <li>▶ Maintains current complexity and confusion of roles, or encourages more ad hoc delegations</li> <li>▶ Weakens accountability for business performance results</li> <li>▶ Makes tracking total costs more difficult</li> <li>▶ Maintains existing conflicts between VOA and IBB, wasting time and energy</li> </ul>

## **To make this integrated IBB/VOA business unit more focused, functions primarily supporting the USIB should be transferred out**

- ▶ The integrated business unit should include functions for programming, marketing, production and direct administrative support, among others
  - The specific organizational structure should be designed to incorporate the results of other related decisions, such as those recommended in this report
- ▶ Functions currently performed by IBB on behalf of the entire USIB system (e.g. engineering and transmission) should be transferred to a separate service unit
- ▶ This unit should be structured as a business unit operating in a “shared services” model
  - The other USIB business units would be its “customers”
  - The unit would be measured on its performance at delivering services at agreed-upon levels, encouraging it to be responsive to its customers
  - The utilization of services would be tracked (and could be charged if desired), encouraging customer units to manage their own demands for services

## **Recommendation 3: Create a business unit for development and operation of Television and Internet/New Media programming...**

- ▶ Create a specific unit focused on television programming, production and distribution
  - Set up as a business unit separate from the IBB/VOA combined unit
  - Preferably establish as a non-federal entity to facilitate recruitment, infrastructure development, flexibility and speed in hiring and procurement
  - Create either as a stand-alone unit, or as a unit combined with other USIB television operations (e.g. Alhurra)
  
- ▶ Base the unit's organization design and processes on models from the television industry and/or New Media organizations
  - Organize by format/program team to degree possible, rather than primarily by language
  - Adopt industry-standard structure for operational teams
  - Create TV-based workflow, rather than adding videotape to radio products
  - Determine specifics based on the anticipated scale and growth of the television effort, as well as the diversity of audiences sought

## **Recommendation 3: Create a business unit for development and operation of Television and Internet/New Media programming... (cont.)**

- ▶ Initially place an Internet/ New Media development unit as part of the television organization
  - An appropriate operating model would be developed, based on Internet/New Media practices
  - Utilize news writing resources from VOA radio to provide a major portion of content
  - Once unit achieves efficient scale, management might decide to spin it off into its own business unit
  
- ▶ Focus the existing IBB/VOA unit on radio programming, corresponding to the needs and interests of its target radio audiences in priority markets
  - Enable career radio professionals to concentrate on delivering the mission through updated formats and processes
  - Some radio professionals could also contribute content for the Internet/New Media delivery, including written pieces as well as audio

# Television and Internet/New Media can be developed within three basic structures

## RECOMMENDED

	1. New Entity	2. Combined Entity for TV	3. Current Structure
<b>ADVANTAGES</b>	<ul style="list-style-type: none"> <li>▶ Focuses leadership on strategic growth areas and capabilities</li> <li>▶ Improves production values to help attract audiences</li> <li>▶ Consolidates current assets and capabilities</li> <li>▶ Can lease TV studio space rather than more-expensive conversion of existing studios</li> <li>▶ Enables high degree of resource sharing across programs to maximize utilization of investments</li> <li>▶ Makes costs more transparent and easier to manage</li> <li>▶ Fosters recruitment of staff and managers with relevant experience from industry, avoids reliance on retraining radio personnel as main workforce</li> <li>▶ Avoids converting large number of VOA radio personnel, unless they voluntarily apply and are selected</li> <li>▶ Enables VOA to focus on radio modernization</li> </ul>	<ul style="list-style-type: none"> <li>▶ Same as Option 1</li> <li>▶ Leverages existing knowledge of TV production within USIB</li> <li>▶ Facilitate sharing of TV products</li> <li>▶ Some infrastructure could be shared, although additional equipment and studios would still be required</li> <li>▶ Some expansion of management from the other entity would be required, but less than for a separate organization</li> <li>▶ Avoids creation of additional entity</li> <li>▶ Could be major step toward full USIB restructuring by medium</li> </ul>	<ul style="list-style-type: none"> <li>▶ Maintains current roles</li> <li>▶ Maintains internal approach that there's room in TV for many radio staff who wish to be trained and switch over</li> <li>▶ Lowers the visibility of the cost of TV in overall VOA budget</li> <li>▶ Consolidated TV division could be created internally in VOA to improve sharing of resources</li> </ul>
<b>DISADVANTAGES</b>	<ul style="list-style-type: none"> <li>▶ Establishing the entity will take significant work</li> <li>▶ Start up costs will require funding</li> <li>▶ Some parallel management functions are required, although these could be streamlined</li> <li>▶ Retains more complicated structure than complete USIB restructuring by medium</li> <li>▶ Unions may fight this, although probably less so than a full conversion of the existing VOA</li> </ul>	<ul style="list-style-type: none"> <li>▶ Same as Option 1, except slightly lower start-up effort and costs</li> <li>▶ Governance/structure of successful MBN would need to be altered somewhat if it were to become part of broader TV-focused entity</li> </ul>	<ul style="list-style-type: none"> <li>▶ Fragmentation of efforts leads to competition, resource hoarding and duplicative effort</li> <li>▶ Difficult to share production resources across services and divisions</li> <li>▶ Production capacity growth not sufficient for overall programming demand</li> <li>▶ Radio professionals feel forced to operate in different medium with little expertise</li> <li>▶ Advancement largely based on seniority discourages talented potential staff from joining</li> <li>▶ Shift work and differentials prevent optimizing schedules</li> <li>▶ Reduces ability to staff with personnel with television industry experience</li> </ul>

## **Creating a consolidated television division within the restructured IBB/VOA organization provides only limited benefits and misses major opportunities for improvements**

- ▶ Some stakeholders have suggested that television programming could be consolidated into a single division within the IBB/VOA structure (whether or not it is revamped as recommended above)
- ▶ This step would have some advantages over the existing distribution of this programming across multiple VOA language services, notably:
  - Easier resource sharing
  - Easier prioritization
  - Staff transition could be done mostly through internal reassignment procedures
- ▶ However, this approach would miss the far greater opportunities that moving television into a separate, non-federal-agency structure would allow:
  - Staff the organization based on experience and demonstrated ability in television content, production and management rather than with a high proportion of reassigned career radio personnel trying to learn competitive-quality television techniques over the next several years
  - Organize the workflow and duties based on the requirements of the medium, using lessons from other broadcasters where appropriate, rather than using IBB/VOA processes
  - Retain greater flexibility to make changes in programming emphasis as situations change
  - Enable legacy VOA to succeed as a radio organization in its rapidly changing environment, by concentrating its management on changes in formats, technical requirements and audience behavior, and allowing its career radio professionals to build on their depth of experience

## Recommendation 4: Re-engineer top priority business processes

- ▶ Review of the IBB/VOA's core operational and management business processes indicated that many of these are excessively complex and should be substantially streamlined for greater efficiency
- ▶ We recommend that management initiate a “re-engineering” of several key processes
  - Identify the trade-offs between the level of effort required and the potential impact on efficiency or effectiveness
  - Prioritize the list of processes and address a “manageable few”
  - Conduct a formal re-engineering project, including best practices from other relevant organizations
- ▶ The list – and the processes themselves – would be substantially affected by the decisions made on the earlier recommendations on strategy and organization
- ▶ Based on our process review, we suggest that the initial “short list” include:
  - Program planning and marketing
  - TV content gathering and operational flow (which could be addressed in a reorganization)
  - Personnel management (especially hiring)
  - Budget execution (especially at the business unit level and below)

## **Recommendation 5: Develop / obtain the key capabilities necessary to implement the market-driven business model...**

- ▶ As stressed throughout this report, the IBB / VOA organization faces major challenges, and the Board has outlined a vision that will require substantial internal change to implement. The adoption of a market-driven business model as well as the development of television and Internet means that the organization needs to develop or otherwise obtain additional or improved *capabilities* in some key areas.
- ▶ We recommend that the Board and other management focus attention on building up these areas for the next several years:
- ▶ **Market analysis/program development/affiliate relations**
  - IBB believes that it currently has good audience research in most areas
  - It needs increased capability to interpret the research, combine it with knowledge of local affiliates, and use the results to shape programming that will reach the target audiences (that must be designated)
  - Since the new business model depends heavily on affiliates in certain markets, the organization's capability to work directly with them in target markets should be increased
- ▶ **TV news/content gathering and production**
  - Executives, managers and staff told us that VOA does not have sufficient capability to carry out the strategic vision
  - As discussed above, the strategy to obtain this capability depends upon the organization choices made

## **Recommendation 5: Develop / obtain the key capabilities necessary to implement the market-driven business model...(cont.)**

### **▶ Internet and New Media development**

- The potential for reaching target audiences through the Internet and other emerging media is enormous, yet VOA has only a tiny staff dedicated to making these platforms available
- Increasing USIB's capability in this area requires a focused but relatively small investment
- Existing VOA news writing and editing resources could be leveraged to contribute content

### **▶ Technology**

- The current technology and equipment at IBB/VOA is largely outdated and makes production less efficient
- Although bringing the technology base up to date will be expensive, there will be offsets in increased production efficiency as well as improvements in the production values of programming

### **▶ Planning and performance management**

- In an era of rapid change and budgetary pressures, the USIB and its business units need a stronger capability to plan comprehensively and to manage against useful performance metrics
- These capabilities can help ensure that both short-term and long-term budget decisions reflect the organization's strategic priorities

### **▶ Human capital management**

- The organization should explore all the possible flexibilities in the federal system, opportunities from contracting, and the potential of non-federal organizations (See following pages for detail)

## **At present, IBB/VOA uses most of the human capital management authorities available in the federal employment system...**

To respond to its needs over the past few years, IBB/VOA has used most of the current flexibilities available to federal employers, including:

▶ Restructuring and reshaping the workforce:

- Buy outs (cash payment for retiring) and early outs (waiving retirement time and age requirements)
- Reductions in staffing using RIFs and outplacement of displaced employees

▶ Recruiting and retention of employees:

- Recruitment campaign literature
- Electronic staffing systems
- Incentives such as recruitment and retention bonuses
- Professional growth opportunities and individual development plans (which include training)
- Quality of life incentives such as flexible work schedules and telecommuting

## **At present, IBB/VOA uses most of the human capital management authorities available in the federal employment system...(cont.)**

- ▶ IBB/VOA is currently evaluating additional authorities that will be available over the next eighteen months
  - Expanded flexibility for recruitment bonuses and allowances
  - Expanded flexibility for salary setting
  - Defining and using critical competencies for candidate selection, employee development and performance assessments
  
- ▶ The BBG and IBB Human Capital Plan, dated October 28, 2005, identifies additional steps which will improve performance
  - Streamlining and automating recruitment and hiring processes
  - Defining job and performance expectations
  - Linking organizational performance and results to leadership performance assessments
  
- ▶ The Human Resource Staff can provide valuable advice and assistance to IBB/VOA executives and managers in transition to new organization and staff models

## **To implement multi-media programming and the new business model, IBB/VOA must address key human capital challenges**

- ▶ IBB/VOA requires a reshaped workforce with the skills needed to implement its new business model, to develop and deliver effective television and Internet programming, and to update radio programming
- ▶ To attract and retain talent, IBB/VOA needs to assign responsibilities based on demonstrated ability and to reward performance more than tenure
- ▶ To respond to evolving national needs and the fast-changing media environment, IBB/VOA needs agility to grow programming quickly by shifting resources, including adding or reducing personnel in particular program areas or languages

## **To develop its strategic direction in TV and Internet programming, IBB/VOA needs to pursue several important human capital goals...**

- ▶ Attract and appropriately compensate individuals with the current experience, qualifications, and competencies to build and deliver contemporary TV and Internet/New Media
- ▶ Better recognize, distinguish and reward the talent of individuals – not only the job or position to which they are assigned
- ▶ Recruit recognized “leaders” in TV and the expanding markets of internet/new media
- ▶ Obtain needed skills to match IBB/VOA’s evolving media needs
  - Through development of existing staff where a business case can be made for “growing your own”
  - Through staff changes and/or contracting where the business case argues for infusion of new/outside talent

**...and the organizational approach selected will significantly influence IBB/VOA’s success in this critical growth area**

## **Creating a new TV/Internet division within VOA would be constrained within the federal employment rules**

- ▶ Establishing a unit within VOA, staffed with federal employees, would involve multiple steps:
  - Create an organization structure, identify the number and level of positions, identify qualification requirements including competencies to accomplish this work
  - Identify positions/functions across VOA which would move into this new organization to reduce duplication of resources performing similar/identical functions
- ▶ Civil service regulations provide “rights” for current VOA employees (including managers) who are currently performing similar work for more than 50% of their time to transfer into the new unit. Arguably, this would not be limited to the formal position descriptions but to the actual performance of those duties
  - This right to transfer would become increasingly important if the “rest” of VOA were reduced because of the creation of the new organizational unit
- ▶ After transfers, VOA would recruit against new PDs for the remaining positions, using the Federal system including priority placements of displaced VOA employees, veterans preference, etc
- ▶ Positions would be subject to current civil service pay structure and pay caps, which might not be competitive with market-based salaries in some TV and Internet/New Media positions
  - Retains structure of valuing the job, not the talents of the individual, in pay setting
  - Remains subject to Union agreements and possible negotiations

## **Specific legislative relief from some federal employment rules would ease the process, but might be difficult for BBG to obtain**

- ▶ Desired flexibilities include rules/regulations around: hiring, firing, discipline, and transfer of employees; pay and performance management; and relief from certain federal labor relations processes
  - Similar flexibilities are present in the Homeland Security and Department of Defense new personnel systems now being developed and implemented
  - Many of these flexibilities (but not those related to labor relations) are included in legislation proposed by the Administration for multiple agencies, called the Working for America Act
  
- ▶ However, legislation is not an easy fix for the challenges
  - It will provide only a framework for new flexibilities; developing the details and implementing the system will take months -- if not years -- of work
  - Further, even for those agencies where Congress has supported new human capital flexibilities – DHS and DOD – unions continue to play a significant role in the design of the new authorities
  - The Administration might not support separate legislation granting human capital flexibilities for BBG, since its emphasis is on getting Working for America passed for use across the government

## **In contrast, creating a TV/Internet organization in a non-profit environment has distinct advantages**

- ▶ Creating a new entity or one combined with an existing organization would involve multiple steps:
  - Create an organization structure, identify the number and level of positions, identify qualification requirements including competencies to accomplish this work
  - Pursue these tasks simultaneously; hiring can begin as the organization evolves
  - Use market comparison to other TV and Internet providers for establishing salary structure
  - Recruit from IBB/VOA staff (as well as others) with no automatic rights of placement – the most qualified candidates can be selected
  - Note that this approach and actions would not be subject to negotiation with existing Unions
- ▶ Build on BBG's experience with other non-profit entities
  - Experience in creating Radio Sawa provides a precedent and framework for moving work out of the federal agency environment
  - Human capital rules for the new organization can be patterned on the other entities as well as best practices in the private sector
- ▶ Legislation would not be needed for the purpose of implementing flexibilities from private and non-profit sector employment practices, although it could simplify initial employee transfers

## **Beyond building TV/Internet capabilities, IBB/VOA should address human capital needs supporting radio modernization**

- ▶ Based on the strategic road map, define the future role, organization, skills and staffing needs for radio
- ▶ Several human capital options can be explored to achieve that desired end state
  - Use attrition and limited hiring to “new” positions – This is the most passive approach, may not result in the end state for many years and the resulting staffing may not match needs
  - Continue to use existing flexibilities such as buy outs and early outs targeted at particular units to reshape the workforce – This more directed approach should result in a closer match of staffing to needs
  - Expand use of individual contractors for radio functions – The mixed/blended workforce challenges managers’ ability to accomplish work and will likely affect employee morale
  - Commission and purchase programs from production companies, with appropriate editorial control – This provides more flexibility to expand/reduce programs/formats
  - Pursue competitive sourcing (A-76) for all or part of the function – This would enable employees to develop a “most efficient organization” to compete with outside bidders for the work; the end result is more efficiency whether left in government or contracted out
  - Place this function in a new or existing non-profit corporation under BBG and transition workforce as described previously for TV/Internet
- ▶ Both competitive sourcing and creating a non-profit organization would require Administration concurrence and may require Congressional notification and approval

## **Reconstituting all of IBB/VOA as a non-profit entity would provide the greatest flexibility to address its human capital needs...**

- ▶ As a non-profit organization under BBG, IBB/VOA would have far greater flexibility than it does as a federal agency
  - Shift resources rapidly from one program/language area or medium to another as needed
  - Hire, fire, transfer or discipline employees
  - Recruit and hire through a faster process
  - Compensate employees based on their individual level of experience, performance and market value (within limits)
  - Modernize work duties to consolidate some functions across occupations based on new technology (e.g. desktop editing by program staff)
  - Develop varied work schedules to accommodate program requirements and personal needs
  - Establish time-limited employment contracts or employ “at will”
  - Utilize a combination of employee-produced and outside-produced products if desired

## **Reconstituting all of IBB/VOA as a non-profit entity would provide the greatest flexibility to address its human capital needs...(cont.)**

- ▶ Legislation would be required
  - Could open broader debates about the BBG
  - Also could present opportunity for creatively addressing transition issues highlighted below
  
- ▶ These transition issues include:
  - Maintaining viable mission-critical operations and programming during changeover
  - Transition of current employees to the new structure -- for example, the process could be purely competitive individual selection or employees could be moved to *en masse* to the new organization and eventually converted to “at will” status
  - Retention of intellectual capital and highly specialized skills
  - Significant one time budget implications – severance, buy outs, accrued leave balances which might be mitigated in the legislation
  - Transfer of capital assets, financial obligations, etc. to a non-governmental organization

## **In addition to human capital issues, reforming IBB/VOA as a non-profit entity would provide other advantages**

- ▶ Procurement would be simplified, although some government requirements would remain as a result of receipt of federal funds
- ▶ With the major components of the USIB in a non-profit corporate status, further integration and organizational consolidation could be explored to eliminate duplication, leverage resources and share services (e.g. news gathering, website management)
  - The various non-profits could become parts of a single non-profit corporation, with a single Board (appointed as currently)
  - The USIB system could be re-configured into media-specific units (e.g. Radio, Television, and Internet/New Media), with multiple program units and brands
- ▶ There would be a greater degree of separation between US government officials and the professional journalists, perhaps increasing credibility with audiences