

# **Executive Summary**

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

For the  
Broadcasting Board of Governors

Washington, D.C.  
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**Booz | Allen | Hamilton**

## Acknowledgements

We wish to thank the Governors, managers and employees at all levels of the Broadcasting Board of Governors, the International Broadcasting Bureau and the Voice of America who provided information, insight and perspectives about these organizations and their work. We also thank the other stakeholders and experts who provided information about the international multi-media industry and about the fundamental mission and history of these organizations.

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## Background and Scope

Booz Allen Hamilton (Booz Allen) is pleased to present this final report to the Broadcasting Board of Governors (BBG).

The BBG engaged Booz Allen to conduct a broad review of the International Broadcasting Bureau (IBB) and the Voice of America (VOA). The review included the authorities, organization structure, processes, coordination, and staffing of IBB and 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; and
- 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 current practices. In making comparisons, we were mindful of BBG’s mission, charter and status as a Federal agency.

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.

Throughout the project, we encountered some misunderstanding about its focus among the people we contacted for information.

Therefore, we emphasize at the outset that this study does not examine the strategic effectiveness of IBB/VOA broadcasting – how well it accomplishes its fundamental mission on behalf of the American public.

Rather, it considers how the IBB/VOA structure and processes contribute to the operational effectiveness of the organization – how well they support the creation, production and delivery/distribution of programming that meets content, format, quality and production objectives.

It should also be noted that the study’s scope did not include assessment of the content, format or quality of specific programming, nor evaluate the prioritization of countries or languages for VOA programming.

In our interviews with a large number of stakeholders within the IBB and VOA, as well as some key external stakeholders, we heard strong opinions on many issues, both within the study’s defined scope and well beyond.

While maintaining the confidentiality of individual interviewees, we communicated the nature of their concerns and perspectives to the BBG for its consideration. Nonetheless, our report is limited to the topics outlined above.

## Approach

We conducted this project in three major steps. First, we developed a baseline describing the current organization of IBB and VOA and their current operations. Second, we examined structure, management and operational practices in comparable organizations, both public and private sector. Third, we identified some significant opportunities for improvement in overall performance and made several recommendations.

Information was collected in several ways. The project team reviewed numerous documents, from both internal and external sources. These documents included: underlying statutes; the BBG's strategic plan; descriptions of the roles and responsibilities of various units; budgets and financial statements; the annual Performance and Accountability Reports; program reviews and the annual reviews for each BBG language service; operational descriptions, and schedules; as well as various reports from the General Accountability Office and the Congressional Research Service, and relevant articles in journals and the general press.

We also obtained formal and informal input from many key stakeholders from the BBG, IBB, VOA and the Congressional authorizing committees' staff, as well representatives of the labor unions of employees. We conducted structured confidential interviews and discussion groups with more than seventy individuals and held several group sessions. The interviews were supplemented with numerous informal consultations with managers and staff. Many employees shared additional information and opinions through an

anonymous e-mail address established for this purpose.

As part of the baseline, we worked closely with management and staff to develop "maps" of ten core operating and management processes for the IBB/VOA. The maps display the end-to-end sequence of activities, the range of participants, and the flow of work and/or decisions for each of the core processes. Given the multiplicity of the IBB/VOA units, and the lack of standardization, the maps represent only the general processes, not every variation of each process. However, the process of developing each map provided an opportunity to draw out the implications of the organizational structure and functional assignments, as well as other issues of performance in each area.

Next, we compared the key features of IBB/VOA with those of other public and private sector organizations, including a number of multi-media and broadcasting companies, as well as other government-funded independent agencies. Information on these organizations was drawn from our firm's proprietary research, third party industry reports, and interviews with industry leaders and experts.

Based on our findings from the documents, interviews, and the mapping process, and our analysis of structures and practices of a range of other organizations, we developed a set of recommendations to strengthen the organization and increase its ability to accomplish its mission effectively and efficiently. These recommendations are presented at the end of the report.

## Findings and Conclusions

### Organization Structure and Authorities

The Broadcasting Board of Governors oversees the entire U.S. non-military international broadcasting system (USIB). This system includes a number of government-funded non-profit corporations in addition to a formal U.S. government entity, the International Broadcasting Bureau (IBB).

The IBB contains five divisions, including two programming divisions: the Voice of America (VOA) and the Office of Cuba Broadcasting (OCB). The three other IBB divisions provide support services: Engineering and Technical Services, Management, and Program Support (including marketing functions).

The Voice of America creates radio, television and Internet programming for broadcast and other distribution world-wide. Its organization includes forty-four individual language services grouped into seven geographic/language divisions, as well as a large central news/programs unit and a production operations unit. The VOA comprises a single programming division within the IBB, although many employees and other stakeholders regard IBB and VOA as two separate organizations.

The current IBB/VOA structure is stove-piped by function; closely-related functions have separate reporting lines in practice. Managers often make operational decisions without adequate understanding of the upstream and downstream impact and cost. The number of official management layers

slows decisions and has generated a practice of side-stepping formal reporting 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.

We concluded that the current organizational structure is unnecessarily complex and hinders the effectiveness of the enterprise. For example, the IBB's dual mission as direct support for VOA (e.g. most of its management and program support functions) and also as service provider to the USIB system (e.g. transmission engineering) makes it difficult for IBB to set and execute effective priorities. At the same time, 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.

### Business and Management Processes

As noted above, based on descriptions by the managers and staff involved, we mapped ten of IBB/VOA's core operating and management processes: program planning and marketing; production planning; content gathering (radio); content gathering (television); operational flow (radio); operational flow (television); transmission operations; capital and information technology planning; budget formulation and execution; and personnel (especially the hiring process).

We collated the issues raised in each process into eight categories and analyzed how important each category was for each of the processes. We paid particular attention to the process for planning and marketing new programming, which has generated much internal discussion.

We found that IBB and VOA have developed highly complex operating and management processes that are not standardized and vary widely in application across the organization, and that this wide variation increases the process cycle time and level of effort required of management and staff.

Coordination issues across participating units take great time and energy; the number of internal meetings and management interventions revisiting process issues is high. 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 (discussed later in this report), older technology, inflexibility in staff deployments that leads to bottle-necks, as well as a culture of getting the daily work out by extra effort without resolving deeper issues.

There are impediments to effective and efficient performance in multiple areas:

- Coordination: Significant improvement is needed, especially in the relation of program planning,

production and marketing, in the entire television effort, and in the personnel hiring 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. Current efforts to make these changes are not clear to managers and staff, causing strains in resource utilization and notable inefficiencies in television initiatives.
- Resources: Problems in obtaining, allocating and using resources are having 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 workflow process.
- 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) for television is causing inefficiencies in both media.
- Technology: The strategic shift to increase television offerings requires a significant investment in technology and support.
- Products: The choice of product types and volume 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.

## Production Levels

To provide an overall sense of scale of the organization and the output of its business processes, we analyzed the volume and type of programming produced and distributed.

As of September 2005, VOA produced and broadcast or distributed 832 hours of radio programming each week along with 69 hours of television programming. This was an overall increase of 14% from Fiscal Year 2000.

Due to the data available, the analysis of VOA's level of programming output is limited. VOA relies on the number of hours *broadcast* weekly, but this statistic may not be a fully accurate indicator of the amount of new programming *produced* each week.

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. VOA's television program types and radio formats are not standardized across divisions or services; divisions do not track or categorize their "programs" the same way.

The gaps in output data make it difficult to measure and evaluate productivity and to make valid comparisons across Language Services, Divisions and broadcasters. VOA needs better data on its programming output to assess its operational performance and its comparative productivity across units.

## Resource Utilization

As we examined VOA's *outputs*, we also reviewed the level of *inputs* used to produce them: funding, staffing and technical resources.

The total IBB operating budget for Fiscal Year 2005 was \$415 million, an increase of 27% from FY 2000. Within IBB, VOA's FY 2005 budget was \$160 million (up 25% from FY 2000), while the budget for Engineering & Technical Services was \$147 million (up 32%).

Within VOA, Language Services were allocated 52% of the budget and grew by 22% during the same 2000-2005 period. The VOA divisions for East Asia & Pacific, West & South Asia, and Africa had significant increases, while those for Eurasia, Near East & Central Asia, and Worldwide English decreased.

In this same period, IBB staff levels declined from 2,350 to 2,152. The staff of VOA and of Engineering & Technical Services each were reduced by 98 FTE (full-time equivalents), to reach 1,190 and 645 respectively in 2005. During this period, the use of contractors has increased significantly both for VOA and for IBB overall. Data on the number of contractor labor hours or the breakdown by language service were unavailable.

VOA averages roughly 1 hour of broadcast per staff FTE, with individual services ranging from 4.55 hours per FTE to .58. These ratios exclude contractor hours, which are significant in some services and would alter their labor productivity figures.

The government employees of IBB (including VOA) and the BBG direct support staff have a long average tenure, with 33% having more than 20 years of government service.

Much of VOA's radio and television production equipment is older than the broadcast industry's standard lifecycle of 7 years. Analysis of the VOA's September 2005 inventory showed that 28% of radio equipment was more than 10 years old, as was 36% of television equipment. The older equipment has less technical capability than more recent technology and requires greater maintenance over time.

We concluded that the emerging emphasis on television will have a significant impact on IBB/VOA resource requirements. Television production costs far more than radio on a per minute basis. According to VOA's own count in January 2006, more than twenty of its language services were pursuing television production initiatives. Even if only some of these go forward soon, the development of a robust television capability will require substantial investment -- for studios, equipment, and staff -- over and above the recent levels of budget growth.

We also concluded that 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. At the same time, it has increased some training needs, created

scheduling issues, and generated internal morale issues. The management of contractors currently is handled within each unit, and opportunities for sharing resources are missed. A more flexible human capital system, especially for television, would improve overall effectiveness and efficiency.

### **Comparable Organizations**

Our research into the practices of other public and private organizations, especially multi-media broadcasters, focused on their structure and the distribution of functions and responsibilities in three areas:

- The operating units compared with the "corporate core;"
- Multi-media programming and production units; and
- Marketing and programming.

While the way these functions and responsibilities are managed in other organizations vary, we found some leading practices for BBG to consider.

First, among a number of leading international multi-media organizations, we found that the central corporate level focuses on overall strategy, corporate brand, financial oversight and control, and shareholder/stakeholder relations. Depending on corporate philosophy, size and asset diversity, the corporate core has varying degrees of involvement in the strategies of the individual business units. However, the business units usually have authority to make decisions and execute strategy, control key resources, and are accountable for their performance.

At present, neither IBB nor VOA is structured or operates as a full business unit, with responsibility and accountability for resources and performance. We concluded that restructuring functions, decision rights, and accountability from elements of IBB and VOA into a single “natural” business unit could improve organizational performance.

Second, the commercial and public broadcasters we researched have established separate units for their radio, television and “new media” programming/production. Within their television business units, the subunits are organized by format type (e.g. breaking news vs. magazine shows) and program. In organizations that produce “breaking news” or “top stories” programs, there is often a shared news gathering operation, focused on producing television pieces, with the audio or script used for radio.

VOA’s practice of combined radio and television operational units aligned by language is very uncommon, as is its practice of finding video tape to match its produced radio pieces for television use. There are significant inefficiencies created by the attempt to build a robust television capability principally by sharing or re-training radio editorial and production staff. The current Internet effort is small and in an early stage of development.

We concluded that creating separate units by medium may improve productivity and efficiency.

Third, in most multi-media organizations --- both commercial and public-- the marketing and programming functions are structured as separate sub-units

reporting to a common manager who is responsible for the performance of the common business unit. There is often some tension between these functions, particularly around program development, that must be actively managed.

Although the VOA and the Office of Marketing and Program Placement are formally structured as parallel divisions within the common IBB structure, they are in practice far less integrated than in comparable organizations. We concluded that more connection between them, within a stronger single business unit structure with shared goals and performance metrics, could contribute to improved coordination and performance.

### **Strategic Direction and Business Models**

The BBG oversees a system that operates in a constantly changing environment, including the global political situation, emerging technologies, and a rapidly evolving media environment with greater competition for audience attention. The BBG’s 2002 document, “Marrying the Mission to the Market,” issued in 2002, put forward a strategic vision to respond to the challenges.

This vision included ways in which IBB/VOA would change, including wider use of FM and television relative to shortwave in many markets, a focus on programming that was more tailored to audiences in prioritized target markets, and a greater reliance of program distribution through local stations as compared with direct broadcast. These changes framed a new business model for IBB/VOA that

differs significantly from its traditional approach.

In VOA's traditional business model, the central operation gathers and writes most news stories and produces features, then the multiple language services translate and record them, supplementing them with some language-specific content, and then broadcasting directly, predominantly by shortwave radio.

The new business model increases the customization of the news content dramatically, and encourages each service to gather stories of interest to its own target audience, relying on the central operation for fewer stories. In many markets, programs are distributed through affiliated local FM or television stations. The affiliates have some feedback and influence on the range of subjects covered, schedules and formats.

Each of these models has strengths and weaknesses and may be appropriate for certain markets and circumstances. We found both models in use at VOA, but the managers and staff were unclear about when and how they are to utilize each model. The change in emphasis and methods remains controversial among managers and staff. Further, the internal shift in resources and the development of capabilities that the new model requires have not been fully implemented.

We concluded that a more detailed plan is needed to identify the priorities, milestones, capabilities and roles/responsibilities of units under the new model, and how to balance the different approaches needed to reach different audiences and markets.

## Recommendations

1. *Develop a multi-year “roadmap” to guide IBB/VOA in implementing the Board’s strategic vision.*
2. *Restructure VOA and select divisions of IBB into an integrated, customer-focused business unit; move other IBB functions into a service unit.*

The Board should conduct a structured planning process to create such a roadmap, identifying 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 priorities for service provision to target market and audience segments over the next several years.

The process of developing the roadmap 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 approach.

The roadmap would identify investment priorities, updated technology and needed capabilities, and provide a framework for managers to make implementing decisions.

It should also include creation of a process to ensure that annual program, budget and investment plans stay on course, and that management is accountable for performance on the objectives.

The roadmap should address major strategic issues in several areas: organization, resources, staffing, business processes, technology, programming approaches, and affiliate relations.

A single, integrated unit would manage end-to-end program creation, production, and distribution, including resource utilization.

A single manager would be responsible for the performance of this entire business unit, not only programming. The manager would directly control key resources within a framework established by the Board. We propose that the manager be selected by the Board on a bipartisan basis, based on significant professional management experience in broadcasting or multi-media organizations.

In some ways this unit would look fairly similar to the current structure; however, it would be conceived and operated as a single business with integrated performance objectives and a single identity, rather than the current “two layer” approach.

The IBB functions that support the entire USIB or multiple components (e.g. the engineering and transmission unit and the capability to conduct system-wide language reviews) should be transferred into a service unit. This unit should be structured as a “shared services” organization, responsible to the other USIB business units as its “customers,” and tracking their utilization of its services to encourage greater efficiency.

3. *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.*

A business unit should be established for television programming, production and distribution, separate from the radio unit.

To facilitate recruitment, infrastructure development, flexibility and speed in hiring and procurement, it would be preferable to establish this unit as a non-federal organization within the USIB. Such a structure could be a stand-alone component, or could be combined with other USIB television operations such as Alhurra.

The new structure should adopt industry-standard models, organized by format/program rather than primarily by language, with a TV-based workflow.

An Internet/New Media development unit should initially be placed within the new television unit, primarily to gain flexibility in start-up. An appropriate operating model would be created based on effective Internet/New Media practices. Content would be drawn from the VOA radio unit as well as from the television unit and other sources.

By establishing a separate business unit for television and Internet/New Media, VOA could focus on renewing its radio programming and capabilities, directed to target audiences in priority markets. Career radio professionals could build on their experience and concentrate on delivering the mission through updated radio formats and processes.

4. *Re-engineer the top priority business processes.*

Our review and mapping of IBB/VOA's core operating and management processes revealed their excessive complexity. Many of them should be streamlined for greater efficiency.

Management should identify a manageable group as a first step, and conduct a formal re-engineering process, drawing best practices from other relevant organizations. The potential trade-offs between the level of effort required and potential efficiency and effectiveness gains must be recognized.

The processes would be substantially affected by the other decisions recommended on organizational structure, so key decisions on structure should be made first if possible.

The initial "short list" should include: program planning and marketing; TV content gathering and operational flow; personnel management (especially hiring); and budget execution (especially at the business unit level and below).

5. *Develop/obtain the key capabilities necessary to implement the market-driven business model and a truly multi-media approach.*

For the next several years, the Board and management should focus on building up certain critical capabilities: market analysis; affiliate relations; TV news/content gathering and production; Internet/New Media development; updated technology; planning and performance management; and human capital management.