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Principles and Principals
Ten Reflections on
Public Radio and You

by David Giovannoni
(14 pages)

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1. INDIVIDUALS, NOT INSTITUTIONS

About 25 years ago, on a mid-winter afternoon in Madison, Wisconsin, the university's Director of Radio and Television entered a classroom of students eager to begin his course on public broadcasting.

Public broadcasting – particularly public radio – was a field on which Ron Bornstein was eminently qualified to speak, having served on NPR's board of directors, having played no small role in the recent merger of APRS with NPR. And while none of us in the room could have predicted it, Ron would return to NPR in 1983 as its acting president to save the network, quite literally, from bankruptcy.

And I don't remember if it was the first thing he said that afternoon but if it wasn't, it should have been. He said, "The history of public broadcasting is one of individuals, not institutions."

That semester, we studied and talked with many of those individuals. Always first hand and off-the-record they recounted their roles in building this thing that began as educational broadcasting – and more recently had become public broadcasting.

They channeled funds within their universities; they lobbied state legislators; they influenced the Ford Foundation; they served on

the first Carnegie Commission; they grabbed LBJ by the ear and Congress by the wallet. Whatever it took, they made real their vision of mass media as a public service for a civil society.

Much has changed over the last quarter-century. Public radio isn't so much about commissions and politicians and appropriations anymore.

Today, public radio is very much about programming and the core values that programming promotes. It's also about how listeners value these values. And finally – very important to the PD's job today – public radio is about our skill at managing the enterprise – both creatively and financially.

We are, quite literally, in the public service business. And PDs are now crucial managers of that business.

What hasn't changed in 25 years is this. The story of public radio is still a story of individuals – not mythic heroes, but regular people who direct the forces and institutions at their disposal, who take it upon themselves to make a difference.

Individuals like us.

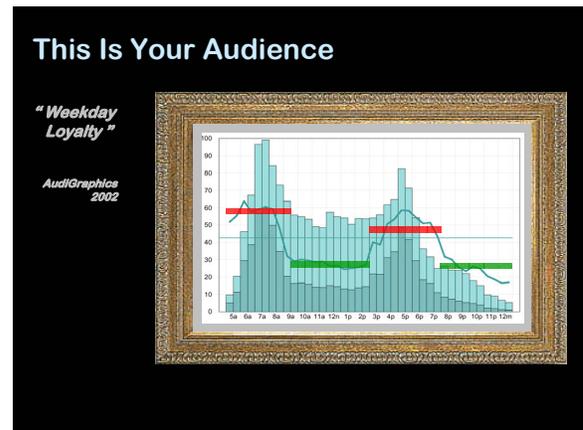
2. THIS IS YOUR AUDIENCE

Your loyalty graph paints an elegant and unambiguous picture of the strengths and weaknesses of your program service. Every PD in this room knows how to read it. When loyalty is high, programming is providing a strong public service. When loyalty is low, programming isn't serving even your own listeners very well.

So...one more time.

- This is your audience.
- This is your audience on *Morning Edition*.
- This is your audience on midday music.
- This is your audience on *The World*, *ATC*, *MarketPlace*, *Fresh Air*.
- This is your audience on evening music.

Now, there's nothing wrong with midday or evening music – or at least, nothing wrong that somebody like you couldn't fix.



No one is passing judgment on the programming.

But after too many years of viewing patterns like this, I'm afraid it's increasingly difficult not to pass judgment on the programmers.

3. TRAJECTORIES AND STRATEGIES

This circle represents all public radio stations. In the last five years, some of you have grown your audience, some have shrunk it, others have pretty much maintained.

As I look across the audience this morning, I see PDs from all three kinds of stations.

I know that half of you are providing significantly more public service than five years ago. I assume your strategy has been to make the most out of the resources at your command – and for that reason let's call you "Mosters."

Mosters, you are responsible for all of public radio's growth over this period. Five years ago you generated 57 percent of all public service; today, you generate 68 percent. I'm sure your influence and importance in your communities are also in sharp ascent.

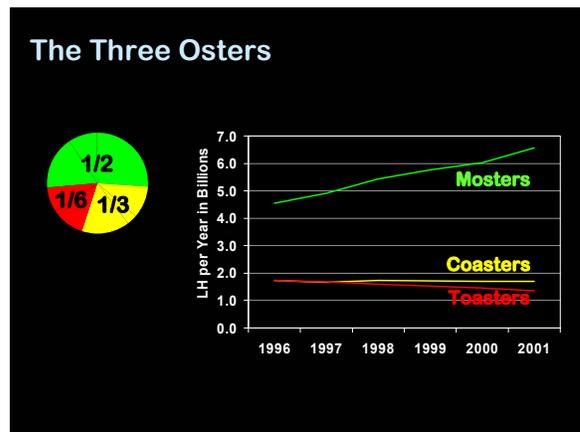
Very good work, my friends.

Now, the rest of you....

Chances are one in three that you haven't lost audience, but you're not generating any more public service today than five years ago. I've no idea what your strategies are – but let's just say they haven't pushed your station to new heights. Let's call you "Coasters".

As the influence of the Mosters grows in our industry, you Coasters are becoming less relevant. Five years ago you generated 22 percent of all listening to public radio; today, you're down to 18 percent.

I worry that you're also losing relevance in your communities. I worry also that in the next couple of days you might be on a panel.



Now for the rest of you – one PD in six. You've actually succeeded in losing audience. You haven't made the most of your resources so you're not Mosters; you're not even maintaining so we can't call you Coasters. But if your strategy is to turn your station to toast ... it seems to be working.

Now this is a conference of PDs, and PDs are highly pragmatic people. So I know you're asking, "What list am I on?"

We'll get to that.

You're also asking, "What is it that separates a Moster from a Coaster or a Toaster?"

Good question. It's one I studied long and hard. I ran statistical procedures to test if a station's format, market size, budget size, licensee type, or competitive situation had anything to do with its membership in these three groups. And you know what? Not one of these variables was significant. There's too much diversity among stations to link Mosting or Coasting or Toasting to any characteristic of the station itself.

Yet something is at work here. What could it be? The answer became clear as I distilled the Mosters into three types.

The first type is the A-Moster, or A-Mo for short. The “A” stands for Acquired content, meaning network or other nationally distributed programming.

The audience growth at A-Mo stations has been generated by acquired programming. Note that A-Moes have achieved this growth with only marginal sacrifice of listening to local programming.

The A-Mo strategy, then, maintains strength in local productions while better choosing or better using network resources.

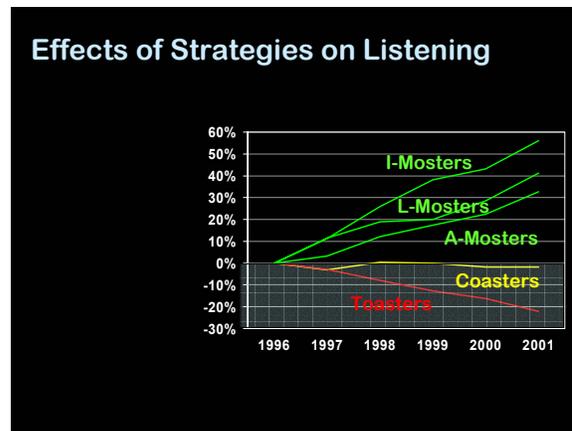
A second type of Moster, the L-Mo, has focused on growing its audience to local music programming. Like A-Moes, these L-Moes are maintaining one type of programming while growing another. Note that L-Moes are the smallest of the three Moster groups.

The Mosters with the greatest audience growth are the I-Moes. “I” is for Integrated. They’re choosing and using their acquired programs more effectively; they’re doing more productive work with their local resources; and they’re integrating programming from all sources with intelligence and finesse.

Half of all Mosters are I-Moes, and they seem to be answering the question that every PD should ask: What is the best programming I can produce or acquire at this moment?

I-Moes also seem to get the message of the Loyalty graph: Fix the programming with the weakest loyalty at the times of day that offer the highest payoff.

Let’s review these five Osters to determine which of their strategies yields the highest rate of return.



Well, we hardly have to worry about the Coaster’s strategy. Don’t rock the boat, don’t take risks. Keep programming safe, keep your job. Well here’s your payoff, Coasters, and it’s what you’d expect. No growth since 1996 – and there won’t be any growth either – until that glorious day when you retire.

Let me be the first to wish you well with this traditional blessing:

May the road rise up to meet you.
May your assistant cover your back.
May someone with vigor save your face.
May someone with balls take your place.

Here’s another strategy. It’s the one that lets you focus on that web streamer in New Zealand rather than the listeners under your broadcast signal. It’s the one that calls for spending less time with your staff and more time with PubRadio. Your payoff – 22 percent of your audience gone missing in just five years. The toast we reserve for Toasters is best not recited here.

Maybe your strategy is to better use acquired programming while maintaining the quality of your local efforts. Well here’s your payoff, A-Moes – a 30 percent increase in listening over a five year period. A nice rate of return – I hope your mutual funds did as well.

Or maybe you're putting lots of resources into strengthening your local music programming – taking risks, investing in talent – while at the same time maintaining the service that your acquired programming provides. This L-Mo strategy has yielded a nice five-year payoff – more than 40 percent growth in listening.

Or maybe you approach your service as an integrated whole – always offering the best

elements that can be acquired or produced – ensuring all elements work together at all times – investing in FM transmitters rather than in audio servers.

Whatever the reason, this integrated I-Mo strategy has offered the fastest rate of audience growth over the last five years – more than 50 percent.

That's certainly a strategy worth considering.

4. BY YOUR DEEDS YOU SHALL BE KNOWN

So what do we do with this information? What do we do with stations that have been toasted?

- Well, if you're Bill Kling, you send somebody over to buy them.
- If you're Rick Madden, you create the enabling policies that are his legacy. You established public service standards; you seeded sustainable local production with competitive programming grants; you challenged stations and producers to collaborate, to create value for listeners beyond what any one producer could accomplish alone.
- If you're Tom Thomas, you establish benchmarks of performance to inform station planning and national strategies.
- If you're Doug Eichten, you look at the best development practices that pay for the programming at Moster stations.
- If you're Marcia Alvar, you teach the lessons learned by Mosters to the other Osters.
- If you're me, you stand up in front of the PRPD Conference and make this key point:

The words Toasters, Coasters, and Mosters don't refer to stations.

They refer to you.

Stations don't serve the public; people who work at stations serve the public. Radio programs don't serve the public; people who make radio programs serve the public. See where we're going here?

These five lines result from individuals like you making decisions, or not; taking risks, or not; clearing obstacles, or not; moving forward, or not.

Are you a Moster – or not? Look at the person next to you. The odds are that one of you is **not** a Moster.

And that's a shame, because I believe most of you want to be. And that's the great thing about the PRPD Conference. It lets us gather once a year to advance our understanding and renew our commitment to our profession.

Which of these five lines are you on? More important, which of these five lines will you be on next year? That, my friends, is totally up to you.

5. I'M NAMING NAMES

Two years ago when we last met, I helped close the conference with a few remarks about the opportunities that lay ahead. After exhorting you to make the most of these opportunities, I made you a promise.

- If you came back in two years with your opportunities squandered;
- If you came back in two years with the same lame PD excuses;
- If you came back after two years of coasting or toasting;

then I would come back and name names.

Today I'm going to keep that promise.

But I'm also going to keep it positive.

I want to recognize the PDs who've done it right – PDs who've made the hard decisions, taken individual initiatives, and exercised the full range of their professional responsibilities. These PDs are Mosters of every type.

Welcome them, please, into the Moster Hall of Fame.

Moster Hall of Fame

Joan Siefert Rose	Robin Gehl	Carl Watanabe	Dan Mushalko
Abby Goldstein	Mikel Ellcessor	Greg Schnirring	Joey Cohn
Craig Curtis	Robert Peterson	Matt Bingay	Jonathan Palevsky
Jody Evans	George Boosey	Scott Williams	Ed Trudeau
Mark McCain	Lee Burdorf	Ellen Washington	Bruce Warren
Christine Dempsey	Ron Jones	Chuck Singleton	
Tom Kuser	Sheila Rue	Jeff Hansen	
Neil Best	David Gordon	Judy Adams	

Congratulations all for a job well done!

I should note that the selection committee didn't induct every Moster into the Hall of Fame. They selected PDs who've taken the greatest initiatives and who've managed their initiatives well.

This is a hard Hall to get in. It's an even harder Hall to stay in.

Nobody's in for life.

You start coasting? No more Hall of Fame for you.

6. THE PUBLIC SERVICE ECONOMY

PDs are embarking on a new phase of managerial responsibility. Your ability to invest in programming – whether you make it yourself or buy it – is bound by very real constraints in public radio’s service-based economy.

Let’s review how that economy works.

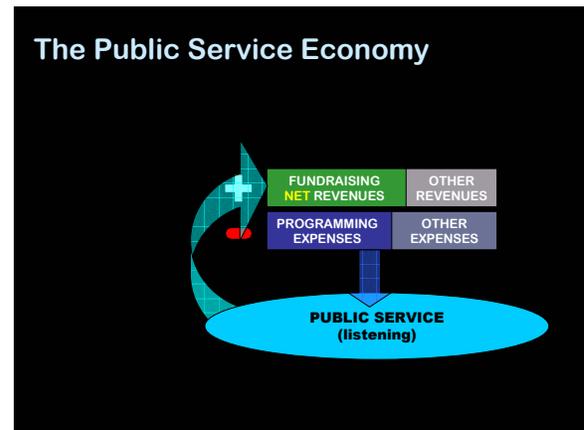
You’ve got your revenues and expenses. Revenues are of two types: those you earn yourselves through your fundraising endeavors, and those you don’t really earn – or at least, those that aren’t sensitive to the size and quality of your audience – subsidies from your licensees, grants from CPB, that sort of thing.

Of course, programming should be the largest single expense. And fundraising, the cost of earning those listener-sensitive dollars, is another. Then there’s everything else: general management, facilities, operational expenses that support the service but don’t contribute directly to programming.

This is a simple yet powerful way of looking at your station’s budget. And we can simplify it even further – and make it even more powerful – by removing the expense of fundraising from fundraising’s gross revenues. That gives us fundraising’s **net** contribution to the enterprise.

Net is important, because who cares what these guys raise as long as there’s enough left over to pay your programming bills, right?

Now let’s close the loop. The money you spend on programming provides a valued public service. Your fundraisers mine that public service through individual giving and underwriting activities. Fair trade, because the better they do, the more money you can invest in programming.



When your programming gets better, your public service grows, individual giving and underwriting increase yielding more money for programming, and round and round in a self-reinforcing circle.

That is the central notion of the public service economy. It’s the invisible hand that now guides the money into and through and out of your station.

The public service economy is important to understand as you move into your new phase of managerial responsibility. Your ability to financially sustain your program service, and ultimately your ability to improve on it, increasingly depends on your collaboration with your GM, your CFO, and especially your development department.

Think of it this way. They come to work to find the resources to make your program service as good as it can be. That’s because the public service your programming provides is the ultimate output of your station’s endeavor – it’s your whole reason for being.

Take it away – no more public radio. That’s a huge responsibility, and increasingly, you’re at the center of managing it.

7. MANAGE YOUR ENTHUSIASM

This is the story of an I-Mo in trouble.

The PD has increased listening to his service 30 percent over the last five years – the gratifying result of some ambitious investments in programming – quite ambitious, as programming expenses are up over 120 percent.

Now let's do the math. If listening is up 30 percent, and expenses are up 120 percent, obviously the PD is spending more to serve one listener for one hour. In fact, today's he's spending 5 cents. That's double what he spent to generate an hour of listening just a few years ago.

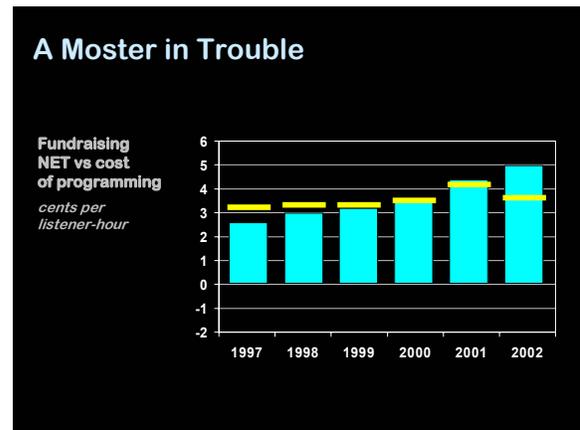
Let me stop here and be very clear. Public radio would be a better place if all stations invested this vigorously in their programming. There's nothing inherently wrong with spending more to serve one listener for one hour. That is, as long as you can afford it.

And that returns us to the realities of the public service economy. How does a station pay for this ambition?

Well, it also invests in fundraising. Five years ago its membership and underwriting folks mined about 4 cents from every hour of public service; today, they extract between 5 and 6 cents. They did a little better in 2001 than in 2002. It seems no-one is immune from the downturn in the economy.

Of course, good fundraisers and fundraising aren't cheap. OK, maybe the underwriting department was a little overstaffed given the level of business. But it takes money to make money, and in the face of declining revenues, the station invested more in fundraising in 2002 than ever before.

Let's subtract expenses from revenues to get the fundraising net – the amount the station keeps after expenses.



And now we return to our question: Did fundraising net enough to pay for the ambitious programming initiatives?

Fundraising more than paid for programming through 2000. But in FY 2001 the cost of programming slightly exceeded the net of fundraising, and in the fiscal year just ended, a licensee bail-out covered the shortfall.

This station has two problems. It has a revenue problem. And it has a spending problem. These problems must be managed.

Here's a public-spirited, listener-focused station doing wonderfully ambitious programming. And it's got to be asking, is this ambition sustainable? Will the audience continue to rise? Can we raise more money per listener-hour? Should we disrupt our service with an extra pledge drive? Should we allocate more time on the air for underwriting, or relax our underwriting copy restrictions?

Again, let me be very clear. When it comes to programming, ambition is imperative. Yet the financial sustainability of that programming is something you've got to address and manage.

Even enthusiasm needs to be managed. Not curbed – managed.

8. LOCAL WITH A BULLET

The story is the same across America. A couple of big radio outfits bought the stations in your market as part of their national franchise. Programmed from central offices, these stations offer little local content beyond time, temperature, traffic, and spots.

You see the obvious opportunity: Make your station more local.

Local programming may offer your station a competitive difference.

- But does it offer a competitive advantage?
- Do your listeners value it as much as you do?
- Can you do it as well as it needs to be done?
- Can you sustain it financially over the long run?

Many of you are investing heavily in local programs and elements. But a whole body of research cautions that your listeners may not value these efforts in proportion to their expense, as this chart illustrates.

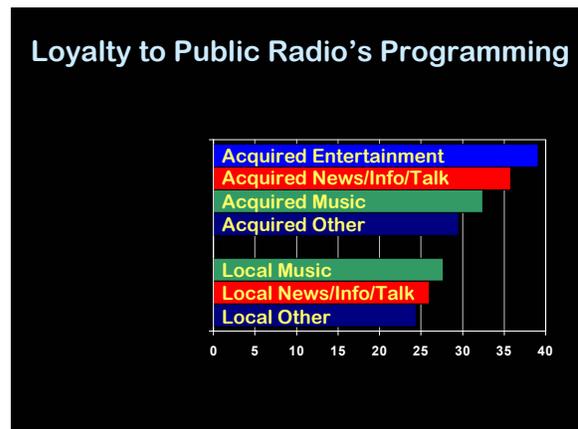
The loyalty to acquired entertainment programs like *Car Talk* and *Prairie Home* averages 39 across the country.

Acquired news/info/talk programs like *Morning Edition* and *Diane Rehm* average 36.

Acquired music shows like *Classical 24* and *Karl Haas* average 32.

And despite PDs' declarations of contempt for much of what the satellite offers, the other stuff you cherry-pick generates a loyalty of 30 among your own listeners. You must be picking very well.

Compare these loyalties to those of your own programming.



Locally-produced music programming on public radio averages a 28 loyalty across the country.

Your more expensive stand-alone news and talk programs average 26... and all your other efforts combined average only 24.

As the Core Values Project concludes, "There is no advantage in local origination if the presentation is below network standards." Clearly, geographic localism alone does not assure audience loyalty.

Or appreciation. Remember what we learned from AUDIENCE 98: Only one listener in five considers local programming to be more important in his or her life than network programming. This one person in five is typically listening to your music – not your news. This is the one person in five on which the Classical Core Values Project has focused.

And then there's the issue of cost. Music programming can be cheap enough to sustain on lower levels of public support. But how do you pay for something more ambitious?

OK, you get a grant. But what do you do when the grant runs out? How do you sustain your ambition?

Thirty years ago, the first Carnegie Commission waxed eloquent about the “bedrock of localism.” Ironically, it sought to subsidize this localism with a federally-funded trust. That’s because thirty years ago, commissions and appropriations and institutions financed all programming.

Today, the public service economy finances programming. That makes us more self-sufficient, and that makes us more reliant on you.

9. CITIZENS OF THE WORLD

Thirty years ago, Bill Siemering set National Public Radio on a path to serve “citizens of the world.” That path has led us to a community of listeners that transcends geographic boundaries, a national, now international community of shared interests, values, and beliefs.

Public radio’s network news programming defines this community. Some would call it a virtual community, but it’s as real as a community gets. It’s one of those modern communities to which Americans increasingly gravitate; a “community of interest” in which familiarity is measured in mindsets, not miles; a family of relations in which affinity, not genetics, determine kinship.

Our listeners want neighbors who hold the attitudes they hold, who seek the information they seek, who enjoy the entertainments they enjoy. The Atlantic Monthly summons a segment of our community several times a year. The New York Times is read daily in large subdivisions, especially on Sundays.

But public radio is the place our listeners call home. They rise and return to it daily, their roots most deeply embedded in network news programming, most reliably nourished by

Your challenge is to turn localism’s competitive difference into a valued and sustainable advantage. It’s a huge challenge because the economics are brutal.

If you can pull it off – you’ll be rewarded with an outstanding radio service; you may have found your magic bullet.

But do be careful, as that bullet will sooner lodge in your foot than anywhere else.

rich sources of reporting, writing, and producing.

Most localities just can’t offer this mix of qualities – or this level of quality. Many local budgets simply can’t augment the global values, social sensibilities, and world-class talent that set public radio apart.

The Core Values Project says it nicely.

Public radio listeners ... view events in their communities as parts of an interconnected web of causal relationships. In their view, no event is isolated on any level – local, national, or international. They place the highest value on local news that integrates their experience as citizens of their communities, their nation, and the world.

As we’ve seen, the local economics of serving any community are brutal. Citizens of the world are even more demanding.

Some PDs might ask, “What’s the good in trying?” I would ask, “What good are we if we don’t?”

We just can’t forget whom we’re talking to and where they call home.

10. EVERYTHING ON THE AIR IS PROGRAMMING

To a listener, everything on your air is programming.

And as the Director of Programming, everything on your air is your responsibility. That includes the programming elements you may not now control, such as underwriting credits and pledge drives.

Listeners expect every moment to resonate with their core values. Any message that betrays these values undermines their confidence and trust in your service. That, in turn, undermines the relationship that they voluntarily support with their own funds.

This is where core values meet the business of public service.

Now why on earth would we betray our core values? Well, I'm sure you wouldn't. But when you relinquish programming control to others, you do run this risk. And if you're not in control of pledge drives or the content of underwriting spots, your core values may be at significant risk

- as the recession slows underwriting sales;
- as staff hired in a good economy stays on the payroll;
- as projects seeded by grants clamor for sustenance;
- as your licensee reduces its support;
- as the cost of quality programming continues to rise.

At many stations, the very real need to balance budgets is putting very real pressure on our core values.

“Let's relax our underwriting guidelines just a little....”

“Let's extend the pledge drive just a few more days....”

Don't get me wrong. In our public service economy we need underwriting and pledge drives. And most of our development colleagues are giving their all to raise funds in ways that are consistent with core values. They understand what's at stake.

But it never hurts to remind them that pledge drives and underwriting credits are programming, and you're there to guide them to the right decisions.

You represent the listener. You champion what the listener values. You can and must keep your on-air sound true to core values while keeping it fiscally sound. There's always room for compromise; just don't compromise the core values that make your station worthy of support.

It's not easy, I understand. But it is imperative, because everything on your air is programming.

Absolutely everything.

CONCLUSION

The history of public radio is replete with individuals who took it upon themselves to make a difference. The future of public radio is being shaped the same way: by principle-driven individuals and the actions they take – or fail to take.

- The Mosters, Coasters, and Toasters;
- the network execs and producers;
- the independent producers;
- the organizational leaders;
- the bureaucrats; the boards;
- and at times, even the researchers and analysts.

Everyone in public radio has the opportunity – indeed, the responsibility – to determine what it will become, what it will stand for ... and what it will **not stand for**. Everyone in public radio plays a role in delivering our highly valued public service to millions of appreciative Americans.

You play an especially important role as PD. Bound to negotiate the public service economy, and bound by professional code to champion public radio's non-negotiable core values, you are now embarking on a new and challenging phase of managerial responsibility.

The job gets harder as it gets more important.

And that's why we're here today, tomorrow, and Saturday – to prepare, both professionally and personally, for the new challenges.

To that end,

- let us resolve to take full responsibility for everything on our air;
- to defend the core values that make public radio worth working in, worth listening to, worth supporting;
- let us resolve to make the hard decisions that fall to us, and to guide the decisions that fall to others;
- to aspire to do more, and to keep our aspirations viable;
- to know when to hold 'em, and know when to fold 'em;
- let us resolve to make our stations more important to the Citizens of the World who live under our signals;
- and let us resolve to take well-considered risks, budget to fail if necessary, manage to succeed if at all possible;
- or to get out of the way ... so that someone else can.