

Presentation of Draft Report to the Board

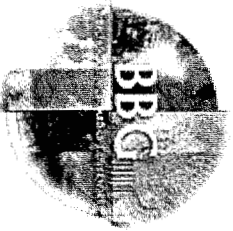
**Review of the Voice of America and
the International Broadcasting Bureau
Broadcasting Board of Governors**

Washington, DC
January 11, 2006

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

CONFIDENTIAL – PRE-DECISIONAL WORKING DRAFT

Booz | Allen | Hamilton



Today's agenda

- ▶ Introduction
 - Purpose and scope
 - Approach and sources
- ▶ Summary of Findings
 - Organization Structure and Authorities
 - Business Processes
 - Resources
 - Production Levels
 - Comparable Organizations
 - Strategic Direction and Business Models
- ▶ Recommendations
- ▶ Discussion of Major Recommendations and Decisions
- ▶ Next Steps

DRAFT

Table of Contents

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

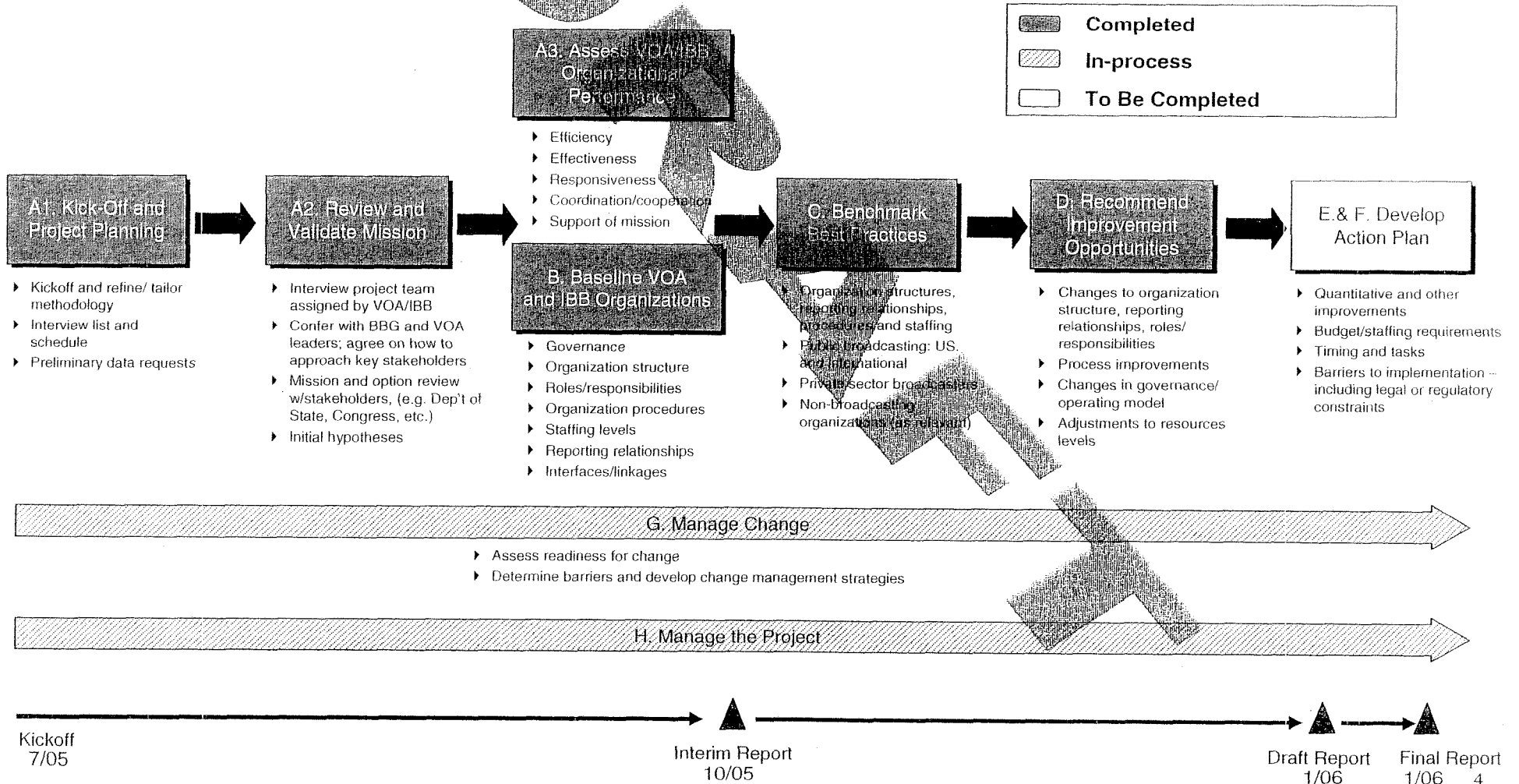


The Broadcasting Board of Governors (BBG) engaged Booz Allen to conduct a broad review of the IBB and the VOA

- ▶ 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 BBG'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

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

Project Plan



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, a mission that is sometimes debated at the policy level
 - The BBG’s desired strategic outcomes are not sharply defined; vary from country to country, audience to audience, and period to period; are long-term; are extremely difficult to separate from other factors influencing the perspectives of people around the world, and
 - Strategic effectiveness is appropriately the focus of policy-makers in the Congress, the Administration and the Board of Governors, informed by the results of carefully-structured long-term program evaluations, or by other evidence deemed indicative of results
- ▶ Instead this study considers how the BBG / 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

Similarly, the study focuses on areas of organizational and process inefficiency rather than quantified labor productivity

- ▶ This study examined areas of organizational and process inefficiency, where more effort or resources are used to obtain program output than would be needed under alternative approaches, and/or where processes are more lengthy and complicated than necessary
- ▶ For the most part, it was not possible within the bounds of the study to quantify the productivity of particular units or labor categories, or the full costs of particular programming, for several reasons:
 - ▶ The organization has not defined or collected data on outputs in a consistent and useful way
 - For example, VOA collects data on “hours of programming aired weekly” by each Language Service, but this statistic does not account for the repetition of pieces by some Services
 - Nor does it distinguish between original production, versioned/adapted production, and reading of scripts produced by others -- each requiring different amounts of effort to gather and produce
 - Performance expectations vary widely across units and are usually not specified in terms of measurable output
 - Labor is often spread across programs and between media, without tracking the real allocation of time
 - ▶ The nature of the work, especially by Language Services, is only partly comparable to commercial media
 - ▶ Costs are tracked by unit and not by program or activity, so the total costs of production are not linked

Our research effort has included extensive data gathering from stakeholders interviews and internal / external documents

Stakeholder Interviews

- ▶ Broadcast Board of Governors
- ▶ BBG Staff
- ▶ International Broadcasting Bureau
- ▶ Voice of America
- ▶ Grantees
- ▶ External

Documents Reviewed

- ▶ Statutory and Regulatory Documents
- ▶ Strategic Documents
- ▶ Organizational Structure Documents
- ▶ Finance and Budget Documents
- ▶ Marketing and Affiliate Documents
- ▶ Performance Measurement and Review Documents
- ▶ External Background Documents

We compared key features of BBG/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

Table of Contents

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

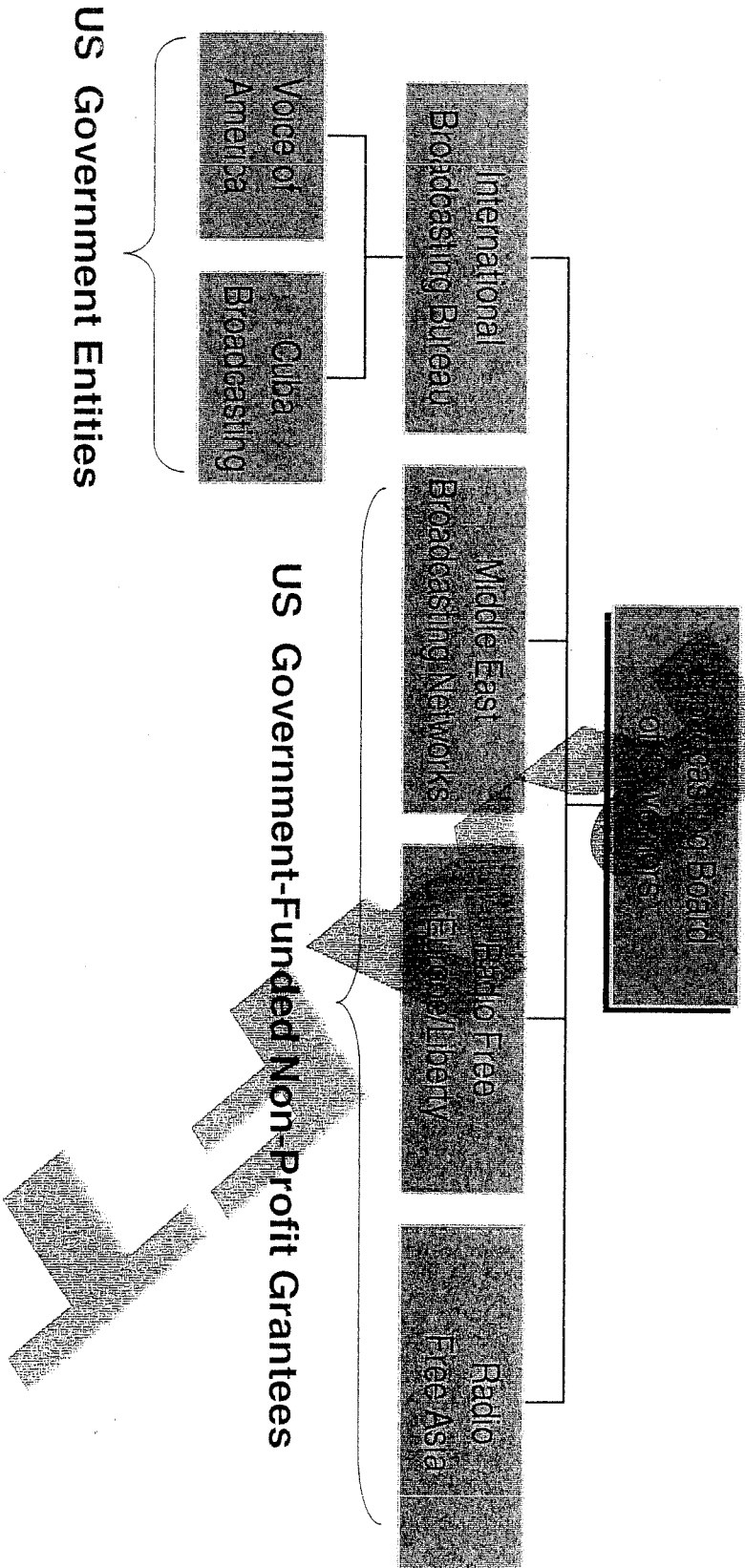


This section discusses the organization structure, authorities and the distribution of key functions across BBG, IBB and VOA

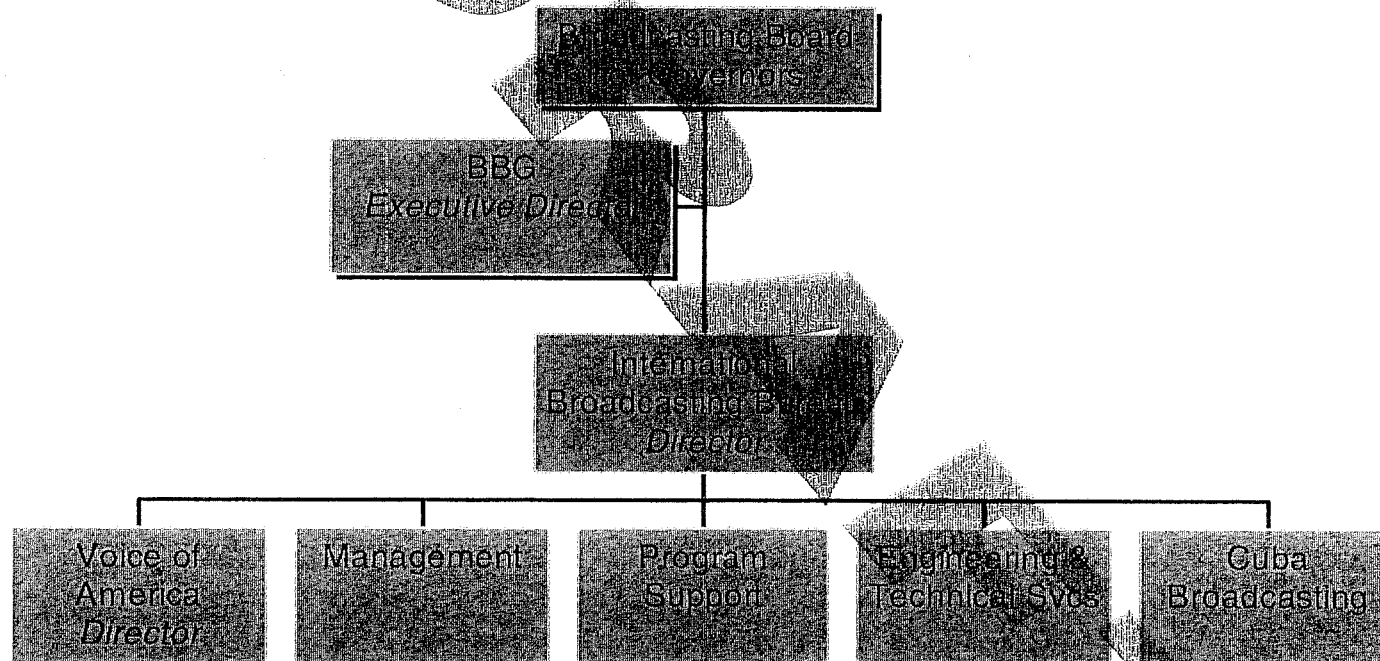
- ▶ First, we outline the formal structure and the assignment of functions within BBG, noting some delegations and informal arrangements that significantly affect the structure in practice
- ▶ Then, we present some conclusions on the structural and functional assignments
- ▶ Note: The scope of this assessment is limited to the IBB, the VOA, and BBG's interaction with them, so detailed descriptions of the Office of Cuba Broadcasting and the grantee organizations are not included. As the Board itself is the collective executive manager of the United States International Broadcasting "system" (USIB), the Board and the Board's direct staff is included to provide a more complete picture.

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

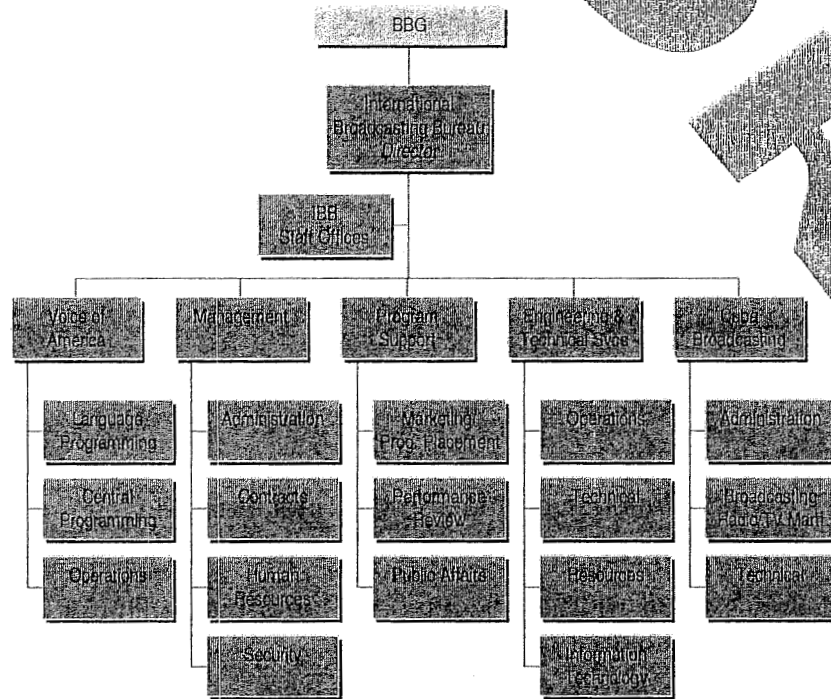
United States International Broadcasting (simplified)



On the government side of USIB, the Board formally oversees the IBB, which includes VOA as one of its five directorates



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
- ▶ **Voice of America**
 - Creates and produces programming through 3 directorates
- ▶ **Management**
 - Administration, Contracts, Personnel, Security
- ▶ **Program Support**
 - Marketing/Program Placement, Performance Review, Public Affairs
- ▶ **Engineering & Technical Services**
 - Engineering and technical policy and support for global transmission network, serving all of USIB
 - Information technology for IBB
- ▶ **Office of Cuba Broadcasting**
 - Administration, Technical, and Broadcasting (Radio and TV Marti)

Current Structure and Authorities...

- ▶ The BBG governs a complex US International Broadcasting system
 - The founding statute of 1998 created an overarching governing body
 - The key purpose of the Board is to maintain a “firewall” between policy makers and journalists
 - The statute did not establish a system-wide management structure below the Board level
 - There is little integration of its separate broadcasting/programming organizations
- ▶ Statutory authority in the system is highly concentrated in the Board
 - Executive management authority is placed with the whole board; there is no CEO
 - 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 have been expanded over time to help manage the overall system
 - These functions are not in the official management chain
 - These are career executive positions

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 as compared with the presidents of the grantee broadcasters
 - VOA has 3 directorates, including two for programming
 - 44 language services are grouped into 7 divisions mostly based on geography
 - Another directorate produces programming intended for use by multiple language services
 - An operations directorate provides production services for both programming groups, for radio and TV

Current Structure and Authorities... (cont.)

- ▶ As complex as the formal structures, it is even more complicated in practice
- ▶ The IBB Director position has been vacant for an extended period, with the BBG Executive Director temporarily assigned the IBB Director's duties
- ▶ The Board works directly with the VOA Director on many programming issues, although he does not control the resources needed for implementation of various initiatives
- ▶ Members of the Board work directly with individual managers three or four levels down on special initiatives without a clear reporting channel
- ▶ To great extent, IBB and VOA are treated as separate organizations, and the many managers and most staff interviewed regard them as such
- ▶ The overall cascade of authorities and decision-making rules from the Board to IBB and VOA are tangled and unclear

Findings: Organizational Structure

- ▶ The organizational structure is stove piped by function; closely related functions are under separate reporting lines in practice
- ▶ The structure has many layers between the top executive manager (BBG) and the front-line employees
- ▶ To great extent, IBB and VOA are treated as separate organizations, and the many managers and most staff interviewed regard them as such
- ▶ Although many of IBB's functions are important, the added value of structuring IBB as a separate organization from VOA is not demonstrated
- ▶ IBB's dual mission as support for VOA and service provider to the USIB system makes it difficult 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
- ▶ Internally, VOA is fragmented into two programming units, with Language Programming divided further into seven geographic/language divisions containing forty-four individual language services

Why is "Board" top
exec? → how can you
hold them
accountable?

Findings: Organizational Structure

- ▶ The overall cascade of authorities and decision-making rules from the Board to IBB and VOA are tangled and unclear
- ▶ 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 absence of a clear management chain significantly dilutes accountability for meeting operational objectives
- ▶ Managers make decisions without adequate understanding of the upstream and downstream impacts and costs

DRAFT

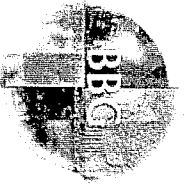
Conclusions: Organizational Structure and Authorities

1. The structure significantly hinders the effectiveness of the enterprise
 - ▶ By separating closely-related functions
 - ▶ By lack of clear accountability for performance
2. The organizational structure is highly inefficient and is overly complex for the needs

DRAFT

Table of Contents

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



This section discusses the core business and management processes across BCG, IBB and VOA

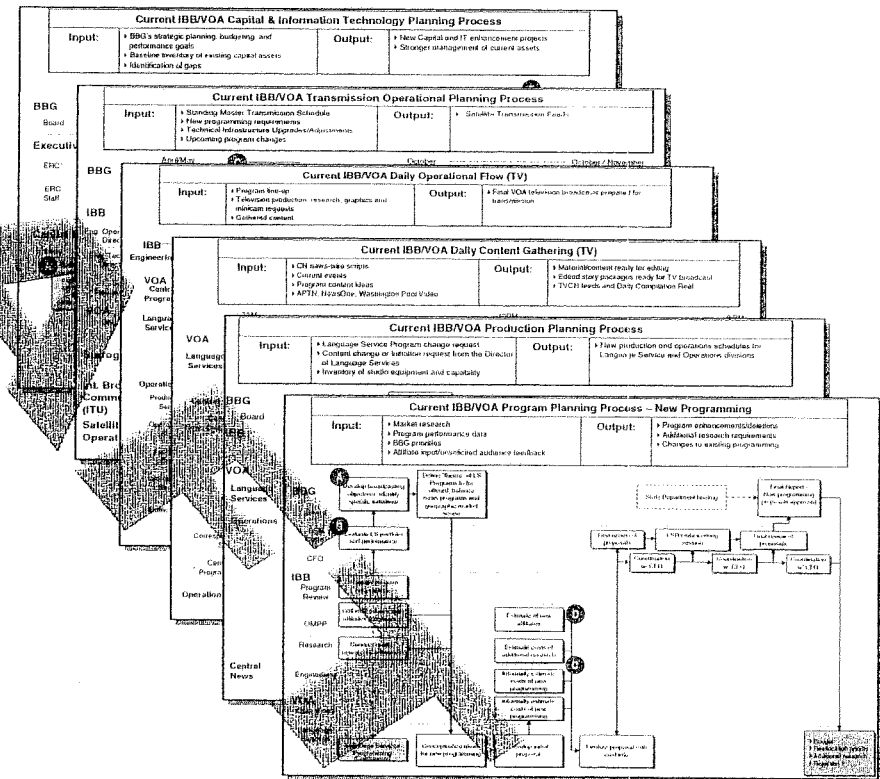
- ▶ First, we highlight relevant issues from our review and analysis of ten of the IBB/VOA core operating and management processes, to grasp some of the operational consequences of the structure and functional assignments, as well as some other performance issues
- ▶ Second, we analyze the impact of these issues on the efficiency and effectiveness of the business processes
- ▶ Then, we present some conclusions on the process

DRAFT

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

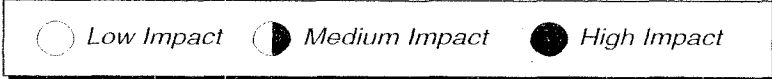
- ▶ The following pages summarize some key issues that emerged from our process mapping
 - Many issues clearly relate to structure and coordination
 - Others also involve overall strategy and business models, staff skill sets, technology, and resource allocation
- ▶ Taken as a whole, these issues illuminate larger dynamics and structural problems
- ▶ We developed maps of the core operating and management processes for BBG/IBB/VOA in close cooperation with management and staff; maps were validated by the process “owners”
- ▶ 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

Sample Core Business Processes



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 | ◐ | ● | ○ | ◐ | ◐ | ◐ | ○ |



...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

Findings: Business Processes...

- ▶ BBG / IBB / VOA have developed highly complex operating and management processes that are lengthy and time-consuming, are not standardized, but vary widely in application, and that elevate many routine decisions to executives or Board members
- ▶ Interviews and review of these processes indicate that the process complexity stems from a mutually-reinforcing combination of structure, lack of common understanding, and weak management practices
- ▶ **Structure:**
 - Closely-related and inter-dependent functions are separated into different organizations
 - No one is fully responsible/accountable for the results of inter-unit processes
 - Numerous small units exist that seem to pursue their own priorities
- ▶ **Lack of common understanding:**
 - 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, either down or up; rumors abound

Source: BAH Interviews, internal documents.

Findings: Business Processes (cont.)

▶ Management practices:

- Individual units establish their own work processes and create products with great variability, beyond the level required to customize for specific markets
 - Decision rights and criteria are not clear, and the decision process appears to vary case by case
 - Managers and staff who disagree with organization directions use bureaucratic tactics to resist implementation, forcing issues to be frequently revisited and requiring operational work-arounds
 - Performance objectives for units and individuals are not specific
 - 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 there are many employees at all levels who are dedicated to creating and delivering effective programming, and who are demoralized by the processes and practices described above

Source: BAH Interviews, internal documents

Conclusions: Business Processes

- ▶ **Many business processes are inefficient and are frequently *ad hoc***
- ▶ Our analysis suggests that there are critical impediments to effective and efficient performance in multiple areas:
 - **Coordination:** Improved ways to bring participants together, and resolve roles, responsibilities and decision processes is critical in planning programming, production and marketing, 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 well-organized and clear to managers and staff, causing strains in resource utilization and 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 process
 - **Skills:** The organization must address how to obtain the skills it needs to produce television of the quality and volume already in motion. The current process of utilizing VOA radio personnel (both journalists and technicians) is causing major inefficiencies in both media
 - **Technology:** Producing high-quality television efficiently requires a major 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 tightly-held hiring decision process is causing tremendous frustration across the organization

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

DRAFT

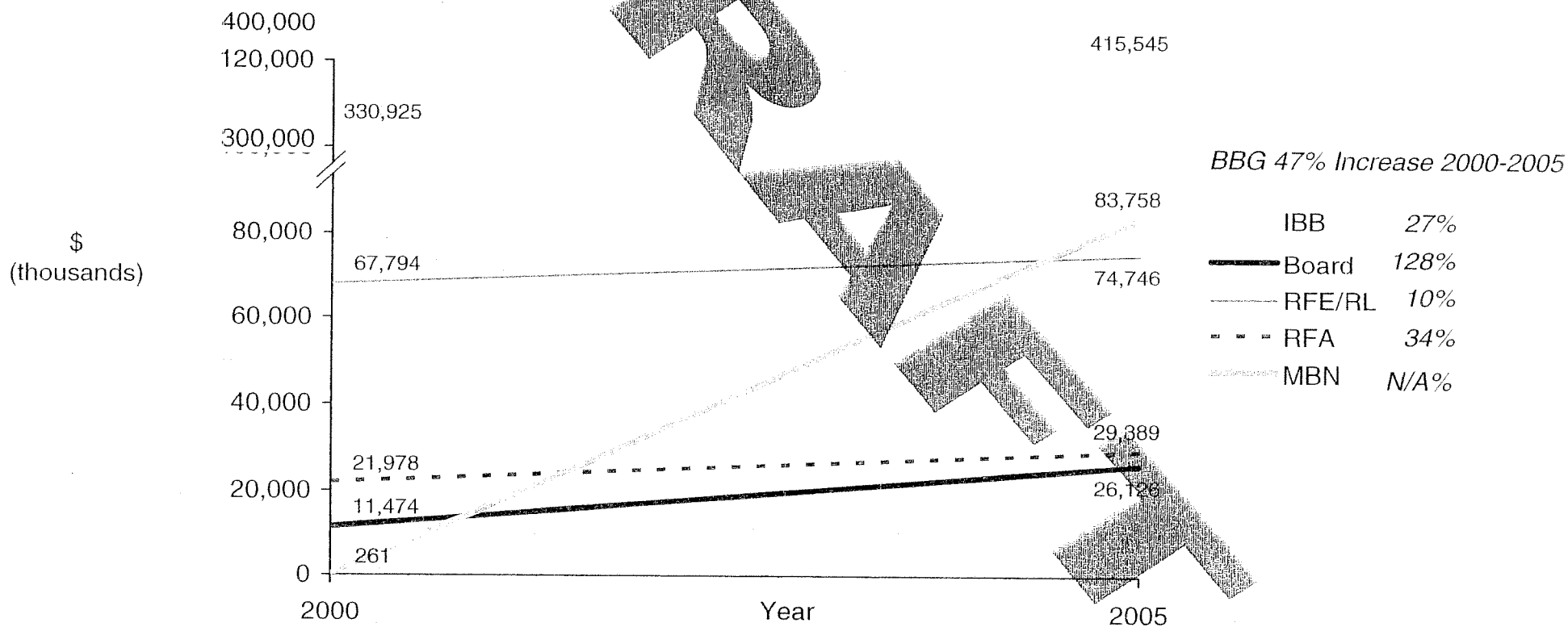
Table of Contents

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



While BBG's budget has increased by 47% over the past five years, IBB and the new Middle East Broadcasting Network (MBN) budgets each have increased by more than \$80 million

Allocation of BBG Operating Expenses 2000-2005

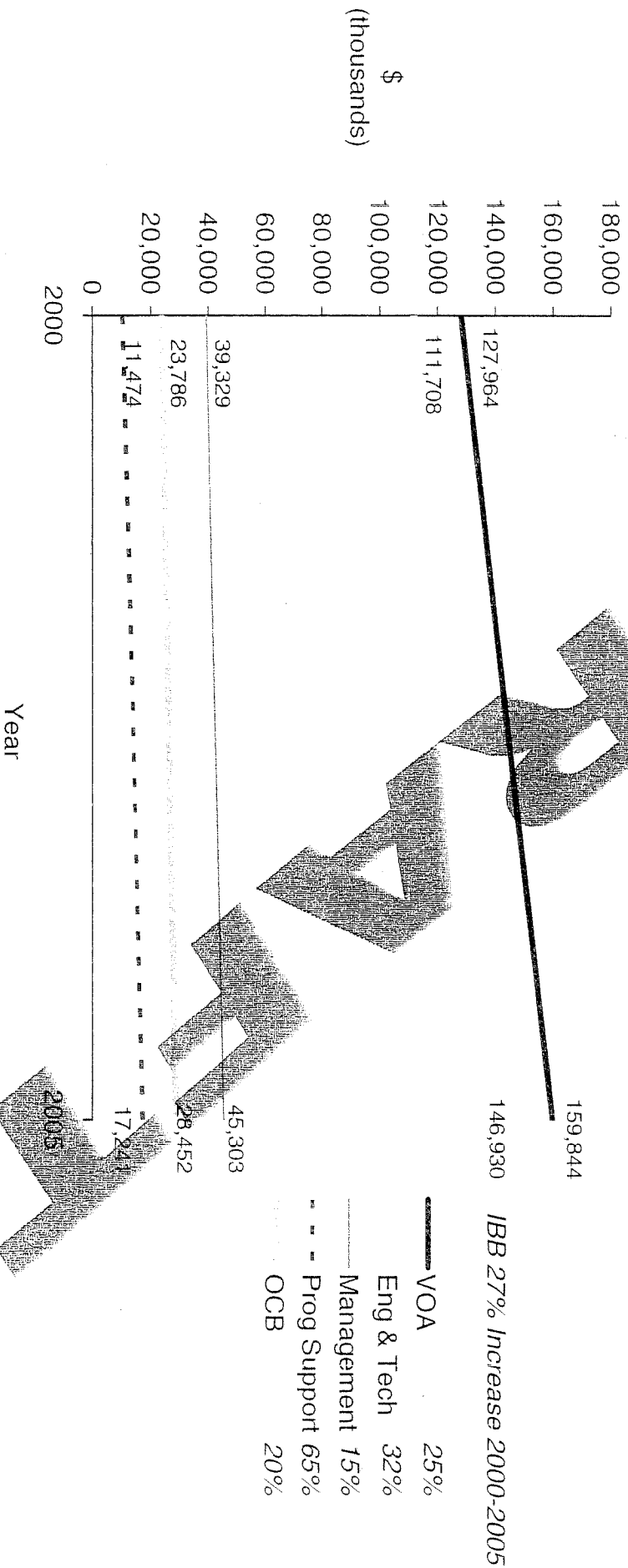


Note: "Agency" refers to BBG and its direct staff only

Source: BBG financial statements

Since 2000, VOA's funding has increased \$32 million, while the Engineering & Technical directorate has grown by \$35 million

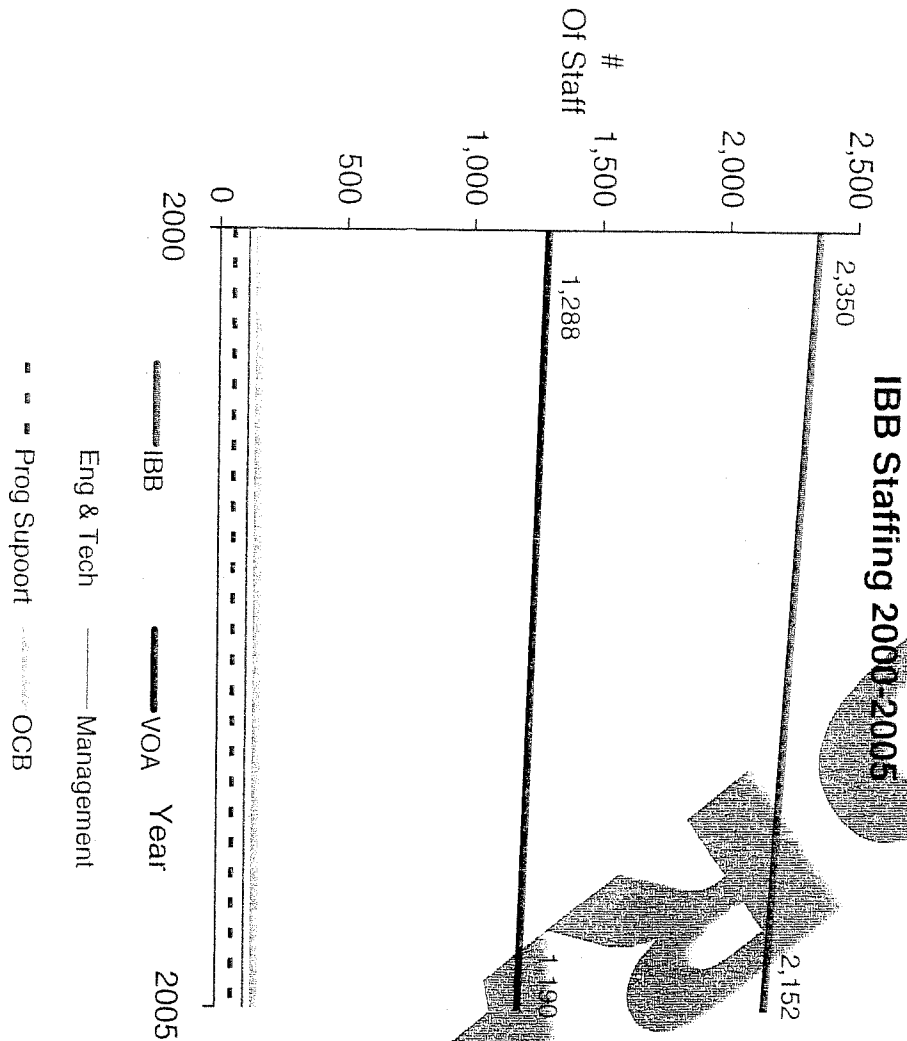
Allocation of IBB Operating Expenses 2000-2005



Source: BBG financial statements

CONFIDENTIAL -- PRE-DECISIONAL WORKING DRAFT

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

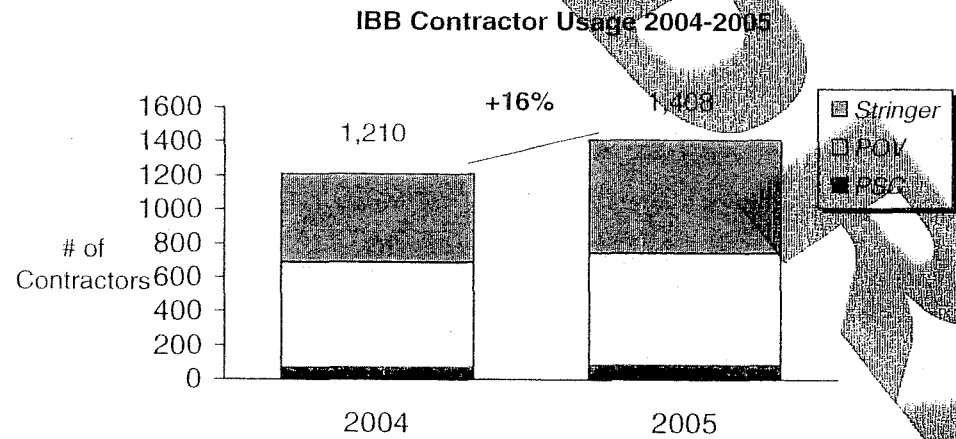


Note: Figures refer to On Board staff

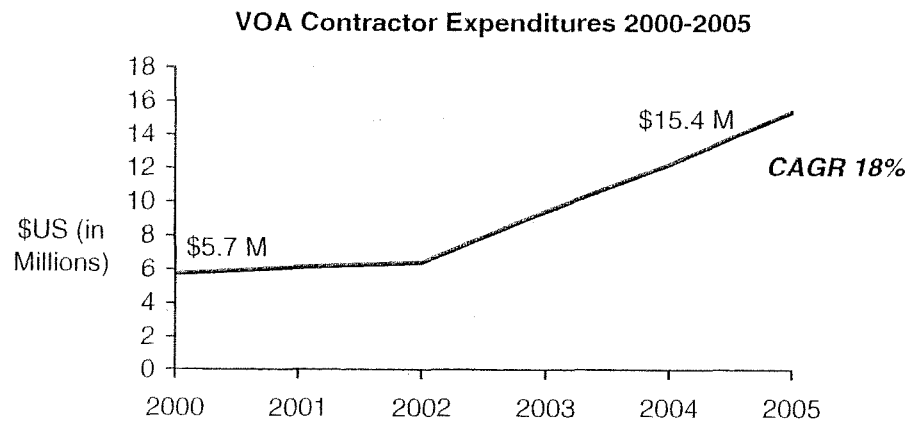
Source: BBG 2000-2005 financial statements ("Pottluck" spreadsheet)

- ▶ 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
- ▶ Staff reduction in the VOA has been associated with 3 primary causes:
 - Elimination of several language services
 - Transfer of Arabic to MBN
 - Trimming staff in other languages

Meanwhile, IBB/VOA has rapidly increased the use of contractors to address production requirements



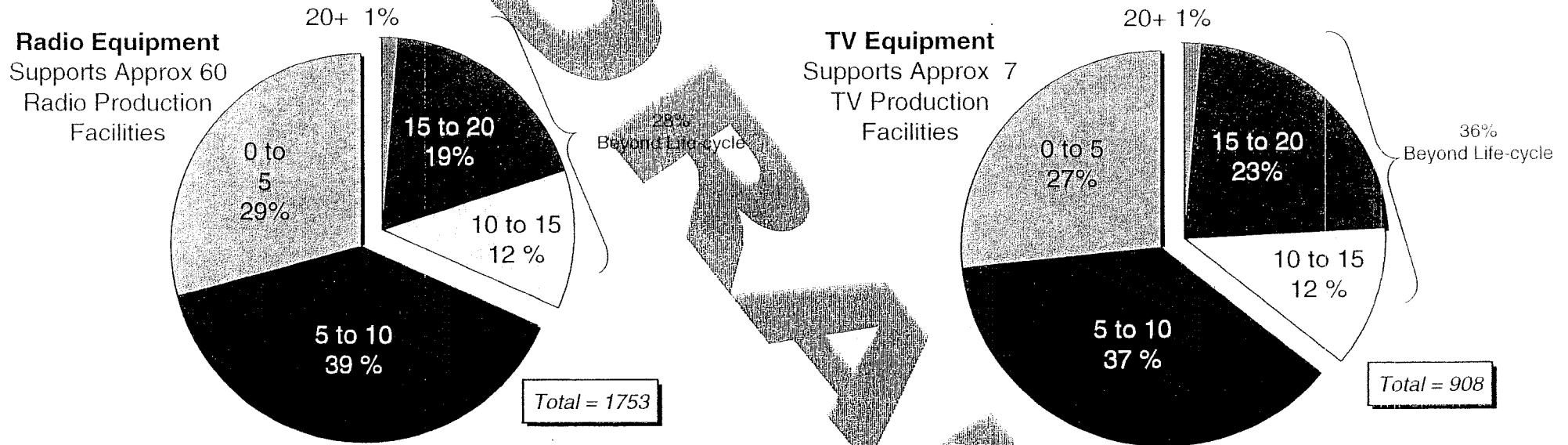
- ▶ *Management is supplementing permanent staff levels through the use of individual contractors in news, production and engineering*
- ▶ *The use of contractors has been growing rapidly*



*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 removed from total to eliminate Dept. of State controlled hiring
 Source: Office of the Chief Financial Officer*

Much of VOA's production equipment is antiquated and 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, 2005; BAH interviews

Findings: Resources

- ▶ The total operating budget for BBG has increased by almost \$200 million (+47%) since 2000
 - MBN and IBB each account for more than \$80M 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 (52%) of the total budget, and they grew slightly less (22%) than the total VOA (25%) over the period
- ▶ In general, IBB and VOA budgets have grown very modestly in real terms since 2000
- ▶ 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
- ▶ Much of VOA's radio and TV production equipment is significantly older than that used in industry today, with less technical capability and requiring greater maintenance

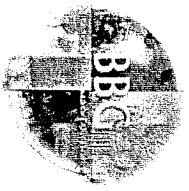
Conclusions: Resources

1. The development of robust television production capability will require a substantial investment, over and above normal growth levels, and will need careful planning and management
2. BBG is likely to be challenged to obtain the higher resource levels needed for IBB/VOA to implement the strategic business direction that it is pursuing
3. The current staffing approach may not be sustainable

DRAFT

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

DRAFT



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

| | | Talk | News Magazine | Features Magazine | News Feed | TOTAL |
|--------------------------|-----------------------------|-------------|---------------|-------------------|-----------|-------------|
| Africa | Weekly Programs | 1 | 1 | 1 | 0 | 5 |
| | Weekly Hours ⁽¹⁾ | 5 | 1 | 1 | 0 | 7 |
| East Asia & Pacific | Weekly Programs | 11 | 1 | 14 | 4 | 30 |
| | Weekly Hours | 8.2 | 1.3 | 7.2 | 3.6 | 19.3 |
| Eurasia | Weekly Programs | 0 | 36 | 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 |
| Totals | Weekly Programs | 17 | 36 | 28 | 64 | 145 |
| | Weekly Hours | 15.7 | 23.8 | 12.3 | 17 | 68.8 |

(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

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

| | | News/ Current Affairs | Features | Talk/ Interactive | Music | Total |
|--------------------------|--------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Africa | Weekly Programs ⁽¹⁾ | N/A ⁽³⁾ | N/A ⁽³⁾ | N/A ⁽³⁾ | N/A ⁽³⁾ | N/A ⁽³⁾ |
| | Weekly Hours ⁽²⁾ | 67.1 | 21.4 | 8.1 | 13.5 | 110 |
| East Asia & Pacific | Weekly Programs | 44 | 83 | 20 | 14 | 161 |
| | Weekly Hours | 154.3 | 17.3 | 20.2 | 11.6 | 233.5 |
| Eurasia | Weekly Programs | N/A ⁽³⁾ | N/A ⁽³⁾ | N/A ⁽³⁾ | N/A ⁽³⁾ | N/A ⁽³⁾ |
| | Weekly Hours | 54.1 | 6.8 | 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 | 3 | 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 |
| Totals | Weekly Programs | N/A⁽⁴⁾ | N/A⁽⁴⁾ | N/A⁽⁴⁾ | N/A⁽⁴⁾ | N/A⁽⁴⁾ |
| | Weekly Hours | 474.6 | 152 | 75.4 | 130.4 | 832.4 |

(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

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 broadcasts many types of segments/programs/formats in radio and in television
 - VOA's television program types and radio formats are not standardized; divisions do not count their "programs" the same way
 - Language Services have discretion to develop unique program formats
- ▶ 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 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 Services, Divisions and broadcasters

Conclusions: Production Levels

1. VOA needs better data on its programming output to assess its operational performance and its comparative productivity across units, and to better project the impacts of changes

DRAFT

DRAFT

Table of Contents

- ▶ Introduction
- ▶ Organization Structure and Authorities
- ▶ Business Processes
- ▶ Resources
- ▶ Production Levels
- ▶ 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 BBG / IBB / VOA
- ▶ This section discusses structures, functions and relationships in four areas:
 1. Governance/oversight and executive management
 2. Operating units and the “corporate core”
 3. Multi-media programming/production units
 4. 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 BBG, IBB and VOA. We recognize that differences may be fully justifiable based on the missions or context of each organization

Our 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...

- ✓ BBG business requirements*
- ✓ Commercial / Public Sector leading practices
- ✓ Issues and feedback from managers / staff / external stakeholders

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

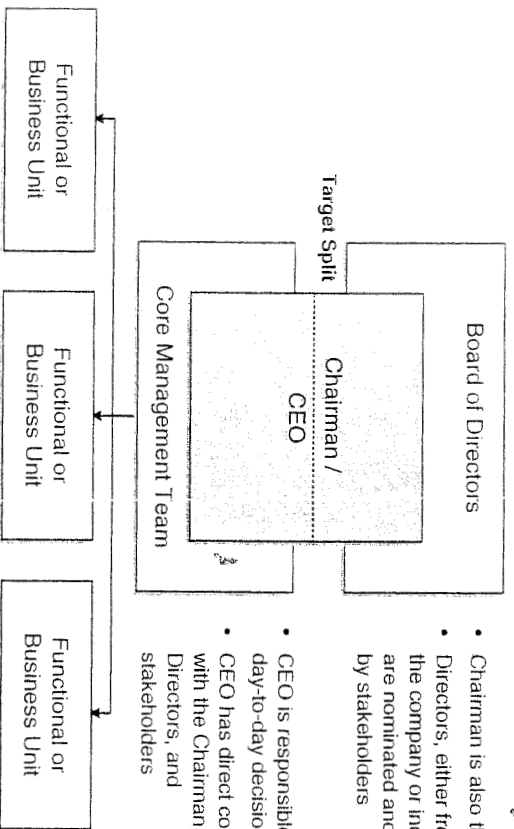
- 1 Governance/oversight and executive management
- 2 Operating units and the “corporate core”
- 3 Multi-media programming / production units
- 4 Marketing and programming

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

CONFIDENTIAL -- PRE-DECISIONAL WORKING DRAFT

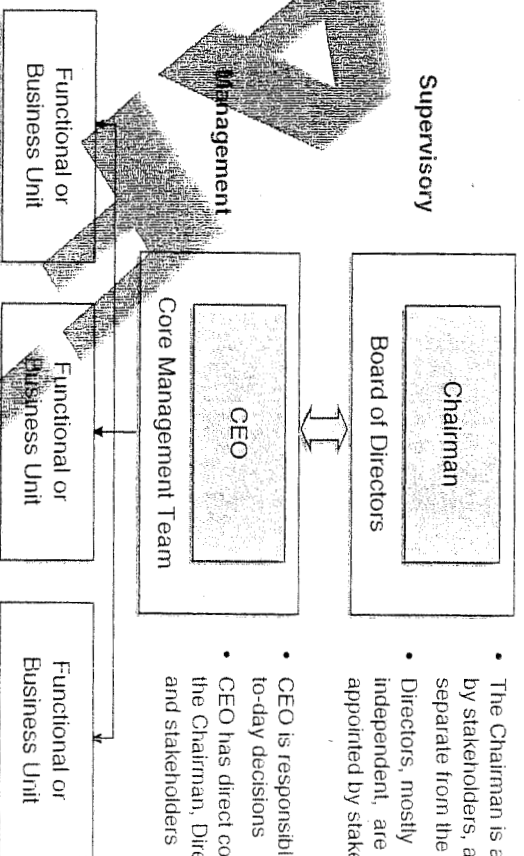
Large corporate organizations commonly have a two-tiered structure, separating governance/oversight and management

Shared Governance Structure: Unitary System



- Chairman is also the CEO
- Directors, either from within the company or independent, are nominated and elected by stakeholders
- CEO is responsible for day-to-day decisions
- CEO has direct contact with the Chairman, Directors, and stakeholders

Shared Governance Structure: Two-Tier Structure



- The Chairman is assigned by stakeholders, and is separate from the CEO
- Directors, mostly independent, are elected / appointed by stakeholders
- CEO is responsible for day-to-day decisions
- CEO has direct contact with the Chairman, Directors, and stakeholders

▶ The two-tier structure has long predominated in many parts of the world, and is becoming primary in the US, especially after passage of Sarbanes-Oxley

Source: BAH Study of Trends in Corporate Governance; Comparative Literature Research

In this model, the governing board and the executive management team have different sets of responsibilities

Illustrative

Common Board Functions

- ▶ Perform overall monitoring of management activities and organization's performance
- ▶ Provide strategic guidance and convey stakeholders' views
- ▶ Nominate, evaluate and compensate CEO
- ▶ Review and monitor the implementation of developed strategy
- ▶ Ensure compliance with policies

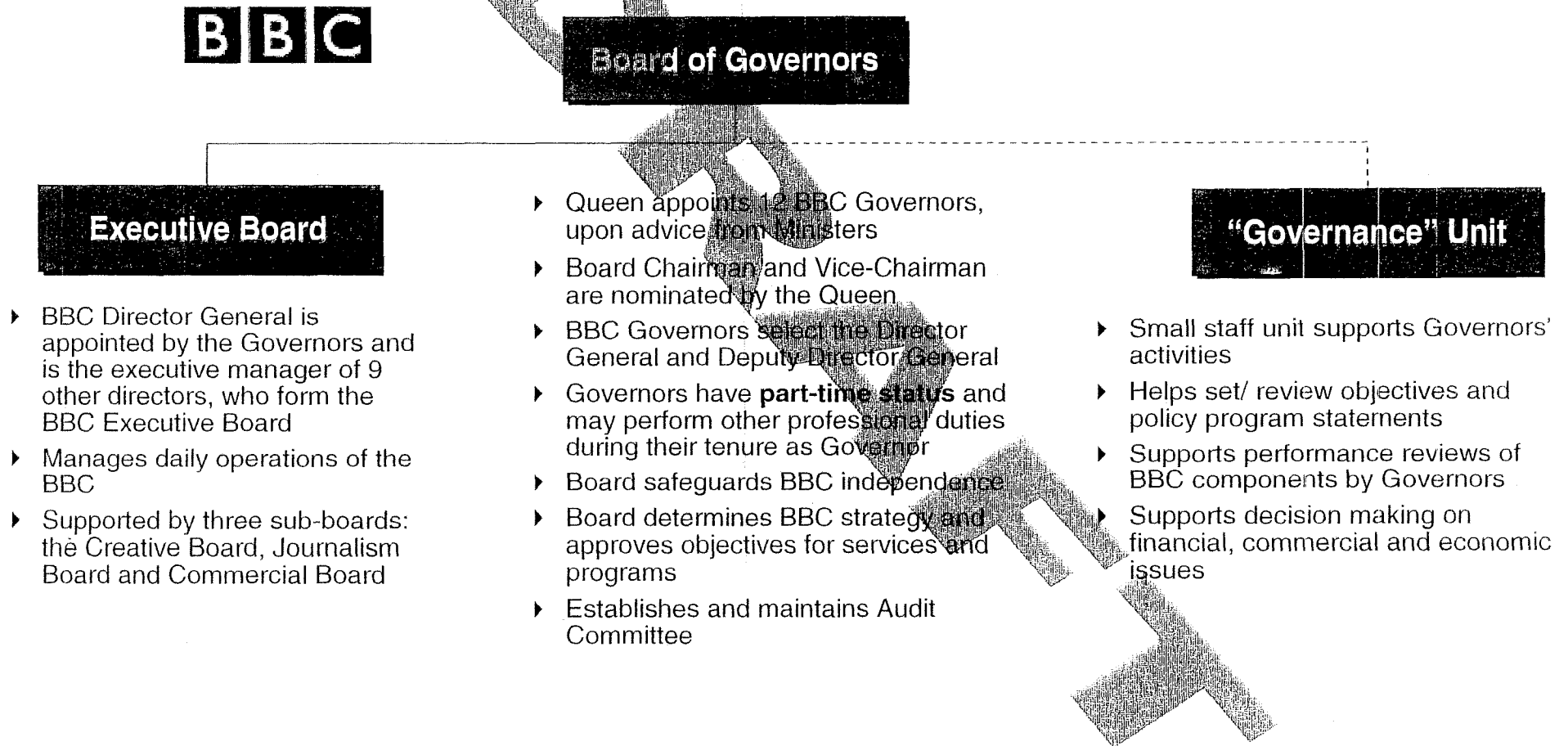
Common Executive Management Functions

- ▶ Manage day-to-day operations
- ▶ Support development of long-term strategies and translate them into actionable plans
- ▶ Carry-out the implementation of developed plans
- ▶ Report performance and activities
- ▶ Identify and mitigate potential business risks

- ▶ Clearly defined roles and responsibilities
- ▶ Functional distinctions
- ▶ Clearly defined accountabilities: Board to stakeholders and CEO to the Board

▶ Allows strong Board AND strong management team

The BBC's structure is an example of this approach, with a Board of Governors focused on strategic decisions and oversight



▶ Note: Current proposals for BBC reform foster strengthened independence for the Board, and stress further separation of Board and executive management

All of the broadcasting organizations we researched separated their governance and management functions

| Organization | Unitary vs. Two-tier Board Structure | Majority of Independent Board Directors | Separate Governance / Management Roles | Assessment of Executive Mgmt. By Directors | Functionally-Based Committee Structure (e.g. Audit, Compensation) | Single Corporate Executive Manager Reporting to the Board |
|--|--------------------------------------|---|--|--|---|---|
| Viacom* | Two-Tier | ✓ | ✓ | ✓ | ✓ | ✓ |
| Disney Corporation | Two-Tier | ✓ | ✓ | ✓ | ✓ | ✓ |
| News Corporation | Unitary | ✓ | ✓ | ✓ | ✓ | ✓ |
| Bertelsmann AG** | Two-Tier | ✓ | ✓ | ✓ | ✓ | Joint Executive Board w/ CEO |
| Discovery Communications** | Two-Tier | Shareholder Board | ✓ | ✓ | No Data Available | ✓ |
| British Broadcasting Corporation (BBC) | Two-Tier | ✓ | ✓ | ✓ | ✓ | ✓ |
| Radio France International | Unitary | Ex-officio and State Appointments | ✓ | No Data Available | No Data Available | ✓ |
| Deutsche Welle*** | Two-Tier | ✓ | ✓ | ✓ | No Data Available | ✓ |

✓ Practice of the Organization

* Viacom split into two publicly traded companies, Viacom, Inc. and CBS Corporation, as of 12/31/05. Each retained the corporate governance guidelines characterized in this analysis

**Non-public, shareholder-owned institution; Discovery Communications, Inc. has a shareholder board

*** Deutsche Welle is advised and audited by an elected, appointed broadcasting board. An "Administrative Board" supervises the activities of the Director General of the Organization

Source: Corporate Documents, e.g. Corporate Governance Statements;

A majority of the public sector organizations we researched also separated their governance and management responsibilities

| Organization | Unitary vs. Two-tier Board Structure | Board of Directors Independence | Separate Governance / Management Roles | Appointment of Executive Mgmt. By Directors | Functionally-Based Committee Structure (e.g. Audit, Compensation) | Single Corporate Executive Manager |
|--|--------------------------------------|--|--|---|---|------------------------------------|
| National Endowment for Democracy (NED) | Two-Tier | Board-selected | ✓ | ✓ | No Publicly Documented Committee Structure | ✓ |
| U.S. Institute of Peace (USIP) | Two-Tier | 11 PASC, Not more than 8 of same party | ✓ | ✓ | No Publicly Documented Committee Structure | ✓ |
| Neighborhood Reinvestment Corporation | Two-Tier | Ex-officio | ✓ | ✓ | ✓ | ✓ |
| Federal Housing Finance Board | Collective | Ex-officio; PASC | Board Management; Functional BU Heads | No Executive Manager Position | No Publicly Documented Committee Structure | No Executive Manager Position |
| Millennium Challenge Corporation | Two-Tier | Ex-officio; PASC | ✓ | PASC President | ✓ | ✓ |

✓ Practice of the Organization

Note: The FHFB was the only organization we uncovered with a Board serving as collective leadership of the organization. It is also the only organization we researched about which the GAO has publicly cited difficulties with Board oversight and management of the organization.

Source: U.S. Institute of Peace Act (1984) as amended in U.S. CFR Title 22, Chapter 56; Neighborhood Reinvestment Corporation Act (1978); National Endowment for Democracy Act (1984/85) as amended in U.S. CFR Title 22, Chapter 67; Federal Housing Finance Board Corporate Website; Millennium Challenge Corporation Bylaws, Corporate Website

The BGG structure of governance and executive management is unlike that in other public or private organizations reviewed

Governance/Oversight and Management Roles

| Comparable Organizations | BGG / IBB / VOA |
|---|---|
| <ul style="list-style-type: none"> ▶ Public & private organizations are sharpening between governance and management, with clearly articulated roles ▶ Board concentrates on questions of corporate strategy, oversight, internal control processes ▶ Single CEO and Executive Management team responsible for development and execution of strategy within framework established by Board ▶ No other examples of "collective CEO" found ▶ CEO/General Manager is hired/fired by Board | <ul style="list-style-type: none"> ▶ Board retains roles in both governance and in executive management ▶ Confusing/overlapping roles and responsibilities for managers in relation to Board ▶ Board develops initiatives and is directly involved with their implementation ▶ No central executive manager for USIB; Board acts as "collective CEO" ▶ Head of largest unit is Presidentially appointed/ Senate confirmed, loosening accountability to Board |

Source: BAH Study of Trends in Corporate Governance

CONFIDENTIAL – PRE-DECISIONAL WORKING DRAFT

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 | ◐ | ● | ◐ | ● |
| Bertelsmann 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

** Viacom split into two publicly traded companies, Viacom, Inc. and CBS Corporation, as of 12/31/05

Note: "Business Units" ranged in scale and scope depending on the media organization

Source: Corporate Documents, Proprietary Client Research, Executive Interviews

Neither the BBG staff nor IBB is positioned as a corporate core, and neither IBB nor VOA is structured as a full business unit

Corporate Core and Business Units

| Comparable Organizations | BBG / IBB / VOA |
|--|--|
| <ul style="list-style-type: none">▶ Corporate core (CEO and top management staff) focus on strategy, corporate brand, financial oversight and control, and shareholder (or stakeholder) relations▶ Level of involvement in business unit decisions varies▶ Business units have authority to make decisions and execute strategy, control over key resources, and accountability for business performance | <ul style="list-style-type: none">▶ Board develops vision, manages key initiatives, conducts relations with external stakeholders, authorizes hiring and promotions, approves contracts, supervises programming unit head (VOA Director)▶ BBG staff focus on strategic planning and cross-unit language review, budget, financial operations, external reporting, special projects▶ IBB executes decisions, manages HR process, marketing and transmission services for USIB▶ VOA manages programming operations, develops proposals for new products |

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



* 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 very uncommon among broadcasting organizations

Multi-media Production Organizations

| Comparable Organizations | BBG / IBB / VOA |
|--|---|
| <ul style="list-style-type: none">▶ Hard-alignment by medium (TV/Radio/New Media), usually at the Business Unit level or at least at the operational unit level▶ Limited synergy between TV and radio program production; limited overlap in the related skill sets▶ Optimized TV production unit structure is usually by format/program team; Radio production unit structure is “lean” and efficient▶ For organizations that program “breaking news” or “top stories,” newsgathering is often centralized and focused on TV production, which is more resource-intensive<ul style="list-style-type: none">▶ Radio programs strip out video and use scripts/audio; supplement or commission pieces where necessary | <ul style="list-style-type: none">▶ Within BBG, Al-Hurra is aligned by medium at the operational unit level; VOA generally combines Radio and TV staff in integrated units aligned by language; Web Desk is small and very minor player▶ VOA is trying to train radio program staff to produce TV programs; prior combined “VJ” approach ended; difficulties in obtaining/retaining TV skill sets▶ VOA division unit structure includes bureaucratic layers to navigate system; hierarchical by job category and seniority; roles of division directors and TV executive producers may conflict▶ Currently, news gathering is focused on radio, with TV using Central News radio scripts with added APTN video; some correspondent original pieces, usually self-generated; some TV units are developing own sources; roles and responsibilities are source of internal friction |

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

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 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

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 | ✓ | |

✓ Practice of the Organization

- ▶ Marketing and programming functions were consistently separated in the organizations we researched
- ▶ Many organizations had affiliate marketing activities at multiple levels of the organization
- ▶ 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

* 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

OMP and VOA programming are more separated in practice than in comparable organizations

Marketing and Programming

Comparable Organizations

- ▶ Marketing functions are split out structurally from programming, in both commercial and non-commercial multimedia organizations
- ▶ Both functions report to a common manager, who is responsible for aligning the activities of both groups and for the performance of the common business unit
- ▶ Ongoing tension between these two groups is not uncommon, particularly in the product development and planning activity, and must be actively managed
- ▶ A separate marketing business unit reporting to the corporate level may be established if there is a sizeable common market (buyers or affiliates), and the product lines across business units are similar

BBG / IBB / VOA

- ▶ OMP is structurally separate from VOA programming (formally both are divisions of IBB, but there is little routine integration within IBB)
- ▶ The performance management and coordination between these groups has been diluted by the absence of a clear business unit head (currently "shared" among the BBG Executive Director, the IBB Director and the VOA Director)
- ▶ Ongoing tension continues in the absence of common goals and performance metrics
- ▶ Currently, the business case for a corporate (USIB-wide) affiliate marketing program may be weak
 - Affiliate marketing activities largely serve VOA Radio and TV (minimal transactional duties are reportedly performed for RFE/RL)

Source: BAH Study of Trends in Corporate Governance

CONFIDENTIAL – PRE-DECISIONAL WORKING DRAFT

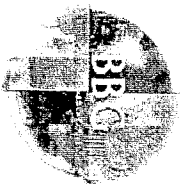
Conclusions: Comparable Organizations

1. The dual role of the Board in management as well as governance/oversight, the “collective CEO” approach, and the absence of an empowered executive management team are all highly unusual features
2. The practices of many leading companies in media and other industries suggest that grouping functions, authorities and accountability from elements of IBB and VOA into a single “natural” business unit with a professional manager could improve organizational performance
3. 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
4. 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

DRAFT

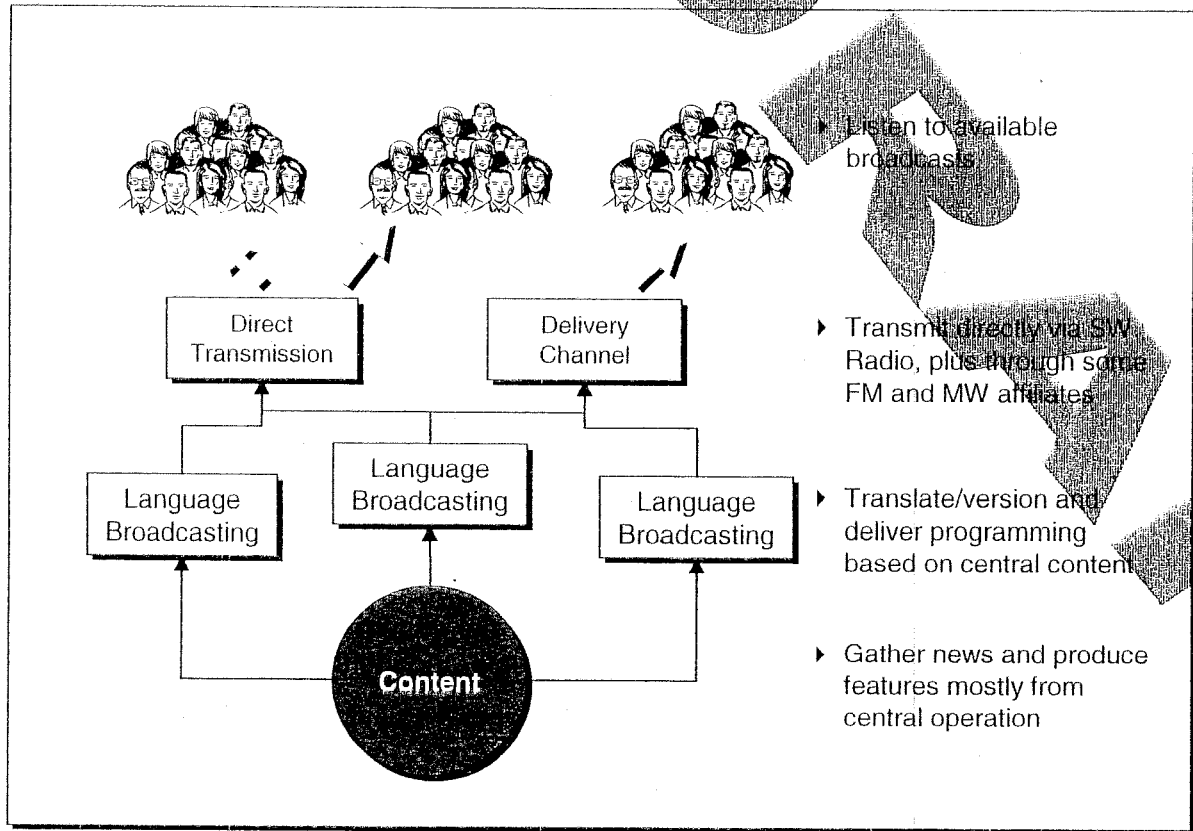
Table of Contents

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



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

"Content-Driven Business Model"



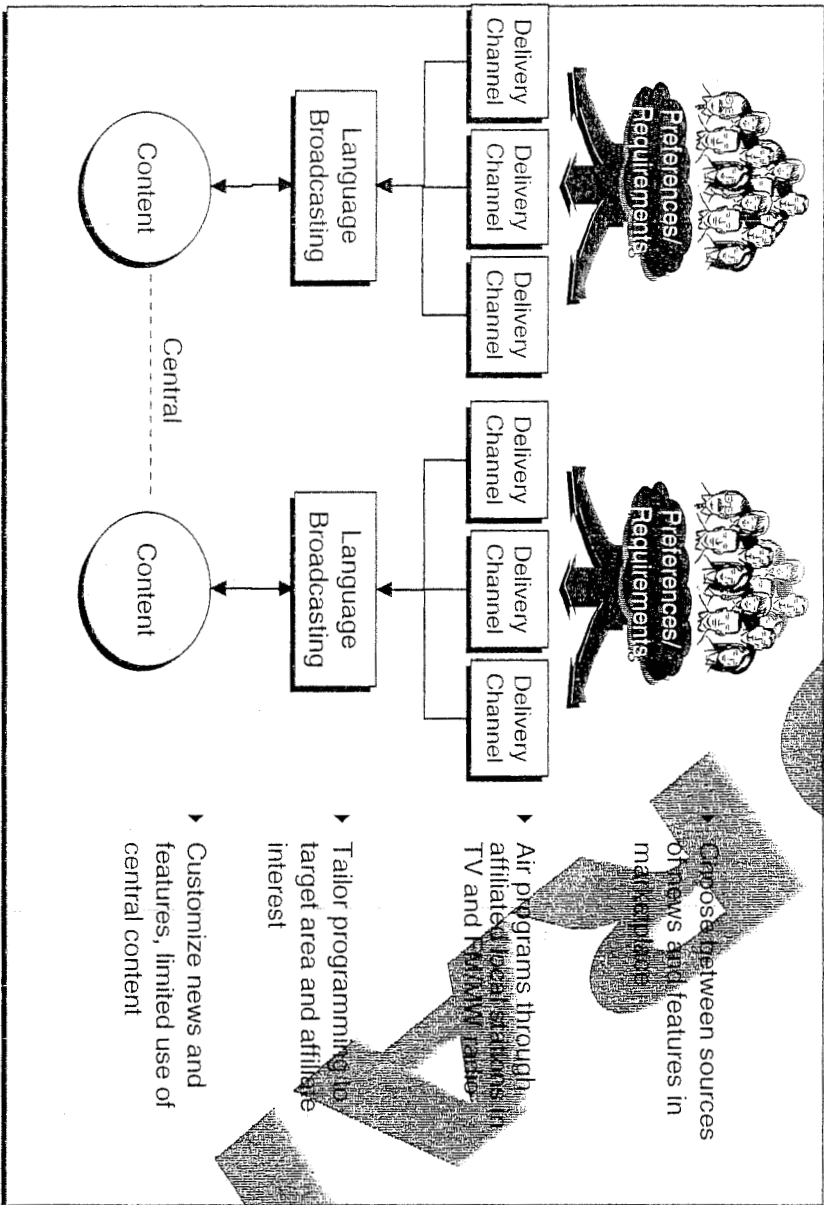
- ▶ Listen to available broadcasts
- ▶ Transmit directly via SW Radio, plus through some FM and MW affiliates
- ▶ Translate/version and deliver programming based on central content
- ▶ Gather news and produce features mostly from central operation

| Features |
|--|
| ▶ Focused on product content |
| ▶ Primary provider of international and US news to self-selected audience, often surreptitiously listening |
| ▶ Primary goal is to demonstrate contrast to repressive states with un-free press |
| ▶ 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 and affiliated stations

“Market-Driven Business Model”



- ▶ Crossed between sources of news and features in marketplaces
- ▶ Air programs through affiliated local stations (TV and radio)
- ▶ Tailor programming to target area and affiliate interest
- ▶ Customize news and features, limited use of central content

Features

- ▶ Focused on increasing audience share
- ▶ Competing for audience attention with other numerous local and international broadcasters
- ▶ Primary goal is to influence mass public opinion against non-state extremist movements
- ▶ 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

In the absence of an overall plan for implementing television, many VOA services are rushing to develop their own 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 | • Persian | • Albanian | • Greek |
| • Indonesian | • Azerbaijani | • Bosnian | • Macedonian |
| • Mandarin | • Armenian | • Serbian | • Spanish |
| • Cantonese | • Uzbek | • Croatian | • Worldwide English (India, Cambodia, Indonesia) |
| • Tibetan | • Dari | • Ukrainian | • English to Africa |
| | • Pashto | • Russian | |

- ▶ 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 defend their actions as their effort to “stake a claim” in a “land rush” where only Language Services that produce television are likely to receive their budget requests, and that if they find an affiliate to air their program, they will receive more resources
- ▶ 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; Company 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
- ▶ BBG attempted to address some of these environmental changes in its 2002 Strategic Plan, “Marrying the Mission to the Market”
 - This strategic approach remains at a high level, without much detail to guide implementation
 - Executives, managers and staff are uncertain about how to implement this approach systematically
- ▶ 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 conflict between these two models has not been resolved, causing inefficiency and frustration
- ▶ The choice of 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...

1. 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 strategic vision. In order to implement this vision in IBB/VOA, a more detailed plan is needed to outline priorities, major milestones and strategies for developing the needed capabilities.
2. 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:
 - Identifying target audiences in each market, Affiliate acquisition and management, Television news/content gathering and production, Internet and new media development, Editorial control within the Language Services, Technology to efficiently produce competitive-quality programming, Human capital management
3. 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, as it reduces the number of services using each script or report
4. 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 prioritization and phasing

Table of Contents

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



This section summarizes our recommendations for improvements to the BGG / IBB / VOA...

- 1. Develop a multi-year “roadmap” to guide USIB components in implementing the Board’s strategic vision**
 - Establish performance goals that would indicate success in implementing the vision
 - Identify critical milestones for developing key capabilities needed for the new business model and the expanded multi-media emphasis
 - Set the priorities for service provision among various markets and audience segments
 - Use plan to develop greater support from Congress
- 2. Separate operational management of USIB from the Board’s governance and oversight functions**
 - Establish a position of Executive Manager of the USIB, a non-political professional hired/fired by a Board super-majority, accountable for overall USIB performance in meeting goals set by the Board, managing the heads of USIB components and key staff functions
 - Board focus on developing a strategic roadmap, building support from key stakeholders, setting key goals and priorities, and monitoring performance

This section summarizes our recommendations for improvements to the BBG / IBB / VOA... (cont.)

- 3. Consolidate VOA and some divisions of IBB into an integrated business unit**
 - Include programming, marketing, operations, program support, and management functions
 - Establish a single non-political professional broadcasting or multi-media manager, selected by the USIB Executive Manager with Board approval, responsible for the overall performance of the business unit, including creation, production and distribution of programming to reach the designated target audiences
 - Establish a resource management office, matrixed to the USIB CFO
 - Create separate top editor position to ensure quality and appropriate content
 - Transfer those IBB functions primarily supporting USIB or multiple components to USIB Executive Manager, e.g. engineering and transmission unit, capability for system-wide language reviews

This section summarizes our recommendations for improvements to the BBG / IBB / VOA... (cont.)

- 4. Create a new business unit responsible for television programming, production and distribution**
 - Establish as non-federal entity to facilitate recruitment, infrastructure development, flexibility
 - Structure similarly to comparable units in industry
 - Hire managers and staff with directly relevant experience, including qualified individuals from VOA
 - Determine size and detail based on a plan for developing the television effort
 - Include a unit dedicated to development of Internet/New Media capabilities, which could be spun off later if it reaches scale
 - Refocus the reconfigured VOA/IBB unit on modernizing radio programming

- 5. Develop/obtain the key capabilities necessary to implement the market-driven business model and a truly multi-media approach**
 - Identifying target audiences in each market
 - Affiliate acquisition and management
 - Television news/content gathering and production
 - Internet and new media development
 - Editorial control within the Language Services
 - Technology to efficiently produce competitive-quality programming
 - Human capital management

BBG has three basic options to increase its flexibility in human capital management...

- ▶ Optimize its use of the authorities and flexibilities granted to federal agencies in human resource management
 - Often, agencies that feel their operational performance is constrained by federal personnel requirements have not analyzed or employed the complete set of options allowed under federal procurement guidelines
- ▶ Petition the Office of Personnel Management (OPM) for exceptional authorities, granted through the creation of an Alternative Personnel Management System (APMS)
 - Precedent exists for OPM granting exceptional status to federal organizations operating in unique competitive labor markets
- ▶ Re-incorporate the federal elements of the agency -- or select operations -- as a non-federal entity
 - The agency's business case must clearly articulate why it is unable to execute its strategy adequately through the first two options

...These are compared on the following page

The BBG's goal of developing its television capability rapidly and with high flexibility may be best met outside the federal system

| BBG Strategic Business Requirements | | | | | | |
|---------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | Process Authorities | Recruit New Functional Skills | Reduce Administrative Overhead | Offer Competitive Compensation | Support Business Flexibility | Performance Accountability |
| Current System | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| OPM Flexibilities | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Federal Alternative Personnel Systems | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Non-Federal | <input checked="" type="radio"/> | <input checked="" type="radio"/> | <input checked="" type="radio"/> | <input checked="" type="radio"/> | <input checked="" type="radio"/> | <input checked="" type="radio"/> |

Range of Impact:

○ Low Impact ————— ● High Impact