

# Strategic Review



## Analysis, Findings, Recommendations

March 2022

PUBLIC  
MEDIA  
CO.

# CONTENTS

- Project
- Organization & Environment
- Analysis & Findings
- Recommendations

# THE PROJECT

**Why?** XXXX leaders engaged Public Media Company (PMC) to help provide new insight into the organization (XXXX Public Radio and YYYY Radio), including historical performance compared with peers and recommendations to potentially grow XXXX's local impact and increase its financial sustainability

**What?** PMC's work with XXXX was based on three core components:

1. Analyze – Study XXXX's historical performance trends and compare with peers using a range of financial and audience data
2. Understand – Understand the current realities of XXXX and its environment, including media, technology, and organizational structure
3. Recommend – Develop priority focus areas to help increase both local impact and financial sustainability

PMC's work was partially supported by a grant from the Ralph B Rogers Foundation that helps provide small and unique public radio and TV stations with reduced price strategic consulting services

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# XXXX: ORGANIZATION & MARKET

XXXX is a **small public radio station** based on annual revenue (in the smallest third of all public radio stations in the U.S.) serving the YYYY area of states 1 and 2. It is an **independent 501c3** community licensee that relies on local community support for much of its revenue. XXXX operates **XXXX Public Radio** – an NPR affiliate providing news and music throughout the region – and **YYYY Radio** that focuses on service to ...



XXXX's broadcast signals **reach approx. 216k people** throughout the ABC states. The population served is **less wealthy and less educated than the U.S. overall** – making fundraising more challenging than in higher wealth urban areas. XXXX serves a **significant XYZ population** and a **rural audience** in general – which leads to higher per capita costs to reach the widely dispersed local community.

# XXXX: STRATEGIC DIRECTION

Thanks to a **successful capital campaign**, XXXX recently moved to a **new \$2.5M building** (YYYY Media Center) which greatly expands the org's capacity and capabilities.

The facility enables XXXX to be a **hub for ABC programming, create a media training center, offer new programs & expand its news coverage.**

XXXX is also **expanding its statewide partnerships** and content creation capabilities. The organization partners with others to help expand its local news reporting, access regional journalism collaborations, embrace new local storytelling opportunities, and increase revenue – helping to create even more value for the people of the YYYY than it could alone.

# XXXX: BEYOND BROADCAST

Partnerships and **grants are an effective and necessary source of revenue** (and content) for rural stations (as local fundraising is more challenging than in urban areas). XXXX is highly active and effective at obtaining grant funding to support its work and this will continue to be critical to XXXX's future impact.







In 2019, XXXX received and now **operates the ABC Folk Festival, YYYY Bluegrass, and ZZZZ Camps** as part of its service. These events help engage the community in new ways, extend XXXX's brand, expand its contact list, and generate revenue for the organization.

Like all public media organizations, COVID-19 has impacted XXXX, reducing sponsorship revenue but also increasing federal support and contributions from large donors. The pandemic also accelerated changing audience engagement habits, including greater levels of digital media consumption.

# MEDIA ENVIRONMENT: HABITS

The way Americans consume media has changed significantly in the past decade: **mobile use has exploded, everything else has declined** (including radio listening and newspaper/magazine reading).

[www.visualcapitalist.com/how-media-consumption-has-changed-in-2021/](http://www.visualcapitalist.com/how-media-consumption-has-changed-in-2021/)

		Minutes Per Day 2021	Percent Change 2011-21
<b>MOBILE</b>		252 mins	+460%
<b>RADIO</b>		99 mins	-24%
<b>MAGAZINES</b>		12 mins	-50%
<b>NEWSPAPERS</b>		9 mins	-63%

The **decline in newspapers has led to an erosion of public trust** and discourse. Public media organizations can be part of the solution but it requires resources, including for digital/social media and fundraising.



# XXXX: NEWS & JOURNALISM

XXXX already has a **strong focus on local and regional news** through its own reporting and partnerships with the ABC, YYYY, ZZZZ, and the upcoming reporting relationship with DEFG. The organization is also **focused on other local storytelling**, including XXXX and YYYY that, in partnership with ZZZZ, help provide a voice and more visibility to ABC communities. XXXX also wants to be a catalyst for creating a pool of ABC journalists for public media.

XXXX provides the YYYY with **substantial content and services for a small organization** with a small staff. However, **staff are stretched thin** and future impact and sustainability will require additional human resource capacity and capabilities to meet the evolving needs of the community (including digital/social media, new newsletters, podcasts).

**Note:** Please refer to the appendix for the data/insight that informs this summary

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# PUBLIC MEDIA COMPANY ANALYSIS

PMC's analysis of XXXX centered around 3 core areas:

## Financial Analysis Report

XXXX financial performance compared with public radio peer orgs using AFR, census, and audited financial data

## Organizational Survey

Insights from staff across XXXX on core areas of organizational effectiveness (strategy, budgeting, governance, staffing, diversity, etc.)

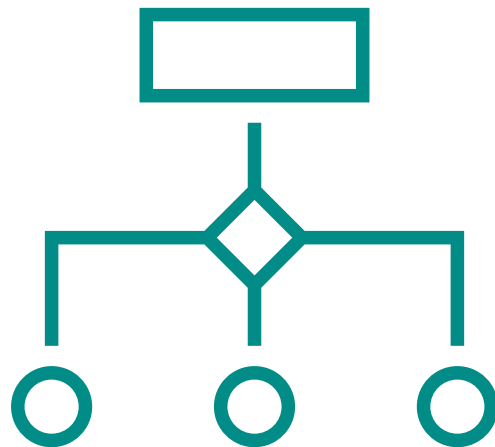
## Audience Analysis Report

XXXX broadcast and social media audience compared with public radio peer orgs in the west

**Note:** A summary of the findings and select charts are featured on the following pages; please refer to the specific PDF reports for additional details

# ORGANIZATIONAL INSIGHTS

An organizational effectiveness **survey was completed by xx staff members** from across XXXX. Results revealed **strong belief in the station's community presence and partnerships**. Other areas with high scores included strong **alignment with XXXX's mission and values** as well as its overall strategy, goals, structure, and governance (with considerable consistency in responses from everyone).

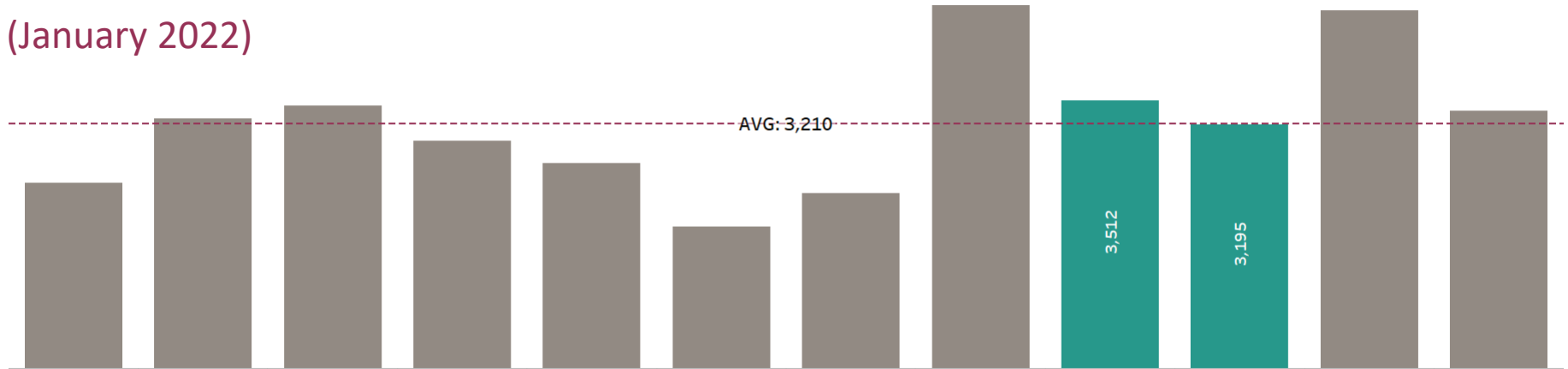


**Areas of some concern highlighted in the survey were staff diversity and overall staffing levels** (also the areas of most variability in staff responses). Comments revealed a deep passion and dedication from staff and a strong independent and alternative spirit in its community focus. Challenges highlighted included reaching a younger and more diverse audience and the need to grow revenue to help increase XXXX's future impact, especially in a changing media environment.

# SOCIAL MEDIA AUDIENCE

XXXX has an **active presence across social media** (Facebook, X/Twitter, YouTube, and Instagram). **On Facebook, the station performs in line with peers;** however, XXXX has a smaller presence than peers on other platforms.

## Station Facebook Followers (January 2022)



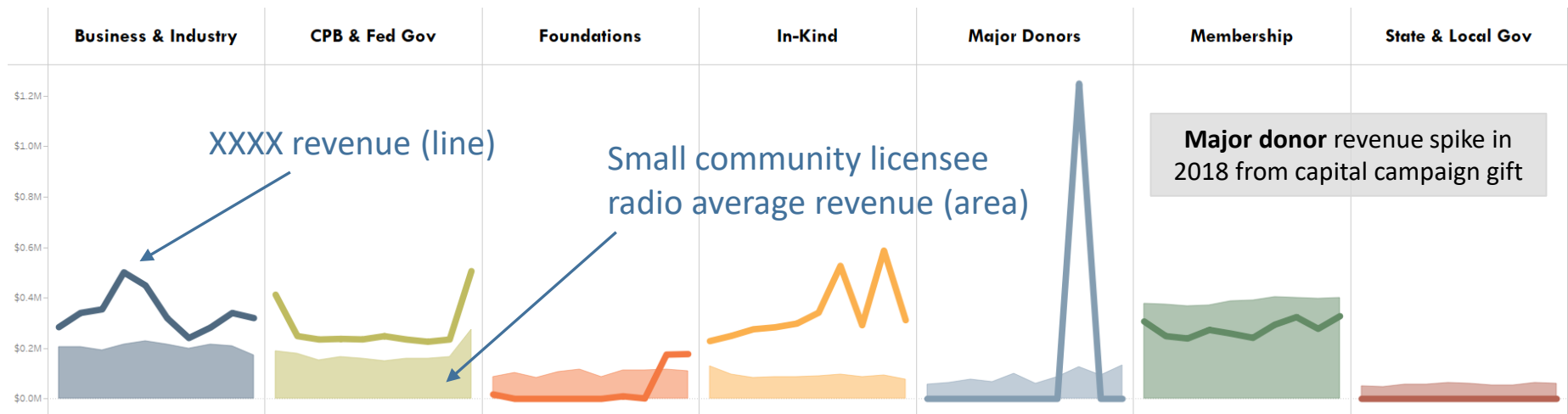
Social media provides stations with opportunities for promotion (inc. events), audience insight (especially important when other audience data is unavailable), stronger audience relationships, and credibility with new audiences. These benefits are especially important for smaller orgs that lack the resources to make large investments in other content areas.

**Digital/social media is a focus area for XXXX** and has been recognized by the YYYY with its **Website of the Year** award.

# REVENUE HEADLINES

XXXX is a **small radio station** (in the bottom third of all radio stations by revenue size). The average public radio station has outgrown XXXX in recent years; however, XXXX's flat revenue over past decade is similar to other small community stations.

## Revenue by Source (2011-20): XXXX vs. Small Community Radio Stations (NFFS: \$0.5-\$1.5M)

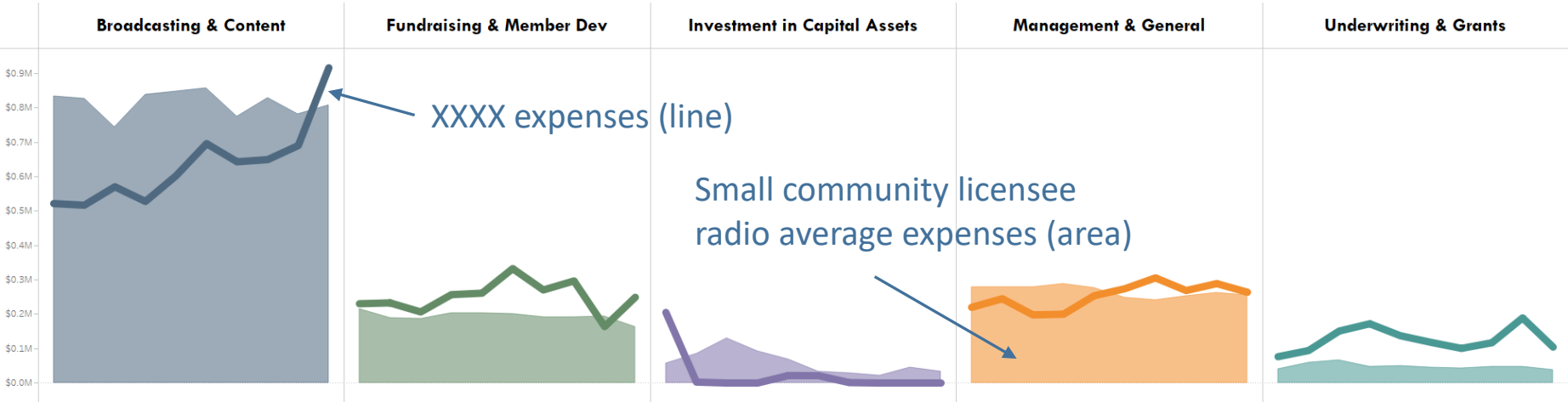


Compared with peers, XXXX's revenue from business/industry (**underwriting**) is strong but individual giving is lower than peers (FY22 YTD data suggests growth in both categories compared with previous years). XXXX receives **generous in-kind support** from YYYY and has generated **significant revenue from foundations** in recent years.

# EXPENSE HEADLINES

Expense data shows that XXXX has been **increasing its investment in its broadcast infrastructure and content** after previously under-investing in these areas compared with peers. It is hoped that XXXX can continue to grow its investment in content and revenue generation as these areas are crucial to growing audience and revenue. Large stations have done this in recent years but small stations have not been able to make the same level of investment in their future success.

**Expenses by Area (2011-20): XXXX vs. Small Community Radio Stations (NFFS: \$0.5-\$1.5M)**



# FINANCIAL SUMMARY

**XXXX is a small but growing organization.** It hasn't grown at the rate of larger public radio stations but it is performing in line with smaller peers (there's a big difference in public media between the growth rates of large, urban stations and those of small, rural stations). The organization is **effective at generating revenue** despite the challenges of serving a small, rural, and relatively low-income population. XXXX also **makes good use of partnerships and grant opportunities** to generate financial support and meet community needs – critical when local fundraising is more challenging.

Encouragingly, **XXXX has increased its investment in critical areas**, including content and fundraising, but faces the ongoing challenge of higher per capita expenses to serve a dispersed population. Investment in **non-broadcast services will likely be critical to XXXX's future impact** and success. The YYYY area is currently underserved by broadband providers but new federal and local initiatives should hopefully soon address the inequities, and this provides an opportunity for XXXX to invest in and grow its digital services.

One area to monitor is XXXX's balance sheet (not shown in deck): cash and current assets dropped significantly in 2020 (because of investment in the new building) and again in 2021 and this, along with rising operating expenses, has reduced the organization's ability to meet short-term obligations.



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# AREAS OF RECOMMENDATION

## 1

### GROWING PARTNERSHIPS

XXXX is already highly effective at developing partnerships to meet community needs and generate revenue. Relationships with other content providers and funders (institutional and individual) will be critical to the organization's future success – helping to expand content expertise, reduce cost barriers, and increase station revenue

- **Identify and cultivate new partnership opportunities** that reduce costs (e.g., regional collaboratives) and grow content/skills
- Continue to **strengthen XXXX connections with foundations and other funders** to grow revenue from beyond the local community
- **Learn from peer organizations** that have complimentary strengths to XXXX (e.g., YYYY in TX)
- Build newsroom/YYYY to **become regional/national source of reporting expertise on ZZZZ issues** and people

# AREAS OF RECOMMENDATION

## 2

### AUDIENCE ENGAGEMENT

Media consumption has changed considerably in recent years, including in the YYYY, requiring different approaches to engage audiences. XXXX is well placed to meet the changing needs of its community and engage with its audience but this will require:

- Investing in **content creation as well as digital and social media capabilities** to grow audience and impact
- Exploring and strengthening new distribution and engagement opportunities such as **podcasts and newsletters**
- Continuing to **strengthen in-person events** for audience engagement and revenue
- Having a **better understanding of audience trends** (Nielsen is unavailable but digital and social metrics can be tracked)

# AREAS OF RECOMMENDATION

3

## FUNDRAISING GROWTH

Fundraising is challenging for organizations that serve small and rural audiences but there is likely room for XXXX growth. Sponsorship revenue success indicates that there are potential opportunities to grow individual giving, although investment will likely be required

- **Increase XXXX's fundraising resources, capacity, and capabilities** to generate revenue that will help sustain the organization in future years
- **Grow individual giving, particularly major donors** (a source of significant revenue growth in public media over the past decade)
- Track fundraising progress and identify areas of greatest opportunity using **regular fundraising benchmark data** (e.g., CDP's ROAR report)

# SUMMARY

XXXX is an impressive organization that meets multiple community needs on-air, online, and in-person and is highly effective at cultivating partnerships and generating local revenue to help achieve its goals. It does this despite serving a small and rural audience that is less able to financially support a public media organization than more urban areas.

Despite these successes and challenges, increased investment and experimentation will be required to ensure that XXXX can continue to meet changing local needs. This means strengthening organizational resources (human, financial, physical, information) to grow content, distribution, and revenue generating capacity and capabilities – growth that will require partnership, increased major donor support, and revenue from beyond the YYYY.

XXXX's track record suggests it is well poised to build on its considerable success and further increase the value it provides to all the people of the YYYY.

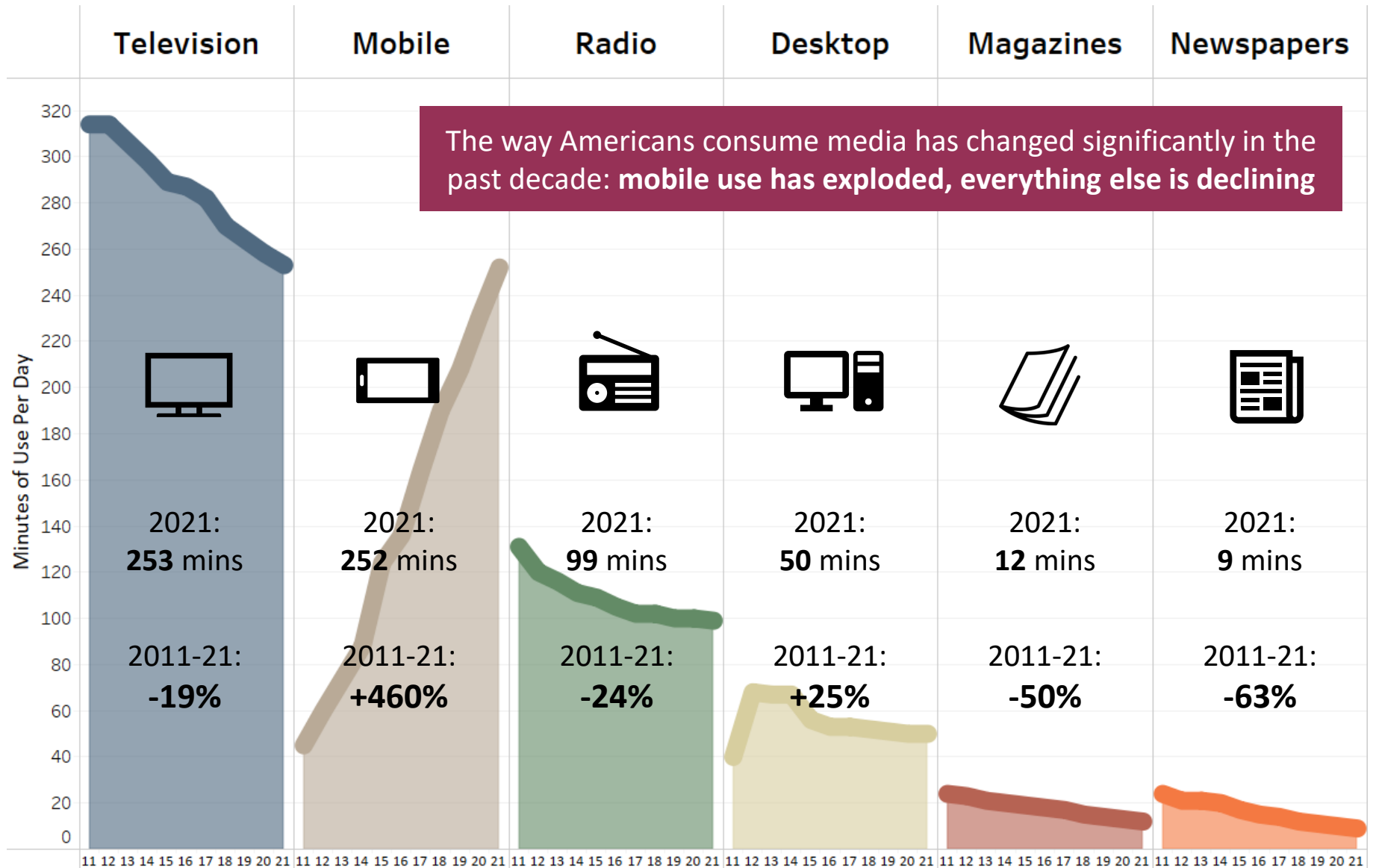
# APPENDIX

- **Environmental Analysis**
- **Analysis Challenges**

# ENVIRONMENT: MEDIA HABITS

## Minutes Per Day of Media Use 2011-21

[www.visualcapitalist.com/how-media-consumption-has-changed-in-2021/](http://www.visualcapitalist.com/how-media-consumption-has-changed-in-2021/)



# ENVIRONMENT: UPS & DOWNS

Media consumption habits have changed dramatically in recent years and those changes accelerated during the early part of the COVID-19 pandemic:



**Growth** for podcasts, audio books, social media, video streaming, gaming, kids screen time, and overall connected device use



**Decline** for in-car listening, movie theater attendance, advertising, time with traditional media, local newspapers, and office attendance

Some of these trends/habits have partially rebounded since 2021 but the disruption has led to many casualties, including:

**LOCAL NEWSPAPERS** are struggling  
and continue to disappear

- Digital subs up but print circulation down more
- Big drop in ad sales (+ shift to less profitable digital access) = revenue crisis

**PUBLIC TRUST** has eroded and  
**partisanship has exploded**

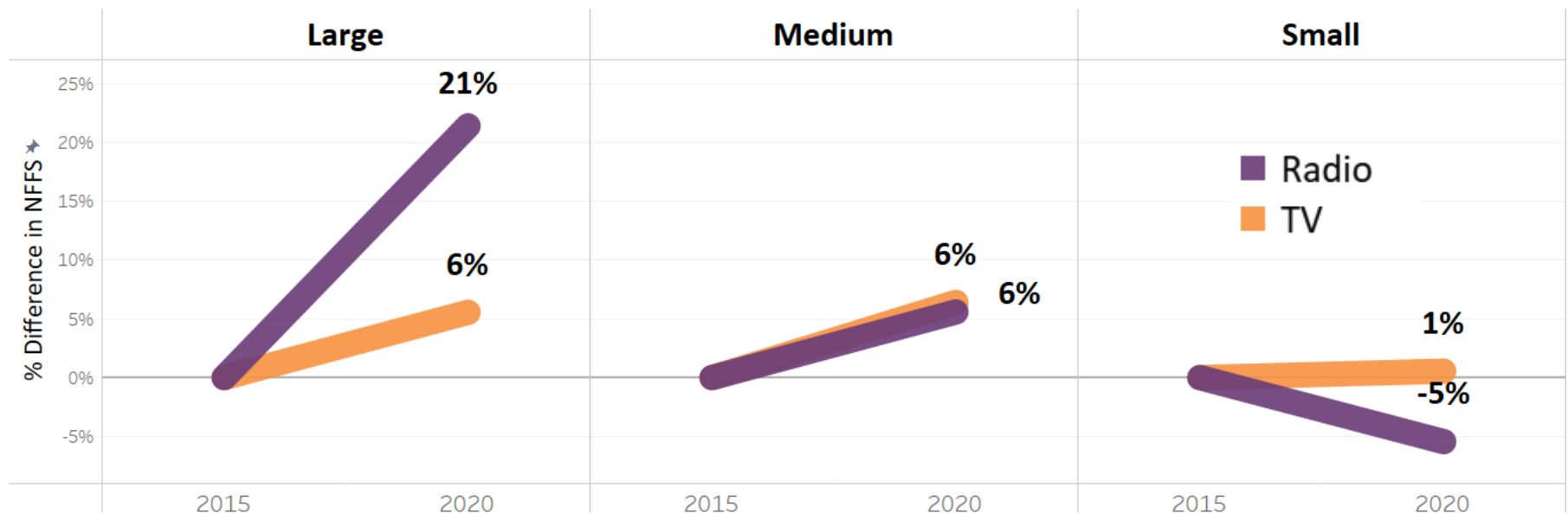
- More time spent in own echo chambers
- Less engagement with newspapers is helping misinformation spread



# ENVIRONMENT: PUBLIC MEDIA

Public radio stations are part of the solution for addressing declines in local news and public discourse, but some organizations are better equipped than others. Revenue at large urban stations has grown significantly and enabled investments (journalists, digital/social capabilities, acquisitions, etc) but, in small and rural markets, where the need is greatest, station revenue has been flat or declined and restricted investment in local content and services.

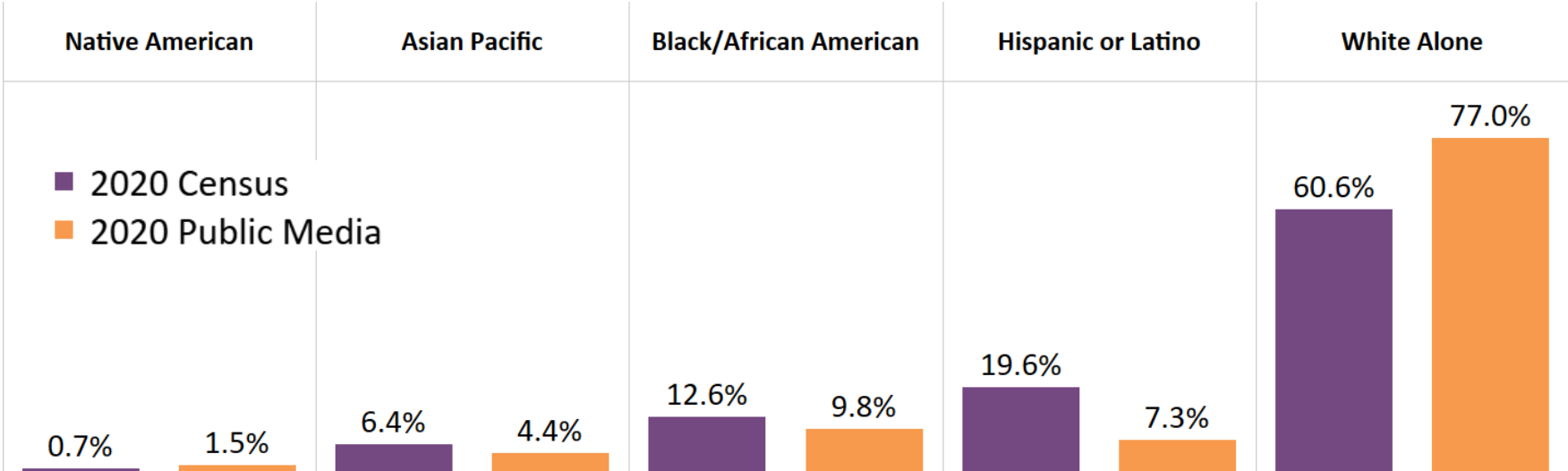
## Revenue % Growth by Station Size 2015-20 (AFR)



# ENVIRONMENT: DIVERSITY

Equity and inclusion has become an even higher priority for all organizations in the wake of George Floyd, including at public radio stations. However, public media has its own struggles with employing and engaging people of different and diverse backgrounds – whether that’s diversity in thought and beliefs or diversity in race and ethnicity.

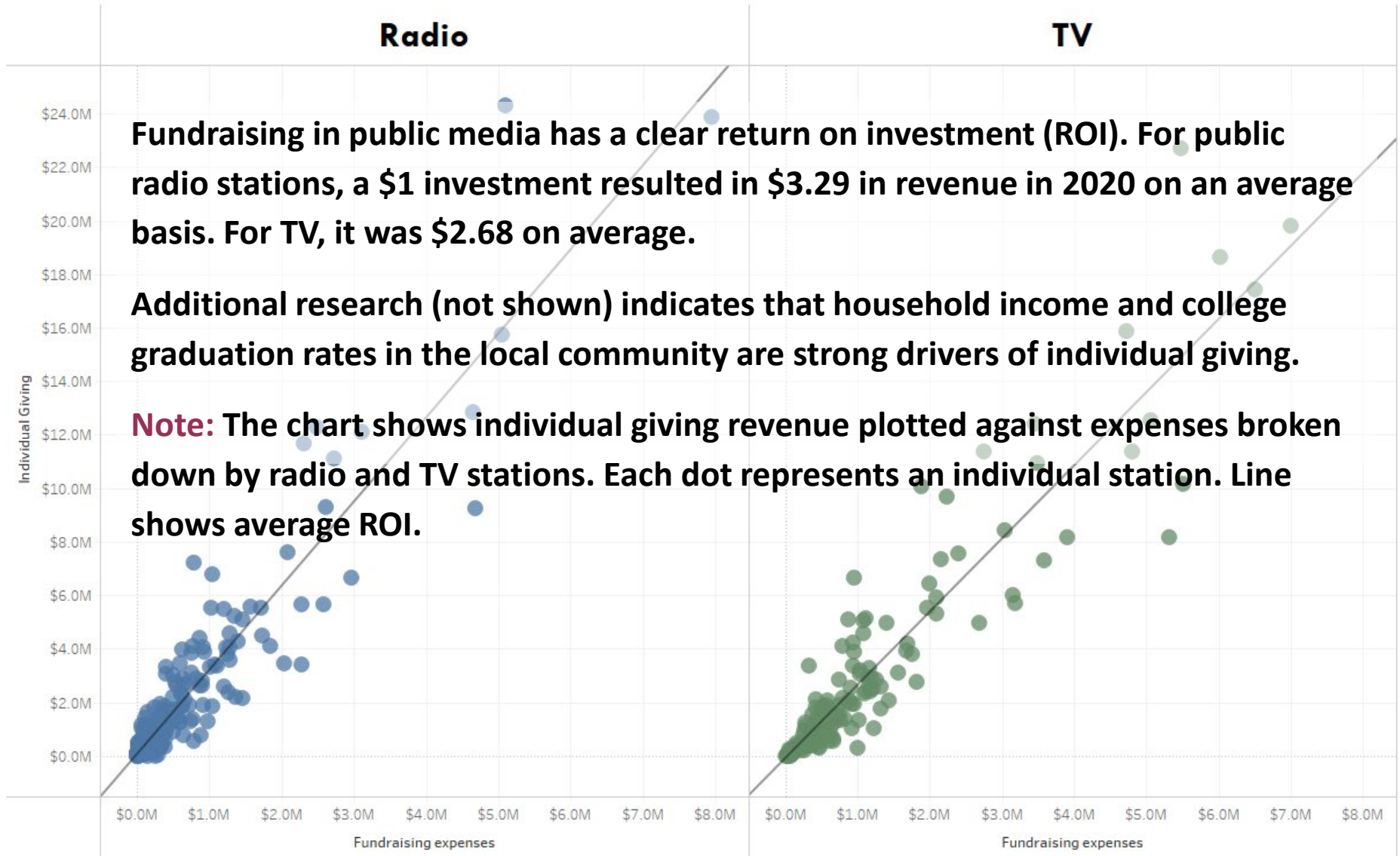
**% of U.S. Population or Public Media Workforce by Race/Ethnicity**



**Public media staff are generally not representative of the people they serve and many employees want and are enacting change at stations all across the country.**

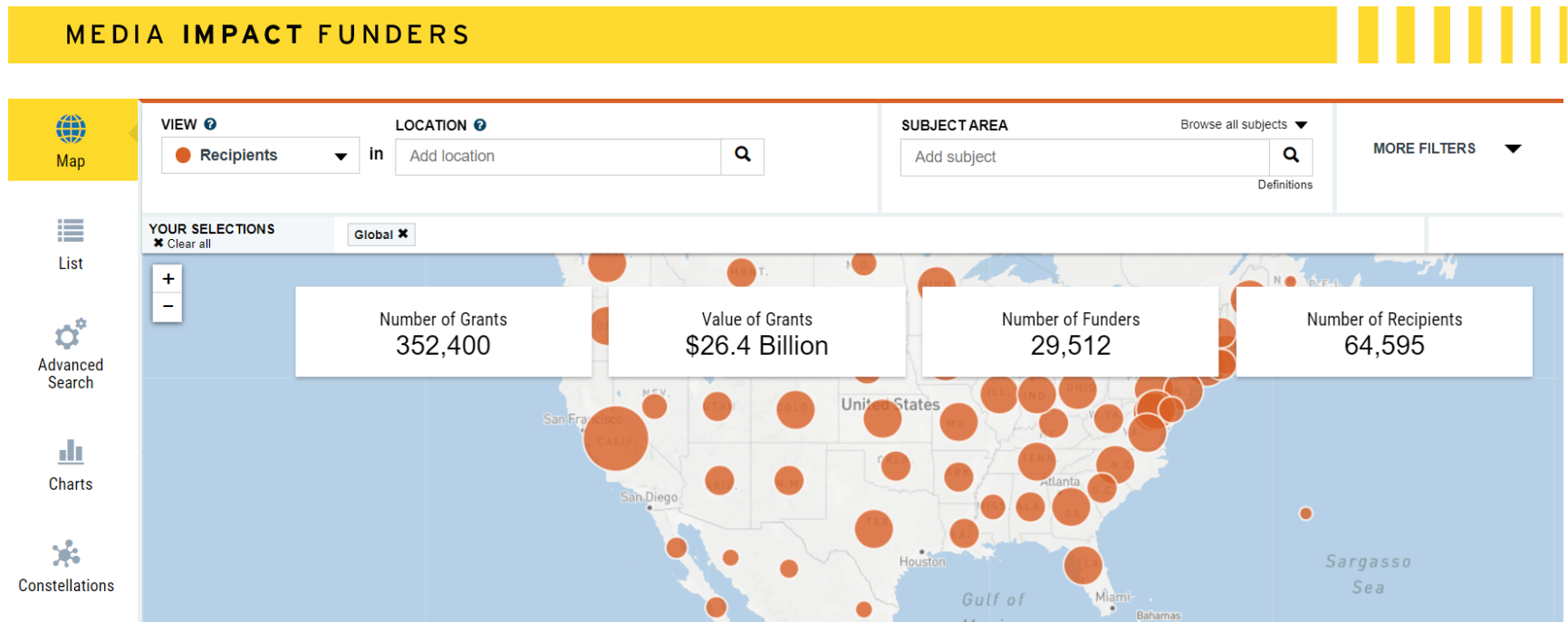
# ENVIRONMENT: FUNDRAISING

## Fundraising ROI by Individual Grantee 2020



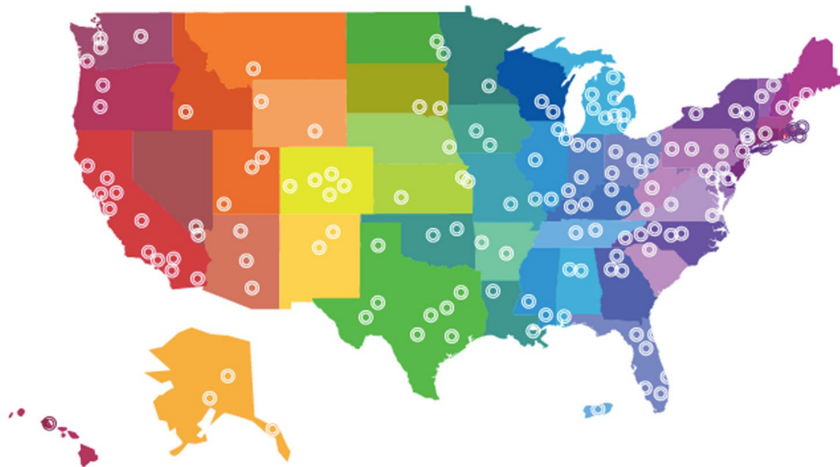
# ENVIRONMENT: FOUNDATIONS

Media Impact Funders maintains a map of foundations and other funders that support media around the country. The map and underlying information can be used by public media organizations to see who is funding similar stations or initiatives in their state, region, the U.S., and around the world. This and other Media Impact Funders insights can help identify good prospects to cultivate.



# ABOUT PUBLIC MEDIA COMPANY

**Public Media Company** is a nonprofit consulting firm dedicated to serving nonprofits. We leverage our business expertise to increase nonprofit impact across the country.



Public Media Company works in partnership with organizations in urban and rural communities to find innovative solutions and grow local impact. We have worked with **over 300 organizations in all 50 states**

[www.publicmedia.co](http://www.publicmedia.co)