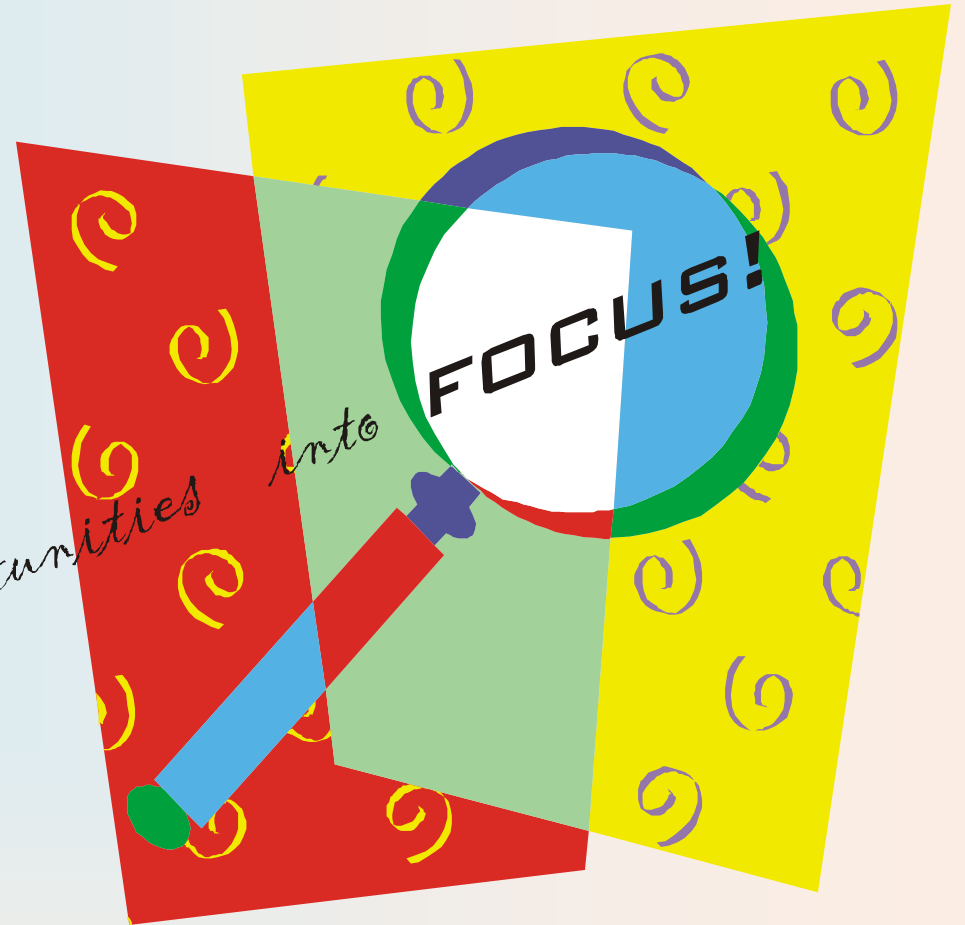


Bring your

Opportunities into

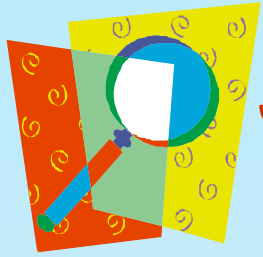


Getting Serious _ New Tools for Expansion Activity

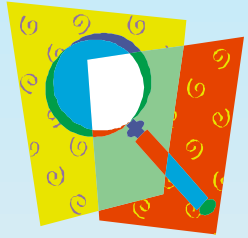
Tampa ✦ Charlotte ✦ St. Paul ✦ Washington ✦ Atlanta

TRANSFORMations
CONSULTING GROUP

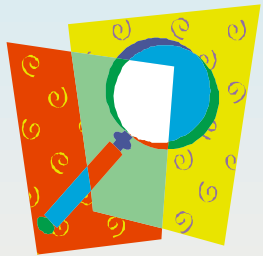




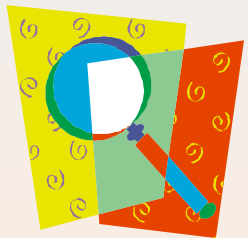
SABS Application and Knowledge Management Project



- “None of us really understands what’s going on with all these numbers.”

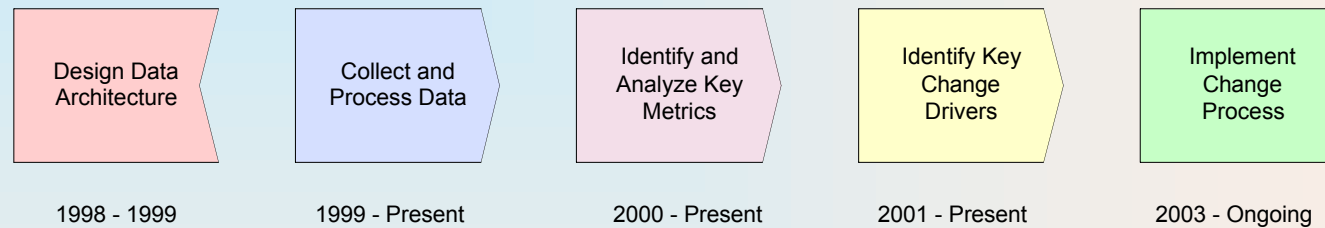


David Allen Stockman, on the US Budget, 1981



SABS Study and Knowledge Management Project

SABS Project Process



1. Design Data Architecture
 - A. Identify universal metrics
 - B. Evaluate unique attributes
 - C. Evaluate existing data

2. Collect and Process Data
 - A. Create data collection process
 - B. Collect test data
 - C. Analyze data points

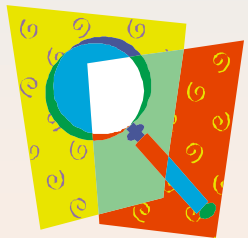
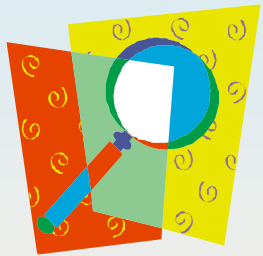
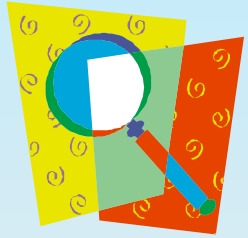
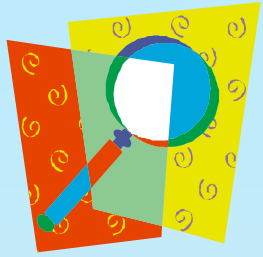
3. Identify and Analyze Key Metrics
 - A. Recruit a sample from the data
 - B. Test the findings
 - C. Assess the relevance of the information
 - D. Define the critical change metrics

4. Identify Key Change Drivers
 - A. Develop management focus on the change initiative
 - B. Create models for change using key metrics
 - C. Engage the staff in the change process
 - D. Implement pilot testing and measure results
 - E. Make modifications based upon the feedback

5. Implement the Change Process
 - A. Identify the early adopters
 - B. Create dissemination tools and pathways
 - C. Build the training curriculum and train-the-trainers
 - D. Hand off the program to the key stakeholders

Tampa Charlotte St. Paul Washington Atlanta

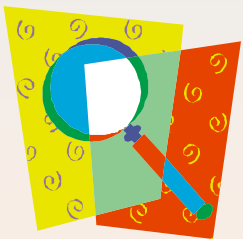
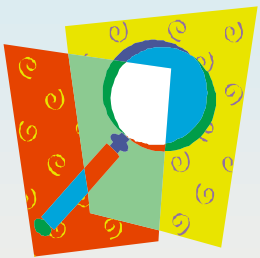
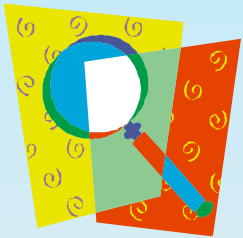
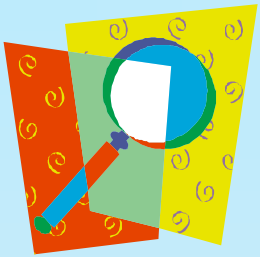
Goals and Objectives



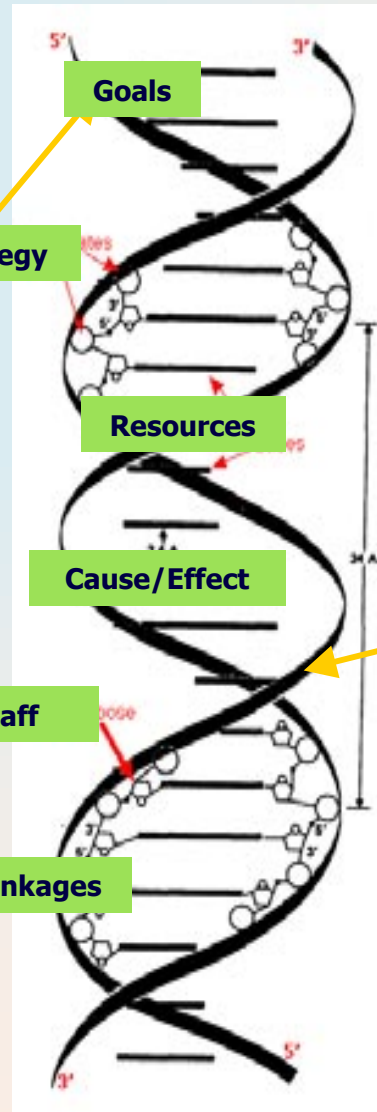
● Improved Community Service

- More resources aimed at core work
- New resources to put into action
- New processes and improved control
- Defensible actions
- Identify and take advantage of opportunities
- Mastery of the mysterious

Two intertwined tracks:

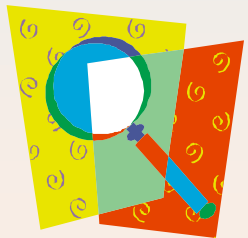
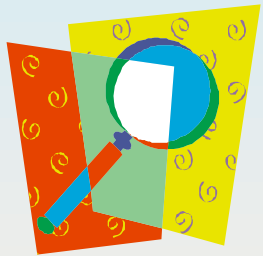
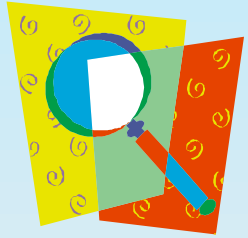
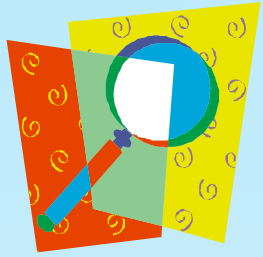


Technical



Behavioral

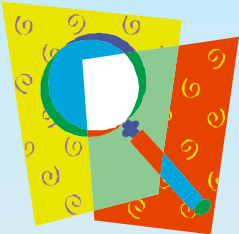
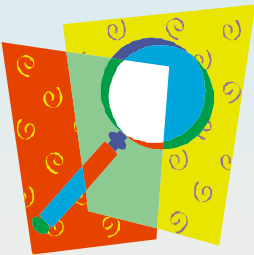
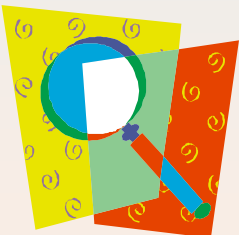
Technical Track:

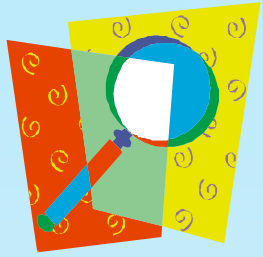


- Data reliability and integrity:
 - Are we looking at the right numbers?
 - Where can operational performance be improved?
 - What new decision support tools do we need?
- Revenue and Expense performance:
 - Where, based on the numbers do we need to make positive changes?
 - How do we create more revenue or use it more efficiently?

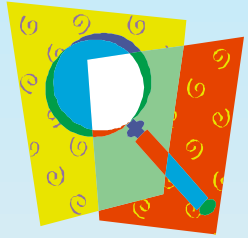


Behavioral Track:

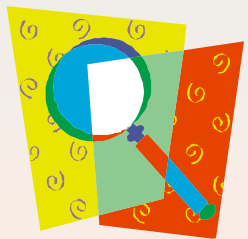
- 
- 
- 
- Understanding the cause and effect
 - What actions and decisions drive the numbers?
 - What are the dynamic linkages?
 - How do we build staff awareness?
 - How can everyone take ownership of the measures and leverage their creativity?
 - Making better decisions with confidence
 - What are the short-term wins?
 - What tough calls need to be made?
 - What are the long-term implications?



Summarizing the goals:



- To maximize the usage of the SABS benchmarks at the functional level within the stations
- To improve overall performance at the station level
- To create a process to use a systemic enterprise-wide approach to making strategic decisions
- To re-orient the public broadcasting management paradigm
- To create sustainable, positive, long-term change within the system



SABS Analysis and Planning

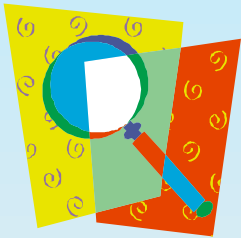
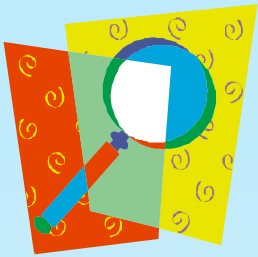
Cohort Comparison

	Station A	Med. Institutional Licensees Total Station Revenue	Med. Joint Licensees Total Station Revenue	Medium Licensees Weekly Cume
Total Underwriting Revenue	\$ 246,557	\$ 293,687	\$ 341,048	\$ 407,408
Total Underwriting Expenses	\$ 132,757	\$ 161,197	\$ 140,719	\$ 169,311
Cost Per Dollar Raised	\$ 0.54	\$ 0.55	\$ 0.41	\$ 0.42
Cash Per Account Executive	\$ 87,685	\$ 164,882	\$ 159,006	\$ 175,276
Total Revenues Per FTE	\$ 54,790	\$ 157,896	\$ 156,265	\$ 177,048
Underwriting Power Ratio	8.6%	8.5%	9.9%	8.9%

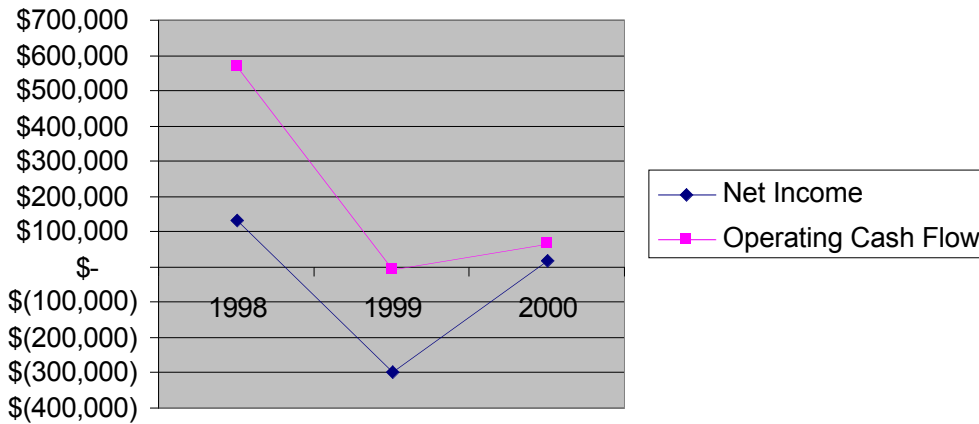
Underwriting Plan For Station A

	FY 03	FY04	FY 05
Total Underwriting Revenue	\$ 277,883	\$ 323,383	\$ 391,783
Total Underwriting Expenses	\$ 139,395	\$ 146,365	\$ 153,683
Cost Per Dollar Raised	\$ 0.50	\$ 0.45	\$ 0.39
Cash Per Account Executive	\$ 111,153	\$ 107,794	\$ 130,594

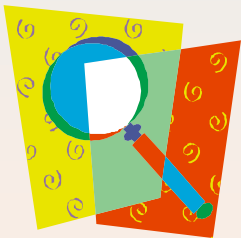
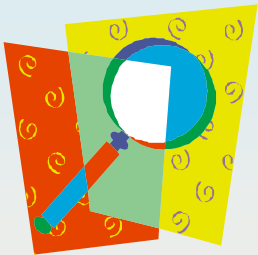
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Operating Margin & Operating Cash

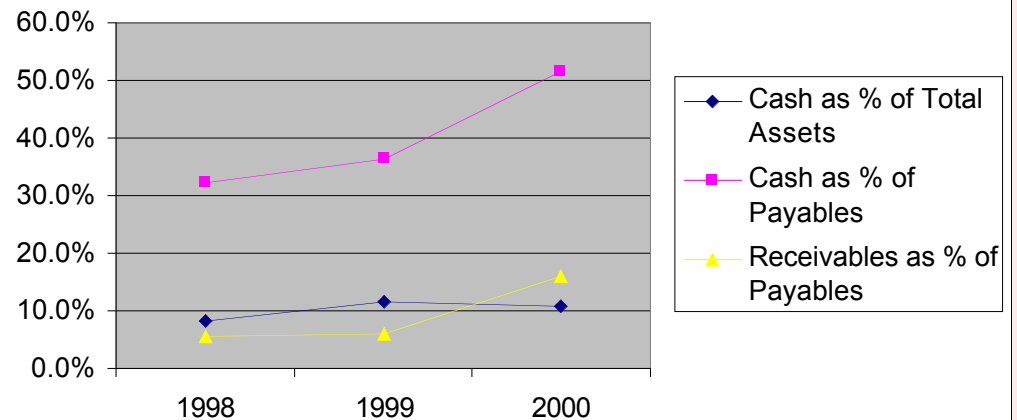


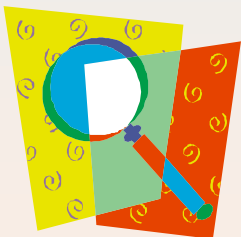
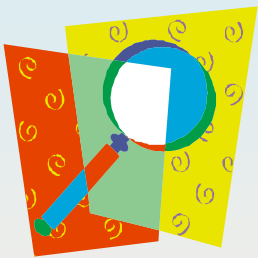
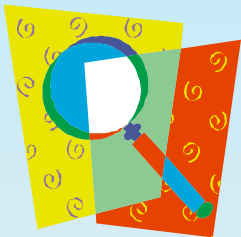
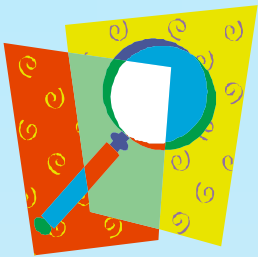
Operating cash flow shows how much KVPT is generating through its core activities, and net income is the difference between total revenues and total expenses. In 1999 the station made a significant purchase of equipment that reduced its operating cash flow to nearly zero. The graph shows that net income is increasing more rapidly than operating cash flow, suggesting a potential future problem with working capital.



Overall cash management impacts the ratio or weight of cash in proportion to other assets or liabilities. Increasing cash and declining receivables suggest increasing liquidity and financial strength. During this period KVPT made a concerted effort to reduce past due payables and manage its cash flow more carefully. Operating cash flow will still need to be closely monitored to insure that current obligations continue to be met on time and that the station retains a contingency reserve. The station might also consider beginning to fund depreciation, if not completely, by some significant percentage as a hedge against equipment replacement or unexpected repairs.

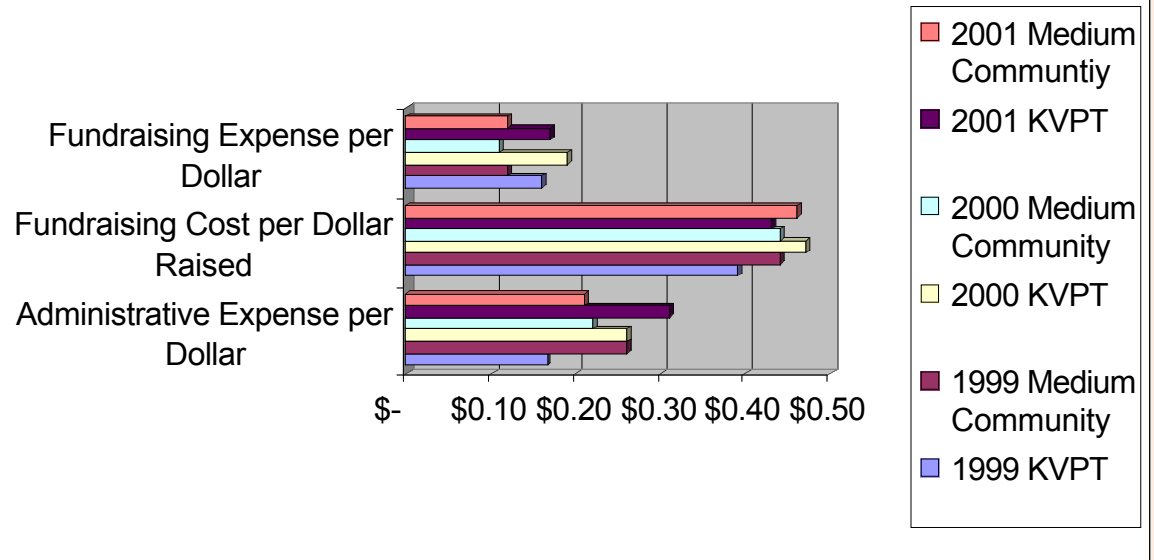
Impact on Cash Position





The graph at the right depicts the relative spending on fundraising and administration for KVPT and their medium community licensee cohort group as taken from the 2001 SABS report. KVPT spends more on fundraising in proportion to the station's total spending than its peers, although those costs decreased between 2000 and 2001. In terms of the cost to raise a dollar, there was a significant increase for KVPT between 1999 and 2000, although the cohort group's cost to raise a dollar has increased steadily. Finally, the chart depicts the proportion of administrative expenses out of every expense dollar. KVPT's administrative expense proportion has increased dramatically over the three years shown, where the cohort group's proportion has increased only somewhat and was down slightly in 2001.

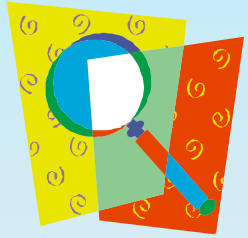
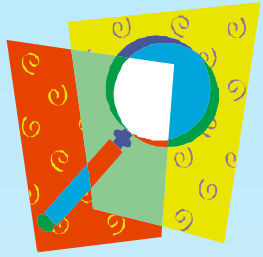
Proportional Spending



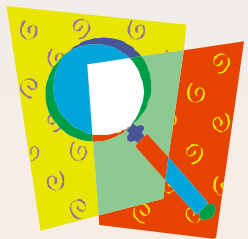
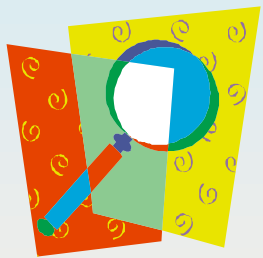
ÅBase Managing on MeasuringÅ

- Take measurement out of accounting and make it part of every manager's job
- Abandon the measures you have inherited from the past
- Develop a model of your business that links your overall goals to specific things you control
- Put in place measures and targets for the key items in the model

ÅBase Managing on MeasuringÅ



- Design measures that are objective, timely, easy to calculate, and easy to understand
- Make ongoing performance improvement inevitable by incorporating it into a disciplined measurement-based process
- Let facts and measurement guide intuition and opinion



Conclusion and Q&A

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