The Business of Public Service

by David Giovannoni
(17 pages)

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Doug Eichten's Introduction

David Giovannoni has been called many things during his 29-year tenure in public radio: an iconoclast, an inventor, an entrepreneur, a visionary….

I call David a pragmatist. In an enterprise noted for the passion of its professionals, he stands out for his ability to channel devotion and intellect into practical achievements of lasting value.

David is among public radio's most decorated veterans, with a litany of citations that include awards from both PRI and NPR, as well as public radio's highest honor – CPB's Edward R. Murrow Award "for outstanding contributions in fostering the growth, quality, and image of public radio."

And as if our industry's honors were not enough, next month David and his work will be recognized in a full-length profile in the New York Times Magazine.

David has revolutionized public radio through his prolific writings and landmark studies. Every day his work helps programmers, producers, and networks make better programming – and smarter programming decisions. His company's innovative line of AudiGraphics products is now woven deeply into the fabric of our industry.

Best known for his pioneering programming research, David has also undertaken some of the most influential studies in the field of public radio fundraising. They include:

- 1985's "Cheap 90" study – the groundbreaking examination of the links between listening and giving – and the first study to show that listeners give not so much from a sense of altruism, but because public radio is important in their lives.

- AUDIENCE 88, the study that produced public radio's first cohesive set of research reports on membership, underwriting, advertising, and promotion.

- AUDIENCE 98 – still the largest and most comprehensive study of public radio's audience – that quantified for the first time, listeners' perceptions of underwriting and on-air drives.

Not one to rest on past achievements, David and his team of experts at ARA are now introducing Strategic AudiGraphics – a set of advanced tools that integrate a station's fundraising, financial, programming, and audience data into a cross-disciplinary, decision-informing package for the new economy of public radio.

This morning, David will share with us some of the latest thinking to come out of this project. He'll map for us the state of public radio's fundraising economics. And he'll discuss the challenges ahead in the context of the unique character of our business – the business of public service.

David Giovannoni's Remarks

Thank you for your kind introduction, Doug, and thank you all for the warm welcome.

I'm here today to talk with you about the business we're in – the business of public radio. You understand as well as anyone in our industry that public radio is truly a business. You know that because you're out there on the front lines day after day, raising money to pay our bills.

I'm here today to tell you that while our industry is grateful, I don't think it is appreciative enough. The money you raise not only pays public radio's bills – it provides such a broad and strong base of funding that it does nothing less than secure public radio's future.

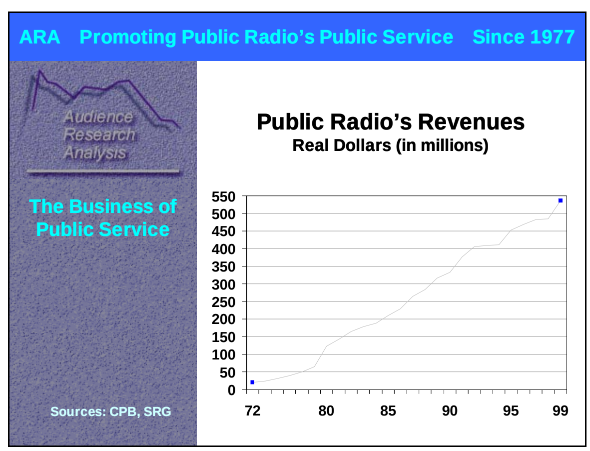
It's a story of financial independence – and it's a story of financial dependence. Today I'll show how public support depends on public service; how you and your PDs can no longer work in isolation. And I'll report an impending situation that will challenge each of us to work not only harder – but smarter – to ensure the continued operation of our enterprise.

I'm also here today to suggest a new set of metrics that acknowledge this dependence – new measures and ways of thinking that are more appropriate and useful than most we've been tracking over the years.

And finally, I'm here today to implore each of you to understand, acknowledge, preserve and protect ***at all costs*** the foundational values of our business – and by that I mean the values and the services we provide that make us worthy of the public's trust and continued support.

Let's begin with a review of how your work has both changed and strengthened the economic foundations of public radio.

Today public radio is a half-a-billion dollar per year industry. But when I first walked into a college radio station in 1972, "public radio" was still reorganizing itself out of a loosely-formed coalition of "educational" stations. Most licenses were held by universities, colleges, and school boards, and the licensees themselves paid most of the bills. NPR was only a year old, loosely connected by long distance land lines that make today's lowest-resolution audio sound good. All of our stations put together didn't add up to a 20 million dollar per year endeavor.



Many of you are too young to remember – and maybe you'll find it hard to believe – but during the 1970s, the president and vice president of the United States of America wanted to withdraw all federal support of public broadcasting. And they might have succeeded, had not their attentions, and their offices, been pulled away by charges of tax fraud, obstruction of justice, that sort of thing.

By the time I got to NPR in 1980, public radio was a burgeoning 120 million dollar per year industry. We had just completed the first satellite interconnection system of its kind, offering multiple high fidelity stereo channels in real time. We were using the satellite to distribute a new show called Morning Edition (although it would be several years before most stations would carry it).

Publications such as the New York Times and the Wall Street Journal began to take notice. Indeed, NPR was emerging from a condition of relative obscurity into a network of marginal significance.

But at stations, ours was still primarily a subsidized endeavor. Five out of every six dollars we spent in 1980 were "subsidies" – my shorthand for gifts from licensees, foundations, and national and local legislatures. These dollars subsidized operations without regard to the actual public service we provided. The work we did was its own reward; we did little to earn it except show up for work everyday.

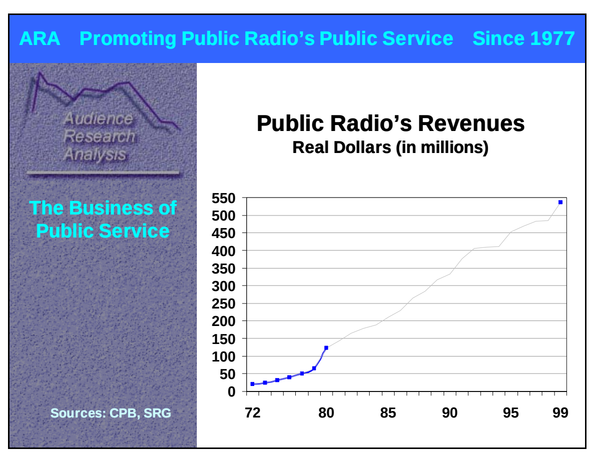
Two things happened in the early 80s that radically changed the economic underpinnings of our industry.

The first was Mr. Reagan's move to Washington. Like Richard Nixon before him, Ronald Reagan was no friend of public broadcasting. Yet Mr. Reagan's approach was significantly different and far more lasting. By insisting that we earn our own way, he accelerated our progress down the path of direct and voluntary listener support.

That was a path that many in our industry had already begun to travel. It was a path paved, ironically, by Pacifica and the upstart community stations springing up in cities, towns, and hamlets across the country. Unlike the stations run by educational institutions, community stations did not enjoy the financial support of an educational licensee. They built themselves from the ground up – they earned their own ways – by raising direct listener and business support from their communities.

It was a promising model, because the Public Broadcasting Act of 1967 – the federal law that transformed us from "educational" to "public" radio – had given Americans this wonderful gift of public broadcasting, but no reliable way to pay for it over the long run.

And that's where you walked in, which was the second big thing to happen in the 80s.



In reaction to Reagan's rescissions, CPB moved Nate Shaw and Nel Jackson out of the building, down the street, and into an independent professional association called The Development Exchange. The Exchange sought to professionalize fundraising and fundraisers in public radio. It believed that public radio would increasingly rely on them. And boy, was it was on the money.

Indeed, earned revenues more than quadrupled by the end of that decade. Historians tend to focus on the missteps of NPR's entrepreneurial activities that nearly bankrupted the network in 1983. But what they forget is what everyone in this room knows: earned income happens almost exclusively at stations.

"Subsidized" revenues also grew throughout the 1980s. Again, historians tend to focus on Reagan's bouts with non-profits. But Mr. Reagan could veto only federal funding, and as we know, our licensees and our state and local governments have always provided the bulk of our subsidies.

The nineties was another good decade for public radio as more and more people took notice of our unique public service. Gary Trudeau lampooned it; Saturday Night Live mocked it; MSNBC copied it; and in his Contract With America, Mr. Gingrich set forth a legislative agenda to undermine it.

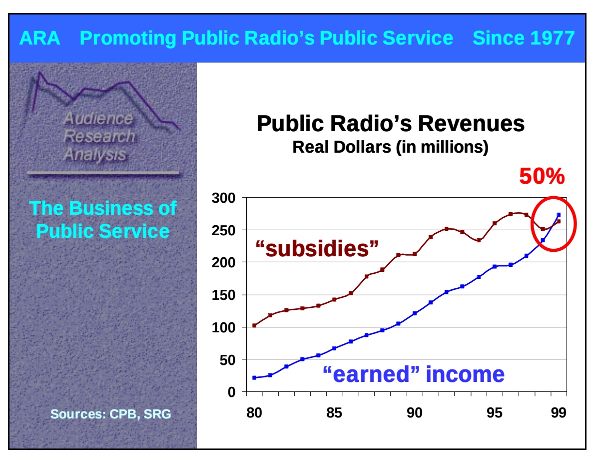
But as the saying goes, if it doesn't kill you, it will make you stronger. Our momentum was great, and our movement toward self-sufficiency advanced undeterred. And by the time the decade ended, we were earning more dollars than we were receiving in subsidies.

As an industry, we paid more than half of our own way – more than 50% – for the first time in 1999. This achievement was little heralded, but it really is a big deal.

- It's a big deal because every dollar we earn contributes not only toward self-sufficiency – but to independence and self-direction as well. With this financial control, we are able to say what public radio should and should not be.

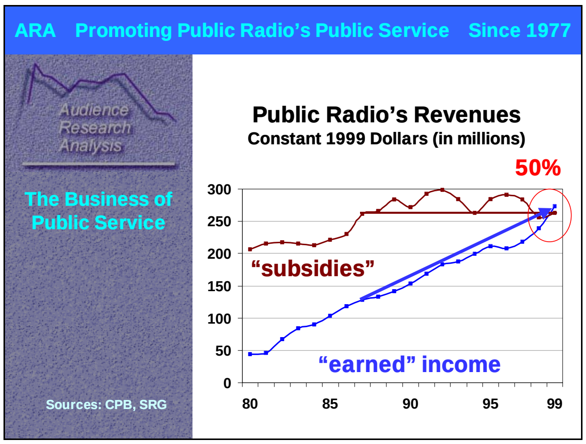
- Every dollar we earn strengthens our shield against the agendas of elected representatives. Mr. Nixon could have killed our nascent industry in the 70s. Mr. Reagan could have hurt us badly in the 80s. Mr. Gingrich could have stunned us in the 90s. But today, while still with us, the potential impact of capricious policies, mercurial politics, and vindictive politicians has never been smaller.

- And all of this is a big deal because, frankly, it means that we must focus sharply on the public service we provide. We must safeguard it, improve upon it, and make it the best and most compelling public service it can be. Just coming to work isn't enough, because the quality, reach, and value of our service now comprise the firm financial foundation of our business of public service.



This is such a big deal that I want to show it to you another way. In the graph we've been looking at, I've plotted the lines in real dollars. 100 million dollars in 1980 is shown in 100 million 1980 dollars.

Now let's look at constant dollars, controlled for inflation. In 1980, 100 million dollars bought as much as 200 million dollars buys today.



Viewed in constant dollars, we see that the buying power of public radio subsidies has declined 12 percent since 1992. Indeed, they are no higher today than when Mr. Reagan left office.

Now look at that blue earned income line, and smile, my fundraising friends. Because the way I read it, that line shows that

- You are responsible for virtually all of public radio's financial growth during the last decade.

- You have multiplied public radio's buying power.

- You are moving this industry from its crippling, aspiration-dashing dependence on subsidies.

- You are freeing this industry from the tyranny of tax-based support.

- And you can take credit for building public radio into the self-sustaining, self-reliant, self-directing industry that it is today.

This ***is*** a big deal, and this deserves recognition. Look around you at the people in this room today who made this happen – give them and yourselves a big round of applause. You've earned it – give yourselves a hand.

We ***are*** in the ***business*** of ***public service***. And as the people who raise more than a quarter-billion dollars a year to sustain that service, you have a terrific success story to tell. I'd encourage you to tell it – because even in the face of this enormous achievement, not everyone in our industry shares our enthusiasm for the emerging economy.

We do have our detractors, and you know who they are….

- the tenured manager who yearns for the good old days of university support;

- the producer who yearns for the subsidization of virtuous programming without regard to the public service it might actually engender;

- the PD who yearns to avoid the hard programming decisions he knows will lead to more service – but who is unwilling to take the transient yet intense public dissent.

- and of course, the radio columnist for the local paper who has a cause and way too much time on his hands….

In their most gracious of moments, these people begrudge that your work is necessary – but a necessary evil. What they don't get is that your work is really a necessary ***good***.

- Fundraising in a listener-sensitive economy infuses more than new capital into this business – it infuses a public participation and sense of ownership vital to its well being.
- Fundraising in a listener-sensitive economy focuses our attention on the public we seek to serve.
- Fundraising in a listener-sensitive economy requires our programmers to maintain the quality of the product and the worthiness of its support.
- Fundraising in a listener-sensitive economy focuses our efforts on the public – the listeners who value the service our programming provides.

In sum, earning our way makes us a better service. And that's what makes your work a ***necessary good***.

Will we become more self-sufficient with time? I hope so. Will we ultimately have to earn 100 cents of every dollar? I hope not.

Our public service is available to any American who chooses to partake of it. Our public service encourages understanding, develops appreciation, engenders tolerance, and raises the level of civil discourse among all Americans.

There are legislatures and foundations and wealthy individuals who share our worthy purpose. To these potential partners we say "come on down – we are stronger together than we are individually – we can use all the help we can get."

And because we are successfully engaged in the business of public service, we are increasingly capable of accepting that help on our own terms.

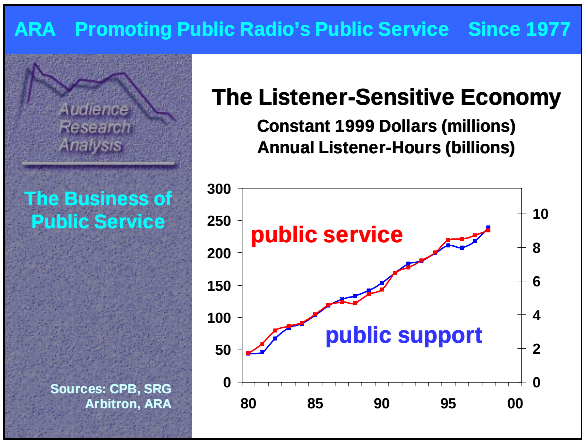
But we must never forget that our business is now founded squarely on the service we provide and the listeners who value that service.

In fact, you might have noticed – a few minutes ago I slipped into calling ours a "listener-sensitive" economy. What I mean by this is that the economy of public radio is sensitive to the size of the audience, its satisfaction with our service, and its trust in our veracity. That's as true for underwriters as it is for individual givers.

Listener-sensitive income is the combination of individual giving and underwriting. Listener-sensitive income is the "public support" that is tied inextricably to our ability to provide a valued public service.

We've seen how public support now pays over half of our bills. What we haven't yet seen is how growth in our public service has made this possible. Let's take a look.

Here's the same line we saw before – the money you've earned, in constant dollars, from listeners and underwriting. Here's public radio's audience over the same period of time. Now together….



Your ability to generate earned income is predicated on the public service your programming provides. Which came first: public service or public support? Unlike the chicken-and-egg conundrum, this one is easy. Public service makes public support possible.

That's why we call underwriting and listener support "listener-sensitive." And that's what we meant in AUDIENCE 98 when we said that public service begets public support.

This relationship has a profound impact on our business of public service. For one thing, it means we can no longer set fundraising goals independent of public service goals.

How many of you have been given fundraising goals that are 10, 20, 30 percent higher each year? Nothing wrong with that, of course, as long as listeners to your station are 10, 20, 30 percent more prevalent or appreciative than last year, right?

How many of you work at stations where managers consult with you ***and*** your PDs to set realistic audience and financial goals for the next one-to-five years?

I didn't think so.

Before we became a ***public service business***, we didn't hold PDs responsible for financial outcomes. We exempted them from setting or meeting public service goals. We kept their activities apart from the business of public service – even though they are front-line-responsible for the public service itself – even though their investment in programming is the service we're fundraising to sustain.

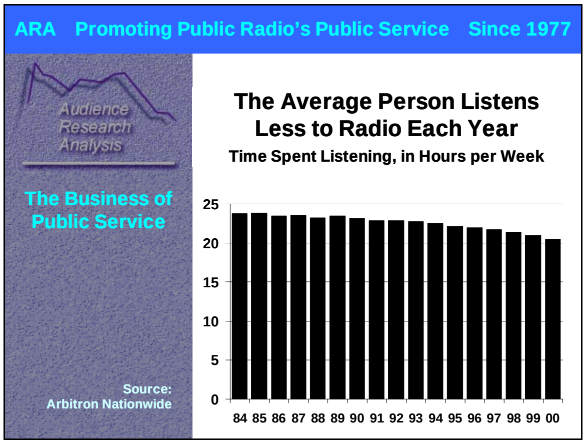
Let me be very clear on this point. I am ***not*** saying that PDs should make programming decisions based on how much money they're likely to raise. That would undermine the values at the very heart of our service, making it ***unworthy*** of support.

I ***am*** saying, however, that PDs should make the difficult decisions that give the public the highest possible level of service. That means replacing lower-performance programming with higher-performance programming; making all programming more important in people's lives; and generally, working smarter.

Again, this speaks to the self-reinforcing nature of our ***public service business***. Better, more highly valued, more widely used public service translates into your ability to sustain that public service. And that's a good thing.

Most PDs aren't doing a bad job, by the way. But their jobs ***are*** getting harder. Let me show you what I mean with a very dark and scary graph.

This dark and scary graph shows that the average American is listening less to radio every year. Now don't go off thinking that all of this is due to the Internet. The average American has been using a little less radio each year for more than 15 years.



The good news, don't forget, is that public radio has nearly tripled its listening during the same time period. Indeed, public radio is the last thing worth listening to on the radio for many in our audience. That's good news for you – because as you know, your listeners' satisfaction with your public service – the importance it holds in their lives – is a key predictor of their propensity to support it.

But the bad news is this. Public radio is a maturing service in a mature medium. That makes it harder for our program producers and PDs to deliver to you the extraordinary growth rates we have enjoyed in the past.

This red line in this graph shows that the rate of our audience growth since 1995 has been slower than the rate of growth before 1995. The blue line shows the listener-sensitive income you've been able to earn from this audience.

As you can see, the growth in public service is not keeping up with the increasing financial demands being made of it. Audience growth-rates are flattening just as our reliance on listener-sensitive revenues has reached historic highs.

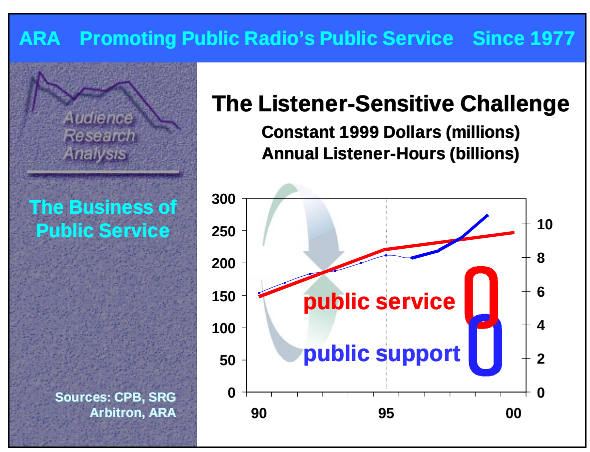
And that will make your job harder sometime soon. Maybe it has already. You're being asked to get more blood out of the same stone, more eggs out of the same goose. There's only so long you can do that.

So that's where we are today. Your PD's job is getting harder because people are listening to less radio. And your job is getting harder because the growth rates you're being asked to achieve are based on a flattening rate of public service.

I suspect you're concerned about this and I share that concern. But frankly, I'm more concerned with our inexperience, as a fledgling public service business, at planning for and managing the financial ramifications of this flattening. I'm also concerned that we don't yet have the tools in place that will help all of us ***manage*** the situation.

Toward this end, we've been working hard at ARA to create tools that help you, your PDs, and your managers – understand and manage the increasingly complex – the increasingly ***strategic*** business – of our public service.

These tools explicitly link public service to public support. They help manage the business of public service by placing financial numbers over the public service they provide or the public service on which they're based. This is the basis of our new set of metrics.

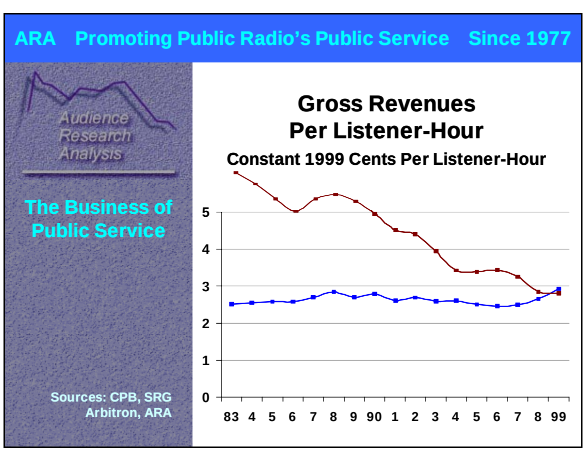


Our "unit of public service" is the listener-hour – it's the basic measurement of public radio "consumption" if you will. One person listening for one hour is one listener-hour. One person listening for ten hours is counted as ten listener-hours, as are ten people listening for one hour apiece. You get the idea.

Since our ability to raise money depends on listening, let's put the money we raise in the context of that listening.

At last count, system wide, we earned roughly 2.9 cents per listener-hour. For every hour of public service we provided, we harvested a gross 2.9 cents in listener and underwriting support. The year before that, we grossed roughly 2.7 cents per listener-hour. And the year before that, we grossed roughly 2.5 cents per listener-hour.

So this is how I know you're working hard, because you're harvesting more money out of the same hour of public service. Listening establishes the bracket in which your fundraising efforts perform, but your determination and the quality of your work move your performance up or down within that bracket.



The slope of this line suggests that our fund-raising efforts are breaking through the audience-predicated brackets and performing at historically high levels. The interesting thing is: they're not.

Here's the long view, again controlling for inflation by using 1999 dollars. The brown line shows what we've already seen – our vastly decreased reliance on listener-***insensitive*** subsidies.

But look at that blue, listener-sensitive, earned income line. At no time in the last 17 years have we earned less than 2.5 cents per listener-hour, and at no time have we earned more than 2.9 cents. That's what I mean when I say that listening brackets our ability to raise money from the public service we provide.

So what this tells me is that over the last couple of decades, we have kept pace with the increasing difficulty of earning our own way. But we have not yet gotten ahead of it. That's a challenge to which we all need to aspire – because frankly, in the next ten years, it's not going to get any easier or cheaper to serve one listener with an hour of significant programming.

Now I realize I'm speaking to the most goal-oriented group of professionals in all of public radio. And that tempts me to set a goal: Let's bust out of this bracket – let's see three cents… four cents… five cents….

But the fact is, these national numbers obscure some very real differences at stations. The fact is, a few of your best performing colleagues are already grossing four cents, five cents, or more per listener-hour in listener-sensitive revenues.

What are the numbers at your station? Or rather – what numbers should we be measuring at our stations?

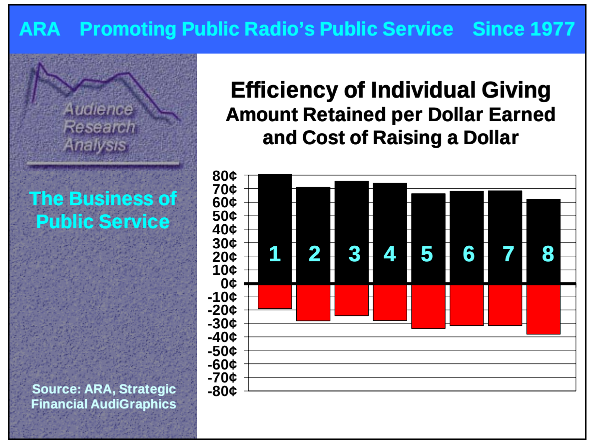
Measurement is not a neutral activity. We much choose our measures of success carefully, because after years of striving for success – ***you become what you measure***.

We learned this lesson many years ago on the programming side. When we first introduced Arbitron ratings to public radio more than 25 years ago, there was a real, powerful, and rational fear that the ratings would cause us to compromise our values – that they would cause us to pick programs only for the largest possible audience.

That didn't happen, because from the beginning, we demanded that our measures be infused with the values of public service. We take the same data that advertisers calculate reach and frequency with, and we create our own measures of success – such as the loyalty of our listeners. We even define "public service" itself as the delivery of significant programming to significant audiences. The significance of the programming – in terms that are true to our core values – comes first; only in ***that*** context can we responsibly evaluate the size – the significance – of the audience.

So choosing the right metrics is critical, because we want to define them in a way that will make us what we want to be.

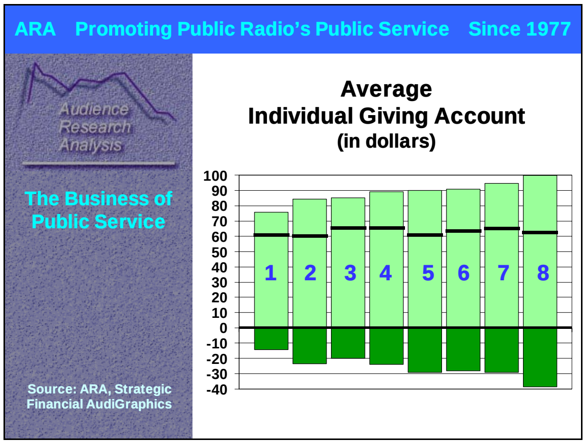
We begin by asking, are current metrics sufficient? Let's take a look.



No, this isn't the Marketplace logo. It's actually a widely cited metric – the cost of raising a dollar – and its complement, the amount retained per dollar earned – basic, industry standard statistics by which efficiencies among non-profits are compared.

Here we have eight stations represented by eight bars. The station on the left keeps about 80¢ of every dollar it earns from listeners. That means it spends about 20¢ to raise a dollar. The station on the right keeps only 60¢ of every dollar – it is far less efficient, spending nearly 40¢ to raise a dollar.

This graph is great if you're Station One – trying to convince a potential benefactor that her money will be wisely and efficiently spent. But do these metrics help us manage the strategic business of public service? They don't. They may be necessary – but alone, they're not sufficient.



Here are the same eight stations, presented in the same order, left to right. The light green bars show how much each station earns from the average individual giving account. The station on the left earns about 75 dollars per giving account; the station on the right earns about 100 dollars (and it's on the Listserve all the time bragging about it).

Looking at this "average gift" component is interesting, but like cost of raising a dollar, it may be necessary – but alone it's insufficient. Because remember – the station on the left keeps 80 cents out of each dollar, while the station on the right keeps only 60 cents.

So let's add more information. The dark green bars show how much, in dollars, each station spends per individual giving account. As you can see, Station One on the left spends only 15 dollars to generate and maintain the average account, while the station on the right spends about 40 dollars.

Let's add a line that shows each station's NET per account. And lo and behold…. Every one of these stations is keeping between 60 and 65 dollars per individual giver account. There is essentially ***no difference***.

So what does this tell us? It tells us that

- The average gift may be necessary to know – but alone it's not sufficient.
- The average expenditure may be necessary to know – but alone it's not sufficient.
- The cost of raising a dollar may be necessary to know – but alone it's … not sufficient.

What ***is*** sufficient? Well, it's pretty simple, really, and as soon as you see it you'll say "Well, I know ***that***". And I have absolutely no doubt that you do.

But up until this year, our financial data have been too mired in minutia to provide ***sufficient***, ***strategic*** analyses. It seems like every year, we gather more data and see things less clearly.

Now the great thing about doing our project this last year is that we've been able to approach the problem with fresh eyes, clear heads, and uncluttered spreadsheets. And as a result, we now have ready access to the ***necessary*** metrics.

These metrics encompass the full range of public radio's business. They deal with the costs and returns of programming; overhead; they even put CPB's and your licensee's continuing support into proper perspective.

I'm going to focus on three fundraising metrics this morning. I'll present them in general terms; but please understand that each metric can be applied separately to individual giving, to underwriting, to other fundraising activities, or to all fundraising activities combined at your station.

The first metric is NET – the number of dollars the station gets to keep from what you earn. It's the financial bottom line.

You ***knew*** that, right? I told you it would be simple.

Your fundraising operation is like a company within the company – the purpose of which is to pay for the maintenance and improvement of the station's public service. In the new public service economy, your station wouldn't keep you around if you cost more money than you raised, right?

As a meaningful metric, the NET controls for efficiencies – such as the cost of raising a dollar – and gets right to the bottom line. What could be simpler? And what could be more direct?

We are learning new things as we work with stations to derive NET numbers for the first time. At most stations, for instance, individual giving grosses more than underwriting – often significantly more. But we're finding at some stations, once the direct costs of these two activities are considered, underwriting can be the more profitable of the two endeavors. Its NET is bigger.

What are the comparative NETS at your station? If you want to manage the business of public service, it's time to start tracking them.

The NET is the one number to know when you can know only one. However, the NET PER LISTENER-HOUR is the number to know when benchmarking against peers.

NET PER LISTENER-HOUR controls for listening. Stations in larger markets, or stations that are doing a fine job with their programming, regardless of market size – we expect them to earn higher NETs, we expect them to enjoy larger gross receipts in a listener-sensitive economy.

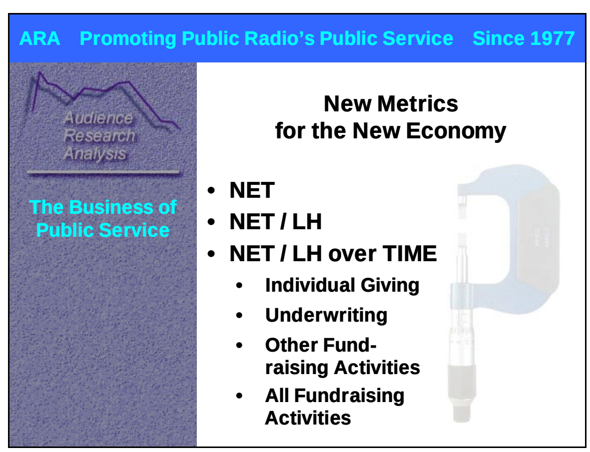
But how good are you, given the public service you've got to work with? That's the question that should be asked of every fundraiser at every station. And NET PER LISTENER HOUR is the answer.

Our third metric adds time to the mix. What is the NET PER LISTENER-HOUR OVER TIME? This year compared to last year? Next year compared to this?

The reason time is so important is that it measures meaningful change. It's one thing to have a NET PER LISTENER HOUR below the norm; but it's another if you've doubled your NET PER LISTENER-HOUR in just two years. That calls for a celebration – a margarita - maybe even a raise.

In our work with our clients over the last few months, we've seen quite a few stations that have nice runs of gross financial growth over the last five years. But among these, we find a disturbing number where the NET PER LISTENER-HOUR is stagnant – or even in ***decline***.

And you know something? Not a single manager at any of these stations has told us, "Well, I ***knew*** that."



Managing the business of public service requires forward planning. And that, too, is a prime use of NET PER LISTENER-HOUR OVER TIME. It's one thing to plan 25 percent increases in the NET; it's another to see how these increases will be earned by the components of NET – gross revenues and expenses – across individual giving and underwriting – given the public service you expect to be working with one, two, or five years out.

The best predictor of how much money you're going to raise this year is the amount of money you raised last year. Not what some peer is earning; not what your station manager says it must be.

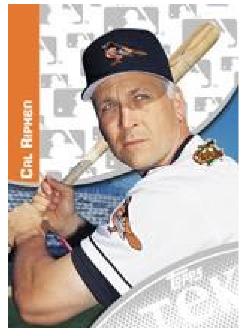
That's why we believe that understanding these key metrics – especially NET PER LISTENER-HOUR OVER TIME – is critical to managing our business of public service. They are both sufficient – and necessary – starting now.

So we've chosen our measures of success carefully because we understand that we'll become what we measure. So how do we keep these measures of success in front of us? How do we recognize terrific performance among our peers and our own staffs?

I have a modest proposal. It's a set of trading cards called "Heroes of Public Radio Fundraising."

We can have three leagues: the American League, the Intergalactic League, and of course, the National League – that would be the Hebrew National League. (By the way, these pictures are all from real cards available in stores today.)

My idea is to print these cards every year for public radio's Heroes of Fundraising with their key performance metrics – the stats –printed on the back side. It could be a lot of fun.



Number three in the league this year is Cal Ripkin – the perennial favorite and MVP more years than I can remember. Cal led his American League station with an astounding 2.3 NET CENTS PER LISTENER-HOUR. Based in mid-sized Baltimore, Cal scored in major market territory this year – netting a cool million-and-a-half bucks in listener-sensitive income.

The human story, of course, is Cal's retirement at the end of this season – still a leader in his league, but just not up to his own incredible NET PER LISTENER-HOUR scores of a few years ago. His past is his fiercest competitor.

*A very controversial second place finish this year for Intergalactics' Darth Vader. Vader raised more money than anyone in any league – but his cost of raising a dollar also topped the league – and many people are asking, where **did** that money go? Vader also raised eyebrows when he accepted those highly controversial spots from those highly suspicious characters. Even with the stiff fines from the FCC, Vader's NET PER LISTENER-HOUR of 2.7 cents earns him a solid second place in this year's competition.*

Vader's a reliable performer, too – a quick glance at his record shows that The Darth delivers year after year.

Reliability is something we hope to see next year from this year's first place winner – the amazing rookie Moshe Sheingarten – six NET CENTS PER LISTENER-HOUR in his first season in the National League.

Determination and dedication are the words to describe The Big Mo. At a station without a PD – a station at which the public service has been in actual decline – Moshe worked all year at an incredible disadvantage. But with one of the highest gross receipts per listener-hour, combined with one of the lowest overheads in the league, he was able to NET a solid six cents PER LISTENER HOUR – earning his station over a million dollars – and this year's trophy for outstanding fundraising performance.

And what a contrast to Vader! Each man may prefer to dress in black, but that's where the similarity ends. Moshe surprised a lot of fans this year when he turned away several big accounts that tied their money with strings tighter than those wrapped around a baked ham. Moshe already has a reputation for laying down the law. He says there are just some things you should not do to make money – we all, he says, answer to a Higher Authority.

Well, that may be one way to keep the key measures of public radio fundraising success in front of us. Let's give a big hand to all of Public Radio's Fundraising Heroes of 2001, whomever they may be.

I've been thinking about what Moshe said – that we all answer to a Higher Authority while doing the business of public radio fundraising. I think he's on to something.

Certain ***fundamental values*** define public radio and set it apart as a cause and service ***worthy*** of our professional dedication. And I know you believe this – otherwise you'd be working for the hospital, the symphony, the museum, or the zoo.

But you've chosen public radio. And that means that you believe in what public radio is all about; that you share the values that are core to its existence; and that you are ready to work on its behalf to sustain and enhance its critical work.

The same fundamental values that drew you to public radio set it apart as a cause and service worth listening to, worth supporting.

But even though we now have the requisite metrics – and even though your work is a necessary good – there's an inherent tension between public service and public support that we'd do well to consider this morning.

Public radio's service is rooted firmly in non-commercial values. These core values have been carefully nurtured over time; they are complex, and deeply embedded in the soil of higher education, higher aspirations, and higher purposes.

These core values ***must*** be preserved at any cost. We can not afford to compromise them – not even a little – lest we compromise public radio's worthiness of public support – and undermine our own ability to harvest that support.

It would be so easy to forget our public service mission in our zeal to maximize our public support. Raising money from listeners and businesses could be so much easier – ***if we didn't care what we were really selling***.

This is what Frank Mankiewicz meant in 1981 when he said, “To make NPR independent of tax-based support, we are willing to engage in any profession – except the oldest.”

We’ve talked about measures of success today. But there are costs that simply are not captured in these metrics. They’re hidden costs – yet they’re as real as anything that can be measured. And because we become what we measure, we must consider them – not only because they diminish our bottom line – but because they diminish ***us***.

In an economy in which you are responsible for most revenues – in an economy that every year asks you to raise more money than the last – in an economy in which the service base is flattening – the pressure on you to raise ***more at any cost*** will become tremendous.

And you must – you ***must*** – resist it.

Public television didn’t resist it. Nor did other non-profits left to find their own ways without the subsidies that nourished their youth.

Much to their credit, our prodigal friends in adjacent industries are now realizing their mistakes. May God bless them, I say. And may God damage us if make the same mistakes. Because in public radio, we just don’t have the time or resources to undo such self-inflicted damage.

If we forget our legacy of public service, we depreciate the value of what we ***now*** do. And if we ignore the ethics of public service, we undermine the foundation of what we ***can*** do.

Like Moshe, we answer to a higher authority – a higher authority based in principles, values, and a civic ethic worth preserving, worth working for, and worth ***denying*** to those who would undermine it.

Like Doug said, I’m a pragmatist. And believe me, I understand the ramifications of what I’m suggesting. I understand what it means to turn away easy money. But I also understand what it will mean to turn away from our higher principles.

The battle over our fundamental values will intensify daily. And in this battle, we are fighting the Good Fight. Let us strive to be leaders with principle; soldiers with conviction; fundraising heroes with vision – and a clear ***purpose*** – in site.

I didn’t say a “clear goal” – I said a “clear ***purpose***.”

If you’re ever in doubt, ask yourself, “What would Moshe do?”

I’d like to thank PRI for making this morning’s keynote possible – and DEI for inviting me. Thanks also to Barbara Appleby, John Sutton, Leslie Peters, and Tom Thomas for their help in preparing my words today. And thank ***you*** for your warm reception and kind attention this morning.