

# Stakeholder Claims or Programming Targets.

The Balanced Scorecard (BSC) in  
a Public Service Media Firm.

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## Abstract

Against the somewhat skeptical theoretical background of Mintzberg's analysis of the rise and fall of strategic planning (1994), this article made the observation that the Swedish Television Corporation (SVT) at one stage had three planning systems, one for each of the three cultures that Engwall (1978) claimed were typical of media companies.

It all depends on what you mean by planning and planning systems, of course. In this case, planning means any formal analytical process that involves 'thinking about the future' and 'integrating various decisions related strategies for the future'.

With planning thus loosely defined, it can be argued that *the professional culture* in SVT, the public service ideologists, have produced one system, the processes that lead up to the Public Service Evaluations. These are a thorough assessment of the extent to which the public service mission has been fulfilled during each year of review. The emphasis is on ex-post evaluation, but to the extent that these statistics are used in program planning, the focus may also be on future programming strategies.

The *technical culture* in SVT has produced a series of innovations, especially related to access and distribution via the Internet, which all could be seen as the result of a second approach to thinking about the future. Here innovations related to e.g. high definition TV and a host of other technical development work was disregarded, for the sake of simplicity.

Finally, the *administrative culture*, management, produced a planning system, by and large modeled after the Balanced scorecard approach (BSC), stating the overall programming goals in market terms (reaching a young segment of the public). This goal-oriented planning system in SVT seemed to share the strengths and weaknesses of most other strategic planning systems.

In the discussion, it was argued that some sort of convergence of these planning systems, based on stakeholder claims, programming targets or development of Internet services would be desirable, to achieve more of what Mintzberg called 'integrative decision making'.

Key words: strategic planning, Balanced Scorecard, public service evaluation, Internet

# **Stakeholder Claims or Programming Targets**

## **The Balanced Scorecard (BSC) in a Public Service Media Firm.**

The Balanced Scorecard and its possible application to media firms have been presented at international conferences (Habann and Dimpfel 2002). Studies have been made concerning the application of multi-dimensional performance management tools, such as the BSC, in media firms (Sigfridsson 1993; Anding and Hess 2001). The full-fledged implementation of a BSC management control system in a not-for-profit environment still seems like a challenging area for research.

As Sveriges Television AB (SVT), the Swedish public service television corporation, operating two general channels and several niche channels, recently decided to implement a BSC system, the authors took the opportunity to study this innovation process. We wanted to know more about the following research questions:

- What was the motivation for a public service media firm to adopt the BSC?
- How does the BSC work in a non-profit media context?
- Does its application really lead to the favorable results on effectiveness that Kaplan and Norton contend in their writings?
- Does it really lead to organizational change?
- What are possible stumbling blocks when implementing the tool?
- What alternative designs of the BSC would have been possible in the public service media firm?

### **Purpose and methodology of the study**

The BSC appears to be a concept that is surrounded by numerous normative claims, e.g. facilitating change and organizational learning, whereas the empirically grounded statements are still few. As the opportunity to study a case company offered itself, the present paper is guided by a wish to contribute to the body of experience regarding the diffusion of managerial innovations such as the BSC (Rogers 1995 and Engwall & Pahlberg 2001).

Understanding diffusion is a key to understanding change in organizations. Implementing a BSC control system may therefore be considered as a strategy for increasing organizational competitiveness and effectiveness. One knowledge gap about the BSC is its possible application to not-for-profit environments and to media firms (Oster 1994).

Against this background, the purpose of the study is *to understand how and why a BSC is implemented in a not-for-profit public service media firm.*

Given the close connection between the diffusion of managerial innovations and organizational change, this is done within the overall aim *to extend our general knowledge of how managerial ideas spread and of diffusion processes in the media industry in particular.*

The methodological approach of the study is to analyze the internal documentation, provided by SVT, and to interview key staff responsible for the design and implementation of the BSC in the company. The first person interviewed was the Director of Strategy in the company, Per Vidar Lundberg, and concerned, primarily, the diffusion aspect<sup>1</sup>. Where and how did the idea of a BSC in SVT originate? Who were key actors in the process leading up to an adoption decision? Which problems occurred in the implementation process?

## **Theoretical foundations of the study**

**Diffusion of innovation** studies provide a general theoretical background for this study, sometimes described as a process of organized imitation where firms adopt new ideas, systems or rhetoric patterns because they have been adopted by role models in the industry (DiMaggio and Powell 1991). A diffusion perspective in management means the study of processes through which managerial innovations move across organizations. These processes can be conceived of as linear, rational and controllable processes (Björneak 1997; Björneak & Olson 1999; Malmi 1999). They can also be seen as complex organizational processes where individuals interact and create cross-structural networks (Borum and Christiansen 1993). The change agents in this process may be management consultants or organizational gurus (Czarniawska and Sevón 2005). The creators of the BSC have been key actors in such a process, packaging and marketing a system of performance measurement and strategic action, rather than inventing much new (Kaplan and Norton 1992, 1993, 1996, 2001, 2006). There is a lack of knowledge on how new management tools diffuse (Wenisch 2004).

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<sup>1</sup> The interview took place on March 8, 2007 and lasted three hours.

To some degree, theories of **organizational change** will be drawn upon. There seem to exist several schools of thought concerning organizational change. Burnes (1996) identified two major approaches.

One approach to organizational change can be labeled ‘a planned approach’. Change is seen as a planned sequence of pre-determined steps to be followed in the change process, e.g. the basic model of unfreezing the present condition, moving to a new set of conditions, refreezing the new conditions.

Another approach to organizational change, Burnes suggests, is an ‘emergent approach’, where change is seen as a continuous unpredictable process, driven by organizational instability that management tries to handle through incremental modifications and adaptations. This is a process of learning that is more bottom-up than top-down.

It is fairly obvious to the researchers that the BSC concept of change shows close affinity to the first approach, the idea of planned change. In a media firm, these assumptions about the nature of organizational change underlying the BSC seem problematic, given the media employees’ sense of belonging to a ‘creative identities sector’ (Aris & Bughin 2005; Hartley 2005).

Another theoretical foundation for this study are theories about **efficiency and effectiveness** in a public service media firm. A general four-dimensional view of effectiveness in the public service media firm is one where management has four functions (Tjernström 1999):

1) to secure enough resources for the public service operation. Here, it is assumed that a political level makes decisions about resources, but that these decisions are influenced by various interest groups and that the organizational legitimacy of the public service media firm is one factor affecting decisions on resource allocation to various institutions in the public sector.

2) to secure the efficient use of resources allocated to the public service media firm. Since the goal structure is complex and products are not sold on a market, it may be difficult to ascertain whether this dimension is sufficiently taken care of. Yet, this type of production efficiency goal is omnipresent in the evaluation of overall effectiveness of the public service media firm.

3) to manage to adapt to changes in the environment, to meet claims made by important stakeholders, to assess the effects of competing market-oriented media firms on the activities of the public service media firm is a third function of management in a public service media firm.

The capacity for organizational change seems to be a vital dimension of effectiveness, given the rate of technological and institutional change in the media sector.

4) to protect ‘vulnerable values’ in public service broadcasting (Blumler 1992a, 1992b, Blumler and Hoffman-Riem 1992; Wolton 1992), i.e. manage to identify, develop and protect the core values of public service. The differences in core values between the commercial media firm and the public service media firm have been spelled out by Croteau and Hoynes (2001). They work within the constraints of the US media system, yet identify divergent motivations and values in the two types of media firms, an analysis applicable also to a European tradition.

A fifth dimension could be added to this four-dimensional structure, a dimension that relates not to the quality of decisions, but to acceptable (democratic) decision making processes.

5) The central position of the public service media firm in the production of news and culture in a country demands an open and transparent type of management, and requires leaders who can justify decisions before staff and in the public debate. Decision making in the public service media firm must involve many people to gain legitimacy (Tjernstrom 2002).

The adoption and implementation of a new system for performance measurement and strategic management may relate to all these dimensions of effectiveness, increasing the legitimacy of the public service media firm, improving the efficiency with which resources are allocated internally and used in production processes, strengthening the impression of introducing management systems perceived as new which have been adopted by other (excellent) firms, by an increased focus on a corporate vision and the core values of the public service operation, and finally, introducing a transparent decision making process (Prahalad & Hamel 1990).

Much has been written about planning and planning systems. This article is not an attempt to contribute to a deeper theoretical understanding of these concepts, it is to be read as an attempt at reflection around what we mean by planning or strategic planning in a public service context, using the efforts of the Swedish Television Broadcasting as an example of what can be done in this direction. The article may be read as a ‘critical analysis’ of the planning system under implementation, but also as a ‘success story’ of progress made in management’s efforts to prepare for the future of public service broadcasting.

The bulk of the article is about the goal-oriented Balanced Scorecard inspired strategic planning effort, but two other activities are drawn into focus, the

increasing development of Internet services and the public service evaluations made to contribute to our knowledge about the extent to which the more complicated public service goal structure is achieved. These other activities are in this article also labeled 'planning systems' and towards the end of the article, suggestions are made to integrate the three activities into an integrated decision structure.

### **What is planning anyway?**

Mintzberg (1994) gave five answers to this question:

- Planning is future thinking, simply taking the future into account.
- Planning is controlling the future, not just thinking about it, but acting on it.
- Planning is decision making, determining in advance what resources are required to reach a goal.
- Planning is integrated decision making, focusing on the interrelationship among decisions
- Planning is a formalized procedure to produce an articulate result, in the form of an integrated system of decisions, a disciplined effort.

All these definitions have their advantages and flaws. The first definition includes any type of managerial work, what organizational activity does not in one way or another take into account future implications? Planning becomes synonymous with management. The second definition is somewhat more complicated, it deals with efforts to design the future, to exercise control over future events, even making efforts to replace the effects of the market. Planning as a process may, using this definition, be distinguished from forecasting or estimates, requiring a degree of freedom of choice. Again, planning becomes more or less the same thing as any management activity. The third definition involves decision making that takes the future into account; commitment of resources to reach goals for the future. However, what reasonably important decision is made without this future consideration? We are back to the first definition, where every activity of management in any organization may be called planning.

No doubt, Mintzberg has some sympathy for the fourth definition, where the focus is on the interrelatedness of various decisions, the fitting together of ongoing

activities to a meaningful whole, getting a commitment around which already available courses of action get organized. This view of planning, Mintzberg points out, also takes us into the realm of strategy making, organizing various kinds of decisions into some sort of fundamental order. Yet, if planning turns into making a choice of one course of action over other alternative courses of action, it is clear that this choice can also be made, applying what some call managerial intuition, not planning. This definition therefore turns out to involve planning's approach to strategy making, the search for patterns (Whittington 1993).

With the fifth and last definition, we see the contours of planning more clearly. Planning involves some sort of rationality, systematic or formal planning as contrasted with more intuitive processes. Planning becomes a structured and professional mode of policy making, an effort to supply structured rationality. Both analysis and articulation are necessary ingredients, as is synthesis.

Summing up various approaches to strategic planning then would seem to involve ideas about organizations having to plan to coordinate their activities, having to plan to take the future into account, having to plan to be rational, having to plan to control, and maybe having to plan to proceed, monitor and evaluate (Mintzberg et al 1998).

Several staff members are involved in these efforts to tackle the future. These may, however, have different educational and professional backgrounds and may not necessarily see things the same way. They share different cultures of the media organization.

### **Management of three cultures in a public service media firm**

Engwall (1978) studies the internal division of media organizations and distinguishes between three distinct cultures:

- media professionals
- technical staff
- management

Those within the organization have to make decisions subject to different constraints, and to cooperate according to roles allocated to them in the intra-organizational game.

Those outside the organization represent the pressure made on the organization in terms of legal and political authorities (and owners), economic pressure defined by the owners and also exerted by unions and suppliers, pressure from various audience groups, including advocates demanding particular types of programming.

The concept Management may need some precision. One definition is based on the division into these three cultures or groups of staff. One group consists of those who are actively involved in the production of the media message – the media professionals. The other group consists of those who supply the technical means of production and distribution – the technical staff. The rest of the staff in a media organization would then be regarded as managers. This is a very wide definition that defines as ‘managers’ a great number of people; this makes sense in terms of cultures. People who work with e.g. finance, human resources, marketing, communication would all adhere to a sort of managerial culture rather than a technical or media professional culture.

The other extreme definition is a legal one where only the owners’ representatives and top executives count as Management: the CEO (or Director General) and the Board of Directors who are responsible to the Annual General Meeting where owners have the power to express renewed confidence in elected members of the Board or to replace them. The Board of Directors can in a similar fashion exercise their power concerning the choice of CEO whenever Board members feel a change is called for.

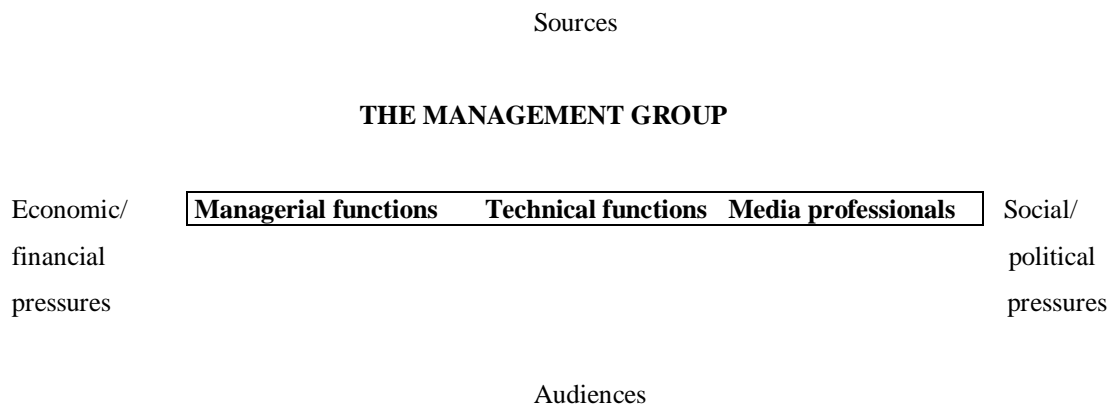
In between lies a definition where as Management count the aforementioned top executives plus what could be called the Management Group, the people that lead the various managerial functions mentioned in the first wide definition and most likely includes the Chief technical officer and the Director of Programs, i.e. the Chief media professional, and possibly those responsible for important genres and major development efforts. This group would then as a collective be assigned the particular function of managing the organization.

This is the definition of Management used in this article: hopefully it is neither too inclusive nor too exclusive. And it corresponds to realities in many public service media organizations. Decisions are made in a collegiate form where those responsible for different managerial functions have a say – this disregards the obvious fact that the CEO is responsible for those decisions before the Board and has to bear that responsibility legally and personally (the CEO may have to resign because of

decisions made even if they were heavily influenced by his subordinates in the Management team).

A simplified model of the media organization in a field of social forces can be constructed that reflects the position of the article: (figure 1).

**Figure 1: The media organization in a field of social forces (based on McQuail, Engwall and McManus)**



This article is based on a case study of the Swedish Television Corporation (SVT) and a brief presentation of the company seems valuable for understanding the context in which planning efforts are made. Sveriges The Swedish public service television corporation, offers a wide range of programming. The official start took place in 1956 and in 1969 a second national channel was added.

### **Swedish Television Corporation (SVT)**

SVT operates six channels - five national, SVT1, SVT2, SVT24, SVT B (a childrens´ channel) and together with UR, Kunskapskanalen, and one international, SVT Europa. SVT also operates the channel SVT HD which offers HD-productions simulcast with other SVT channels. It is broadcast via the satellite operators Canal Digital and Viasat, the cable operator Com Hem and parts of the terrestrial net (Stockholm, Uppsala, Västerås). All SVT channels are digital only. All are distributed via the terrestrial net as well as via digital satellite, digital cable and broadband (IP TV).

In late 1997, SVT started broadcasting via satellite to Swedes living in Europe outside Sweden. SVT Europa offers Swedish productions in real time to Swedish-speaking viewers in Europe, Asia, Australia and Africa. The transmissions are digital.

The corporate structure is a limited company owned by a foundation. It is financed by a compulsory license fee for possession of a TV-set. In 2008 the fee is 2.032 SKR (approx. 200 Euro) a year.

SVT programming is subject to the provisions of the Radio Act, to terms set out in the charter between SVT and the state as well as internal programming guidelines. The charter guarantees SVT's independence from all pressure groups, political, commercial or otherwise.

One of the most important items in SVT's mission laid down in the Radio Act is the watchdog role, "to scrutinize authorities, organizations and private firms which exert influence over policy affecting the public, and cover the activities of these and other bodies".

SVT programming is non commercial. Advertising is not allowed but sponsoring of sports events is. The programming covers the whole genre spectre. SVT seems to enjoy a high degree of legitimacy.. Approx 90% of the 3.4 million Swedish households pay the license fee. Viewing time (approx. 154 minutes per day) is fairly stable despite an increasing number of Swedish and international commercial TV channels. In 2008, SVT channels still draw some 36% of viewing time. During prime time (6-11 p.m.), the share is even higher (41,3%) (Source: svt.se/about us).

### **Technical development involves a new strategy for the Internet**

The increased use of the Internet among Swedes has stimulated an expansion of the services of the SVT on the Internet. A substantial share of the Internet usage refers to e-mail and information-seeking activities, but more and more of trade and banking takes place on the net (74% according to a 2006 survey - MedieSverige 2007). 28% of those using the Internet claimed to be listening to the radio or watching television, an increase from 15% in 2003. On an average day in 2006, 62 % of the population between 16 and 74 years of age used the Internet, compared to 21 % in 1998. Younger

people used the net more often than older persons and men were more active than women. There are also socio-economic differences; people with more education use the net more often.

Time spent increased from an average of 50 minutes per day in 1998 to 90 minutes in 2006. Young people (15-24 years) spend an average of 132 minutes per day in 2006, but usage is increasing among older age brackets also. Older people (65-70 years) spent an average of 24 minutes per day in 1998 and 50 minutes per day in 2006.

SVT (and the other public service companies) have developed their Internet presence since the mid-1990s. SVT established its web site in 1995 ([www.svt.se](http://www.svt.se)), adjusted according to the Web Accessibility Initiative for better access. This means that the web sites should be easy to understand and easy to navigate on. In 2005 there were some 450 web pages with information on SVT as a corporation, on the programs, news and other services. Half of the content could be characterized as film, drama and programs targeted to children. Culture and documentaries also form a substantial share of the Internet content.

Most of the svt.se content consists of material from programs that were already transmitted, but there is also content accessible only on the Internet, e.g. material that could not be fitted into the original program format. Some programs are also sent live over the Internet. In 2007 there were some 300 such occasions. Most of these were sent within the framework of the concept '24 direkt' with a political and cultural focus. Some of these live broadcasts on the Internet covered sports events and entertainment, such as the Eurovision Song Contest.

The programs can be watched streamed in 'SVT Play' a service that SVT launched in 2006. Via SVT Play some 2,000 hours of television programming was available in 2007. In May 2008 a new service was launched on the Internet – Play Rapport – a news service with a continuous updating of news stories and background information and analyses in connection with news items. Some of this material is adjusted for use in mobile phones that are connected to the Internet.

Other SVT Internet services include 'chat for a' where the audience can communicate directly with people who have participated in televised programs. In 2007 there were on average three such opportunities each week.

In 2007 there were on an average day some 225, 000 visitors (per week some one million). Each visitor opened on average eight pages and stayed on svt.se some eight minutes. SVT Play was opened some 153 million times during 2007.

This development has not come about by chance, but through the systematic efforts on the part of management, or specifically SVTi, a development branch within the SVT corporate technical function. The Internet activities of SVT have been awarded various prizes for keeping abreast with customer needs (the magazine Internet World). The head of the development division is a member of the management team. In this article, this development effort is regarded as part of a corporate strategic planning context, as the contribution of the technical culture to the innovation and change of the public service organization (source: SOU 2008:64).

### **The professional approach - The public service evaluations**

Since 1998, SVT has been required to deliver evaluations each year of the extent to which the complicated goal structure set up by Parliament has been accomplished. The primary purpose of the evaluations was to get more insights on the political level into how the company works to achieve those goals. Another purpose was to serve the need of the public to have material on which to base a public debate on public service broadcasting. The government noted (in 2000) that the evaluations had been useful for analyses of public service operations on the political level, but had not been quite as useful for public debate. As a result, SVT simplified the structure of the statistical evaluation, making it easier to use the material in a public discussion on television.

The public service evaluations intend to answer the following questions:

- What is the diversity of programming output in terms of genres, scheduling over the year, over weeks and over days?
- To what extent are the official intentions met regarding the programming of the company, seen from the point of view of the audience?
- How do viewers use the programming output? How does it value different kinds of programming?
- How does the SVT use its available resources?

The goal structure in these evaluations for 2006 consists of 43 (!) goals established by Parliament. Some are very general in nature, e g respecting the privacy of individuals, restricting violent programming, supplying diversity in programming of high quality, reflecting life in the whole country, securing adult education, respecting the integrity of

the Swedish language. Other goals may be quite specific, e.g. that the regional (outside the capital) production must exceed 55 percent of total programming, that the 'outsourcing' of programming to independent producers must not (!) exceed the level achieved during a given base year (2001), that at least 50 per cent of original programs be subtitled (for the benefit of the hard-of-hearing), that 99.8 per cent of the population should have access to broadcasts, or that the diffusion of programs in the indigenous or minority languages (Sami, Finnish, Meänkieli, Yiddish, and Romani Chib) should increase.

The evaluation is basically structured in accordance with this goal structure for the company as a whole:

- 1) A review of programming along organizational and genre lines is given first, to establish a general overview of public service television, including some of the many statistical and methodological problems that need to be taken addressed in order to clarify the statistics that follow.
- 2) A specification of programming for which specific goals have been formulated, e.g. programs for young people, programs in minority languages, programs for the disabled, adult education programs, election coverage, regional programs, and international coverage.
- 3) Certain goals relating to all kinds of programming are dealt with separately, e.g. goals concerning the equality between the sexes, the overall quality of programming, or the right of government agencies to publish brief 'bulletins' on the rights and obligations of citizens in various areas of life, on the media accountability activities in the company, on productivity or the efficient use of resources.
- 4) Detailed statistics are presented in an appendix – 88 tables - on goal achievements in 2006, compared to 2005 and, to give a more distant reference, for 2001.
- 5) Finally, titles for programs exceeding 2 minutes and the program schedules for the main channels are listed in two other appendices.

This goal structure, with the ten-year experience of compiling statistics illuminating the degree of goal achievements, seems to the authors of this article to present an attractive strategic structure. More about this in the final discussion.

## **A Managerial approach – The Balanced Scorecard (BSC)**

This section outlines the basic structure of the BSC implemented in the Swedish public service media firm, following a board decision on a system of strategic management in December 2005. This system was to be based on four ‘core values’ which were also established by the board:

- Audience focus
- Independence and relevance
- Courage and creativity
- Value for money

The system involves strategies along four perspectives:

- Audience
- Programming
- Resources
- Development

For each strategic perspective, goals are formulated for the period ahead, and evaluations and performance measurements are identified. The time perspective is three-year planning periods and annual revisions of strategy.

The pronounced aim of the BSC implementation in SVT was to increase focus on important issues, to simplify communication among programming units, staff functions and management, enhance delegation of authority, stimulate learning, benchmarking and increase efficiency (Internal SVT document 1). The company also hoped to achieve better choices between alternatives in programming profiles (Internal document 2).

### **The Design of the BSC in SVT**

The authors have had access to internal documents describing the structure of the BSC system in SVT and the results obtained by each (programming) unit in the company for 2006. The following section on the design of the system is based on these documents. Sections on the implementation of the BSC system is based on interviews with the

project leader responsible for the project and persons whose performance has been evaluated in BSC terms. The BSC system introduced in SVT consists of 'score cards' on three levels:

- The Management level
- The level of genre and divisions
- The level of programs and departments

For each level, goals are defined along the four perspectives (audience, programming, resources, and development). A Master Card is designed where management sets goals for the following year; it is up to division and genre heads to break these goals down into operational goals for program genres and divisions. Methods for measurement are given in some detail to standardize the use of indicators.

**Audience targets** for a three-year period (up to 2009) are set as:

- increasing the overall selection of SVT programs in the 20-44 year age bracket (main audience target)
- increasing the knowledge about SVT programs and services
- At least four out of five people asked should find SVT programs informative
- At least two out of three should find SVT programs entertaining
- At least three out of four should declare great confidence in SVT
- Every week at least four out of five tv viewers should be reached by something from SVT programs (Internal SVT document 3).

**Programming targets** require increased knowledge about the tv audience in Sweden, development of established series and the creation of new concepts directed at 'young adults'. Regional programs are also to be developed further to reach programming targets, defined as:

- Programs directed at the 20-44 year age bracket should be given priority (main programming target I)
- SVT regional programming should be increased. (main programming target II)
- SVT programming should involve more diversity than that of any other tv company
- SVT channels should be judged as 'best' in more areas of programming than in 2006. Overall, SVT programs should be evaluated by high and stable scores

- SVT programs should increasingly be available at different times and on different locations
- Text (subtitles in Swedish for the hard-of-hearing) should be used more extensively than in 2006. All that can be sub-titled should be sub-titled. (Internal SVT document 3).

To increase efficiency in the use of resources, creativity, flexibility and cooperation with external partners is required. A flexible production process should also increase adaptation to changes in the environment. SVT should be evaluated as an attractive workplace for creative and qualified staff, and partners should feel that SVT is a reliable actor in the tv market. Cost-effective production methods should be used, taking advantage of new digital technology. Targets for the **Resource perspective** up to 2009 are:

- The cost-per-hour of original programming should decrease by two percent annually (main resource target)
- The share of total resources devoted to programming should increase on an annual basis, and a correspondingly lower share be devoted to distribution and administration
- The share of programming expenses for non-news programming that is devoted to outside production and cooperative projects should increase
- SVT should in independent evaluations be considered the best workplace in the TV market
- SVT should increasingly cooperate with its sister companies (for radio and education) (Internal SVT document 3)

The **Development perspective** involves among other goals the use of simplified production methods and the continuous development of creative and other human resources. SVT wants to speed up its creative process, move more quickly from the idea stage to execution of program ideas. The following targets were set for 2009:

- The share of production using simplified methods (as defined separately) should be increased (main development target I)
- The share of viewers who find SVT:s programming innovative should increase (main development target II)

- The resources devoted to program development should increase on a continuing basis and reach 4 per cent of the total budget by 2009.
- To make use of internal and external competence, SVT should establish new patterns of cooperation and networks
- Quality should be secured on a contractual basis between buyer and provider in the tv market. At least half of SVT external productions should be evaluated by the SVT evaluation procedure.

The Master Card, on the management level, summarizes main audience, programming, resource, and development targets and reiterates other targets for each perspective. In Genre cards, these targets are repeated and broken down into more detail. For Children 3-12 ( a genre), these broken down targets are

- o for the Audience perspective: increased ratings for children during prime time, defined as 18-19.30, increased reach in selected areas, and more easily accessible ‘family programs’
- o for the Programming perspective: increased interactivity, replacement of half the present set-up programs, increased regional productions of children’s programs, increased character of ‘being contemporary’
- o for the Resource perspective: increased productivity by 2 % annually
- o for the Development perspective: increased share of programs produced by ‘simplified technology’

For each perspective relating to the genre, Activities and desired Effects are defined, e g activities and effects concerning ethnic, gender and cultural diversity.

The actual **performance measurement** for the trial year was designed to include ‘traffic light’ metaphors, with green light symbolizing achieved goals for the period, red lights indicating goals that were not achieved, and the yellow symbol connotes goals that have been achieved partially (e g the activity has started, but is not completed yet) and that the process is going in the right direction. An additional blue symbol referred to an activity or process that was not possible to measure, or that material is missing either on the part of the business unit or on the part of the Strategy Department.

## **The Motivations for Adopting the BSC**

The BSC project leader, Per Vidar Lundberg (PVL), points to changes in the media environment demanding a focus on strategic goals and performance. Above all, it is a question of the increased competition in the media sector that requires tools to link activities to strategies – the BSC is such a tool. The BSC may also increase management focus on long-term as opposed to short-term goals.

The primary motive for introducing the BSC – or Goal-Based Control as the system is referred to internally – was, according to PVL, the wish on the part of management to get away from the increasingly detailed instructions on what to accomplish during a particular year or contract period. These instructions together form a complicated goal structure for the public service media firm, formulated by Parliament. A pet idea was to impress upon the authorities that the political level should formulate strategic goals only and that the realization of strategic goals should be left to the management of the corporation within the framework of the BSC system. The BSC should be the vehicle for avoiding too much of such direct control. This motive for the BSC has apparently failed so far, in the sense that the detailed goal structure remains in operation, despite the apparent blessing of the new Goal-Based Control system on the part of the political level. More on this goal structure in the final Discussion section.

### **Adaptations to Make the BSC Fit a Not-for-Profit Media Firm**

PVL declared that the BSC enables management to introduce a more transparent and open style in its control of company operations. The BSC may induce changes in an organization that is not used to focus on performance and results. What management wants to accomplish is to create a new organizational culture, focused on results and not on production per se. This is important in a public service operation that has long been allowed to neglect the idea of performance and performance measuring. In the new competitive situation, this is a vital area for change, PVL says.

The need for open decision processes and performance measurements have made something like the BSC necessary, not least in a not-for-profit media organization. Of course, adaptations have to be made in relation to the original sketch by the inventors of the system. Much like Kaplan and Norton, in their analysis of the applicability to the not-for-profit firm, PVL realizes that the nature of the financial perspective changes, from a top position in the internal goal structure to a function that only determines relevant constraints for company operations.

### **Favorable Results of the BSC**

Not unexpectedly, PVL asserts that the BSC, already in the first year of implementation, has had favorable effects in areas like internal strategic communication, the ability to communicate goals and strategies to the management of SVT 'business units' (programming and supporting units). Middle managers will to an increasing extent be able to relate their own unit's activities to corporate strategies.

A link has been developed between the BSC system on the corporate level and the Human Relations process – typically involving personal evaluations annually. This link has introduced into the BSC control system a concrete relationship between corporate strategy and personal and other forms of development on the business unit level. A BSC system, however, requires an organizational culture that is performance oriented, PVL reiterates.

### **The BSC and Organizational Change in SVT**

Well, organizational change is obviously not something you achieve by pushing a button, nor by introducing a new management control system, PVL admits. Introducing 'learning processes' into an organization will remain a long-term target. The BSC system is initially perceived as an administrative process, not something that directly relates to the programming activities of the company. However, as results of performance measurements start appearing, many middle managers who may have regarded the system as just another species of increased bureaucracy, realize that they are about to be documented as 'failures' (failures to achieve strategic goals for audiences, programming, resources, and development). The red light symbol for failure is something middle managers start fighting to avoid, once they realize the transparency of the performance measurement system. (More about the traffic light symbols employed in the evaluation of strategic goals later)

### **Stumbling Blocks in Implementation**

It is not easy to persuade leaders of day-to-day operations, busy with the demands put on them by short-term considerations, to allocate enough time for long-term strategic projects. This is natural in any type of operation, says PVL who has a background as a consultant, presumably in many different types of industries. Additional resources, e.g. in the form of internal consultants, are necessary.

Another stumbling-block in the implementation of the BSC was the perception of this tool as an MBA invention, nothing that directly relates to programming (compare Underwood 1993). For a public service media firm, there is a traditional aversion to applying administrative, ‘business’ smelling tools, e g quantitative measurement of performance, to an environment managers and staff alike perceive as ‘creative’. There is a strong risk of a ‘clash of cultures’ here, between centrally placed staff functions and middle managers responsible for operations, content, i. e. programming.

If there is no corporate vision to serve as the basis for the formulation of goals on other levels, the BSC project is impossible to implement, PVL states. He proudly points to the document entitled “SVT – Free World Class Television. Strategy for 2009<sup>2</sup> and claims that this document has been a strong pillar of the BSC system. All concerned have been able to learn more about corporate strategies.

The major stumbling block is potentially the attitude of top management to the BSC system, PVL admits. The present system was supported by top managers whose term expired the previous year, and the continued support of the new CEO is a must for future success. The new CEO has a record of successful leadership in several key programming areas like news and entertainment respectively, but has no administrative experience from e g HR or finance. She, Ms Hamilton, has become increasingly involved in the development of the BSC system, PVL comments. If this is wishful thinking or a result of some heart-felt conviction on the part of the new leadership is impossible for the researchers to establish. Maybe it is but a spell cast around the new CEO?

### **Alternative Designs of the BSC**

We have, indeed, adapted the original BSC structure to fit our type of operations, to focus on what we feel is the necessary in our company, e g audience (not market/customers), resources (not finance/shareholders), programming (not internal processes). Finally, we accepted ‘development’ as a proxy for HR activities linked to performance measurements. Development, in the sense research and development in terms of production methods, is more difficult to establish routines around, since these

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<sup>2</sup> 2009 is the end of the present contract period. The original title of the Vision document is SVT. Fri television i världsklass. Strategi mot 2009. It is designed as a 24 page brochure, easy to digest and serving as a tool for communication.

activities are very much integrated into production itself. PVL realizes the slight confusion between ‘internal processes’ in the original Kaplan and Norton system and ‘resources’ and ‘development’ in the SVT version, but maintains that these adaptations seem to have been accepted by middle managers. The BSC system must be easy to communicate, he concludes. “If you cannot explain the value of the system in two minutes, nobody is going to go on listening, these are the hard facts of implementing a managing control system”, PVL concludes.

As students of management in public service broadcasting media firms, we were questioning the fact that the comprehensive system of statistical evaluation of programming targets, as established in the complex official goal structure (‘Public service evaluations’) had not been made use of in designing the BSC scorecard structure. PVL claimed that this was due to the administrative setup for those statistical evaluations, required by Parliament, administered by the supervisory body, the Board of Radio and Television. The design of the public service evaluations had been established and was not possible to change in the short run. In the future, SVT will make an effort to integrate the two processes, he explained.

## **Observations**

Our observations can be summarized under two headings: General impressions of system design and Ease of Implementation. The possibility of applying alternative solutions is linked to the aforementioned, previously established system of media accountability, the so called public service evaluation. This discussion winds up the paper.

### **General impressions of system design**

The Business-oriented BSC system has been skillfully designed and adapted to the not-for-profit environment in which SVT operates and to the media business. The main structural adaptation is the set-up of score cards that focuses on audience targets (primarily in the 20-44 age bracket), identifies programming as a tool to reach audience goals (e.g. increasing regional programming), recognizes resources as constraints that need to be eased (2% annual reduction of production costs and reducing distribution and administration share of costs). Finally, the development score card links strategy to R & D activities (share of production using ‘simplified technology’) and HR processes (the system of personal evaluation that can now be based on the traffic light performance measurement).

The traditional Finance scorecard focusing on how shareholders view the company has been replaced by a Resource scorecard that identifies the need to 'increase resources' by cutting production and other costs.

### **Ease of Implementation**

What struck the observer of the new SVT management system, based on the BSC concept, was the effort made at simple, easy-to-understand procedures. Organizational change should start with changing 'behavior', then proceed to establishing 'processes' and finally to developing the full-fledged 'control system'. Starting at any other end leads to failure – this was the message that was repeated over and over. The BBC system that we looked into was useful as something to avoid, at least in the SVT setting, the SVT strategist kept saying. And the performance measurement system, with the traffic light symbols, was about as easy as could be.

Another feature in the implementation of the system was its openness to change. Some performance measures were not possible to obtain during the first trial year, this could be established at the review of performance in business units. These measures were then redefined or dropped. Obviously the actual acceptance of measures as a basis for evaluation was important to those responsible for implementation. Kill your babies or fail to gain acceptance.

Acceptance, indeed, seems to have been a problem, according to some of the people that were responsible for the actual implementation of the BSC system in the programming units of the corporation. The system was widely seen as an outside invention, not suitable for a public service media firm, despite the obvious adaptations made to fit this particular environment. It overstates the need to meet the particular claims of some audience groups, notably those of the relatively young age bracket. High quality, not youthful touches per se, seems to be what programming units would prefer to see as goals for their activities. The core values of public service broadcasting should be put in focus, not commercially relevant audience targets – this seems to be a fair summary of the internal critique that we were able to listen to. The relative ease of implementation seemed like more of an obstacle to safe-guard these core values than a tool to focus on the real strategic issues that different stakeholders make claims on.

### **The diffusion of a management tool**

The project leader and key actor in implementing the BSC in the corporation had a background in management consulting in a range of business sectors. This seems to add to the difficulty to immediately accept a new management system in SVT. Despite adaptation of the system to the conditions that a public service media firm works under, it was felt by many of the internal observers that this was not a system invented here, for public service programming purposes. It seemed difficult to accept the SVT strategist, perceived as an external consultant, as a much-needed vehicle for organizational change; it seemed easier to reject an outsider, and with him ideas that were not suitable for the complex realities of public service broadcasting. Resistance to change, some may label this, apparently typical for not-for-profit environments. The diffusion of new management ideas may proceed at a relatively slow pace in the media firm, but the idea of new management tools will ultimately spread, there seemed to be a certain consensus about that (Engwall and Pahlberg 2001).

### **Discussion of alternative solutions**

We raised the idea with the SVT Strategy Department of designing a BSC system of management based on the structure used in the system of public service evaluations instead. This was apparently something that the present project leadership had considered but rejected, at least for the first trial year.

This goal structure, with the ten-year experience of compiling statistics illuminating the degree of goal achievements, seems to the researchers to present an alternative BSC structure, starting with the actual goals formulated on the political level, then moving towards a vision formulated on the corporate level and contributions towards targets defined for the different business units. The present BSC system that has been tried for a year lacks this link to the externally formulated goals, that we see as stakeholder claims, and as we have seen instead starts out with audience targets, defined in commercially relevant terms, reaching so and so large a share of certain audience segments. These goals, however relevant for a commercial broadcaster, are not the goals that have been defined by Parliament for the public service broadcaster.

In other words, our critical review of the BSC system under implementation, ends up with the advice to the Strategy Department to look into the available media accountability system – the public service evaluations that have been in operation for ten years. This may have provided a link to external demands made by various stakeholders of the company. The BSC system actually designed and implemented, appears to be unnecessarily

internally oriented and to a lesser degree serving outside interests, anxious to put the public service operation under scrutiny. It is the view of the authors that one of the ultimate purposes of the BSC was to look at an organization's activities with the eyes of external observers (How do the customers view us, how do shareholders view us, how do our processes compare with others etc). This purpose may have been better served by a BSC structure more directly linked to the overall goals for public service, in actual practice more directly linked to the public service evaluation system.

We also suggest that the development activities of the SVTi division be more directly linked to the strategic planning system, aiming at a more integrated decision making structure. This has been accomplished in the sense that the division director is part of the top management team, but not in the sense that it figures prominently in the articulation of strategies in the goal-oriented system.

In the final analysis, then, a further development of the Balanced Scorecard approach should involve the more complex goals of the public service organization and the more future-oriented technical development activities relating to the SVT Internet presence.

This may not be criticism that is hard to swallow, since it is apparently the intention of the Strategy Department to try to link these management control processes – the BSC system, the system of public service evaluations, and the Internet development processes - to each other in the years to come. This certainly seems like a good idea for the management team that to-day and in the future has to defend the vulnerable values of public service broadcasting (Blumler 1992).

## **Conclusion**

This paper has reported on the design and implementation of a Balanced Scorecard management system in a public service media firm in a context of technological change and articulated demands from various groups of stakeholders. Adaptations and simplifications compared to the original structure suggested by Kaplan and Norton in their path-breaking articles and successive books were made to fit the actual operations of a not-for-profit public service media firm. These adaptations seem to have been successful and well in line with the views of the creators on the need for adaptations to not-for-profit environments. Above all, the simple form of communication around performance measurements – the traffic light metaphors – all seems well designed to suit a creative environment where there is traditionally

a certain resistance to administrative procedures that smell MBA and Business School origins. The formulation of concrete, almost always measurable, programming goals seems to have created a basis for development of a performance-oriented organizational culture, one of the ultimate purposes of introducing the goal-based control system.

It is fairly obvious that the strategic internal consultants want to see SVT as an ‘engaged translator’, but they may have to accept the observation that a public service media firm may show a strong likeness to Powell et al’s (1995) ‘reluctant conformer’ (considers new practices) or ‘active resistor’ (willing to reject fashionable ideas).

Is the BSC system in SVT performance measurement-oriented or more strategically oriented, a dividing line between different approaches to BSC as suggested by Wenisch (2004)? The system seems to place a heavy emphasis on corporate strategies, repeatedly topping the scorecards of business units and supporting units. At the same time, the scorecards mirror the tradition of measuring performance in very concrete terms. Outside observers seem to wish to know the actual number of hours broadcast in minority languages, or the number of hours devoted to children’s programming or the accomplishment of other very specific goals. The answer, then, to the question of which BSC approach was implemented by the Swedish Television, is very Swedish: a bit of both, a ‘lagom’ approach.<sup>3</sup>

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<sup>3</sup> ‘Lagom’ is a key feature of Swedish culture, guiding decisions in all walks of life. The concept of ‘lagom’ is difficult to translate, but ‘just right’ has been suggested, quite appropriate here.

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