

Georgia Business #422

Guest: Paula Kerger President and CEO- PBS

Richard Warner: Whose non-commercial programming service, 348 television stations, including this one. She came from WNET in New York where she established a reputation as a fundraising powerhouse, and that's important in any kind of television, and prior to that, tenure at the MET and UNICEF. Good to have you with us.

Paula Kerger: It's wonderful to be here.

Richard Warner: How's business?

Paula Kerger: Well, it's an interesting time to be in media, that's for sure.

Richard Warner: Interesting, as in the Chinese curse?

Paula Kerger: Absolutely in terms of the Chinese curse because everything is shifting. You know, everything is changing around us. The way that people consume media, the way people think about how they want to access information, and so for us in public broadcasting it's a tremendously exciting time because we have the opportunity now to create material that we can distribute in multiple ways. But, figuring...

Richard Warner: Takes money...

Paula Kerger: Yes, that's where I was just going. But figuring out the support of that is the real challenge.

Richard Warner: Well, you know, commercial broadcasters, for anyone who reads the paper or follows it, they're imploding. Local car dealer ads that counted for 15 % of revenue are gone. What does PBS have to protect its financial position?

Paula Kerger: Well, this is the other interesting part of the landscape that we're living in right now also in the chinese sense of that word because the philanthropic landscape is also shifting and you have to look no further than what happened during this last election and how so much money was raised online. And, so as we think about our work moving forward, we're looking, not only at trying to distribute content in different ways, but we're also looking at different ways to engage the public in our work. You know, we have our fundraising drives that many people recognize and some love and a lot of people don't. But it has been a very effective way for us to bring our message to the people that our using our services. And so now as we look to the future I think there are other opportunities to make those same connections that are not quite as obtrusive as our fundraising drives. We also receive money from foundations. We also receive a

little bit of money from the federal government, about 15% of our money overall comes from the federal government.

Richard Warner: 430 million, which sounds like a lot...

Paula Kerger: Which sounds like a lot, but in television terms is really not; actually that 430 supports public television and public radio. If you look at the other great non-profit broadcasters of the world, the BBC is probably the most notable of all; our funding is sort of at the bottom in terms of support that the federal government gives for public broadcasting in this country. So, through our history through our more than 40 year, we've been very entrepreneurial in the way that we take the bits of money from the federal government and leverage it. And the largest piece comes from viewers like you; individuals. That makes it a really, quite interesting portfolio of funding that we try to cobble together every year.

Richard Warner: In an interview that you did in print, you said one of things that public tv offers that commercial television is rapidly losing is it's locally owned...

Paula Kerger: Yes.

Richard Warner: ... the question being, the same dynamic is true. You can watch primetime television shows for free on the internet that use to be the sole domain of your local CBS station.

Paula Kerger: Right.

Richard Warner: Well, if you do this to PBS, what is going to give the local station a unique flavor now that it's losing that exclusivity?

Paula Kerger: Well, I think a couple of things. One is I think it does make a difference when you have a station in a local community that is thinking about the issues of that local community. If you are creating a program like this, that is something that I think a location station does, and does extraordinarily well. You're thinking about the issues of this community. I think your structuring this interview, perhaps, recognizing what the people of this community would be interested in hearing about. I'm here because there is a connection between PBS and Atlanta, between PBS and Georgia that is tremendously important. I think that when you think of the scope of local work that stations produce, having that broadcast locally is important. But here's the interesting possibility. This program, which has been seen and enjoyed by people in this community, in the new media space, can also be seen by people around the country and around the world.

Richard Warner: Sure.

Paula Kerger: So I think it goes both ways. I think that having someone locally based, that's a local curator of content, national and local, and also having the opportunity to take local content and bring it to a national, international audience, makes the local public television station really exist in a very interesting space.

Richard Warner: It all comes back to money, and rather...

Paula Kerger: Always.

Richard Warner: And rather delve into, how we gonna pay for this, let's talk about how you pay on the network level. Because you're working with the federal government, an administration that is much less than friendly toward public television in general. You're dealing with hundreds of television stations, each of which has its own personality and priorities. You're dealing with viewers. Different viewers in Georgia in terms of what they'll expect in terms of viewers in Ohio. What is the most important skill that you have to draw on in order to make that work?

Paula Kerger: What an excellent question. I think that from my perspective, what has been the most important is to be a very good listener because I do deal with a lot of different constituencies that have very different interests. I think it's very important to understand what those are. And at the end of the day, for most of the constituents that I deal with, the feeling that they have been heard in the process is the most important. As I look at our work, we do try to balance and we have... I think the most important constituent I'm concerned about is the American public and how the American public is served through our 354 individual, independent, autonomous stations is the most complicated of all. Because the thing that makes us so different and unique, the fact that we are very local, is the thing that makes it such a difficult organization to manage. Because every station is different, every community is different, but we do carry and we do share some common mission, common purpose, common interests, and trying to align our stations around those common interests is the job that I have. I'm not a network. PBS is not a network. We are, in fact, a membership organization for our stations, and so in some respects, we're almost like a co-op. We were formed by the stations as an organization to achieve nationally, for public television, what an individual station couldn't; do buy itself. So, an individual station couldn't create a news hour, and a nature, and a NOVA, and a Great Performances, but if all the stations together contributed some resources, we could create some of those programs. An individual station could create a website, but one not of the depth and reach of pbs.org, which every public television station ties into.

Richard Warner: It's democracy.

Paula Kerger: It is democracy.

Richard Warner: Democracy run amok.

Paula Kerger: Well, I wouldn't say run amok. I think that the power of localism is tremendously important and trying to figure out where we can achieve a common purpose is not impossible. We don't always hit the mark, and we don't always do the kinds of work that is relevant in every part of the country. But let me tell you something. The work that we create, we send it to all our stations, and then it's up to each an every station whether they accept it or they decide not to broadcast it. And, that's again, I think the power of having strong local media organizations and I would defend that structure until the end because I think it is tremendously important.

Richard Warner: Well, you look at *Carrier*, which was a miniseries in this past year. We were the first place where the producers came to unveil it; an incredible series. You look at *John Adams*, which HBO ran; very high budget, probably out of PBS's ability to afford it, but, go there. What kind of programming do you want to see PBS to offer stations like these?

Paula Kerger: Well, let me make a comment about *John Adams*. *John Adams'* production budget was over a hundred million dollars, which is not only something that I...

Richard Warner: And your budget is 400 million...

Paula Kerger: So, not something that I could touch, but I will say to you that I take a small amount of credit for *John Adams* because I feel that the work that we do in public television creates, not only an appetite, but an interest in the American public for high quality programming. I'm happy for organizations like HBO or commercial broadcasters that we couldn't afford. If we could encourage more good television, then I think that's a really important objective for ours. If we look at our work moving forward, we look at a couple of things. One is, we do try to look across the media spectrum at what either media organizations are doing. And we look for things that the market is not supporting.

Richard Warner: Like, such as?

Paula Kerger: Well, we have a great interest in high quality news and public affairs. And one could argue, we could probably sit here for the next hour arguing whether that is being accomplished through commercial media. I see weaknesses. I see, out of the last election, a tremendous blurring on most broadcast organizations between news and opinion, and I think there is a difference. I think there is a need for that high quality children's programming that's curriculum based. That is an area that for more than 40 years, and next year *Sesame Street* celebrates its 40th anniversary, has been very important to us. We feel that television is a powerful force in society and can be used to help children enter school ready to learn. That is a big interest of ours. And an area that is of particular interest to me because I don't see it anywhere else is the arts. I grew up, as many people do, watching *The Ed Sullivan Show* on Sunday and seeing Maria Callas, seeing a great dance performance... that doesn't exist anymore.

Richard Warner: No, that would never happen. Now it's *Dancing with the Stars*.

Paula Kerger: Now it's *Dancing with the Stars*. I think that people are interested in the arts, but they don't always have access, and being able to do that kind of work is something that I'd like to see public television do more of.

Richard Warner: This transition to digital tv that is in process right now levels the playing field in a way because in old television there were powerful stations, like the Channel 2's, and there were weak stations like the channel 20s, the UHF's. Well, digital brings everything together on a level playing field. Is this going to be your friend?

Paula Kerger: Yes. I think digital is our friend. What I'm concerned about, and I'm glad that you asked the question, cause in roughly 70 days, I think less than that, analog television ends. There are still a lot of people in this country who rely on over the air television, that still have those old analog sets, that have not yet realized that they need to buy a converter box, or they need to get a new set, or they need to connect to cable or satellite, though not necessarily, you have a lot of options. I think that digital broadcast gives us, not only beautiful quality picture and sound, but also all of our public television stations are thinking about how to use that spectrum. And some, many, I think Georgia Public Television is one, will be not just one great channel, but multiple channels.

Richard Warner: I know that we have two. We've launched a second one.

Paula Kerger: And so, if you love public television, this gives you more choice and opportunity that you can have through over the air and not necessarily through cable. I think for us, it's a great advantage.

Richard Warner: How do you monetize that? Because what it all comes down to, no matter what business your in, in an environment like this, you have to figure out, yes you can do it. But how do you do it so that it's sustainable?

Paula Kerger: Right. So, if you're a commercial broadcaster, you're thinking very carefully about what the advertising model is to support it. For us, our funding model is different. We do get a little bit of corporate sponsorship, which is the closest that we get to advertising.

Richard Warner: Is that the future? Is that the lead?

Paula Kerger: I would say not necessarily. I think that it is a source of support for us both as public television nationally as well as for local stations because, think about it, we have a very large audience in public television. You know, some stations like CNN have a much larger audience; we have a larger news audience than they do. We do have a large audience, but we do also have a website, and we have other ways that we bring our content to individuals. I think that, for us, the way we're thinking about our resources are we're hoping to keep our corporate sponsors connected to our programs, we're hoping to signal value to the people that have given us philanthropic support, both at the \$25 level as well as the major gift level, we're talking to foundations that have specific interest in some of the work we're doing. Three of the content areas that I just talked about: news and public affairs, children's content, and arts and culture are things that are of great interest to a number of foundations that are concerned about that. And we will certainly continue to look for ways, as we have sold DVDs in the past, that we'll look for ways where we can earn a little money around the edges as well. What I'm interested in is having a large library of content that is available free, but perhaps there is some content that we could offer on a fee basis for viewers. I think as we look at our work moving forward we are trying to consider the limited amount of government resources that we have and then around that, build out other opportunities to bring revenue into public broadcasting.

Richard Warner: We were playing with an iPhone before starting this, and looking different platforms where all of the shows can be viewed and consumed, what is the lead? What do you see as the emerging ways that we're going to be watching these tv products?

Paula Kerger: It's a fascinating environment. When I moved to Washington to take this job, I bought an Apple TV, and right now that is an interesting technology to take content that I get from my computer, and put it in my television set that's in my family room.

Richard Warner: And it has not taken off. It's a niche project. It's a hobby for Apple.

Paula Kerger: It has not taken off, but the reason I mention it is not to promote an Apple product, but really to talk about where television sets will develop. And as you think about the technology of television sets evolving to be able to take content that is streaming through online, as broadband reaches more and more homes, it is where you could envision the technology going. I also travel a lot. I walk down the aisles of planes and I see a lot of people sitting with their laptops watching movies, watching television programs, watching things that they have downloaded into their computers. I think the very small screens... I'm not sure how that will continue to evolve. I think to watch an entire movie on an iPhone is interesting. I think it probably is not going to replace the big set in the family room or the living room or the den. I think that as we think about our work, we are experimenting with lots of partners and putting content in various places. We have, as you know, done some work with iTunes, with Netflix, with Hulu, and different audiences are interested in those different spaces. At the end of the day, who will end up being the dominant player, I'm not quite sure. What I do know is that there are a lot of people that will rely on traditional television broadcast with schedule that is created for them. There will be a lot of people that rely more and more on TiVo type of devices; being able to put together their own play list of programs that they're interested in on following on a regular basis, whether that's the news on a nightly basis or a series or specific documentaries. And then there will be people who want to have an on demand type of experience. You see that on television though video on demand...

Richard Warner: Comcast, sure.

Paula Kerger: ...and you see various services where you can acquire content as you want to view it. I think that the organizations that are going to do well in the future are the ones that own content or create content that has interest to the public. The reason that I'm interested in all these public platforms is that public television, look at Ken Burns' work, or look at the *Carrier* project that you just mentioned, which by the way, had a very robust presence on broadcast but has done extremely well in streaming form.

Richard Warner: iTunes is doing good money off that?

Paula Kerger: iTunes and Netflix have both made good use of *Carrier*. It's a program that also did well with the sale of physical DVDs.

Richard Warner: I wish that they'd come down on the price. Some of the PBS shows that you'd want to buy are priced considerably more than a movie.

Paula Kerger: Some of them are. We've begun to experiment with the new platforms. We've priced them at the \$1.99.

Richard Warner: Do you have the power to do that or does WNET own it?

Paula Kerger: We work with the producer. It depends. On some programs, we have the rights, and some programs they retain the rights. It depends on how much... we can talk again for an hour about the intricacies about how we put the material together. We have with some of the programs that we have developed over the year, really looked at different price points, different distribution, and to really see where the public is with some of the work that we've done.

Richard Warner: Paula, rewind three years. You're one of the twelve people that Spencer Stuart has targeted as finalist for this job. You wowed them. You got a standing ovation twice when you went to meet the PBS body.

Paula Kerger: How do you know all this?

Richard Warner: Well, I was following you around. But my question is, as somebody looking for a job in this environment in particular, up against a lot of people what was the secret in getting the job against those eleven other people?

Paula Kerger: That's a really good question. I wouldn't say that I actively ran for the job. I was approached by the search firm. I was working at WNET in New York, Channel 13 in New York at the time, and I was asked by the search firm that had talked to certain people in the industry, and my name had come up a couple times, and they asked me if I would come and talk to the committee. The first time I went to meet with the search firm, with the search committee I should say, I wasn't a hundred percent sure that I wanted the job.

Richard Warner: Did you tell them that?

Paula Kerger: Yes. I was very happy with my job in New York. I thought that I had my career mapped out, but I was interested in the future of public broadcasting, and I felt that there were some things that I want to share with the search committee in terms of the kind of person that I thought would be a good leader for PBS.

Richard Warner: So, you told them, this is what you need to look for based on my experience as a customer?

Paula Kerger: Yes. In fact I've been told by several people in the search firm that in that first interview, and one of the members of the search committee actually had decided to give me a little bit of a hard time in the interview, and I stood my ground, and he made a couple of comments that were incorrect, and I tried to steer him nicely into the right direction. At the end of the interview, I was told later, the committee looked at each other and said, we have the person. As I think about this work moving forward and I also think about and talk to people that are getting ready to into interviews like this, maybe it doesn't work for anyone else, but from my

perspective, I think you need to be yourself. You don't want to end up in a job that you're not a good fit.

Richard Warner: Why did you decide that this was?

Paula Kerger: Because I felt at the end of the day, after I went through that first interview, I realized that I actually could contribute something significant that would take our industry in the place that I felt it needed to go.

Richard Warner: Did the fact that you had such a track record raising \$75 million in capital for WNET, was that the skill set that they found the most valuable?

Paula Kerger: I think that was a factor. That I understood our business from the inside, which I think that my two predecessors I come from different backgrounds, and I think they felt that was important. I think the fact that I had a vision of where I thought our industry should be going, which was obviously in concert with what the search committee felt was gonna be important.

Richard Warner: Digital. You were very into that.

Paula Kerger: I was very interested in that we needed to bring our industry forward and to bring our industry together. I think they saw me as someone that had the capability to bring our public television stations and our various constituents together. I had experience on the Hill...

Richard Warner: Experience on the Hill because of UNICEF?

Paula Kerger: No. When I worked at WNET, one of the areas that I was responsible for was government affairs. I spent a lot of time in Albany. I spent a fair amount of time in Washington making our case for public broadcasting from the perspective of our station in New York City.

Richard Warner: Do you think, given January 20th's change in the administration, that the funding picture will change for PBS, for public television, or is it now a product of the economic environment?

Paula Kerger: That's a really good question. I think the incoming administration has an interest in public service media. We were part of the platform in sort of envisioning the role that public media service could play, both for children as well as for the broader population. I think there is interest in thinking about our role both as a broadcaster as well as our work in new media, particularly our work in new media, but I think that as every other organization is thinking about their relationship with this new administration and how best to present the kind of work that we hope to accomplish, the economy is going to be a big issue. I think, from my perspective, I'm looking very carefully at what the administration is hoping to accomplish and looking at the things that we are doing and could be doing to try and advance some of that work. I think that at the end of the day that really is the best case that we can make for continued support for public broadcasting; being able to demonstrate a true need that we are filling for the American public.

Richard Warner: It's that Chinese character for crisis that is the same as it is for opportunity.

Paula Kerger: That's right.

Richard Warner: Paula Kerger is the president of PBS. Welcome to Georgia. It's good to have you here; enjoyed it.

Paula Kerger: Thank you. This has been a wonderful interview, thank you.

Richard Warner: Awesome. It's very good to have you. And thank you for watching. You can catch a replay of this show in Atlanta on WCFO on the radio, that's 1160 AM, and you can listen on iTunes. We do it too. Just do a search on Georgia's Business and you can download the audio to this program. You can also sound off to me directly at richardwarner.com on the Internet. For now, for all of us at Georgia Public Broadcasting, I'm Richard Warner. Thanks for watching, and until next week, don't sell yourself short.