

HRT's Business and Development Strategy **2013-2017**

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HRT'S MISSION

Croatian Radiotelevision is part of the European cultural attainment of public media services established to provide service to society, generate public assets and ensure the development of democratic society.

With its high-quality, credible and diverse programming and services, Croatian Radiotelevision preserves and promotes European values, fundamental human rights, and national and cultural values, contributing to the development of a modern Croatian society and helping every individual to find their place in today's world.

Mission Objectives

1. to create values for society and individuals;
2. to safeguard, foster and promote national identity and culture;
3. to promote civil society and the foundations of democracy;
4. to express diversity and promote tolerance;
5. to promote knowledge and provide assistance in education, learning and the acquisition of new skills;
6. to participate in cultural enrichment and in liberating potential;
7. to promote linkage between the Republic of Croatia and Croatians abroad;
8. to stimulate creativity and innovation;
9. to encourage entrepreneurship and have a positive impact on economic trends;
10. to encourage solidarity and humanity;
11. to promote media culture and literacy, and to participate in their advancement;
12. to help people understand the world around them and adapt to changes in modern society;
13. to represent Croatia, its regions and citizens;
14. to acquaint Croatia with the world, and the world with Croatia;
15. to preserve and strengthen the public's trust towards public media services.

Croatian Radiotelevision was established to provide public broadcasting services. It performs, produces and broadcasts radio, television, musical and other media-programme content intended to inform, educate, entertain and connect the general national and international public, in accordance with the Croatian Radiotelevision Act. The operation of Croatian Radiotelevision is financed from public and commercial sources.

HRT'S VALUES

- UNIVERSALITY
- INDEPENDENCE
- DIVERSITY
- EXCELLENCE
- INNOVATION
- RESPONSIBILITY

UNIVERSALITY

To deliver public content to all segments of society without exceptions, restrictions or obstacles; to everyone, everywhere and in all available ways. To exchange and express different views and ideas. To allow all citizens to get involved, freely acquire their own opinions and ideas, and to participate in society's democratic processes.

INDEPENDENCE

To be reliable programme creators, credible in both fact and fiction, in all genres and formats ranging from news to entertainment, from science to sport, from cultural to educational programming. To be completely impartial and independent of political, commercial and other influences and ideologies. To be autonomous in all aspects of programme preparation, editorial decision-making, and staff selection. To make all decisions solely in the interest of our audience.

DIVERSITY

Bearing in mind the wide spectrum of interest groups in our audience, to ensure diversity of genres in our programming, of the views we express and of the people we work with. To uphold pluralism and provide people of different origins and pasts and of different backgrounds an opportunity to express opposing opinions. To contribute to the development of an integrated and less fragmented society.

EXCELLENCE

To maintain a high standard of integrity, professionalism and quality; to set standards in the media industry. To stimulate talent and staff development. To empower, enable and enrich the public, encouraging participation and involvement.

INNOVATION

To enrich the media landscape in the country and in the regions in which we operate. To become a driving force for innovation and creativity. To create new formats, incorporate new technologies and new ways of connecting with our audience. To attract, keep and train our staff so that they can participate in shaping the digital future in the service of our audience.

RESPONSIBILITY

To be open and listen to our audience, and constantly encourage constructive discussion. To publish guidelines for editors. To explain. To correct our mistakes. To inform about our policies, budgets and editorial decisions. To be efficient and act in accordance with the principles of good governance.

PRINCIPLES which we adhere to in our work:

- In the service of all citizens of the Republic of Croatia
- Credibility and impartiality
- National and general values
- Innovation and creativity
- Professionalism
- Technological neutrality
- Media equality
- Responsibility for publicly funded activities
- Responsible market competition

HRT's Vision

A programme based on a good understanding of user needs

The programme will be developed and produced based on a good knowledge of users' needs, in accordance with established strategic goals and policies of HRT. HRT should adapt to new circumstances in a developed and fragmented media market. Content offered by HRT should be, first and foremost, of a high quality, focused on the value provided to society, at the same time striving to attract a larger audience.

Functional multimedia organizational integration

Functional multimedia organization unifies the development of programmes for all the media under the jurisdiction of the programming director, while production management and production resources fall under the jurisdiction of the production director. The director of technology is responsible for the management and development of technological infrastructure.

In addition to the radio and television production programmes, a new multimedia programme is being established, critically important to the success of the restructuring and strategic development of HRT. This programme is focused on the development of a unified technological platform aimed at a more efficient orchestration of the internal production processes and diversification of programming-content broadcasting methods, in addition to prompt reporting of information. It requires a new organizational, programming and staffing structure, and a move away from the traditional 'analogue' way of thinking towards an entirely new paradigm of media management.

All business, financial and logistic resources of HRT have been integrated into a new, unified organizational unit called 'Business Operation,' headed by the Director for Finances and Business.

Broadcasting channels as independent entities

Current media channels (HRA1, HRA2, HRA3... and HTV1, HTV2...) and channels which are being developed will be transformed into independent programming entities which will, under the leadership of the channel's editor-in-chief, better segment the specific interests of their target audiences. (Who watches/listens to them, and when?) They will complement one another in order to maximize the reach of public services in the overall socio-demographic, territorial and interest domains.

Unique news media service

The unification of HRT's news media service (IMS) will allow for better use of the available journalistic and technological resources. New multimedia news content will be developed and used optimally on a multi-platform basis. The IMS will ensure that all HRT channels receive suitable news media content and will offer them for sale or exchange in the domestic or foreign media market. This will be organized in-house through the journalists' desks, and

journalists – professionally specialized in specific types of journalism or specific fields – will have to master new skills and assume responsibility for simultaneous multimedia expression and interactive communication. Users will be able to use the produced informative media content in a diverse multimedia and multi-platform manner, in line with their habits, abilities and needs.

Creating media assets of lasting value

Content in the form of feature films, drama and documentaries will be planned, prepared and produced on a long-term basis, with the goal of creating media assets of lasting cultural value and transparent production cooperation with the best local and foreign authors and producers, as well as expert national media and cultural associations and institutions. The production technology will also be planned and adapted in other programming areas, such as news and current affairs, in order to create valuable content that can be used repeatedly.

Dynamic development of digital media

The Internet as a medium enables better segmentation of target audiences (especially the younger population), the development of new distribution models ('on demand,' 'regardless of time or place' etc.) for servicing users' programming needs (for example, education, culture, minorities), and makes it possible for HRT to launch completely new kinds of commercial services, outside the range of public services. The dynamic development of digital media in the near future will open up opportunities for a whole new set of non-linear, multimedia and cross-media hybrid services, which will be distributed via the Internet, mobile and other digital communication platforms. HRT will have to react on time and appropriately in order to continue to successfully integrate media, facilitate access to its programmes and support the segmentation of its audience.

Technological modernization of programming, production and business infrastructure

In its core, the media business is a technological activity. Technological possibilities predetermine possibilities of media expression and content. For this reason, successful management of technology is of vital importance for every successful media operation and development.

Modern digitalization and the computerization of media production systems and equipment, along with radical changes in media production, enable the integration of production and business processes and drive the necessity for changes in the organization of work. With the help of information technology, work processes and procedures will be redefined, enabling more flexibility and faster and clearer project-based links among associates, and the use of matrix-shaped collaboration which goes across the borders of formal organizational structures and hierarchy. This will make space for new, innovative business models, processes and programming products.

HRT will have to modernize its technological base significantly, integrate technological units, give better support to key business processes (broadcasting, production, business operation,

management, etc.) and improve the skills of all users, but especially key users, of the technological system.

Digitization and the widespread use of archived material

Digitization of HRT's entire audio-visual archive and resolution of the associated copyright issues are necessary for its faster, easier, and better use in programme production, commercial exploitation and in-house training, and for professional research and the general cultural needs of the interested public.

New forms of marketing services

HRT's marketing services, which are predominantly of an advertising character, need to be developed in line with new forms of commercialization, sales and marketing of media content, effective brand management, copyright and other forms of intellectual property belonging to HRT. Commercial content, including advertising, should be programmatically acceptable and justified.

Ethical, loyal, competent and motivated staff

Constant adherence to values, application of principles and continuous professional development, as well as certain values and cultural norms of public service (commitment to serving the public interest, eliminating conflict of interest, organizational loyalty, respect for intellectual property rights, etc.) will be ensured through their incorporation into the criteria for selection and reward, and into work contracts. Professional and ethical standards will be regulated by organizational rules and policies.

Continuous staff training and development of awareness will be ensured, regarding HRT's public character and social responsibility and the values and norms that underpin HRT's organizational culture.

Flow of funds through the organization to improve effectiveness and efficiency, and quality-management

By ordering programming content, on the basis of accepted offers, the Programming unit directs funds earmarked for the realization of public programming obligations to the Production organizational unit and the IMS unit. The Production and IMS quotations adhere to strict criteria and quality standards, and include all internal/external, direct/indirect costs, including the cost of all staff involved, all production resources and internal services.

The Production unit uses the allocated resources to produce the programming content thus ordered, making use of available resources (people, technical and budget resources) in an optimal manner. For every programming project, the internal production forms a production team headed by a project manager who is responsible for the budget and delivery.

The Technology unit is responsible for ensuring the capacity and functionality of the technological chains, associated equipment and personnel, in line with orders received from the Production unit, within funding earmarked for production and broadcasting.

Every organizational unit is responsible for aligning its own expenses with the revenue available in the aforementioned internal chain. Budget funds for fulfilling programming commitments flow through the organization on the basis of the client-contractor relationship.

Using funds from the budget, Business Operation secures financial and logistic preconditions necessary for HRT's smooth operation, in line with costs of individual services, which are charged to all internal production resources and activities as indirect costs.

Financial consolidation

Financial consolidation of HRT's business operation, balancing revenue and expenditure, must, in the long term, allow for HRT's uninterrupted programming, production and editorial functions, along with continuous investment in programming and technological development. The restructuring programme (introducing an internal market, planning and optimizing resources per product, active management of the value chain, etc.) and the multimedia integration of HRT can significantly streamline and optimize its total business operation. Savings on the side of expenditure must ensure a stable and regular settlement of payments due. The revenue side should ensure further stable and regular collection of fees and improve commercial revenues through diversification of marketing services and sales of content, better commercialization and sale of high-quality programmes, capitalization of copyrights and related rights, commercialization of technical services, and overall better use and management of HRT's assets.

Available national and European funding for fostering cohesion, innovative development and structural improvement should be used in an organized fashion to finance strategically important development projects of HRT, such as the digitization of HRT archives.

Key Trends

The CONVERGENCE of the media

and the technology of production, distribution and presentation. Users accept it and expect the media service provider to adapt to it. It is necessary to position the brand on new platforms and devices.

NONLINEAR (INTERNET) media content

The globally accessible platform offers a very low entry threshold to media service providers, content producers and, especially, interactive-application providers. A non-linear substitute for traditional media services is well accepted among users with advanced IT skills.

FRAGMENTATION of supply and demand

Offering a multitude of thematic, regional and narrowly profiled channels. New technology enables a segmented or individualized range that meets the individual's interests.

Pressure on revenue and GROWTH of EXPENSES

Public financing of public media service broadcasters has been under pressure from political, social and economic conditions and from the commercial sector. Expenses linked to maintaining new technology, energy, sporting rights and other expenses are rising.

Technology is rapidly changing

based on digitalization and computerization in collecting, producing and distributing content and media services. Special Internet and mobile applications are rapidly developing. The lifespan of certain technologies is getting shorter. Standardization is lagging behind development.

Quality Statement

Croatian Radiotelevision products are designed for the entire population with adequate representation of various types of programmes.

The value of these products is always seen as a combination of three groups of criteria: value for society as a whole, value for the individual and professional value.

Our products have achieved the desired quality if we have created value for society as a whole, if this value is recognized by all citizens of the Republic of Croatia and experts in each field addressed by our programmes or whose knowledge we have used in creating the programmes.

OBJECTIVES AND ACTIVITIES

1. Recognizable Public Value

What makes a public media service a recognizable public asset? How do we know that it is necessary for society and the individual in a time of global social, economic, environmental and even media turbulence?

Although, upon first glance, it does not look that way, general trends offer hope for public media service providers, because they are offered an opportunity to serve their audiences better, to be recognized as a reliable source in a world which is increasingly confusing. They have an opportunity to be the drivers of a creative industry and cultural (co)producers.

HRT will deliver, to public media service users, such public services and products as the public will recognize as desirable and useful public assets, and will consider their investments in such services justified. HRT offers media services to all citizens of the Republic of Croatia, and the public assets delivered should be recognized by all, with due consideration given to the fragmentation of interests. HRT should be a media reference, especially among the Internet media platforms. It must become part of a European alternative to global media broadcasters and platforms. It must take advantage of new technological possibilities and create new interactive services where it will offer recognizable public assets to a wider range of users, especially to a younger audience.

In each of its products and services, and in each of its activities and in its behaviour, HRT will incorporate its established core values and principles, and will align them with its mission. Within its desks and inter-departmental workshops, it will continue to consider the definition of the public asset and its realization within HRT's services.

HRT must take part in a networked society. It must become an agent of social communication which helps in building social values and in creating and exchanging social assets. To this end, it must acquire new competences for new ways of communication. The development of formats, product technology and distribution must be adapted to non-linear programming services, and the reach and diversity of what it offers in this field must be significantly increased.

A special task for HRT is to make public (media) assets recognizable among children and young people. It will therefore invest special effort in recognizing the needs and interests of this specific audience, create a special strategy, identify which platforms and methods of public content delivery are most suitable for children and young people, and dedicate its energy to production and communication of this type of content.

Recognizability of public assets must be reflected in the reach of public content. HRT will, with careful research and familiarization with the needs and interests of Croatian citizens, look for the best route to access its audience, and invest the greatest efforts to achieve the

highest possible reach by way of all available platforms, while closely monitoring and analysing the results achieved.

2. Permanent Media Assets

A growing demand for media services, fragmented interest and the need for a segmented range of media products, along with limited resources and keen competition, point to a high-value production for multiple and long-term use.

With this economic necessity, the role of public-service broadcaster has become increasingly important as regards permanent documenting and creating of cultural assets of high value, which will not depreciate with repeated broadcasting long after their production date.

HRT will focus on the creation of public media assets (programming content) of lasting value, which can be used repeatedly. The life cycles of such content will be carefully planned with a long-term perspective, while endeavouring to achieve maximum return on every product investment.

Emphasis will be placed on projects of feature-film, drama and documentary genre, which have a permanent cultural and documentary value, in collaboration with local and foreign authors and producers, as well as national professional media and cultural associations and institutions.

HRT's musical ensembles will record their performances and directly participate in the production of content for radio and television broadcasting as well as the new media, and organize concerts and public events with the goal of creating archival footage of works and performances of Croatian musical heritage, writers and performers.

In the production of news and current-affairs content, monitoring, documenting and analysing of events and phenomena will be planned so that, in every production activity, repeated and long-term use of collected material for any media platform is taken into account. Material will be organized and stored in a digital library with maximum care dedicated to the quality of metadata, ensuring their quick and easy exploitation in the production of new content, especially in a multimedia Web environment, where the presentation of new information includes the possibility of linking it to information produced and collected earlier.

Works intended for long-term use should be produced and stored with the best production and technical quality. In addition to newly produced content, the archived content and other programming material will also be managed through a unified digital storing system, thus allowing for their multiple usability and maximum efficiency.

3. Agent of the Networked Society

How do we remain recognizable, accessible and relevant in a market cluttered with digital communication platforms? What should our role be in the future? Should we significantly change the current concept of public communication?

One urgent and necessary change which the public media service is facing in the midst of social, economic, political and cultural developments in European societies is the on-going turbulent development of the networked society. This development is directly linked to trends of fragmentation and digitalization.

In light of these changes, HRT cannot remain a passive observer and reporter of social and other events and phenomena, but must rather become actively involved as a communication mediator in the creation of a democratic society. HRT must take on a corrective role if citizens should lose their democratic influence over change due to insufficient communication and understanding. It must take active part in the social networks of an emancipated society as an equal and professional participant, an enabler of the networked society.

HRT must become an active agent of social communication that helps build social values, and create and exchange social assets. Recognized and clearly defined public values must be actively and consistently promoted, and HRT must act in accordance with them.

HRT should make use of the benefits offered by the networked society by creating public events with the participation of the public, accepting user-generated content as well as expanding and strengthening its role as a supervisor of public authorities.

In order to take advantage of social networks as a communication platform consisting of citizens' ecosystems, HRT must acquire new competences, and also actively promote awareness in citizens regarding the new digital communication and teach them to use their newly-acquired communication skills for democratic development.

4. Reaching out to Every Individual

Fragmentation, globally present high-quality competition, specialized channels, low interest in classic media among youth, the demands for a segmented product range... Maintaining high quality is necessary but not sufficient for recognition and relevance.

The reach (viewer ratings, listener ratings and attendance ratings) shows how much the value of a public media service is recognized by individuals or certain social groups.

A few years back, increasing competition, market fragmentation and its own oversights and management instability significantly reduced HRT's reach. The trend is particularly pronounced and critical with the young population. This decrease in reach (viewer ratings, listener ratings and attendance ratings) of HRT's programmes seriously jeopardizes HRT's relevance and status.

Domestic radio and television broadcasters are not HRT's only competition. A much greater threat comes from global broadcasters who offer high-quality content through specialized channels, and from globally available Internet services with an unbelievably rich range of products for every individual interest. Digitalization and high-speed Internet connections allow formation of *ad hoc* groups focused on certain values, tastes, lifestyles, interests, questions and opinions and media-content sharing.

Young people are generally showing a declining interest in television as a medium, especially when it comes to general channels and public broadcasters' programmes. In Croatia, the young audience has been taken over by a very commercial competition and substitutes (Internet media services).

HRT must make special efforts to put an end to the decline in interest and reach among its younger audience, and the new media and new communications must play a special role in this. Ideal results cannot be expected, but an end to the decline in reach, and a turn for the better, must be achieved.

HRT must raise its level of recognition and relevance so that a greater number of individuals, public media users, recognize the public values that HRT delivers, and consider their investment in the public media service justified. This means that a general growth is needed in the reach and viewer ratings, listener ratings and attendance ratings for its programming contents, especially those of high public value. This can be achieved through careful identification of its target audience, use of the most appropriate media and media platforms, stability of time slots, well-designed and quality promotion and high-quality content.

In particular, HRT must strengthen its position in the network of new media platforms and devices. Its positioning among the top five domestic broadcasters is an achievable goal. Among the traditional media, regardless of their distribution platform, HRT must be the most listened to and the most watched domestic broadcaster. Its content and services must adapt to distribution and presentation technologies which are most appropriate for users.

HRT has a public duty to provide media services to the entire population. Therefore, its reach must be as balanced as possible in all socio-demographic and territorial distribution groups.

Fragmentation arises from a combination of factors: the rise of individualism, globalization and urbanization, in combination with the erosion of solid and long-term bonds incorporated

in traditional institutions such as the family, faith systems linked to religion, democracy and labour relations.

Even today, HRT has quite a varied content to offer through public media services, but the proportion of societal segments which these services no longer reach is also rising. Besides variety in topics, HRT must also achieve variety in the way it presents these topics, that is, in content-distribution platforms, and thus meet the growing need for diverse media services. To accomplish this, HRT must not only increase its competences, but also its innovation. HRT still has a great advantage in the number of broadcasting channels (concessions) that it is assigned, and it has at its disposal many new platforms which are underused. Due to this, HRT has an untapped opportunity to provide a segmented product range in response to the strong fragmentation of interests.

5. A Responsible and Successful Public Broadcaster

How are we properly to use and apply the convergence of media and technology, and the ever stronger user orientation towards non-linear and interactive media services? How are we to survive the seismic media shift: audience fragmentation, explosion of content on new platforms, global broadcasting competition in a local environment, the new 'gatekeepers' of concentrated media, commercialization, tabloidization, print-media failure, deregulation and liberal policy regarding the media?

Maintaining the status quo is not a good choice for public media services. A position complementary to the dominating commercial media market is not enough. Development towards an open and connected institution is necessary. Trust is the most important element in the relationship between public media services and their audiences.

HRT is at a standstill in the development of its products, production and distribution technology and organization. The transition from an organization based on various media to a functional multimedia organization has begun. In the field of radio production, the technology is at an advanced level, but in the field of television and production for the new media it is very outdated, dysfunctional and risky. The product development lacks innovation, which is the result of a non-motivating organization. Without serious development in all three areas, HRT cannot keep up with the market's competing product ranges. HRT must invest in structural development and do so smartly, integrally and comprehensively.

Through the ethical approach and competences of its personnel, efficiency of its organization and technology, and effective decision making regarding the types of public service it provides, HRT must attain an ability to perform the tasks of a public broadcaster comparable to the best examples in Europe, and a leading ability in the wider region. It must achieve the public's trust in its content and institution, the general acceptance of solidarity-based financing and the quality of the content supplied. HRT must build an organizational culture that will be self-critical and oriented towards the end user (service-oriented).

The success and sustainability of HRT, as a holder of public authority, to a large extent depends on the trust it will enjoy in public. Other than through quality services, trust is generated by open communication, involvement and responsibility towards the public (public-service users). This communication must be continuous. The communication with the public through public debates about programming obligations contracted with the Croatian government is especially important. The use of allocated resources must be transparent for the public, and the public must be informed precisely and consistently about HRT's business plans and results. The dialogue with the public must be daily, open and two-way, and all available channels of communication must be used for that purpose.

HRT must strive to avoid the threat, present in Europe, of breaking the link between public media services and their audiences. This type of threat comes from the 'gatekeeper' position occupied by telecommunication companies, which impact the importance of public

services with their announcements, electronic programme guides, browsers and recommendations.

The public media service and its task of informing, educating and entertaining must be rediscovered within the new context of the networked society. New roles need to be developed that connect it with its audience, public and cultural institutions and the areas of civil society which create public value. A general loss of trust in institutions can lead to the destruction of public media services' legitimacy. It is these services that must restore confidence in institutions and their role in the advancement of society.

In order to facilitate the streamlining of production, investment and overall business operation, and at the same time enhance viewer and listener ratings in linear channels, HRT will make long-term plans for its programmes and content production. It will endeavour to keep its programming outlines or broadcasting schedules stable and maximally adapted to the needs and habits of linear-service users. Improvement criteria and goals will be aligned, and monitoring and corrective measures will be used to manage the quality of programmes and contents.

For optimal utilization of resources and provision of new news and current-affairs services, HRT will integrate and organize, by way of multimedia, the production of news bulletins and other informative content.

Criteria and indicators will be identified for optimization of production and technological resources, so that fixed expenses are optimized. Organization, methods for the selection of ideas and production projects and the use of a reward system will encourage innovation in formats and contents and raise the effectiveness of the production process.

Programming orders will be planned and executed exclusively within the limits of available financial, human and technical resources. Financial budgets for production projects and the purchase of programming content will finance our own and other resources necessary for the execution of a programming order. Improving planning procedures will lead to better utilization of resources.

Our own production will be focused and specialized on those formats and genres that will develop most and achieve best results with regard to efficiency and effectiveness in an internal setting. For all other formats and genres, HRT will advocate the development of reliable, high-quality and competitive independent production from which content will be ordered according to established procedures, standards and criteria.

The introduction of a fully digital technology infrastructure for tapeless production, combining all media platforms, all types of content and all forms of storage, will enable efficient multimedia production, and digital storage and content management will be put in the centre of the system; digitization of archived content will be enabled, as well as automation of airing and broadcasting.

HRT does not possess adequate competence for modern media, communication and technology, and its competences for the realization of its mission in the field of the traditional media have also been weakened. If it wants to be a leading public broadcaster in the wider region, its staff competences must be superior. In the new organization, training will stem solely from strategy, that is, from development projects. The training process must

be completed with the conclusion that the new knowledge has been acquired. Training implies life-long learning.

HRT's product must evolve from standardized work in the direction of greater innovation and flexibility. A step should be made away from exclusive, professional productions, towards a joint creation, partnership and sharing of values and created assets incorporated into the national creative industry. From a closed or fortified institution, we must evolve towards an open one, connected with networks of people, communities, cultural organizations and civil society. Reliability and safety must shape every aspect of our approach. Confirmation of our licence for public activity must ultimately come from the audience, and to obtain that confirmation even the harshest measures may be employed.

HRT will introduce a means to measure the success of achieving its goals (plans) in its whole functional organization, and particular emphasis shall be put on measuring the success of its output – programming services. In this process, quality control will be ensured using the value-triangle tool. Performance will be assessed by those who have ordered specific values (programming content or service) and reported to their suppliers, in accordance with the main value chain. The main contracting entity, and at the same time the end user of the programming services, is the public, while the suppliers are the editors-in-chief. The editors-in-chief are contracting entities, and the producers are programming-content suppliers. The identified success will have direct and transparent impact on the system of motivation and reward.

Through training, development of an internal market and a new approach to goal-based management, and through performance measuring and motivational rewards in its functional organization, HRT will persevere in developing a new organizational culture.

6. Sustainable Development

Public funding of public media services is under pressure across Europe. The advertising market leaves less and less room for broadcasters with dual funding. Expenses are rising. The production and distribution technology is rapidly changing, and its maintenance is ever more expensive. Management of costs, especially those relating to resources, is crucial for sustainable development.

To achieve and maintain financial stability, HRT must primarily ensure a public consensus regarding its mission, status and funding, in order to maintain stability and increase the success of fee collection.

Restructuring must align HRT's technology, organization and resources with programming obligations and the development of programming services in such a way that, by 2017, HRT reaches financial stability and high quality in its extended service, along with sustainable development. It must allow for an increase in programming effectiveness, efficient production planning and management, technological modernization, improved business efficiency, and optimization and improvement of the competences of its human resources.

It is necessary to balance revenue and expenditure as soon as possible, optimize the cash flow and annul the external funding of liquidity and costs thus incurred.

In addition to securing revenues from fees, it is necessary to monitor and develop other sources of public funding. In using the possibilities of new technology, new forms of commercial exploitation, sales and marketing of the media content produced need to be developed.

Within a maximum of three years, the capacity and availability of the technological infrastructure must be optimized with regard to production needs and broadcasting of programming content, and aligned with available funds for investment, operation and management. Any capacity surpluses can be sold to external customers, thus generating additional revenues.

During the same period, the capacity and competences of human resources must be optimized with regard to long-term programming plans. Total labour costs must be reduced as an element of the total cost restructuring.

Further improvement of business planning and reporting, precise planning of availability of resources and monitoring of their use, and the integration and modernization of the information system allowing quality-management, will all contribute to the rationalization of costs, better use of resources, and new ways of selling content. Today, HRT has a high proportion of fixed costs which generally cannot be directly linked to a product; thus, creating and selecting products cannot influence these costs. This gives rise to reasonable suspicion that among these expenses there are unnecessary ones, which do not serve the function of achieving HRT's mission. HRT must significantly improve cost management,

directly connect each cost to its business and programming goals, and enhance staff awareness of their personal impact on business performance. Unjustified costs must be eliminated.

Organizational, personnel, technological and cost restructuring at HRT must achieve positive business results, with the essential reduction of the proportion of labour costs in the total cost structure; in view of the expected increase in costs caused by general occurrences in the Croatian and global markets, such a reduction will allow for an increased amount to be clearly and unequivocally directed at programme production and broadcasting.