Balanced Scorecard for Yleisradio Oy

Nadezda Tyugay
Yleisradio Oy, that is, Yle, is the Finnish public broadcasting company, funded by taxpayer money. The company operates in a highly competitive and rapidly changing media industry. To respond to these changes Yle published a new strategy called “Yle 2020: Among Finns” for 2016-2020.

The purpose of the thesis is to develop a Balances Scorecard (BSC) for Yle. The project is a complete desktop research based on the publicly available information provided by Yle. Another important source of information for the project is a detailed peer-to-peer review made by the European Broadcasting Union for Yle.

The BSC is a strategic tool that translates a company’s mission, vision and strategic goals into objectives and measures from four different perspectives: financial, customer, internal business process, and learning and growth. The advantage of the BSC is that it gives a balanced view of organizational performance by adding non-financial performance measures to traditional financial metrics.

Developing the BSC started with defining Yle’s mission, vision and values. Then, a SWOT analysis was done and Yle’s strategic themes were indentified. The result of the project is a BSC that provides a visual image of Yle’s new strategy and gives insights into the company’s current situation, best practices, and areas for improvement. The BSC can be used by Yle as a way to communicate its strategy to the company’s main customer and stakeholder, the Finnish society. It can be also useful for other public broadcasting organizations by providing comparative tools for operative processes and strategic goals.

**Keywords**
Balanced scorecard, mission, vision, values, SWOT analysis, strategic map, objectives, measures, targets, initiatives.
# Table of contents

1 Introduction .......................................................................................................................... 1  
  1.1 Background..................................................................................................................... 1  
  1.2 Project objective and scope ......................................................................................... 2  
  1.3 International aspect and benefits ............................................................................... 3  
2 Theoretical framework ....................................................................................................... 4  
3 Case company assessment .................................................................................................. 10  
  3.1 Company description .................................................................................................... 10  
  3.2 Mission, vision, core values ......................................................................................... 11  
  3.3 SWOT analysis ............................................................................................................. 12  
  3.4 Strategic themes .......................................................................................................... 14  
4 Developing BSC .................................................................................................................. 15  
  4.1 Customer perspective .................................................................................................... 15  
  4.2 Financial perspective ..................................................................................................... 16  
  4.3 Internal business process perspective ......................................................................... 17  
  4.4 Learning and growth perspective ................................................................................. 19  
5 Performance analysis .......................................................................................................... 22  
6 Personal learning and evaluation ......................................................................................... 23  
References ............................................................................................................................... 24  
Appendix ................................................................................................................................. 27
1 Introduction

This is a product-oriented thesis that aims to develop a Balanced Scorecard for the Finnish public broadcasting company Yleisradio Oy, that is, Yle.

1.1 Background

Nowadays a business environment requires companies and organizations to undergo changes almost constantly if they want to remain competitive and successful. Globalization of markets and rapidly developing technologies force businesses to respond in order to survive. These changes within a company should be planned and implemented very carefully in a way that to maximize the effectiveness from these changes while to minimize the cost and employees’ resistance. In other words, the company should build a strong strategic planning aimed for success.

Besides building a strategy, the company has to create measurement framework to assess whether this strategy is executed effectively. Traditional management control system measures only financial performance and has little relation to the company’s progress in a long run. The Balanced Scorecard, that is, BSC, expands the set of business objectives beyond the financial measures and enables the company’s management to define value drivers for success taking into consideration customer perspective, internal processes and organizational capacity. In other words, the BSC links the company’s long-term strategy with its short-term actions.

Yle operates in a highly competitive and rapidly changing media industry. Being the Finnish public broadcasting company, it has to respond continuously to all needs of the Finnish society. Throughout the 2000s the company made significant operational changes. Television was digitised, online services were created and production methods were renewed (Yle 2016c). Besides, the company's financing model was changed. The TV licenses collected by FICORA were replaced by the public broadcasting tax so called Yle tax in 2013 (FICORA 2012). However, Yle still has no advertising or sponsorship income.

In spite of all changes have already done, Yle expects that significant movements towards online services will occur in media industry in the coming years. The need for developing will be even stronger for the company in the nearest future. To respond to these changes Yle published a new strategy for 2016-2020. (Yle 2016c)
1.2 Project objective and scope

The project objective (PO) of the thesis is to develop a BSC for Yle based on the company’s new strategy.

First, the theoretical framework will be designed (PT1). The author will explain key concepts required to implement the project. Second, assessment of the case company will be done (PT2) through description of mission, vision, values, and SWOT analysis. In addition, the desired strategic results will be identified (PT3). After that the BSC will be developed (PT4). The author will describe the case company’s strategic objectives, target performance measures and initiatives towards achieving the desired goals. Finally, the performance analysis (PT5) and the project evaluation (PT6) will be done. (Table 1)

Table 1. Overlay matrix of the project.

<table>
<thead>
<tr>
<th>PO: To develop a balanced scorecard for Yleisradio Oy.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project task</strong></td>
</tr>
<tr>
<td>PT1: Designing a theoretical framework for the project</td>
</tr>
<tr>
<td>PT2: Current assessment of the company</td>
</tr>
<tr>
<td>PT3: Identifying desired strategic results</td>
</tr>
<tr>
<td>PT4: Designing a balanced scorecard</td>
</tr>
<tr>
<td>PT5: Performance analysis</td>
</tr>
<tr>
<td>PT6: Evaluation</td>
</tr>
</tbody>
</table>

The project is a complete desktop research based on the publicly available information provided by Yle. Since the company’s main source of income is Yle tax paid by Finnish people who are the main customers and stakeholders, information transparency is a key operational aspect for Yle. Details about the company’s financial performance, new strategy, upcoming events and activities can be found on its website in Finnish, Swedish and English. Besides, everybody has an opportunity to come to Yle office in Helsinki or
Tampere for a guided tour to see the company from inside and asks questions related to its operations.

Another important source of information for the project is a detailed peer-to-peer review made by the European Broadcasting Union for the Finnish public broadcasting company in 2015.

1.3 International aspect and benefits

Being the national broadcasting company, Yle aims to present the Finnish society in all its diversity. The company provides services in the country’s two official languages. In addition to Finnish and Swedish, Yle has regular services in Sami, English, Russian, Romani, Karelian and even Latin (Yle 2014a). In autumn 2015 during the refugee crisis in European Union, the company also published some articles in Arabic (Yle 2015b).

Yle also provides services for disabled people in sign language and plain Finnish, by subtitling and teletext (EBU 2015).

International aspect of the company includes not only the diversity of languages but also territory. To reach every corner of the country and to cover both national and regional news Yle has journalists throughout Finland. Additionally, to provide information about international events Yle keeps permanent and freelance correspondents around the world. (Yle 2014a)

Yle is platform-neutral, which means its content is available on any platform: from traditional TV and radio up to internet and application services. Besides, the company offers simulcast streaming of TV programmes. In other words, everyone can reach Yle content from any corner of the world. (EBU 2015)

Since Yle published its new strategy for 2016-2020 it would be interesting to create a BSC and analyze in what direction the company is going to develop further. Creating the BSC will give insights into the company’s current situation, best practices, and areas for improvement. It will provide a visual image of Yle's new strategy. In addition, the BSC can be used by Yle to communicate its strategy to the company's main customer and stakeholder, the Finnish society. This project might be also useful for other public broadcasting organizations by providing comparative tools for operative processes and strategic goals.
2 Theoretical framework

Balanced scorecard (BSC) is a strategic planning and management system that translates a company’s mission and strategy into objectives and measures (Figure 1). It links the organization’s long-term strategy with its short-term actions. In other words, it’s a tool for strategic execution. The BSC was originated by Drs. Robert Kaplan and David Norton as a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a balanced view of organizational performance. The BSC sets strategic objectives into four different prospective: financial, customer, internal business process, and learning and growth. (Balanced Scorecard Institute a; Kaplan & Norton 1996, 24-25)

Before developing a BSC it is crucial to
- Define a company’s mission, vision and values
- Identify and assess internal and external environment
- Formulate strategic themes/results
- Build a strategy map. (Person 2009, 17)

Companies understand the importance of formulating their mission, vision and values, but some of them are confused about the difference between these three. Person (2009, 18-21) in his book “Balanced scorecards and Operational Dashboards with Microsoft Excel” gives a simple clarification. Mission statement says what a company does and why it
exists. **Vision statement** is all about what the company wants to be in the future. As a rule, the timeframe for the vision depends on the industry. Operating in a fast-changing industry limits the horizon of the vision statement to the next few years, while being in a more stable industry allows the company to set strategic vision for up to 10 years. It is also important to remember that vision is not about what the company is going to do, but rather is about what it will be in a certain amount of years. Last but not least, company’s values. **Values** are the principles that employers and employees believe in, their ethical standards and behaviours. It is a business culture of the company. The values determine how the company treats its employees, customers and business partners. All three – mission, vision and values – should be clear, short and inspiring so that everyone in the company can remember and follow them. Only then it will be possible for the company to execute its strategic goals. (Person 2009, 18-21)

Next step towards developing a BSC is to identify and assess internal and external environment, in other words, to do strategic assessment. There are various tools for strategic assessment. Some of them are used for analyzing the broad macro-environment such as PESTEL, Key Drivers, and Scenarios. Others like Porter’s 5 Forces are narrowed to the analysis of the industry or market in which a company operates. The third group of tools is used to define internal strategic capabilities that can be developed into competitive advantage. The examples of such tools are Resources & Competences, VRIN. (Johnson, Whittington & Scholes 2012, 20-65)

In this work a **SWOT analysis** (Figure 2) will be used, as it pulls together both the insights of the internal capabilities and external influences. SWOT summarizes the strengths, weaknesses, opportunities and threats that can impact on a company’s strategic position (Johnson & al. 2012, 65). It is a basis for evaluating limitations and potentials from the inside and possible challenges and opportunities from the outside of the company. Strengths and weaknesses are considered to be internal factors over which the company can have some control, while opportunities and threats are more of external factors over which there is essentially no control (Management Study Guide). When making a SWOT analysis, it is important to remember that it is the most useful when it is comparative to competitors’ performance (Johnson & al. 2012, 68).
The SWOT analysis is quite simple tool that helps in strategic planning. It provides information on a company’s current position in the competitive market. It helps to identify core competences and recognize opportunities. Being aware of its weaknesses the company can generate solutions to overcome these weaknesses and to avoid or minimize threats from external environment. (Management Study Guide)

However, the SWOT analysis has a downside. It can generate a long list of company’s strengths, weaknesses, opportunities and threats. In this case, it is necessary to prioritize issues and to concentrate on what is important for the company. Another danger may occur when the SWOT analysis is used on its own and it based on general information. It is rather useful when it summarizes the results of other analyses (Johnson & al. 2012, 68). This product-oriented work is based on the information provided by Yle on its website and in the company’s annual and strategy reports. Therefore, it is assumed that the company has already done a more thorough research and analysis of the external and internal factors. The SWOT analysis in this work will simply summarize the Yle’s findings.

After formulating mission, vision and values, after analyzing its position in the market, a company can decide upon desired strategic themes and results. **Strategic themes and results** are the focus areas that matters the most to success. **Strategy map** (Figure 3) is a visualized tool that describes how a company creates value. It shows a smooth logical
connection between strategic objectives from four different perspectives. In other words, it shows how improvements from Learning and Growth perspective can enable a better performance from Internal Business Process perspective, which in its turn enables a company to create desirable results in Customer and Financial perspectives. Strategy map is a framework for developing a BSC. (Balanced Scorecard Institute a; Balanced Scorecard Institute b)

Figure 3. Simplified version of strategy map (Balanced Scorecard Institute a).

**Strategic objectives** are desired results or goals of a company’s strategy. **Performance measures and targets** are measurable indicators that capture whether the company is performing at the desirable level or not. They are often known as key performance indicators, that is, KPIs. **Strategic initiatives** are activities or actions undertaken to achieve strategic objectives. (Balanced Scorecard Institute b)

As it is mentioned earlier, the BSC views a company from four different perspectives: Financial Performance, Customer Relationship, Internal Business Process, and Learning and Growth. **Financial perspective** defines the company's strategic financial objectives. According to Kaplan and Norton (1996, 51) there are three main financial themes that drive the business strategy: revenue growth, cost reduction or productivity improvement and asset utilization. Revenue growth refers to expanding product or services range, reaching new markets and customers, repricing product or services. The cost reduction
and productivity objectives involve reducing direct or indirect costs and sharing common resources between business units. The asset utilization refers to attempt to reduce the working capital level and to obtain a greater utilization of the company’s fixed assets. In addition, some companies include objectives related to business risks in the financial perspective (Kaplan & Norton 1996, 51-60)

Financial objectives are still the main targets for most of companies. Usually there is no problem with defining financial goals. It is rather challenging for the companies to move their focus towards other perspectives. However, this refers only to the profit-oriented organizations. Non-profit organizations might be confused as their target is not financial, but rather social or cultural. While financial perspective of profit-oriented organizations represents shareholders’ interest, in case of non-profit organizations it is basically stakeholders’ interest. Another difference is that profit-oriented organizations place financial perspective on the top of the strategy map. Non-profit organizations in their turn tend to put it below other perspectives. (BSC Designer 2015a)

**Customer perspective** stresses the importance of customer focus and customer experience for a company. It enables the company to align its core customer outcome measures to targeted customers and market segments. The core customer outcome measures include market share, customer retention, customer acquisition, customer satisfaction and profitability. In addition, the customer perspective enables the company to identify value propositions that can be delivered to the targeted customers through product or services attributes, sustainable customer relationship and the company’s image and reputation. (Kaplan & Norton 1996, 63-77)

**Internal business process perspective** enables a company to identify the critical internal processes in which it must excel. It might be not only improvement of existing processes, but also identifying totally new processes that will have the biggest impact on customer satisfaction and achieving company’s financial objectives. (Kaplan & Norton 1996, 26-28)

Each company has a unique set of internal processes. However, there is a generic value-chain model that comprises three principal business processes: innovation, operations and postsale service. In the innovation process a company researches needs of its customers and then creates the solutions that meet these needs. Operations include processes of delivering the solutions in form of products or services to the customers. Final step is providing postsale service to the customers. Being efficient, timely and
responsive, providing reliable warranty and service work is crucial for many companies throughout the whole value-chain. (Kaplan & Norton 1996, 96-107)

Finally, **learning and growth perspective** identifies the infrastructure that a company must build to create constant growth and improvement. Operating in a business world where technologies change rapidly, companies are forced to continually work at their capabilities for delivering value to customers and shareholders. (Balanced Scorecard Institute a; Kaplan & Norton 1996, 28)

According to Kaplan and Norton (1996, 28) operational learning and growth come from three principal sources: people, systems, and organizational procedures. Therefore, learning and growth objectives can be grouped as following

- Objectives related to development of employees’ core competencies and skills, better understanding of a company’s code of conduct.
- Objectives related to information system capabilities. It might include a research what information systems are needed to execute a strategy effectively.
- Objectives related to motivation and strategy awareness. None of skilled employees will contribute to a company’s success unless they are motivated to act in the interest of the company or unless they are given freedom to take actions and make decisions. (BSC Designer 2015b; Kaplan & Norton 1996, 132-136)

At the end, it is important to underline that the BSC is just a tool for setting and measuring strategic performance targets. It means that a company should first define a strategy plan and only then to put this strategy into the BSC.
3 Case company assessment

The company assessment will be done through the description of the company’s operations, mission, vision and core values. The SWOT analysis will give insights into Yle’s strengths and weaknesses as well as it will identify opportunities and threats. Finally, the strategic themes will be described.

3.1 Company description

As it was previously mentioned Yle is the Finnish public broadcasting company. It was established in 1926 by journalist and cultural figure Alexis af Enehjelm. On September 9th, 2016 Yle turned 90 years. (Yle 2016e)

Yle operates four national television channels, six FM radio channels, three digital radio services as well as a varied selection of online services (Table 2).

Table 2. Yle operations. (Yle 2014a)

<table>
<thead>
<tr>
<th>TV-channels</th>
<th>Radio channels</th>
<th>Digital radio channels</th>
<th>Online services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yle TV1</td>
<td>Yle Radio 1</td>
<td>Yle Mondo</td>
<td>Yle.fi</td>
</tr>
<tr>
<td>Yle TV2</td>
<td>Yle Radio Suomi</td>
<td>Yle Klassinen</td>
<td>Svenska.yle.fi</td>
</tr>
<tr>
<td>Yle Fem</td>
<td>YleX</td>
<td>Yle Sámi Radio</td>
<td>Yle Areena</td>
</tr>
<tr>
<td>Yle Teema</td>
<td>Yle Puhe</td>
<td></td>
<td>Yle Elävä Arkisto</td>
</tr>
<tr>
<td></td>
<td>Yle Radio Vega</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Yle Radio Vega</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Broadcasts and online services are offered in Finnish, Swedish, Sami, English, Russian, Romani, Karelian and even Latin (Yle 2014a). For disabled people, there is a service in sign language and plain Finnish. The content is available in all platforms: from traditional TV and radio up to live streaming, media player and mobile application (EBU 2015).

Another feature of the Finnish public broadcasting company is that instead of dubbing, it uses subtitles in films and TV-programmes (Yle 2014a).

Most Finnish programmes are produced by Yle. To keep the Finnish society informed about international events and news, the company also acquires selected programmes from other countries. Besides, Yle has a large network of permanent and freelance correspondents all over the world. (Yle 2014a)
Yle provides various programmes: news, sport events, culture and entertainment, documentaries, drama, programmes for children and young people. The most popular events broadcasted by Yle include the President’s Independence Day reception, Yle News, the Eurovision Song Contest and major sport events such as Olympic Games, UEFA European Football Championship and others. Among children the most popular TV-programme is Pikku Kakkonen. (Yle 2014a)

Yle has its own orchestra, the Finnish Radio Symphony Orchestra, that has been conducted by many well-known Finnish conductors. The orchestra is widely respected in the world. Its concerts are often broadcasted live online or on radio by Yle. (Yle 2014a)

Yle’s operations are divided into five unites: Media, News and Current Affairs, Creative Content, Swedish Yle and Operations. The Media unit is responsible for coordinating media content and for profiling programming and publication channels. The News and Current Affairs unit covers news and sport events. The Creative Content unit focuses on drama, factual content, culture and entertainment as well as programmes for children and young people. The Swedish Yle unit works at Swedish content. The Operations unit is responsible for developing and implementing programme production, developing partnerships and maintaining Yle’s facilities. (Yle 2016f)

Joint operations include HR, Financial Affairs, Strategy, Legal Affairs, Communications and Security. Each of them is responsible for supporting other units within its area of responsibility and for providing smooth operations of the whole company. (Yle 2016f)

Yle operates within the administrative sector of the Ministry of Transport and Communication and legally it is governed by the Act on Yleisradio Oy (Yle 2014a).

### 3.2 Mission, vision, core values

Yle’s **mission** is “to strengthen Finnish society and culture by providing everybody with information, education, insights and experiences”. Being the Finnish public broadcasting company, Yle is available to everybody regardless of the financial situation or place of residence. The company makes sure that its content can be accessed by Finns anywhere and anytime. (Yle 2016i)

Yle’s **vision** statement underlines the importance of collaboration and interaction with Finnish society. Yle sees itself as a company that “creates space for different ideas and ways of thinking”, a company that “makes Finland an even better place to live”. (Yle 2016i)
The company’s operations are guided by the following values: reliability, independence and respect for everyone (Yle 2016i). These values are the foundation for Yle Code of Conduct that applies to all Yle employees and partners (Yle 2016g).

### 3.3 SWOT analysis

The purpose of the SWOT analysis is to understand Yle’s strengths and weaknesses and to identify opportunities and threats (Figure 4).

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Position (the only Finnish public broadcasting company)</td>
<td>• Financially dependent on parliament decision</td>
</tr>
<tr>
<td>• High level of trust among Finns</td>
<td>• Internal communication challenges</td>
</tr>
<tr>
<td>• No advertisement</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increasing share of online media</td>
<td>• The majority of Yle’s television viewers are over 65</td>
</tr>
<tr>
<td>• Implementation of the Digital Single Market strategy in EU</td>
<td>years old</td>
</tr>
<tr>
<td>• Financial challenges in commercial media market</td>
<td>• Strong online competitors with main audience aged</td>
</tr>
<tr>
<td></td>
<td>under 45</td>
</tr>
</tbody>
</table>

Figure 4. SWOT analysis for Yle.

**Strengths**

Being the only Finnish public broadcasting company Yle has a unique position in the Finnish media market. Yle is considered to be valuable mainly because of its factual programmes, reliable informative approach and lack of commercials. Trust in Yle’s news operations among Finns continue to strengthen. According to the survey studying the valuation of news, 92 % of Finns have a relatively high degree of trust in Yle’s news. (EBU 2015; Yle 2016f)
Weaknesses
Yle's highest decision-making body is the Administrative Council that comprises members of parliament. The Administrative Council decides upon Yle’s funding and strategy validation, which creates some financial insecurity for Yle and might threaten Yle’s independence from political situation. (EBU 2015)

Another challenge for Yle is to build a strong internal communication and management training. It seems that Yle’s top management is aware of the new strategy and challenges that the company undergoes, while for some staff it is still unclear in what direction Yle goes and who is in charge of what. (EBU 2015)

Opportunities
The share of online media continues to increase along with the popularity of personal devices. As a result, Finns tend to use online services more than ever before. According to Yle report nine out of ten Finns aged under 45 use online services several times per day. (Yle 2016f)

The commercial media market in Finland continues undergoing difficulties. According to the annual advertising statistics advertising sales for commercial television decreased in 2016 for the fifth consecutive year. On the contrary, the share of online advertising continues to grow. (Yle 2016f; Yle 2017j)

To compensate the decreasing sales of advertising space media companies started to use actively content marketing. Content marketing is a marketing approach focused on producing a relevant and valuable content targeted to a specific customer group with a commercial purpose. (Yle 2016f)

In 2015 EU Commission announced the implementation of the Digital Single Market strategy that covers digital marketing, e-commerce and telecommunication. The strategy aims to bring down barriers that exist for online goods and services. Removing digital barriers will allow people to access Yle’s online services beyond Finnish borders. Yle expects that Finnish who travel within EU will be able to use Yle Areena services without country restrictions already by the end of 2017. In addition, Yle expects that in 2018 the VAT for digital services will decrease from 24% to 10% in the Finnish market, which will strengthen the position and competitiveness of Finnish digital service providers. (EU 2017; Yle 2017j)
Threats
Although Yle’s audience characteristics vary, the proportion of television viewers under 45 is much narrower in comparison with the proportions of commercial channels. The majority of Yle’s television viewers are over 65 years old. The biggest challenge for Yle is to attract young generations and broaden the audience. (EBU 2015)

The situation becomes harder as the popularity of international fee-based online video services grows from year to year. Such online video services as Netflix, HBO and Viaplay have already become quite popular among Finns aged under 45, which makes them strong competitors for Yle Areena. Among other strong domestic online competitors are MTV Katsomo and Ruutu. (Yle 2017j; Yle 2017k).

3.4 Strategic themes
Yle is continuously developing its operations to respond to changes in media use and to better serve Finns. According to Yle’s new strategy, Yle Areena will become the most important distribution channel for Yle’s television and radio content in the future. At the same time, traditional broadcasting will remain strong. The main target for Yle is to reach 80% of Finnish people every day and to increase level of interest in Yle’s media to 90%. (Yle 2016c; Yle 2016h)

To keep good relationship with its audience and to attract new generations, Yle aims to develop further its content and services and to improve its interaction platform in order to get feedback from Finns and increase collaboration with partners. (Yle 2016i)

Another target is to make sure that all Finns can access Yle’s content and services whenever they want and in the way they like it. The media use should become easy and smooth, which will create a better personal user experience. (Yle 2016i)

To sum up, Yle’s strategic themes (Table 3) are to reach all Finns, to be important on a personal level and to make sure that people trust and appreciate Yle’s operations (Yle 2016i).

Table 3. Yle’s strategic themes.

<table>
<thead>
<tr>
<th>STRATEGIC THEMES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yle reaches all Finns</td>
<td>Yle is important on a personal level</td>
<td>Finns appreciate Yle</td>
</tr>
</tbody>
</table>
4 Developing BSC

Yle’s strategic goals and financing model emphasize social and cultural targets rather than financial ones. Therefore, the financial perspective can be placed below the customer perspective in a strategy map for Yle.

4.1 Customer perspective

One of the major objectives and challenges for Yle is to maintain a strong relationship with Finnish people under the ongoing changes and transformation of the media sector. Yle predicts that online media services will dominate over traditional broadcast television in the future. To bring Finns together and to let them share experiences by means of television will require a considerable investment in content by Yle. (Yle 2016f)

Another challenge is to maintain a high level of trust with Finnish people. According to the survey studying the valuation of news, slightly more than 90% of Finns find Yle’s news reliable and trustworthy. However, the Finnish society and culture have been changed a lot recently. Immigration boom has created a need to promote a dialogue between the immigrants and the original population. Yle’s programmes still don’t reflect the Finnish society in all its diversity. Minorities such as immigrants and refugees are not really represented. According to the peer-to-peer review, Yle should work on diversity of its programmes and content to better understand the needs and expectations of all its audiences. (EBU 2016; Yle 2016f)

Within customer perspective Yle aims to improve a user’s experience by developing its online video content and online services. Yle is going to offer more radio and television content online. It will develop new online services that can be personalized. Yle will also make sure that the content can be easily accessed on various devices. At the same time the need to secure copyrights arises. The company’s target is to have a million users registered to Yle Areena by the end of 2017. (Yle 2016i; Yle 2016f)

Yle will continue to invest in customer research and analysis. It will help the company to better understand the needs and media use habits of different target groups. It is important to mention that the company is not seeking to grow its market, but rather sustain a good relationship and provide better services to all Finns. (Yle 2016f)

Yle’s objectives, measures, targets and initiatives from a customer perspective are illustrated in table 4.
### Table 4. Customer perspective: objectives, measures, targets and initiatives.

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Measures</th>
<th>Targets</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintain a strong relationship with Finnish people</td>
<td>• Level of interest in Yle’s media • Percentage of Finns that use Yle services every day</td>
<td>90% 80%</td>
<td>• Develop content and services • Broadcast the most important sport events • Improve interaction platform • Invest in customer research and analysis</td>
</tr>
<tr>
<td>Maintain high level of trust with Finnish people</td>
<td>• Level of trust in Yle’s news</td>
<td>TBD</td>
<td>• Sustain independent, transparent and reliable journalism • Work on diversity of content to better reflect Finnish society</td>
</tr>
<tr>
<td>Improve user’s experience of Yle’s online services</td>
<td>• Number of registered users in Yle Areena</td>
<td>1 million by the end of 2017</td>
<td>• Develop online video content and online services • Make content more easily accessible on various devices • Make interface easy and smooth • Secure copyrights</td>
</tr>
</tbody>
</table>

### 4.2 Financial perspective

Yle’s funding source was reviewed and updated in 2013. All Finns aged 18 and over are required to pay the Yle tax. In addition, organizations involved in business operations, agriculture or vocational practice are obliged to pay the Yle tax. (Yle 2016f)

The amount of the Yle tax depends on the income. For private individuals the tax rate in 2016 and 2017 is 0.68% of the total annual income with the minimum amount being EUR 70 and the maximum being EUR 143. If the tax amount is less than EUR 70, an individual is exempt from the Yle tax. (Yle 2016f)

Yle tax rate for organizations is 0.35% with the minimum amount being EUR 140 and the maximum being EUR 3000. If a taxable income is less than EUR 50000, an organization is exempt from the Yle tax. (Yle 2016f)

A parliamentary working group headed by Arto Satonen decided in 2016 that an index increment would not be made in 2017-2018, which means that Yle’s appropriation for 2017, 2018 remains unchanged at EUR 507.9 million. (Yle 2017j)

Another considerable source of income is programme and service sales. In addition, neighbour countries such as Sweden and Norway show interest in broadcasting or licensing formats of Finnish drama produced by Yle. (Yle 2016f)
According to the goals set by the Administrative Council, Yle’s operating results may vary from EUR -5 million to EUR +5 million (Table 5). However, it must remain in balance on average. (Yle 2016f)

Table 5. Financial perspective: objectives, measures, targets and initiatives.

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Measures</th>
<th>Targets</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimize financial resource utilization</td>
<td>• Operating result</td>
<td>from EUR -5 million to EUR +5 million</td>
<td>• Keep operating results in balance on average</td>
</tr>
</tbody>
</table>

The fluctuation in the operating results mainly occurs due to major sport events that take place every two years. Besides, ongoing changes towards digitising Finnish media require from Yle considerable investments. New light and flexible production and publishing technology has to be acquired. Staff competence in online journalism has to be continuously developed. Yle’s facilities need to be renovated in order to better meet the requirements for cross-media work. (Yle 2016f; Yle 2016i)

4.3 Internal business process perspective

Yle aims to concentrate on quality of content rather than its quantity. Maintaining quality lies in the continuous dialogue between the Operations unit that produces the content and the Media unit that publishes the content on all platforms. To check the compliance of the content with its specifications, Yle’s ethical guidelines and audience expectations, Yle needs to define and implement a systematic quality control process. (EBU 2016)

The company further specifies the division of work between its radio and television channels while investing in the development of mobile and online services. Yle TV1 will continue to position itself as a channel for news, current affairs and factual programming. Yle TV2 will strengthen its role as the main channel for sports and entertainment programmes for people aged under 45. (Yle 2016f)

One of the biggest decisions made by Yle’s Administrative Council in 2016 is to merge Yle Teema and Yle Fem. It means that on traditional television Yle Teema and Yle Fem will share a channel slot, but both will have standard schedules for their programmes. The new channel slot is expected to be launched in spring 2017. (Yle 2017j)
Regarding the content, Yle aims to provide free access to various sport events to all Finns. In 2015 Yle signed a three-year cooperation agreement on sports broadcasting rights with the Finnish Ice Hockey Association. It will bring national team matches back to Yle’s channels. In addition, Yle will continue to show Champions League football matches mainly on Yle TV 2. (Yle 2016f)

Starting 2018 the European broadcasting rights for Olympic Games will fully transfer to Discovery. Yle signed an agreement with Discovery upon broadcasting rights for Olympic Games 2018 and 2020 at a lower price on condition that it will share the rights with Discovery. (Yle 2017j)

Yle will continue to acquire international programmes to better suit cross-media publications. It will remain the main partner for the BBC in Finland. (Yle 2016f)

Within the strategy Yle’s programme acquisition from independent Finnish and international production companies should increase 30-35% by 2020, while the company’s in-house production will decrease in the nearest years. As a result, Yle’s statutory negotiations continued in 2016 and Yle’s personnel in Operations unit should decrease by one third by autumn 2017. (Yle 2017j)

Another key operational objective for Yle is to convert entire production process into high definition, that is, HD format. Already now the company’s channels are widely available in HD resolution. Owners of cable TV or Internet Protocol television (IPTV) are able to watch Yle channels in HD format. In addition, online service Yle Areena allows everybody to watch Yle programmes in HD resolution. However, not all Finnish households have access to HD television. At the moment only one third of Finnish households has HD receiver. Therefore, Yle still makes duplicates of all programmes in HD and SD format so that all Finns have access to Yle channels. (Yle 2016d)

It is estimated that by March 2020 all Finnish households will have a HD receiver and the whole Finland should move to HD format. At the same time, standard-definition television broadcast will end. The entire transition from SD to HD will create new opportunities for Yle and other media companies in Finland. Besides, when SD broadcast will come to an end, programmes will no longer need to be duplicated, which will reduce distribution costs for Yle. (Yle 2016d)

Within operational objectives Yle aims to reduce its facilities by 40% and to develop a more efficient use of space. The company also plans to renovate some existing facilities
to better meet the requirements for cross-media work. The first step has been already done in this direction. In 2015 Yle signed a lease agreement with VR, Finnish national railway company, which had to relocate its headquarters to Iso Paja in Pasila in 2017. According to the latest news, the relocation is postponed until 2018. (Yle 2016f; Yle 2017j)

One of the strategic objectives was also to build new studios for radio plays in Pasila. The construction had to be completed by autumn 2016. Renovation project of other Yle’s facilities will continue during 2017-2018 and it should be done by 2020. (Yle 2016f; Yle 2017j)

Yle’s objectives, measures, targets and initiatives from an internal business process perspective are illustrated in table 6.

Table 6. Internal business process perspective: objectives, measures, targets and initiatives.

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Measures</th>
<th>Targets</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concentrate on quality rather than quantity</td>
<td>• Distribution and telecommunication costs</td>
<td>TBD</td>
<td>• Reduce number of broadcast channels</td>
</tr>
<tr>
<td></td>
<td>• Specify the division of work between television channels</td>
<td></td>
<td>• Convert entire production process into HD quality</td>
</tr>
<tr>
<td></td>
<td>• Convert entire production process into HD quality</td>
<td></td>
<td>• Invest in digital technologies</td>
</tr>
<tr>
<td></td>
<td>• Define and implement a systematic quality control process</td>
<td></td>
<td>• Build new environment for learning</td>
</tr>
<tr>
<td>Increase collaboration</td>
<td>• Content acquisition</td>
<td>Increase by 30-35%</td>
<td>• Purchase more content from independent Finnish production companies and international companies</td>
</tr>
<tr>
<td></td>
<td>• Staff costs</td>
<td>TBD</td>
<td>• Reduce in-house production</td>
</tr>
<tr>
<td>Facilities utilization</td>
<td>• Depreciation and reduction in value costs</td>
<td>TBD</td>
<td>• Reduce facilities by 40% and develop a more efficient use of space</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Build new studios for radio plays in Pasila</td>
</tr>
</tbody>
</table>

4.4 Learning and growth perspective

To align with the new strategy that focuses on online services, Yle emphasizes importance of online skills and expertise. Yle continuously develops staff competence in online journalism and scriptwriting. The introduction of Google digital office tools required
all employees to learn new ways of working. Main development methods are learning at work, collaboration and sharing. (Yle 2016f)

Yle has a centralized HR team responsible for training and developing processes that align with Yle’s new strategy. In addition to company-level development, each unit has staff in charge of training and coaching to meet the unit’s specific needs. Many units implement their own projects focused on feedback practices and agile operating methods. (EBU 2015; Yle 2016f)

Yle carries out an annual performance review. Every year during personal interview supervisors evaluate their employees’ performance and development capabilities. These evaluations help HR and unit managers to identify high-performing employees in each unit. (EBU 2015)

Yle’s programme called A Good Day at Work at Yle was implemented in 2015. It focuses on development of working culture, operating methods, management and feedback. According to the annual survey held in 2015, the overall score for the work atmosphere at Yle was 3.76 on scale of 1 to 5. The response rate was 71%. (Yle 2016f)

However, according to the peer-to-peer review, Yle management is focused rather on audience and digital strategy tasks than on staff that actually makes up Yle. The new strategy is not well understood by some parts of the company, partly because of inertia that exists in big companies and partly because it is unclear who is in charge of what project. To explain the ongoing changes and to obtain understanding and support from the staff, Yle needs to improve internal communication and management training. (EBU 2015)

Another challenge for Yle is to diversify its staff to better reflect changes in Finnish society. The company still remains homogenous in terms of age, ethnic and cultural backgrounds. (EBU 2015)

Yle’s objectives, measures, targets and initiatives from learning and growth perspective are illustrated in table 7.
<table>
<thead>
<tr>
<th>Objectives</th>
<th>Measures</th>
<th>Targets</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase employees’ productivity</td>
<td>• Level of competence in online journalism and scriptwriting</td>
<td>100%</td>
<td>• Develop media skills and media literacy by providing training on regular basis</td>
</tr>
<tr>
<td></td>
<td>• Budget for staff training and development</td>
<td>TBD</td>
<td>• Specify the division of work between editorial offices and journalists</td>
</tr>
<tr>
<td>Increase employees’ motivation and satisfaction</td>
<td>• Employees satisfaction index • Employees information awareness</td>
<td>TBD</td>
<td>• Carry out an annual performance review</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TBD</td>
<td>• Improve internal communication and management training</td>
</tr>
<tr>
<td>Optimize people resources</td>
<td>• Staff retention • Staff diversity</td>
<td>TBD</td>
<td>• Strengthen and implement HR policies and procedures</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TBD</td>
<td>• Diversify staff according to age, origin and culture to reflect changes in Finnish society</td>
</tr>
</tbody>
</table>
5 Performance analysis

Yle has the Strategy unit headed by Gunilla Ohls. The unit is responsible for developing the strategy, monitoring the implementation process, gathering data and evaluating the performance results. If the performance is not in line with targets, the Strategy unit has to come up with additional initiatives that should be implemented by the company.

Yle’s strategic performance measures can be tracked and analyzed via performance management software system. The company can apply colour theme to denote a different performance level. For example, green colour can be used to mark the performance that reached a target or at least 95% of the target. Yellow can denote a need for improvement. Red colour can signify a performance that is considerably lower than the target. Grey can be used for a lack of data.
6 Personal learning and evaluation

Since there was no cooperation between the company and the author, it was quite challenging and at the same time very interesting project. The world of media has been always attractive and the curiosity how it works inside was huge. Besides, Yle’s operating and funding model intrigues and inspires other public broadcasting companies around the world.

Another area of interest is a strategy. Strategy and BSC were parts of specialization studies, so the project author was quite familiar with the theory. The idea was to put the theory into the practice.

When Yle announced its new strategy in the beginning of 2016 the decision to create a BSC for the company came immediately. Although the company's management showed no interest in the project, the author was firm about the decision. Two areas of interest: strategy and media world - joined and gave a nice topic for research. Besides, it was a good opportunity to examine and justify Yle’s transparency.

The project lasted more than a year, because of language barrier and because the strategy is a process that takes time. The main sources of information were annual reports that are usually published the next year. For example, financial statements report for 2016 is currently available only in Finnish and it was published in February 2017. However, this report was important for the project as it shows the first results within the strategy timeframe.

The final result of the project can be found in Appendix. If a reader of this thesis will be able to get into the strategy of a company by looking at the BSC, we can say that the project was successful.
References


Balanced scorecard for Yleisradio Oy

**Mission:**
Yle strengthens Finnish society and culture by providing everyone with information, education, insights and experiences.

**Vision:**
Yle creates space for different ideas and ways of thinking. Yle makes Finland an even better place to live.

**Core values:**
Reliability, independence, respect for everyone

---

### Strategic Themes

<table>
<thead>
<tr>
<th>Mission</th>
<th>Customer</th>
<th>Financial</th>
<th>Internal Business Process</th>
<th>Learning and Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yle reaches all Finns</td>
<td>Maintain high level of trust with Finnish people</td>
<td>Optimize financial resource utilization</td>
<td>Concentrate on quality rather than quantity</td>
<td>Increase employees productivity</td>
</tr>
<tr>
<td>Yle helps important on a personal level</td>
<td>Maintain a strong relationship with Finnish people</td>
<td></td>
<td>Increase employees motivation and satisfaction</td>
<td>Increase employees motivation and satisfaction</td>
</tr>
<tr>
<td>Finns appreciate Yle</td>
<td></td>
<td></td>
<td>Facilities utilization</td>
<td></td>
</tr>
</tbody>
</table>

---

### Objectives and Measures

<table>
<thead>
<tr>
<th>Objective</th>
<th>Measure</th>
<th>Target</th>
<th>Initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintain a strong relationship with Finnish people</td>
<td>Level of interest in Yle’s media</td>
<td>90%</td>
<td>Develop content and services</td>
</tr>
<tr>
<td>Percentage of Finns that use Yle services every day</td>
<td>Level of trust in Yle’s news</td>
<td>TBD</td>
<td>Sustain independent, transparent and reliable journalism</td>
</tr>
<tr>
<td>Improve user experience of Yle’s online services</td>
<td>Number of registered users in Yle Areena</td>
<td>1 million by the end of 2017</td>
<td>Develop online video content and online services</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Make content more easily accessible on various devices</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Make interface easy and smooth</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Secure copyrights</td>
</tr>
</tbody>
</table>

---

### Strategy Map

1. **Customer**: Improve user experience of Yle’s online services
   - Maintain high level of trust with Finnish people
   - Maintain a strong relationship with Finnish people

2. **Financial**: Optimize financial resource utilization
   - Operating result
     - From EUR -5 million to EUR +5 million
     - Keep operating results in balance on average

3. **Internal Business Process**: Concentrate on quality rather than quantity
   - Distribution and telecommunication costs
     - TBD

4. **Learning and Growth**: Increase employees motivation and satisfaction
   - Employees satisfaction index
     - TBD

---

---

**Appendix**

---

---