

# **TESTIMONY**

From

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For

**Committee on Ways & Means  
Subcommittee on Social Security &  
Subcommittee on Human Resources  
U.S. House of Representatives  
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Mr. Chairman, I am honored to have been invited to give testimony before your committee on examining the Social Security Administration's capacity to address the needs of an aging population in the 21st century.

Mr. Chairman, it would be inappropriate for me to comment on the merit of policies that drive the activities of the agencies of the United States Government as a visitor to your country. However, having served as an elected member of the Parliament of New Zealand for nine years and as a member of Cabinet during a period of unprecedented reform, my experience may be of value to you in your deliberations. In particular, in my role as Associate Minister of Finance and Chairman of the Cabinet's Expenditure Control Committee, I have first-hand experience of the change process and, hopefully, some of the wisdom of hindsight.

In addition to the above background, we at George Mason University's Mercatus Center have over the last two and a half years been conducting a study of the progress of Federal Government Agencies in moving toward accountability for results, as required by the Government Performance and Results Act.

Congress's intent in passing this law was to place a concentrated focus on the value to citizens of government programs and services. This has brought about in Congress and in federal agencies a heightened awareness of the need to address issues of customer satisfaction. This changed focus should not be interpreted as a criticism of past performance; instead, it is yet another indicator of societal changes based on the

technology revolution. The old world of the last century was dominated by industrialization, which required massive standardization. The new world made possible by the technology revolution is insisting on customization. In my view, that demand for customized services applies to government services just as it does to our consumer society.

It is from the above rationale that you have wisely decided to conduct this hearing. To satisfy the demands for customization, the bureaucracies of government must reverse many of the traditions of the past. No longer can they be top-down, command and control organizations. They need to facilitate decision-making at the customer level and not attempt to control process decisions from a senior management level. What this means is that the civil service tradition of hierarchical organizations will have to be replaced by creative, innovative organizations that can react instantaneously to customer needs. The magnitude of cultural change and the time required for this shift in emphasis should not be underestimated.

To be successful, these new organizations will need to develop a sharp focus on customer needs. That focus must start from a clear articulation of the goal they are ultimately trying to achieve. For example: Does the Social Security Administration view its role in life as moving supplementary income to people in need, or does it view its role as helping resolve its customers' dependency problems and using its resources creatively to either minimize or eliminate those dependencies? The societal consequences from this decision are enormous. The impact on SSA as an organization is also enormous—particularly if it is to become involved in solving people's problems.

Such a decision would go well beyond the SSA alone, as other government resources almost certainly would need to be brought in to solve the problem. Yet, in the 21st century, it is inevitable that government's focus in dealing with the public will move to seeking solutions to causal factors rather than dealing only with consequences of societal problems. Contemplating such issues brings into sharp focus the incredible degree of individualization and customization necessary to achieve these social outcomes. The concept of even considering this degree of individualization is only made possible by advances in technology.

Today, with the ability to build electronic portal entry to government, the capability to deliver the above concepts is a reality. The idea that customers could access all of the services they need from one electronic entry point is exciting, but will require a very considerable commitment of capital and resources and a different style of organization. The technical requirements and their resource implications are best addressed by others more skilled in this area than me.

The characteristics of the organization of the future are something I would like to address.

The characteristics of the organization of the future – in my view – will include the following:

- strong leadership with a clear vision of what is to be achieved;
- a senior management team that recognizes that its role is to facilitate what happens at the staff/customer interface;
- an ability to respond to the individual needs of customers;
- a sharp focus on solving customer problems;
- the capability to call upon resources of other Government organizations, where necessary, to facilitate solutions;
- a recognition that it must meet customer needs to make contact by a variety of different mediums and in many locations;
- an ability to continuously measure progress towards goals and to utilize this knowledge to influence decision-making;
- an ability to instantly disperse – to all appropriate levels – knowledge of best practice as experienced at the customer interface;
- a capability to communicate on a continuous basis to all appropriate audiences information that will facilitate knowledge of the organization's capabilities and performance;
- a dream team that constantly looks at what is not possible now but might be in the future;

The above characteristics are matters that I will address in more depth in my verbal testimony. Our study of change in the public sector does give some insight into current capabilities and what is achievable.

Mr. Chairman, once again I thank you for the opportunity to present testimony to this committee on these far-reaching issues. I extend my congratulations to you, Sir, and to the other members of the Committee on your visionary role in placing these forward-looking ideas under the spotlight at this time. In my view, great good could come from this timely consideration.

Testimony prepared by:

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