

Your Program's Path to Reinvention, Renewal and Relevance

The Case for a "Beneficiary-Driven" Approach

Alan Minton, February 2010

Introduction

How often across the last 10 years have you heard, "Your program should think more like the private sector to fulfill its mission?" Most of the time that admonition is ill-founded. The private sector transforms itself with relative frequency

"The ethic of a public program is its potential to connect people with benefits."

because market forces pressure them to organize according to the needs of the market. They are market-driven. Although these market forces may be absent in the public sector, there are other powerful forces pressuring public programs to organize according to the needs of the beneficiaries -

defined as beneficiary-driven.

Three forces in particular have emerged to pressure programs:

1. A post-Katrina wake-up call to better define and deliver a program's real purpose.
2. The public's increasing demands for greater transparency and accountability.
3. A relentless media searching for fraud, waste and abuse.

Under a beneficiary-driven approach, a program organizes its resources (time, money and energy) to optimize its potential to connect people (beneficiaries) with benefits - beneficiaries being anyone in the chain to deliver and or receive program benefits.

“Look to deliver benefits regardless of where they exist.”

Indeed, this approach has been successfully applied in the public sector to achieve dramatic improvements in connecting people to benefits in faster, cheaper and better ways. However, thus far, it has been applied in just a few cases; many more programs could benefit from this beneficiary-driven approach.

Details of the Beneficiary-Driven Approach

At a fundamental level, public programs exist to connect people with benefits. Congress creates and funds them, and the Administration supports them; precisely because they ensure benefits accrue to the citizen beneficiaries. However, over time, many programs have become fixated less on the beneficiaries and more on the minutiae of the program itself. Even the names of some programs describe the administrative aspects of the program more than identify the beneficiaries and benefits. Take the Small Business Administration’s 7(a) or 504 loan programs? What do these names tell a potential beneficiary about them, except that small businesses appear to be beneficiaries and some kind of loan exists? The name has little resonance with the intended beneficiaries; it is a program-centric name.

This does not mean to argue that a program must list its beneficiaries or benefits in its name. It simply highlights that many programs focus on themselves as programs, and less as creators and distributors of benefits. As this frame of mind becomes ingrained in the staff, the program over time can lose touch with the original intent and goals of aiding the beneficiaries. The program becomes more about running the program – an administrative concern – and less about delivering benefits, regardless of where they exist, effectively to the intended beneficiaries. Ultimately, because of this program-driven culture, opportunities to realize a program’s potential to connect people with benefits may go unrealized.

“Where’s my FEMA Trailer?”

We live in an era of real-time beneficiary expectations. Those expectations come, and can change, at an unprecedented pace.

In contrast, with a beneficiary-driven approach, a program focuses intently on its beneficiaries. It often re-evaluates its understanding of those beneficiaries, and how their needs evolve over time. In fact, everything the program does – from new benefit creation to delivery to customer service -- can be directly linked to connecting people to benefits. This singular focus makes a tangible difference

in terms of mission achievement, program performance, employee engagement and beneficiary satisfaction.

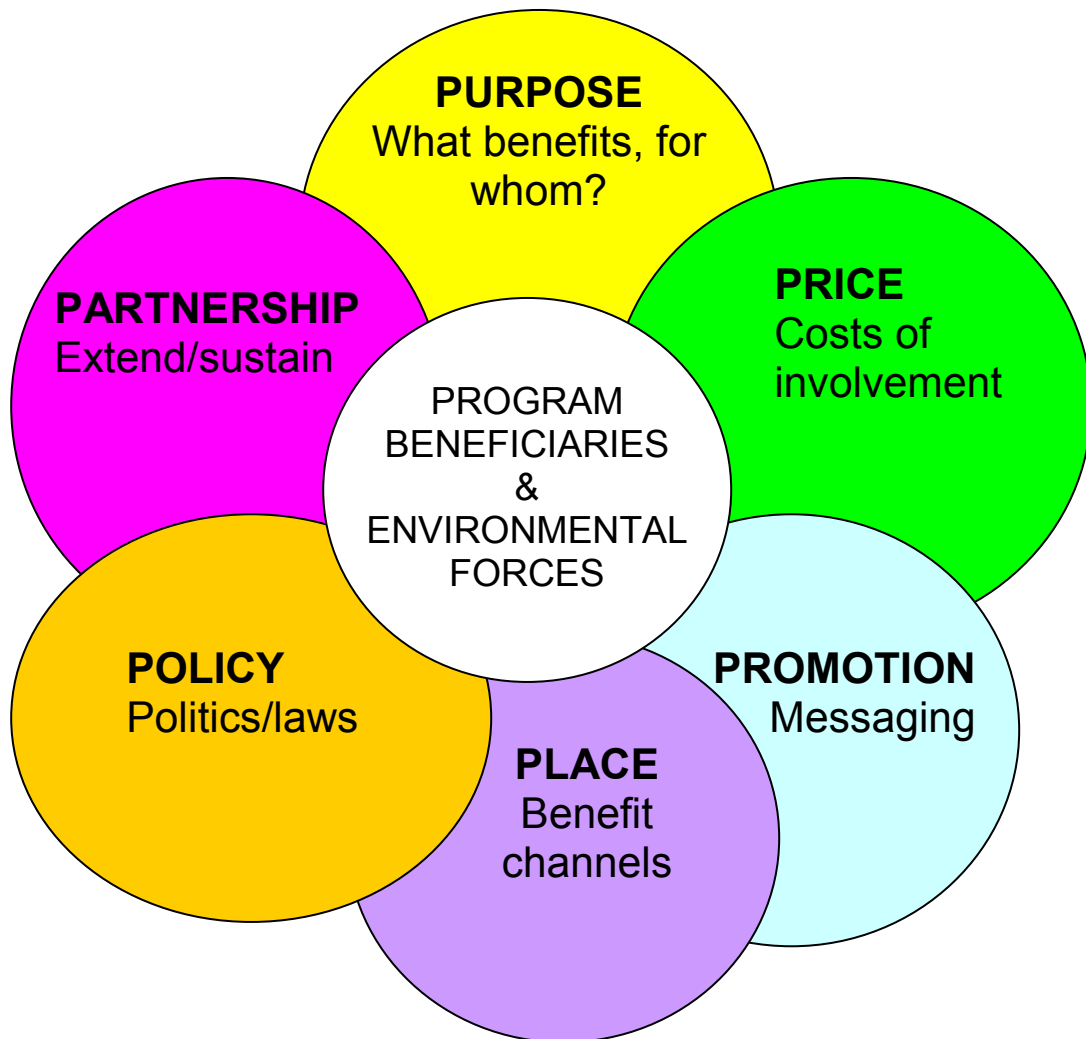
How does a program begin the process of moving closer toward its potential of connecting people with benefits? Due to market forces in the private sector, a market-driven company is constantly optimizing a mix of 4P’s - Product, Price, Promotion and Place. With several important twists, the same approach can be applied to the public sector

where a beneficiary-driven program looks to optimize a mix of 6P's.

1. **Purpose:** What benefits are we delivering and for whom?
2. **Price:** What are the physical and emotional costs of involvement to the beneficiaries, from their perspective?

Beneficiaries
Anyone in the chain to deliver and/or receive benefits

3. **Promotion:** Messages don't change beneficiaries - beneficiaries change our messages. What misperceptions impact our message and where in the stages of behavior change do these beneficiaries exist?
4. **Place:** Can we go to the beneficiaries? How does our delivery of benefits impact emotional and physical costs for beneficiaries?
5. **Policy:** Which laws impact our ability to connect people with benefits? What societal norms are we dependent on?
6. **Partnership:** How can the program extend and sustain itself, regardless of our own resource levels and regardless of where the benefits exist? What partnerships make sense according to the lifestyles, attitudes and beliefs of the beneficiary?



Beneficiary-driven: Optimizing a program's mix of 6P's relative to its beneficiaries and environmental forces

By optimizing its mix of 6P's, a program begins a beneficiary-driven transformation and positions itself to realize its potential to connect people with benefits. Examining a few examples – two programs that would benefit from and one that has utilized the beneficiary-driven approach to better connect people with benefits – will illuminate this approach.

True North

Look to the beneficiary as a source of information to optimize your program

Example 1: Organ Donation

Most people would agree that organ donation saves lives and creates real benefits for the beneficiary. Most people would also agree that increased organ donation is in the interest of the public good.

*We are the experts
of our program, not
the beneficiaries*

The purpose of an organ donation program is to increase saved lives. But how? In the United States, consider how organ donation is approached from a program-driven perspective. Indeed, the political, cultural, ethical, and legal issues tend to shape every dimension of organ donation. As a result, thousands of people die every year because they cannot find an organ donor. But how might that situation change if organ donation was approached from a beneficiary-driven approach? The 6P's provides a useful construct to do this.

1. **Purpose:** The purpose of organ donation is to connect those in need (one of the beneficiaries) with organs (benefits). But the number of deceased donors, who agreed in life to donate their organs upon death, does not meet demand. What benefits of the organ donation program might resonate with a living prospective donor (a key beneficiary who is part of the chain in delivering benefits) to get them to agree, to donate their organs upon death? Put another way, how can living potential donors be persuaded to participate in much higher numbers?
2. **Price:** It's easy to convince the organ recipient to take advantage of the benefits of an organ donation program. However, the cost of involvement - the price -

for a prospective living organ donor to agree to donate organs upon death is extremely high in terms of fear, uncertainty and doubt. How can this price, the cost of involvement be significantly reduced in the mind of this beneficiary?

3. **Promotion:** The necessity of organ donation does not seem as ever-present as, for example, the tragedies of cancer or AIDS. Why? Also, all of us know potential living donors that upon death would be in a position to donate their organs. Could these facts be used to significantly increase those willing to donate upon their death? What benefits would speak to a potential living organ donor in no uncertain terms? Also, might there be a program name, other than “Organ Donation”, that in no uncertain terms articulates to the living potential donor that they will be “gaining” a very real benefit right now should they agree to donate?

Another Organ Donation Model
In some countries, living donors rise to the top of recipient lists should they need an organ transplant in the future.

4. **Place:** The donation decision today often happens at the local Department of Motor Vehicles. What other places makes sense relative to the beneficiary’s (the donor in the case) life-style, attitudes and beliefs?
5. **Policy:** With organ donation, legal and ethical issues must be considered. But many countries have harmonized these considerations to foster a successful organ donation program. How can the United States alter its societal norms and produce a more successful organ donation program? Could we also consider a

system where 'opt-in' is the default and 'opt-out' is the decision presented?

6. **Partnership:** What partnerships make sense relative to the beneficiaries – Donor and recipient, where the organ donation program could extend itself in ways unimaginable and optimize its potential to save lives?

No doubt organ donation speaks very clearly to the beneficiary who is to receive the organ. Looking at the donor as a beneficiary too compels us to structure meaningful program choices and benefits they can enjoy while alive to dramatically increase participation rates.

If the purpose is to save lives, taking a beneficiary-driven approach -- and even expanding the definition of beneficiaries – might make the difference between long waiting lists and fully met demand.

Example 2: Small Business Contracting Initiatives

Small business is the backbone of the American economy. It employs more than half of the workforce. It is the cradle of product and service innovation and creativity, enhancing the lives of people and operations of business. For these reasons, the Federal government wants to benefit from the

abilities and capabilities of small businesses. But, it is hard for a single small business to market itself to the Federal government, and similarly difficult for the Federal government to find the right small business to serve its needs. To help derive benefits from small business, each agency is supported by an Office of Small and Disadvantage Business Utilization (OSDBU) whose mission is to advocate for small business procurement.

OSDBU

Beneficiaries

From a program-driven perspective, small business is the beneficiary of the OSDBUs. But from a beneficiary-driven perspective, the agency program manager has to be seen as a primary beneficiary.

OSDBU is program-driven, because the name speaks to the program, not to the target beneficiaries. Who are the beneficiaries of the OSDBU

program? Is it only the small business? One primary beneficiary is the government program manager who must be convinced that the OSDBU program delivers benefits that meet their needs. Like the recipient of an organ, small business as a beneficiary, requires little convincing to receive the benefits from the OSDBU program.

A beneficiary-driven OSDBU approach would seek to realize its potential by optimizing the program mix of the 6P's.

1. **Purpose:** OSDBU exists to connect people with benefits. Put another way, to connect program managers or others in the chain with small businesses. Because the procurement decision can occur at the program level, a primary beneficiary of the OSDBU program is an agency program manager. The person who has the business need and the money to spend on small business.

“Free Benefits”
are only free from the perspective of the program. Beneficiaries may think otherwise

2. **Price:** The cost of involvement for the program manager, like the prospective living organ donor, includes fear, uncertainty and doubt. The program manager may perceive that contracting with small business is risky, time consuming and difficult. From the program manager perspective, the cost of involvement, the price of the OSDBU program may be too high, the benefits too low.

3. **Promotion:** Thousands of small business GSA schedule holders stand ready to reap the benefits of the OSDBU program. They don't need to be convinced of the benefits. However, messaging and benefits that speak to the needs of the program manager demonstrating their OSDBU benefits is an opportunity to discover and exploit. Saying that small business procurement is good for America, may not be perceived as a compelling primary benefit for the program manager.

4. **Place:** Consider how and where the decision is made by a program manager to contract with a small business. Engage program managers where they are,

and in relevant terms and platforms. What other opportunities exist to engage program managers on the advantages of OSDBU benefits other than large forums where small business vendors are ready to jump.

5. **Policy:** Of course, it is in the Federal interest and the national interest to engage small businesses in Federal contracting. Those policies are well-defined, and some must be followed. However, too often, policy has become the ‘stick’ in a program-driven model. A beneficiary-driven program approach creates real “carrots” for program managers.

6. **Partnership:** To extend the OSDBU program beyond its own resources and in creative effective ways that address the needs of program managers, look to partners that are motivated to help connect OSDBU benefits with program managers.

The OSDBU program believes that agencies can benefit from small business creativity and ingenuity, often at less risk and cost. A beneficiary-driven OSDBU program has the potential to increase small business contracting by aligning its benefits and message with the needs of a primary beneficiary – the internal agency program manager. Applied intelligently, this approach presents an opportunity to create a transformative shift in effectiveness from today’s OSDBU program-driven model.

Example 3: Personal Savings Rate in the U.S.

For most of us, increasing our savings leads to less debt later in life and provides for a more independent retirement. That is a good thing in general. Now consider how a program might attempt to increase the savings rate among a low income population in an economically depressed area of the country? After all, this is an at-risk population.

*Consider
redirecting an
existing behavior
rather than
changing that
behavior”*

Interestingly enough, a small band of credit unions in Michigan accomplished such a goal¹. Optimizing the 6P's from a beneficiary-driven perspective, we can begin to see a new approach.

1. **Purpose:** Help lower income Americans increase their savings rate through an awareness/education/incentive program
2. **Price:** The cost of involvement appears at first glance to be high. Beneficiaries of the program must not only set aside money that they might not realize they have, but must be convinced of the benefits of delaying gratification.
3. **Promotion:** Research indicated that these beneficiaries considered the act of purchasing lottery tickets as a form of savings. They believed that this method was their best shot at accumulating large savings for the

¹ Ann Stuhldreher, “Credit Unions launch a savings lottery, and everyone hits the jackpot”, *The Washington Post*, Sunday, February 7, 2010; B04.

future. Credit unions armed with this knowledge, chose to merge the rush of purchasing lottery tickets with saving cash in an account. The credit unions developed a benefit that for every \$25 saved and held for 1 year, that person would earn a ticket for a \$100,000 drawing. Titled “Save to Win”, the program drove more than 11,000 residents to open new accounts resulting in \$8.6 million in deposits – an explosive savings growth. The combination of saving and playing the lottery resonated in familiar terms, the benefits of the program to the beneficiary.

4. **Place:** Understanding where the beneficiaries already were located and how they purchased lottery tickets, credit unions established similar channels to participate and deliver benefits. To “Save and Play” as they put it.
5. **Policy:** Certainly the concept of a lottery type promotion will have legal and or policy implications. The opportunity is to determine how to leverage such policies as well as understand the social rules/norms driving the beneficiary.
6. **Partnership:** Extending the program in a lottery fashion and considering new ways to participate with lottery outlets create opportunities to move beyond the current paradigm of how and where people are motivated to save.

Conclusion

Like it or not, this we have been given: a public program.

How might we intelligently provide the most relevant benefits to satisfy distinct needs and at the same time, strengthen our program?

If we look to the private sector as a metaphor for organizing resources in terms of driving forces, we realize that a beneficiary-driven approach, uncovers unique opportunities that are aligned with our program's true purpose.

Optimizing a program's mix of 6P's offers a useful launching-off point for reconsidering existing programs, and how they might be transformed through a beneficiary-driven approach. The examples of "Organ Donation", "Small Business Contracting Initiatives (OSDBU)" and "Personal Savings Rate" demonstrate possibilities for this approach to dramatically improve program performance.

Indeed, the power of this approach is that it likely does not require additional resources – financial or human. It offers a new way to perceive and approach the program's stakeholders, most notably, its beneficiaries. From that new perspective, a program is on a path to its truest potential to connect people with benefits.

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