

Ways & Means Transcript—S2E1—Can Government Really Change?

Emily Hanford (EH): From Duke University's Sanford School of Public Policy, welcome to season two of Ways and Means. I'm Emily Hanford.

Politician: Change happens because the American people demand it!

Politician: And the urgent question of our time is whether we can make change our friend-

Politician: The winds of change are with us now.

Politician: Now we hear talk and it's time for a change.

Politician: To be successful, we must change our attitudes.

Politician: I respect the convictions of those who want a change in Washington. I want a change too!

EH: Every election season, we hear talk of change; and, sure, some things will change- exactly what will depend on whether Republicans or Democrats capture the White House in November. But, no matter who's in the Oval Office, most procedures in government will probably stay pretty much the same. One reason is: it's the government. It's a lot of people doing things the way they've always been done. And that got us thinking, why is it so hard for government to change?

Dan Ariely (DA): My name is Dan Ariely and I'm the James B. Duke professor of psychology and behavioral economics at Duke.

EH: Dan Ariely knows a lot about why we behave the way we do, and so we thought we'd start our conversation by checking in with him about why government is so resistant to new ideas.

DA: If you and I were just working one-on-one, and I would want to convince you to do something different, what's the cost? Like, let's say once a week we go to dinner and one week I want to say, "Hey, let's try a different restaurant." What's the difficulty? Really easy to do. Imagine we're a company and we've been going to the same restaurant for 10 years and they have a credit card on file and there's a process for doing that and everybody understands it -now you want to change it.

EH: And if that organization is a particularly high-profile one?

DA: So, imagine that you're a leader of a company or in a government agency and you do what everybody has done before. And, it's not the perfect solution. It kind of is 75%. Will people ever find out? No, how would they? Could somebody come and blame you for doing it? Not really. But, imagine that one day you wake up and you say, "Let me try something different," and it turns out that what you try differently is not good. What could happen? People could easily blame you.

EH: People could easily blame you. Coming up on this episode of Ways and Means, what gets in the way of innovation in government? And, what do we need to know about ourselves to make something new work? This idea that people are inclined to try to avoid blame- it's a big deal, especially in the context of governments.

DA: So, think about something big and difficult. Imagine the Israeli government one day deciding to sign a peace accord, and then it's not perfect. People could always go back to them and say, "On September 15, the day you signed, you should have done something better." There's this tremendous ability to criticize and also to feel regret if you do something differently; whereas, if you don't do anything differently, it's much, much harder to criticize and, therefore, harder to feel regret, as well.

EH: And this desire to avoid regret- it's our default setting.

DA: What we call the default, the path of least resistance is particularly powerful whenever somebody can come to you and try to blame you.

EH: Now blame is one thing if it's just you, one person.

DA: It's a little bigger for company and it's really, really big for governments, particularly if we have public officials that worry a lot about the impression management.

EH: "Impression Management", air quotes here. That's code for CYA.

DA: And this idea of covering your ass or, you know, making sure that nobody can blame you is important for ourselves; even as individuals, we want to do things where we could not blame ourselves, but it's become more powerful the more visible our actions will be, and it's the most visible in government. So, imagine you're a government official and you have the standard path that other people have taken before you, and you have a different path that has the risk that nobody has taken before you, and if somebody says, "Why did you do it?" You might have to say, "One day, I made a mistake." If you don't want to say, "I, ever, I made a mistake," then you don't do anything that exposes you to some risk.

EH: And this is where consultants come in. Let's imagine a company wants to make a change. They work with an external consultant. The consultant makes a recommendation, the group follows it; and if things don't go well, it's easy to point to the consultant and say, "Well, they told us to do it." Now, governments are picking up on that approach, but they're doing it with a twist.

Bryan Sivak (BS): I would strongly suggest that people don't ask permission to do things. I'm a big fan of asking forgiveness, rather than permission.

EH: This is Bryan Sivak. Bryan's become a kind of in-house government consultant, if you will, devoted to change. He was the country's first public sector Chief Innovation Officer, working for Governor Martin O'Malley in Maryland. Later, he founded an Idea Lab at the US Department of Health and Human Services. Bryan listens to government workers who have new ideas, and then advises and supports them as they try to make those ideas reality. And a lot of what he does is give people permission to fail. For example, Bryan says when he was at HHS, every new idea they tried- every one, they called a beta version.

BS: You know, we were gonna try stuff, things might not work; if they didn't work we'd either kill it or tweak it and come up with new ideas, but we wanted to make that clear from day one, hence the beta label.

EH: Bryan's group has had some great successes with fostering change in government, and we'll tell you one of his stories in a minute. But, first, it's important to know that government innovators like Bryan have something special in their toolkits. Sure, Bryan knows about how to get around government bureaucracy, and, sure, he's a skilled manager, but he also knows a lot about human behavior. Why we do what we do. For example, he says human behavior is often guided by something called the "status quo bias".

DA: Yes, the status quo bias, it's basically the idea that you stay with what you have.

EH: Dan Ariely says, "Imagine you're a ship. You sail in one direction, and you just keep on sailing. It's easy. Switching directions takes effort. It can be hard, even painful." So, why switch? This status quo bias is hidden deep inside us, and it's very, very powerful.

DA: We don't understand how much it's controlling our lives; so, when we look at all the options, and we say to ourselves, "Why are we picking this option?", we don't understand that we're really picking it because we've picked it before, not because it's the right thing to do right now.

EH: Then there is decision paralysis. That's what happens when there are too many choices. We freeze up, and have a hard time making a decision. And then, there's the toothbrush theory.

DA: The toothbrush theories the idea that everybody has a toothbrush. Everybody wants to brush their teeth. It's a tool that everybody wants. Everybody wants to use it, but nobody wants to use anybody else's.

EH: So, say I'm a government employee and I'm working with a small group to deal with a problem. I bring an idea to the group, and other people bring ideas, too; but something deep inside each one of us directs us to like our own ideas, our own toothbrush, more than anyone else's. And this is the genius of government innovation labs. They've found a way to make someone else's toothbrush- someone else's ideas- appealing.

Stephanie Wade (SW): Hi, my name is Stephanie Wade. I'm the director of the Innovation Lab at OPM.

EH: OPM is the Office of Personnel Management. OPM hires federal workers, conducts background investigations, manages the federal pension system- those sorts of things.

SW: So, the Innovation Lab at OPM is the first of its kind in the federal government.

EH: The idea is to help government workers develop capacity to make change. Stephanie says, "For innovation to happen, the change-maker must be keenly aware of human behavior." Recently, her Innovation Lab was asked to address a problem with the National School Lunch Program, which helps 30 million low-income children. The U.S. Department of Agriculture suspected there was an issue with payments for the program. But, rather than keeping the investigation in-house, using their own toothbrush, they reached out to their colleagues at the Innovation Lab for help. That's Stephanie's group. They proposed a field trip.

SW: What we said is, "Let's- if you're worried about, let's not go diving into the improper payment issue, let's go understand what the kids experience is with us in school. Let's go to the schools, let's observe

this process of children being in the lunch line, and how do they know that they're a part- how did the lunch ladies know they're a part of this program? What does that feel like for a kid to be even receiving that program? To be receiving that lunch in line when their peers around them or maybe not in the program? All the way up to the principals, who are running the schools.

EH: Now, Stephanie is doing two things here; number one, she's using her knowledge of human behavior to look at how a policy is working in the real world; and, number two, she's making sure the proper problem has been identified in the first place. Dan Ariely says, "This initial phase of change-making, where someone is identifying the problem is a lot like computer-hacking."

DA: I really love hackers. They think incredibly systematically about the world, and this systematic, detailed approach to life that looks at all the little details is currently starting, the right starting point, I think, for any innovation.

EH: Stephanie and her team went to a school and watched every step of the process of kids getting lunch. They paid attention to tiny details, just like computer hackers do, and they sat with parents as they signed up for the school lunch program in the first place, and, when they did that, her team noticed several issues. For starters, the form itself was several pages long. difficult for anyone- particularly for someone whose first language isn't English. They watched and noticed where parents paused.

SW: You know, if we ask them, "Well, how is that for you?" "Oh, that was fine!" "Well, I noticed that you paused at this question. Was there something there that was, you know, interesting? Why was it, what was that pause about?" "Oh, I didn't really understand this. This was still confusing."

EH: It was pretty clear to the team that they'd identified the problem, and the solution was not in the lunch line itself- it was the sign-up form. They made a new form and tested it with real people multiple times.

SW: And the USDA actually projects that, as a result of the project, by the school year 2019, they think they will see a reduction in improper payments by \$600 million.

BS: So, if you're somebody who's interested in trying something, anything, what I would suggest is be comfortable taking on the "risk" that you might be taking on by trying something.

EH: This is Bryan Sivak, again. He's the one who founded the idea lab at the US Department of Health and Human Services. He says, "Another important idea for anyone who's contemplating government change might be familiar to anyone who's started a business. It's the idea of the pivot- when you know your idea is failing you change your strategy." Brian tells a story about a successful pivot his lab was involved in. The issue was with the Indian Health Service- the federal program that provides health care to Native Americans. Lines can be long at the Indian Health Service ERs.

BS: The wait times for emergency rooms in the Indian Health Service system are about twice the national average.

EH: Many people on reservations go to the ER for everything- not just a car accident, but physicals, even prescription refills.

BS: And, that obviously leads to these long wait times, but the other side effect of that is that a huge percentage of people leave without being seen- something like 20% on average.

EH: So, Brian and his team knew this: close to 20% of people who show up at Indian Health Service ERs never get seen. They just leave. It's not that way at non-Indian Health Service ERs. On average, only about 2% of people leave emergency rooms without being seen. It's a huge difference. Two staff members at an Indian Health Service facility near Flagstaff Arizona had an idea.

BS: So, these two women recognized this problem and said, "You know what? I think that we can solve this by putting an electronic kiosk in the ER waiting room and have people, sort of, self-triage."

EH: But, before buying and programming a kiosk, the Idea Lab team wanted to know more about what people do, how they behave in Indian Health Service emergency rooms. So, they headed to the ER to observe people and talk to them.

BS: And, what they quickly discovered through these interviews were that their target customer- the people who are waiting in the ER- were actually not going to interact with this thing. You know, the penetration of technology and smart phones in these communities is relatively low. People don't feel comfortable typing stuff into machines, you know, for all kinds of reasons. It just wasn't going to work; so, they said, "All right, let's pivot. Let's try something else." And so, they created a paper form that had four or five check-boxes on it that they would give to the receptionist at the ER and say to the receptionist, "Hey, listen, can you just ask the question and then check off what people are here for and then process them in a different way?"

EH: But that didn't work either. Strike two. Now, here's the thing- the Indian community is tight-knit. Everybody knows everybody, and it turns out people felt uncomfortable giving personal health information to a non-medical professional at the door of the ER. So then, the team pivoted again. They decided to focus on what people were coming to the ER for, and direct people with different needs to different places. They direct the "I'm healthy, but I need a prescription refilled" type patients in one direction, while the "Help, I'm having a medical emergency" patients would go another way. The team actually reconfigured the ER entrance for a few days to test the idea.

BS: So, they moved the reception desk out into the middle of the ER waiting room, they re-purposed one of the rooms as a triage room, and another room is an exam room- like, they just changed up the layout.

EH: After they changed the layout, the people who left the emergency room without being seen dropped to 1%- and remember it had been close to 20%.

BS: They estimated conservatively that, for a \$100 thousand investment to reconfigure the emergency department, they could actually realize about \$6 million a year in increased revenue, in addition to the obvious health benefits that you get from 18% of people not leaving without being seen.

EH: It's possible none of this would have happened without the support of an Innovation Lab; because of the Innovation Lab, the people at the Indian Health Services ER tested their ideas with real people first. They did some serious hacking to identify issues and find solutions; and, in the end, they were able to pivot and try again. Essentially, they removed that thing Dan Ariely talked about at the beginning; they removed the fear of failure, and blame, and regret. Dan says, "There's a lot of hope in this story."

DA: Sometimes, we have this idea of innovation, of sitting in the chair and dreaming big ideas and coming up with a completely new approach to something. I think it's possible to do it this way, but it's hard and infrequent. The hacking approach is to say, "Let's look at what we have already, and let's try to understand the details of where this is not working, and try to think about, what, how do we take each of the friction points and try to improve them?"

EH: There seems to be growing support for this kind of approach. Last year, President Obama issued an executive order calling for government programs to make better use of insights from behavioral science. Perhaps, this will be the sort of change the next president will want. We'll just have to wait and see. Dan Ariely has agreed to do an "Ask Me Anything About This Topic, or About Anything" on Reddit. Thursday, September 15th, 5:00 to 6:00 Eastern Time, 2:00 to 3:00 Pacific- that's Dan Ariely doing an "Ask Me Anything" on September 15th 5:00 to 6:00 Eastern, 2:00 to 3:00 Pacific on Reddit. Dan runs the Center for Advanced Hindsight at Duke, and he's also featured in the latest episode of the podcast "Glad You Asked." That podcast is produced by a member of our team, and it looks of things we should be talking about this election season, but aren't. We'll link to it on our website. Also, on the website: a first-person account from three people in North Carolina who launched their own Innovation Lab. They talked about the mistakes they made. Bryan Sivak and Stephanie Wade were both at Duke recently to teach classes on innovation in government. Stephanie has since left her job at OPM. Ways and Means is produced by Carol Jackson, Alison Jones, and Karen Kemp. We got engineering help this time from Johnny Vince Evans. Our assistant producer is Joel Luther. We're a production of the Sanford School of Public Policy at Duke University. Thanks for listening. Until next time, I'm Emily Hanford.

Male Voice: The time and the world do not stand still. Change is the law of life, and those who look only to the past or the present are certain to miss the future.