

A Case Study of Strategic Planning in Government: THE SOCIAL SECURITY ADMINISTRATION

INTRODUCTION

This case study has been produced to help others understand how the strategic planning process at the Social Security Administration (SSA) has evolved over the last 20 years, how our current process works, and what we will be doing in the near future to refine the process. The case study is structured to illustrate the iterative nature of SSA's progress in planning, the successes we have achieved and the pitfalls we have encountered, and how the Agency's strategic planning has led us to specific decisions at critical points in our history.

When the Government Performance and Results Act (GPRA) was passed in 1993, our Agency was gratified that what we had been striving to implement was being mandated throughout government. The most important lesson we have learned is that understanding the theory of strategic management, not easy in itself, is a "piece of cake" compared to the doing of the thing. Creating a strategic plan is a challenge. And the *real* challenge is creating the environment and the processes that support a culture of active strategic *management*.

Strategic management includes planning, budgeting, implementing, tracking, and measuring in both the administrative and policy-making arenas. Strategic management also includes what we call strategic *thinking*: seeing the strategic value of work being done and recognizing when no strategic value exists; identifying new work that will provide strategic value; imagining the future world and making the strategic choices and strategic relationships among today's activities that will move the Agency forward into it.

ABOUT SSA

The mission of SSA is framed this way in our current strategic plan:

To administer national Social Security programs as prescribed by legislation, in an equitable, effective, efficient and caring manner.

We administer two major programs: Old Age, Survivors', and Disability Insurance, or what is commonly called "Social Security"; and Supplemental Security Income (SSI). To do this, SSA issues Social Security numbers to eligible individuals; maintains lifelong earnings records for individuals working under employment covered by Social Security; takes claims for benefits; adjudicates appeals on disputed decisions; and processes millions of actions yearly to keep the beneficiary records current. SSA also administers aspects of the Medicare, Medicaid, Black Lung and Coal Industry Retiree Health Benefit programs and serves a key role in ensuring the integrity of other Federally funded needs-based benefit programs.

SSA became independent of the Department of Health and Human Services on March 31, 1995. SSA has approximately 65,000 Federal employees. SSA's central office staff is located primarily in Baltimore, MD, and SSA provides direct service to the public through over a thousand facilities managed regionally. These facilities include primarily our 1,300 Social Security offices and 37 teleservice centers located throughout the U.S. and its territories. They also include Program Service Centers in six major U.S. cities, which service the records of most beneficiaries and provide back-up answering capability for the 800 Number. Direct services to the public are also provided by the Office of Disability & International Operations and the Office of Central Records Operations in Baltimore and Wilkes-Barre, PA. The Office of Hearings and Appeals administers the nationwide hearings and appeals program for SSA in 133 sites. In addition, the States operate 54 Disability Determination Services agencies nationwide. Their operations, conducted by approximately 14,000 State employees, are fully funded through SSA.

In fiscal year (FY) 1995, SSA paid \$363 billion in benefits, accounting for 24 percent of the federal budget. The administrative outlays were \$5.7 billion.

THE EVOLUTION OF STRATEGIC PLANS

Strategic planning at SSA has been the overarching tool that has allowed us over the years to address issues created by rising workloads, changing customer expectations, limited resources, and technological innovation. Strategic planning has helped marshal our forces to accomplish our mission and attain our vision. Strategic planning has undergone an evolution at SSA, and every plan we produce improves upon the prior one in important ways.

The Master Plan--SSA has a long history of looking toward the future, but the earliest document we consider a strategic plan was the *Master Plan for the Development of the Future SSA Process*, published in 1975. The *Master Plan* was produced in response to a letter from President Ford, the need for it underscored after legislation creating the SSI program was enacted and SSA was given the task of administering the program in 1974. That transfer of responsibility occasioned a mass hiring of employees into SSA, and it also highlighted the critical role that automated systems played, and would be required to play in the future, in our ability to accomplish our mission work. The Master Plan foresaw fundamental changes moving the Agency toward a paperless process in all major workloads. The plan presented the related goals of reducing the need for SSA to hire more people and implementing new efficiencies that would be made possible by technology. It is easy to see that the ideas formulated at that time continue into the plans we are following today. One analysis¹ asserts that "virtually all the key systems and work process goals of the Master Plan have been achieved through the continuity of plans and design that followed its demise."

The SMP--The *Systems Modernization Plan* was published in 1982 in response to a crisis in our automated-systems capability. It created a new systems organization and then addressed every

Harris, Westin, and Finger, *Innovations for Federal Service* [Reference Point Foundation for the Office of Technology Assessment (Contract #13-4805.0)], February 1993, p. 50

area of systems management, from computer operations to software engineering, from data communications to programmatic software. It put in place some important management instruments, such as the concept of a rolling plan and continuing planning mechanisms for software development and hardware capacity. Integration of projects and obtaining user input were serious undertakings. Not just a Central Office activity, the SMP was translated yearly in a special edition directed to users in the field offices. In 1990, a special report of the National Research Council of the National Academy of Sciences (NAS) said “. . . SSA did survive the crisis faced in 1982 by its information systems . . . as a result of the SMP and the associated management and fiscal investments in information systems . . .”

But the SMP had some limitations. First, for a variety of reasons, ambitious software-development schedules were promised that SSA was hard-pressed to achieve, and some of the software originally envisioned as part of the SMP improvements has yet to be written. Accordingly, software to achieve work-year savings lagged well behind Agency downsizing efforts. Second, the SMP, because of its genesis in the systems crisis, was a *systems* plan, not a *business* plan, a fact brought home to SSA in a 1987 study by the General Accounting Office (GAO) of SSA's management and the 1990 review by the NAS. Though the SMP was in some measure based on an enterprise-assessment methodology (through which much user input was obtained), the focus was on how best to provide automated support to conducting our business of the day, not on *how best to conduct that business*. So, while the SMP introduced important efficiencies and enabled later business process change to take place, it did not achieve the benefit that might have been achieved with a complete business approach.

SSA 2000--The 1987 GAO study mentioned above recommended that "SSA develop an agency-wide, long-range plan and revise its systems modernization strategy to be consistent with it." Partly in response to that study, then-Commissioner Dorcas Hardy established an executive planning staff and directed them to facilitate creation of what she ultimately termed "the first effort by the Social Security Administration to prepare a coherent, long-range strategic plan . . ." **2000**--A *Strategic Plan* was published in January 1988 after an extensive, intensive effort to create a view of SSA in the year 2000 and define what needed to be done to get there.

This time, planners took a different approach to plan development. First, they wrote a mission statement. Second, they created a picture of what the future environment might be expected to look like by researching trends in areas of society considered important to SSA--the economy, demographics, socioeconomics, and technology.

Then, instead of a few experts, they called upon a whole host of Agency employees and put them through a process of idea development called "preferred futuring." The activity was facilitated by an acknowledged expert in the field, and participants identified hundreds, perhaps thousands, of possible images of the future from which were ultimately culled the images considered most desirable to describe the SSA of the year 2000. A similar futuring effort was carried out with advocacy groups. Finally, initiatives needed to achieve the resulting vision were identified and

arranged into what were ultimately called the "Early Projects" and the "Interdependent Activities." Then the plan was published.

SSA 2000 was ahead of its time in government in terms of taking a comprehensive, business-wide look at the future of the organization. This plan drove action: SSA's national 800 Number is a direct result of this plan.

But, as its predecessor, it also had some weaknesses. One may well have been that it was ahead of its time in terms of enabling technology; some of the things then envisioned for early implementation are just now getting off the ground industry-wide. Another was its inclusion of program changes that required Congressional action. A third was its project orientation and how the emphasis on the early projects detracted from focus on the more infrastructure-related activities and on the more structured implementation process discussed in the plan document but never really fully developed. Though the plan drove action, the action it drove was isolated and project-specific, and the ultimate vision of the plan languished in the attention paid to a handful of special projects whose overall value to the Agency might not have been the highest of the lot.

There also arose from this plan concern about what was seen as movement away from SSA's traditional local-office-based values in terms of service. For example, in 1988, over 90 percent of the U.S. population had toll-free service available to them for conducting business with SSA. The 800 Number, then, rather than being viewed by employees as a major service improvement, was seen by some as a vehicle for reducing on a grand scale our hands-on relationship with our customer. The plan's intention to "encourage" direct deposit as the standard benefit payment method was seen both inside and outside the Agency as a move to improve the cost picture of the Agency at the expense of the desires of the people we served. Even the use of the term customer--which today is the hallmark of an organization concerned with service--conjured up in some the vision of a business rather than that of the helping social agency that we considered ourselves to be.

An overall assessment by the NAS included the statements that the plan " . . . provides no real basis or justification for the goals it has chosen . . . It also fails to present a broad vision of what the SSA of the 21st century will look like . . ." The Agency's limitations in facilitating implementation reduced the plan's utility as a guide to the future.

A Framework for the Future--Shortly after former Commissioner Gwendolyn King arrived at SSA in 1989, and after several pivotal meetings with executives and monitoring authorities, she asked that a new plan be created that would build upon the goals and objectives she had established for the Agency. It became the Agency strategic plan entitled *The Social Security Strategic Plan: A Framework for the Future*.

The facilitators of the planning process developed a new process that would build on the best features of the one used for the 1988 plan. Again, an environmental scan was conducted to identify societal trends, but this time contributors were asked not just to identify trends but to identify their particular applicability to SSA. The mission statement already in existence was modified only slightly, but importantly, to highlight a dimension of "caring." Representatives from all over the Agency were brought together to propose the elements that might compose an ideal vision of the SSA of the future. This time, the future was farther out--to the year 2005. Fewer than 100 employees were engaged in the exercise. The major operational elements of the vision remained quite similar to those in the predecessor plan, and a strong sense of continuity emerged in the *Framework* document.

There were some major differences from the earlier plans. First, a meeting of key executives was held to discuss what were at the time characterized as "constraints" to what our future plans might contain. These discussions, centered as they were around what were essentially values of the Agency, were ultimately translated in the plan document into commitments to the public, to employees, and to effective management. Second, what many consider the central feature of the *Framework* was a slate of service-delivery objectives that, for the first time in a public document, presented a coherent set of service standards. Current performance levels were included where possible, deficiencies in management-information systems were noted, and the consequences of not achieving our objectives--in terms of costs to the government and to our customers--were highlighted in the plan. Third, the analysis of our service-delivery performance, coupled with the description of the desired future state of SSA, led the Agency to identify five priority areas that were used as the foundation of all implementation planning for the next several years.

An intercomponent group constructed what was known as a "resource architecture." They examined the relationships between what technology could do to work processes in terms of how they might be done and who could do them; the impact that this could have on employees, facilities and the processes themselves; and what would happen to the Agency if new ways of doing things *did not* take place. The group put together a picture of the level of resources expected to result from strategic plan initiatives and to describe one vision of how those resources might be distributed throughout the Agency. The work of the group was ultimately deemed inappropriate for the strategic level, and their work was never actually completed. Still, it provided valuable insight to executives, highlighting for them structural inadequacies and gaining their support for the pursuit of broad programs of improvement rather than individual projects. In short, it helped cement the vision of the plan as necessary to the future of the organization.

Even more than the *SSA 2000* plan, the 1991 *Framework* received high marks from many Agency stakeholders. Even internally, although issues around how employees were involved in the planning process were raised, few concerns about what the plan actually says have ever been voiced. The major external criticism of the plan has to date been the Agency's failure to determine, using explicit information-gathering processes, what the public wanted in terms of service in setting service-delivery objectives.

Perhaps the most important distinguishing feature of the *Framework* plan, even more perhaps than the inclusion of performance measures in the plan, is not the plan itself but that it was created as the central element of a unified planning system that included both the Agency strategic planning process and the tactical-level Planning and Budgeting System (PBS) that would support its implementation. Building on the experience of *SSA 2000*, planners now understood the importance of driving plan execution down to the worker level in the Agency, to help ensure that the plan's objectives would infiltrate daily operations.

The bridge activity between the strategic plan and tactical planning was the development of transition guidance; that is, a document that identified all of the major initiatives that would have to be pursued between the current date and the year 2005 to ensure that the vision in the plan was attained. To create the transition guidance, an intercomponent group was assembled for each of the five priorities in the strategic plan. The employees chosen were people who could identify the difficult projects needed to move the vision forward. The result of their 2-month deliberations was, in effect, a detailed transition plan. The five plan documents were ultimately summarized and published in early 1992 as an Agency Transition Guidance Document. The individual documents were published only internally, but their distribution widely within the ranks of the people who would translate their contents into action helped get the buy-in needed. These documents were the basis for the 7-year tactical plans described below.

The development of an ongoing process for planning and decision making has made this plan, much like the SMP before it, a document that has supported an integrated consideration of the activities being pursued at SSA and helped us make better use of limited resources. Unlike the SMP, however, the *Framework* is focused on the *business* of the Agency. The choice of Agency priorities resulted from an overall look at our performance in all aspects of our mission work; and the plan clearly requires not just the application of technology to improve our business processes but also the creation of improvements to the processes themselves.

THE PLANNING AND BUDGETING SYSTEM

The PBS actually began before the *Framework* plan was completed. SSA has always had an annual budget process to prepare and submit the budget to the President and Congress. With no structured implementation planning established after the 1988 plan was published, decisions about key Agency initiatives were largely driven by the process of building the yearly budget and recommending an appropriate budget to the Commissioner and, ultimately, to the Congress.

So, in FY 1990, an interim process for proposing and selecting key change initiatives (KCIs) was put in place. Key change proposals were to include the information necessary to make preliminary decisions about the value of the initiative; such information as the objective(s) to be achieved; the change to be made; the approach to be used; the costs, benefits, and impacts

of the change; and the schedule for achieving the objective. After the proposals were analyzed by a high-level group of component planning representatives, the Commissioner used the analysis to decide what initiatives should be supported in the budget submission.

The transition from the KCI process to the PBS of today essentially occurred when staff were called upon to translate the transition plans of the strategic-priority work groups into tactical plans for the next 7-year period. The purpose of the tactical plans was threefold: to give executives enough information to make decisions, to support development of the budget, and to guide the construction of lower-level project plans.

In the first iteration, over 120 tactical plans were created. Although the idea of a "key change" had been to limit executive consideration to those initiatives that were of great strategic or monetary import to the Agency, the intent of the process designers at the time of the changeover was that all plans intended to reach a desired objective--that is, that were part of the "program" designed to address a strategic priority--were worthy of executive attention despite any individual lack of direct strategic import. Many of these were short-term efforts designed to give us quick results or address obviously short-term issues. Indeed, for the most part, existing KCIs fit with the strategic priorities and were transitioned into the new planning construct.

Over time, however, as plans became completed and combined, the number of key initiatives has been gradually whittled down. We have returned basically to the idea that "key" means "having direct strategic value." We have also begun again to define "initiative" more broadly to include all of the many activities related to a particular objective or program. For example, the implementation of the disability redesign, which superseded (and in large part encompassed) plans related to two of our five strategic priorities, can at present be found in essentially just two tactical plans. As a result of all these conditions, SSA's key initiatives in support of the FY 1998 budget now number just 30.

Executives meet throughout the year in their role as managers of specific activities. The PBS has enhanced this activity by setting aside review times devoted to an integrated look at plans and Agency performance. Every year, in sync with the budget cycle, executive staff meets to discuss the key initiatives that SSA has been pursuing, to make decisions about which plans might be eliminated and which revised, and to identify areas of emphasis where they would like to see new plans proposed. Detailed instructions are issued which provide the planning schedule for the year, document the guidance coming from the executive meetings, provide instructions on completion of the tactical plan documentation, and provide guidance for budget development.

The group of component planning representatives has stayed on as a permanent feature of the PBS. They are chartered as a group by the Executive Staff to move planning forward in the Agency, and all are expected to support individually the planning effort within their own components. They are the focal points within each component who ensure adherence to the vision of the ASP and who foster integration of strategic activities.

TODAY'S PLANNING PROCESS

The process of today is much changed from the process put in place in 1990, although the thread of development is clear. Many factors have led SSA's process down a more complex path, but the two most important among them are the influence of the GPRA and other statutory changes and the arrival of Commissioner Shirley Chater in 1993. Commissioner Chater's strong support of the concept of strategic decision making has helped evolve the thinking of SSA's executive team about the value of planning. Our promotion of the idea of strategic thinking is based largely on her insights that "strategic" does not only mean "long-range" and that good strategic direction can result from any Agency interaction, not just from formal executive activity focused on providing it.

In late 1994, SSA executives developed a list of 19 characteristics that they agreed would be desirable for SSA's planning process. The list is reproduced at the end of this case study; agencies just getting started, or even those whose planning systems are more mature, might want to use it as a checklist to remind themselves of aspects they too might want to build into their systems. We use it continually as we enhance our process to make it a useful tool for Agency management.

At present, the Agency facilitators of the strategic process reside in a staff office that reports directly to the Commissioner. The Office of Strategic Management is directed by a member of the Executive Staff and staffed by people whose responsibilities include integrating information resources management policy and facilitating process improvement at SSA as well as managing the unified planning system and addressing other Agency-wide issues.

The Advent of Reengineering--When Shirley S. Chater was confirmed as Commissioner in 1993, one of her first concerns was the condition of the initial-claims process of the disability program. Public attention was beginning to focus heavily on problems in the disability process, and our own analysis of our plans showed that we would not likely reach our processing-time objectives within a reasonable period of time. Under Commissioner Chater's leadership, the Agency decided that a more radical approach would have to be taken. The approach decided upon was to reengineer the process for deciding initial disability claims. A work group was formed to develop a design for a new disability process using the reengineering methodology. Their charter was to "start from scratch." The availability of automated tools for developing models of new processes helped the team identify specific parts of the process to change in order to achieve specific improvements in processing time and productivity. And a major effort to obtain input from thousands of individuals, most of them people who carried out the disability process, gave substance and legitimacy to the proposed solutions.

Leadership of the reengineering activity was very strong, and the case for action was presented effectively. The executives were convinced of the need for drastic action, and they provided the necessary support. In September 1994, Commissioner Chater announced plans to aggressively pursue the reengineering of the disability process.

The Business Plan--Though SSA had a process in place for identifying and implementing key Agency change initiatives, we had never compiled our plans into any document (other than the budget) that could be used to relate what we planned to spend with what we planned to accomplish in terms of our service objectives or business-process-improvement goals. In fact, Congress had for years been strongly interested in how SSA spent its information technology systems (ITS) dollars in support of the Agency's business. Every year for a number of years, SSA produced a report for the Senate Appropriations Committee to explain the relationships between ITS expenditures and administrative improvements and thereby justify the money we needed to make our automation investments. But the value of such a report for SSA itself was never recognized until, in 1994, Commissioner Chater decided that a more comprehensive document was needed that would make clear such relationships and, at the same time, provide a more comprehensive response to the Committee's request.

Under the Commissioner's guidance, SSA crafted a document that presented the near-term vision of SSA's future and produced the "story around the budget." In this document, we again presented the Agency's mission and performance objectives (this time from the FY 1996 GPRA plan); described the key drivers--workloads and customer expectations--of our plans and the business strategies we were using to address them; documented candidly our assessment of current Agency performance in both our core business processes and our service-delivery interfaces; and then summarized each of our key initiatives, including schedules and cost and benefit information. The format, as expected, satisfied the information needs of the Congress and of a number of other stakeholders.

More importantly, however, it provided essential information to SSA employees by reminding them of the key change initiatives in which they and their colleagues were engaged and why they were important to our success as an Agency. It helped SSA managers think strategically about the relationship between the decisions they were making day by day and the ultimate aims of the organization. And the very process of putting the document together served as an integrating mechanism to help SSA's leaders understand how the activities of their respective components were working together to move SSA forward. In fact, the utility of the plan to SSA has led us to install it as a regular feature of the PBS. Because the components of the Business Plan in conjunction with the components of the ASP satisfy most of the requirements of the strategic plan and annual performance plan required by GPRA, we expect to continue to publish a business plan yearly. Both its format and the format of the Agency Strategic Plan (ASP) are being updated.

Process Innovation--SSA has realized that, rather than pursuing grand-plan efforts to achieve improvements in our processes, we should approach the task by looking for and then taking advantage of opportunities for innovation. We intend to use an approach called, not surprisingly, "process innovation." Process innovation is a more-than-incremental-improvement-but-not-quite-reengineering approach to making changes. In operational terms, we intend to use many of the analysis tools so useful in reengineering but without the "tear-it-down-first" approach that often entails unnecessary risk.

As a basis for identifying the most fertile opportunities for innovation (with a primary goal of producing savings), SSA has completed an analysis of each of its four primary core business processes to document work flows, hand-offs, resource expenditures and so forth. This picture of how the current processes work has established a baseline that has been analyzed for major improvement opportunities. Executives are now considering the results of the analysis along with other Agency information to determine where our first process innovation efforts should be placed. It appears that two areas--the software-development process and the large array of processes we use to maintain the currency and accuracy of the beneficiary rolls--are especially ripe for improvement.

Interestingly, the creation of the baseline actually brings to fruition parts of *SSA 2000* and the *Framework*, both of which called for the Agency to produce a baseline of its processes as a jumping-off point for determining change opportunities and identifying the benefits and costs of change initiatives. Continuing the baselining effort, maintaining the baselines that have been created, and fueling the analysis of innovation opportunities are challenges to be met as we continue to promote strategic management throughout the Agency.

Agency Performance Measures--SSA has a long tradition of measuring the work it does. Over the years, we have established many measures of Agency workloads and performance, primarily concerned with inputs and outputs of the process but also related to process and program outcomes. For example, along with measuring the numbers of cases we process and the size of our pending workloads, SSA has measured the number of people whose incomes Social Security benefits raise above the poverty level and the proportion of administrative expenditures to program expenditures. Also, SSA recognized in its 1991 plan the importance of establishing specific, quantifiable performance objectives as a way of ensuring that the Agency was pursuing the proper priorities. These facts made SSA a natural to volunteer when the GPRA called for performance-measurement pilots.

As a pilot Agency, SSA wrote performance plans for FYs 1994, 1995 and 1996; then developed a transition set of measures for FY 1997. For FY 1998, we are creating a new "construct" that includes six major areas of performance, and we are now developing the indicators of the health of those areas for which performance measures will be established. In some cases, indicators and measures appropriate to them have been elusive, but the work continues even while we are making plans to support our FY 1998 budget request.

SSA also has a long tradition of reporting its performance. SSA began issuing audited financial statements in the late 1980s, one of the first federal agencies to do so. Our Annual Financial Report, published annually in the second quarter of the fiscal year, contained the financial statements as well as a report of actual Agency performance on selected performance indicators. After the *Framework* plan was published, these indicators always included the service-delivery objectives for which we had information systems in place to measure performance, along with other high-level program and administrative measures.

SSA participated in a pilot of a new reporting format that would permit agencies to combine a number of reporting requirements (of the CFO Act, the GPRA, the FMFIA) in a single document. We published the first Accountability Report in December 1995. We expect this report, refined

discussion topics and times decided by the lead Deputy Commissioner; and a formal process with specified review and decision points for the major cross-cutting, high-impact activities. To reinforce the need for a business-wide approach to strategic planning, we will consider for review all Agency plans, not just those that require major ITS investments.

Our next major organized effort will be around the development and ultimate publication of a new ASP by September 30, 1997. Since this will be the first plan published in our new role as an independent agency, and since it will have been 6 years since publication of the last plan, our current intention is to make this an initiative characterized by top-level involvement and heightened participation from partners, stakeholders, customers, and all SSA organizational levels. In particular, to meet the requirements of the GPRA, we will establish a dialogue with our stakeholders so that we may easily obtain their best advice about the components of the plan. As a consequence of the strategic-planning activity but relevant to all of our planning activities, we will be working with our internal office of communications to research the importance of communicating about those plans and processes and then to develop and implement an approach to improve communications with our stakeholders, with a special emphasis on employees. We are pursuing on a parallel track the feasibility of using electronic communications mechanisms in the actual development of the plan, so that we can have an interactive dialog with each other and with others who have an interest in the plan.

Certain other enhancements to our planning process are on the board. For one, we are opening up the tactical planning process as a year-round event to ensure that major Agency initiatives are included. A weakness in our process has been focusing on the plans that will continue into or begin in the budget year to the exclusion of strategic issues that need to be addressed today and may even be completed before the budget year. We intend to build flexibility into the process as a way of guaranteeing its inclusiveness of the initiatives that matter.

MORE LESSONS LEARNED, AND PROBLEMS WE STILL FACE

Strategic management is continuously evolving at SSA. Some of our lessons have been described already in talking about the processes we've followed. We have also learned all the standard textbook lessons, like "need the commitment of top Agency leaders," "must communicate the plan," and "need a paradigm shift," which we won't reiterate here. Below is a further sampling of lessons we have learned and problems we have encountered:

1. "Strategic" does not just mean "long-term." Strategic decisions affecting the long term usually relate to action that must begin today, and true strategic thinking recognizes the critical relationship of short-term action to attaining the long-term vision. A case in point: During the creation of transition guidance after publication of the *Framework*, the group developing a transition strategy for improving the disability process identified the need for short-term action to reduce the number of undecided cases pending in the field. However, an initial decision was made to delay attention to the problem of pendings, and when attention could no longer be avoided, the problem was considered apart from the larger

strategic issue of changes to the processing systems. Now, finally, the issue of pendings has been recognized as a strategic issue, and effective action is being taken in the context of the disability process redesign.

2. Participation in the process by people who are affected is important; but participation does not guarantee a feeling of ownership. Hundreds of people were involved in the production of *SSA 2000*. Later discussions with some of these people revealed that they barely remembered the exercise and often did not associate it with the product. In the same way, thousands of people were asked to provide input to the redesigned disability process. While response was strong, comments on the new design indicated that people whose ideas were not adopted did not feel ownership of the new process.
3. Though a planning process can be imposed on an organization, a planning culture must exist, and the value of the process must be acknowledged. But planning is hard. It is abstract, it takes time, it is unsure. At its worst, it can be used to penalize the planner, and even at its best it can be gamed. Most plans constantly change, so there is the continual question of whether the plan was "right." So even with commitment, there is a real temptation to just bypass the planning and get on with the work. For this reason, a strong process that leads executives to do what they know they must and a team of people trusted by the executives to tend it are absolutely necessary for success.
4. A tactical-planning process at the "top" does not necessarily translate into supportive planning processes at lower levels. Though there are now some good tactical- and project-level processes that support the PBS, there is no consistent quality across the Agency. In addition, certain processes, like cost/benefit analysis, have not been strongly adopted despite their acknowledged value at the top. Much of the problem can be attributed to SSA's not having taken the necessary steps to ensure that every individual who is responsible for creating plans both understands their value and knows how to go about planning. The cost to plan is often not seen as being offset by the rewards, since success may take years to achieve and success is not uniformly defined or rewarded. Most importantly, plan managers contend that the process imposed from the top is truly not valuable to them in implementing the initiatives for which they are responsible. To date, no one has been able to design a process that provides value to every user or encourages the kind of thinking needed to ensure that useful activities are carried out in the best way.

5. A related issue is the distance of the planning horizon and the value of making plans for the entire period. Everyone can agree that the plan documents can be more specific the nearer the time period being described, so schedules for next year are more detailed than schedules for 5 years out. But there remains much disagreement about how far out plans can, or should, be made. The best answer appears to be situation-specific; in our situation, there is an undeniable need to look out 10, 20, even 30 years in some cases to assess the strategic environment, but there appears to be little value to writing plans much beyond the 5-year window required under the GPRA because of the difficulties in being specific about events in the far future.
6. The question of value applies to strategic planning as it does to any process. Continual assessment of the utility of strategic planning is necessary, and continual reminders to the people affected should be given. Regularly publicizing the accomplishments of the process can help people remember what the environment was like before the plans were built. Likewise, continuing to associate ongoing projects with the strategic vision they support helps maintain the sense of their importance. The best way to sell strategic planning is to prove it is worth the trouble; and the best way to prove it is to tell people, often and loudly, what difference it has made, or will make, to them.
7. Flexibility is an important characteristic. We wrestled with the definition of a key initiative, but the more specific we made it the less useful it became. Now, though our definition talks about "major impacts" and "high costs," what it really says is, "an initiative is key if the executives think it's important enough to pay close attention to." Likewise, our PBS has been structured around the annual budget cycle, so decisions about plans have been forced into that cycle. But decision points don't happen necessarily on the budget schedule. And strategic decisions made outside the Agency's planning process somehow never get fitted back into it. The PBS is being changed this year to reduce this problem.
8. The objectives of plans must be perfectly clear if the plan is going to do what it was intended to do and if executives are going to be satisfied that the plan is going to provide the best solution for accomplishing the objective. One recent attempt to create a plan in response to executive concerns in an important area was made quite difficult because planners did not have, up front, a clear understanding of what kind of impact or the level of impact executives were looking for; nor did they understand their role in helping define the impacts that would be desirable or could be expected. Often, people who create plans focus on the *approach* of an initiative (for example, to automate a certain process) rather than the *objective* of an initiative (for example, to reduce processing times or costs); that is, they focus on the activity rather than the true result of the activity.
9. There are practical problems associated with identifying the impacts that plans will have on objectives. For example, in a priority program like Improve the Disability Process, where there were specific processing-time measures associated with the priority, the

expected impact of the plans on processing times was never estimated until it was done for the reengineering effort. This was in part because a strong methodology for estimating was not available. We are developing modeling capabilities that will help us, though limitations in the models themselves as well as employee knowledge of and skill in using them mean that the problem will not go away overnight.

10. There are difficulties in identifying the specific performance improvements expected from plans that are necessary precedents to critical plans but which have little benefit in and of themselves. This can be true of both quite minor and truly major initiatives. It is for this reason that, during the planning days after the *Framework* was published, we essentially stopped talking about certain individual plans and began referring to the "electronic-folder cluster"; that was, the cluster of plans that, when taken together, would provide a particular benefit for a particular cost. One of this cluster was the massive IWS/LAN project, which we were able to justify on its own through current-process improvements but whose real value lay in the future design flexibilities it was expected to provide.
11. A strongly related lesson is that the "stand-alone" initiative is rare. Except at the highest level in multi-mission organizations, it will be rare for key initiatives to have no interrelationship with another or to be completely within the purview of a single executive lower than the head. This means that integration is not a nice-to-do activity but a very serious effort. It means that cost and benefit analyses may be difficult to do for an individual plan and, as discussed above, measurable results in terms of performance measures or existing budget categories will be difficult to establish. Especially in terms of plans to install infrastructure, most of the costs may be reflected in one plan and most of the benefits in another. This makes justifying projects awkward and raises the risk of over- or underestimating the numbers due to overlap. In addition, a project that appears to have minor value only may be key to the success of a larger program. When identifying "key" projects, it is important to include such a project as a sub-project of a larger one that depends on it; or to identify it separately as a key initiative. The risk of losing an initiative of this type is especially high if it involves few resources, because it is easy to underestimate its strategic value.
12. While the expected benefits of a plan are normally included in the budget, actually requiring the organization to absorb savings (for example, reduce employment) before they occur can have negative results. The expected benefits may never materialize if initiatives don't work out as planned; and, even if they finally do, the benefits will be less than expected because the organization has been put in the position of playing constant catch-up. In addition, planners will become much more conservative in their estimates of benefits, and schedules will get longer and longer.

WHAT DOES PLANNING COST?

We have not specifically calculated the cost of planning at SSA. We rely on research data in the literature that regularly report how small the cost of proper up-front planning is compared to the rework it saves later in the development and implementation stages. Still, the costs need to be identified, even if they are offset by benefits, and some of them constitute the biggest hurdles we have faced in institutionalizing planning at SSA. Just some of the costs include:

- o The cost of staff at the executive level and within components to tend the process. At the most general level, these costs would include the salaries of the planning staff as well as the cost of time expended by the component planning reps, tactical plan managers, and budget analysts doing work they would otherwise not be required to do. At SSA, the size of the "planning staff" in the Commissioner's office has varied from about 4 to upwards of 20, depending on what the staff were responsible for doing at a particular time.
- o The costs of additional executive-staff time devoted to consideration of strategic issues.
- o The costs of all staff involved in conceptualizing, writing, reviewing, and publishing plans and plan documents; and the costs to revise and redo based on new data.
- o The cost of identifying, collecting, analyzing and reporting additional performance data, including the cost to maintain, enhance, or build management-information systems.
- o The cost of time that staff devote to implementing the plans, particularly the additional planning, documenting, and integrating activities required.
- o The additional cost of all other resources--travel, training, IT, communications, and so forth--involved in these activities.

CONCLUSION

A major value of the strategic plan has been the cohesive view it provides to external monitoring authorities about how the Agency will look into the next decade. When SSA couples the strategic plan with the business plan and its associated budget, we make a statement to the world at large about where we intend to be and what we intend to be doing with the public's money over time. As an internal guidance document, the strategic plan has been an invaluable aid in helping the Agency's decision makers choose the right course of action over the years. Many successful decisions and activities can be attributed to implementing a strategic planning process that engaged Agency leaders in clarifying SSA's focus and its operational vision of the future.

The PBS as a process has been particularly valuable because it provides a formalized annual planning process in a time frame that relates specifically to budget preparation. It mandates full participation by the Executive Staff in overall decision making, resulting in decisions more generally advantageous to SSA. It has helped us ensure that the initiatives we are pursuing are the right ones for achieving the intended results; integrate related activities to optimize implementation scheduling; and see more clearly and more quickly the impacts on resources and operations so that those impacts could be more effectively managed. Though the reality is that budget considerations always limit what an organization can undertake, the PBS supports changing priorities when unexpected shifts in resources happen. We are confident that the process has resulted in our making much better decisions about what initiatives to pursue and which to delay or abandon.

Many at SSA are convinced that each new chapter in our strategic plan process has moved us farther along in doing our mission work in the best way for the least cost. In 1982, success was defined as surviving the crisis, and it is almost guaranteed that without the SMP or something like it, SSA's systems would have failed. In 1991, success was defined as creating processes that would let us not just maintain but improve service during a time of static resources and rising workloads. Today, SSA has essentially the same number of resources as in 1991, but 800-number access is greatly improved, with calls being answered within 5 minutes of the time an individual first calls over 90 percent of the time; and the problem of disability processing times, though not yet fixed, is receiving the attention it deserves. On a more practical note, our strong history of planning and measuring at the Agency level positions us well to implement fully the provisions of the GPRA. Our tradition of listening to the customer is helping SSA ensure the strong customer-service orientation that is critical both to achieving Agency goals and to the eventual success of government-wide implementation of the GPRA.

We welcome the opportunity to share our thoughts in person with our colleagues in the Federal community.