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Sustainable change (or the end of change) at the U.S. Mint: A case exercise

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ABSTRACT

This teaching resource describes an in-class, multi-part exercise that explores the challenges of getting consumers to alter the forms of cash they use in economic transactions. The objective of the exercise is to use a universal daily practice to illustrate issues in human behaviour and change management. Participants are tasked with advising the U.S. Mint on ways to promote greater use of dollar coins. It is presented in three parts each of which adds complexity and historical background. The exercise can be adapted to different class settings and formats depending on time frame and instructor preferences. The exercise is oriented towards courses in organisational behaviour, change management, and consulting but would also be useful in discussions on public policy and consumer behaviour. The case offers a contemporary and personal example of the challenges in promoting change at multiple levels.

1. Introduction

This manuscript provides instructors with a case exercise suitable for use in undergraduate and graduate courses in management. It begins with an overview of the exercise and how it can be adapted depending on instructor preferences. This overview serves, in effect, as a teaching note. The actual case exercise, included as Appendices, is offered as Part (A), (B), and (C). A list of government documents on the dollar-bill dollar-coin debate is included in Appendix D.

Despite the now ubiquitous use of credit cards and electronic transactions, most people still use cash currency whether bills or coins on a daily basis. This common behaviour and the need to change it from the perspective of the U.S. Mint is the focal point of a case exercise I developed many years ago to illustrate issues and challenges in organisational behaviour and change management. For example, I have also used it in a graduate course on consulting, graduate and undergraduate classes on motivation, and an EMBA class on change management. The case illustrates individual and organisational resistance to change, consumer preferences and habits, and cultural norms. The exercise is suitable for graduate or undergraduate students and can be adapted to different class timeframes in fun, interactive, and informative ways. Depending upon the time frame of the class, an instructor could show a video on how coins are made. Several are available on YouTube as well as on the website of the U.S. Mint (http://www.usmint.gov/kids/cartoons/birthofacoin/). The latter even has a webpage dedicated to educators that includes a lesson plan on the Presidential one-dollar coin (http://www.usmint.gov/kids/teachers/).

In the United States, the value of all forms of currency, banknotes and coins, in circulation in 2011 amounted to slightly more than $1 trillion, or 7.1% of gross domestic product (Bank of International Settlements, 2012, p. 431). In some countries the value of currency in circulation as a percentage of GDP is far greater. In Japan it's almost 19%; in Russia it's 12.6%. In some countries the percentage is lower, like in Sweden, where it's 2.8%.

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Some forms of currency, like pennies and nickels, cost more to produce than they are worth, and some forms, like dollar coins, are more cost-effective and sustainable due to their durability. For decades the U.S. Mint has been promoting the use of dollar coins over $1 bills but continues to produce and circulate forms of currency that are less cost-efficient. The U.S. Mint has tried numerous ways to get Americans to increase their use of dollar coins. A principal reason is that dollar coins are much more cost efficient and sustainable than dollar bills (or notes). Yet the $1 bill and other forms of cost-inefficient currency like the penny and nickel continue to be produced and circulated.

This essay provides educators with an exercise to engage students in learning about change at multiple levels of analysis. The three-part exercise illustrates the difficulty in promoting a change that affects both individuals and institutions. The exercise involves a commonplace behaviour, the spending of currency, that has change implications for individuals, public institutions and businesses, especially those in the retail sector. Depending on the instructor's preferences, it may incorporate elements of a presentation, individual or group work, and plenary discussions. The case or segments of it may also be used as a homework assignment.

Fundamental to the exercise are the following questions: why is it that Americans use whole currency coins far less than in other countries, what can be done to get Americans to use dollar coins more often, and why does the U.S. government still produce forms of currency that are less cost-efficient than some alternatives? For example, in Britain and much of Europe people regularly use coins for small denominations – one and two British pound coins in the U.K.; one and two Euro coins on the continent of Europe. Canadians use the very popular one dollar coin known as the 'loonie' and a two dollar coin known as the 'toonie'. Just recently the Canadian government stopped producing pennies for the simple reason that they cost more than a penny to produce! Making the transition from bills to coins requires change on the part of individuals and public and private organisations and institutions.

2. Change at the U.S. Mint: one way to frame the dilemma

An instructor using this exercise may introduce it in several possible ways. What theoretical or prescriptive materials may be covered prior to the dissemination of the case depends upon the objectives of the class and its position in the overall course. For example, the case may be used to discuss individual preferences about using cash or to make cross-cultural or cross-national comparisons about the design and use of currency.

Within the context of a course on organisational behaviour, consulting, or organisation development, a simple way to frame or use case is to present it as a change management dilemma. Among the many issues to introduce the case are stakeholders, sense of urgency, and transition costs. With any change initiative or scenario there are various stakeholders with an interest either in the status quo or in the new scenario or situation to be created through the change initiative. Such stakeholders may view the change as desirable or undesirable depending on its outcomes or effects relative to their goals or aspirations (DiBella, 2007).

There is a wide range of stakeholders involved with the production and circulation of currency. There are those who supply the materials for coins and bills, and then there are those who actually produce currency, ship it, and distribute it. There are also the customers or consumers, and retailers or vendors who use cash in daily, commonplace transactions, like selling newspapers or buying a cup of coffee. Each of these stakeholders has different values and motivations when it comes to the nature and use of various forms of currency. Consequently, they have different, although in some cases overlapping, preferences towards the characteristics or availability of currency. For example, armoured car companies like Brinks, Inc. prefer to haul paper currency between banks and the Federal Reserve since paper currency weighs much less than metal coins. On the other hand, vending machine companies tend to prefer heavier weighted coins since they more readily drop into collection boxes due to gravity in contrast with slugs or counterfeit coins.

Another common issue in change management is the motivation or need for change which is often referred to as a sense of urgency or stress on the system (Jick & Peiperl, 2011; Kotter, 1996). When there is dissatisfaction with the status quo, then the dynamic it creates propels an interest and desire for change. In trying to reduce its overall costs, the U.S. Mint has a clear interest in moving from dollar bills to coins since such a move would be much more cost effective in the long run. On the other hand, the Crane Paper company, the sole producer of the stock used in the production of paper bills, is clearly interested in keeping the dollar bill in circulation. One can look at these forces or stresses for and against change in terms of a Lewinian force field analysis to determine their relative valence and whether the forces of dissatisfaction outweigh those that support the status quo (Beckhard & Harris, 1987). To facilitate a change initiative, the forces of dissatisfaction must be dominant. Another growing force for greater use of dollar coins is the need on the part of the federal government to address its budget deficit. Studies by the General Accountability Office (GAO) have indicated that the federal government could realise significant cost savings through the elimination of $1 dollar bills (U.S. GAO 2000, 2011, 2012).

A third common issue in promoting change, but one that is not as often discussed in the literature, is the relative ease in going from the current to the desired, future state. There are clear transitional costs in moving from some known set of circumstances to what is perceived to be a better or improved situation. The more transition costs can be minimised, the greater the appeal and acceptance of change. To illustrate this dynamic, I place the inequality below in a PowerPoint slide or on the class whiteboard. It is not a scientific proof but a heuristic or schematic representation of some of the relevant dynamics of change. The greater the valence of the left side of the formula over the right, the greater the probability that change will occur.