

Reference: U.S. Senate Homeland Security and Government Affairs Committee's Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security on Tuesday, August 3, 2010, at 2:30 PM in room 342 of the Dirksen Senate Office Building in Washington, D.C.

## Testimony of Robert R. McEwen

Chairman Carper, Ranking Member McCain, distinguished members of the Subcommittee, thank you for the opportunity to testify at today's hearing concerning innovative technologies and approaches to solving problems and making the government run more effectively.

I have been asked to share with you a story of innovation that I believe has vast application and benefit for the government and for all industries.

In 2000, my company, Goldcorp Inc., made an investment of \$1 million in website development and cash prizes. The result was stunning. We reaped a benefit in excess of \$3 Billion in new found gold. Yes, my business then was gold mining – definitely an old economy business and a very unlikely source of inspiration for innovation.

When we put the "Goldcorp Challenge" up on the web we "broke the mold". We defied industry practice by sharing proprietary information about our orebody(deposit) that everyone knew was never shared without terms, confidentiality agreements and payment. We provided free, comprehensive and unrestricted access to an extremely valuable database about the most exciting gold discovery of the decade.

In effect, we started a worldwide brainstorming session via the Web where we offered \$500,000 in prize money to exploration experts to help us find the next 6 million ounces of gold at our

mine. A small mine that had already been in production for 50 years.

Our strategy was to make available to anyone, anywhere in the world, an extremely valuable proprietary geological database via the internet, as well as software to analyze and depict this data graphically in 2 and 3 dimensions, plus an economic incentive to have the participants share their geological insights.

The response was immediate and remarkable. Within a week of our launch we had attracted the attention of the mining industry on every continent and received 120,000 hits on our website. Within 4 months there had been 250,000 hits and more than 1,300 individuals, corporations, domestic and foreign government geological agencies, and universities, representing 50 countries, had registered for the Challenge.

In addition, the rest of the web was looking at Goldcorp and concluding it was not your typical mining company. And they were right. The Challenge served as a powerful catalyst to improve the careers and financial independence of our employees and propel Goldcorp's future growth.

The Challenge provided much more than immense exploration success – it changed the attitude of our employees, they became proud of their company and work, they became more confident and comfortable accepting change and new technology and they became eager to share ideas and test their thoughts about how to innovate and improve the way we worked.

In my oral testimony I will discuss in detail how we came to do the Challenge. But due to a shortage of time I will now jump into my suggestions and observations.

So how might the concept of crowd sourcing have a positive impact on the government's efforts to become a more effective, more efficient provider of services to all Americans.

Consider these thoughts.

1. There is a vast pool of experience, knowledge and insights within the ranks of the government. This pool could be and should be engaged in brainstorming to define the questions to be asked to provide alternatives for improvements to current practices;
2. Initiate brainstorming on a department and inter department basis. Too often all of us get too close to a problem to see it objectively and thus unable to see other alternatives. By introducing another perspective a new problem statement may be formulated that generates surprising and effective alternatives;
3. Look to bring in individuals from the outside a department, outside the government and give them authority to introduce unconventional change;
4. Look for the unquestioned underlying assumptions in your department, in the government. Once identified, question and challenge these assumptions;
5. Remember Nobody is as smart as everybody – share knowledge freely to gain insights and answers;
6. Incentives for crowd-sourcing projects can be much more than just cash prizes. The range of prizes available to you are limitless because the people engaged in problem solving have a wide range of needs and motivations. In our Challenge, individuals participated for a variety of reasons: intellectual curiosity, access to otherwise

unobtainable data, peer recognition, an opportunity to profile and market their services and more

One last observation, the biggest gold mine in the world exists between everyone's ears. So, tap into the minds of your fellow Americans and the citizens of the world to achieve your committee's objectives. I applaud your quest to innovate.

Thank you for your invitation to testify today and I would be pleased and honored to answer any questions from the members of this distinguished Subcommittee.

Please note that certain portions of this testimony were taken or paraphrased from the following article and books:

Mining and E-Business, Hoisting the Value by Michele Davies, e-business Strategy Consultant, IBM Consulting Group. IBM Global Services – Mining Journal August 2000

Wikinomics, How Mass Collaboration Changes Everything by Don Tapscott and Anthony Williams – published by Portfolio a member of Penguin Books 2006

Mavericks at Work, Why the Most Original Minds in Business Win by William C. Taylor & Polly LaBarre – published by Harper Collins 2006