Ideas are Free

How the Idea Revolution Is Liberating People and Transforming Organizations

■ About the Author

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Dr. Alan G. Robinson is an award-winning author, an educator, and a consultant. His 1998 book **Corporate Creativity: How Innovation and Improvement Actually Happen** (co-authored with Sam Stern) was named "Book of the Year" by the Academy of Human Resource Management, was a finalist in the Financial Times/Booz Allen & Hamilton Global Best Business Book Awards, and has been translated into thirteen foreign languages. His 2002 book **Vos Idées Changent Tout** (co-authored with Isaac Getz) has been translated into four languages. In his preface to the German edition of this book, Heinrich von Pierer, President and CEO of Siemens AG, called this "an important book on a topic that is fundamental to every business."

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■ The Big Idea

Without great ideas, no organization can stay afloat, much less flourish. Managers and top executives are constantly struggling to come up with big ones – creative marketing strategies, ingenious cost-cutting schemes and other corporate solutions that will save time and money and improve productivity. But what few of them realize is that right under their noses is a virtually limitless source of valuable ideas – ideas that can revolutionize their company and help bring *substantial* and *sustainable* competitive advantage. These great ideas come, surprisingly, from the lowest point of the corporate food chain – from the front-line employees who do the "dirty" work and who therefore see a lot of problems and opportunities that their managers do not.

Employee ideas are a lot more valuable than most managers think. More importantly, they can be had virtually for *free*, if you know how. This book teaches the most effective methods for tapping this "hidden" resource, based on extensive research in more than 300 organizations around the world. It offers precise techniques for setting up an idea management system that can empower your people, transform your organization and make you a much more effective leader.

Part One: The Idea Revolution

In traditional companies there are two distinct types of workers:

> The *thinkers* - the supervisors, managers and other executives; and
> The *doers* - the front-line employees*.*

The rationale behind this division is that regular workers are not capable of the kind of critical thinking needed for problem solving and strategy formulation, and therefore they should not participate in brainstorming.

The Idea Revolution invites you to break free from this old, limiting thinking pattern and to *change the rules*, because the truth is that although your front-line workers may indeed not have the knack for strategic planning, they do possess other, equally valuable type of knowledge – detailed, practical information about the company's daily operations, and common sense. Because they are actually where the action is, so to speak, they see a lot of things that you do not; such as what the customers really need, what machines are not working, what is being wasted. And often they know what to do to make things better.

The only thing you need to do is to ask and to welcome, not discourage, their ideas.

▪ Ideas Drive a Culture of High Performance

After doing research in 17 countries and hundreds of organizations of varying types, industries, sizes and experiences, Alan Robinson and Dean Schroeder concluded that some of the most successful companies are those that have learned to successfully harness employee ideas through a fully functioning idea system.

How can employee ideas bring about corporate success? By encouraging the free flow of ideas in your organization, you will be able to:

> Build more respect among managers and employees;
> Make your employees feel more valued and thus more motivated;
> Increase your people's involvement in their work;
> Lessen feelings of frustration among your workers by giving them a chance to be heard and to participate;
> Give managers more time to focus on strategic planning, and less on troubleshooting and firefighting; and
> Eventually, transform your entire organization and achieve maximum productivity and sustainable competitive advantage.

▪ Two Types of Corporate Knowledge

According to Friedrich Hayek, founder of the Austrian School of Economics, there are two types of knowledge that are dealt with in organizations:

> Aggregate knowledge and
> Knowledge of particular circumstances of time and place.

Aggregate knowledge includes abstract, generalized corporate facts like "Sales are off 5 percent," or "Costs went up 10 percent." The higher up in an organization a person is, the more he deals with aggregate knowledge or information, which is essential in understanding general relationships and formulating broad strategies.

When it comes to more specific, more practical issues, however, such as those that deal with day-to-day problems and opportunities, you will need the second type of knowledge, the kind that most lower-level employees or workers deal with.

■ Why Employee Ideas are Important

In most organizations only the first type of knowledge is encouraged. The other kind is not only discouraged, but actually suppressed. But actually both are needed to run an efficient company. Managers and employees need to cooperate, to contribute what they know in order to come up with workable solutions and significant improvements.

Managers and supervisors can tend to generalize issues and gloss over certain details, while employees who work directly with what is causing the problem know exactly what is wrong and what should be done about it. Their knowledge of the problem is direct and intimate, and they can provide accurate solutions. They know things by experience, not by theory.

■ The Power of Small Ideas

Big ideas are always more attractive – they are splashier, grander, always more promising. Managers are therefore more likely to weed out "small" ideas and go for the really big ones, the "home runs" – those that could help generate millions of dollars in revenue or topple the competition, instantly. But when it comes to ideas, small does not always mean ineffective or weak. In fact, in organizations it is often *smarter* to focus on small ideas rather than on big ones.

■ Why Big Ideas are Not Always the Best Ideas

Most big ideas are not sustainable, meaning they have very short-term effects. This is because most big ideas have directly visible results once they are implemented. Either the company advertises it, or the improvement that it makes in the organization is so obvious, that rival companies find it easy to spot – and to copy. So whatever competitive advantage your big idea got you will soon boil down to nothing once the competition catches up. You therefore have to continually think up new "home runs" – definitely not an easy task. It would be extremely difficult to achieve sustainable competitive advantage this way.

■ Why Small Ideas Can Be More Valuable Than Big Ones

As the improvements brought about by small ideas accumulate over time, they can add up to considerable savings, productivity and competitive advantage. Many small ideas in various areas of the organization can make

a stronger impact than one grand "home run."

Small ideas enable an organization to manage increasing levels of complexity, a capability that can give it a considerable edge over the competition. This is because complex systems are made up of many small components that are difficult to manage if you are coming from a broad, general perspective. Only small ideas about the various small components can help improve a complex system.

Small ideas can be a really useful learning tool. They can help organizations handle rapid change and climb steep learning curves faster than big ideas.

Small ideas are less visible than big ideas, are more proprietary, and therefore less likely to be spotted and copied by the competition. Also they are more specialized – even if they are noticed, they are applicable only to a particular situation in a specific area of the company from which it originated, and are therefore useless to others. A lot of small ideas can thus lead to truly *sustainable* competitive advantage.

Small ideas can actually lead to big ideas. By learning to recognize patterns in ideas submitted by employees, you can often identify a bigger problem or opportunity that needs to be addressed.

▪ Some Great Employee Ideas

An employee idea need not be that big or phenomenal to create significant change, it can be a simple, common-sense notion about a small aspect of company operations, but can have many far-reaching benefits. Here are some samples:

A staffer in a regional distribution center of the German post office Deutsche Post suggested that instead of buying oil for their delivery trucks at roadside service stations, they should buy it by bulk at just a quarter of the cost. This great, simple idea amounted to millions of euros saved.

Employees at a non-profit health care organization in northern Wisconsin observed that dementia patients avoid floor areas that are painted black because they see these as holes. They suggested that they should paint the floors in front of doorways black, so that the patients won't escape. This way, they won't need to use restraints and alarms. This reduced patient stress and saved the employees a lot of time and effort spent in having to constantly respond to alarms.

An employee at LaSalle Bank, one of the largest banks in the US, noticed that the laser printer model that the company provided its workers had an expensive internal disk drive that nobody really used. Because the bank purchased a lot of such printers every year, his suggestion to remove the feature saved the company a lot of money.

At a Massachusetts Department of Correction facility, a guard suggested that they use digital cameras instead of film when taking shots of new inmates. This way, they would not only be able to save the money they use for the film, they would also be able to easily store the images in a computer. This idea saved $56,000 during the first year alone.

Part Two: Idea Management

As simple as it sounds, getting and using employee ideas to improve your organization's performance entails a lot of planning, preparation and hard work. Two crucial issues that you would have to deal with are:

> How can the employees be encouraged or motivated to come up with so many ideas?
> Who has time to deal with all of them?

After all, once the ideas start pouring in, they would each have to be evaluated, and then implemented. These are non-value adding tasks that can take up all of your valuable time. The only way you can effectively manage employee ideas is by setting up a good *idea system*, one that will make the process, which can become messy, organized and productive.

■ Setting Up an Idea System in Your Organization

Eight Principles of a High-Performing Idea System
The way you design your idea system will depend on the unique characteristics and needs of your organization, but to ensure that your system is truly effective, make sure it follows these eight basic principles:

1. **Ideas are encouraged and welcomed.** Make sure you convey to your employees that the organization is ready to respond to their ideas. The best way to do this is to show them that their ideas are taken seriously and used, and then to given credit when it is due. Don't reject an idea outright no matter how bad it seems.
2. **Submitting ideas is simple.** Make your idea submission process as simple and uncomplicated as possible. Eliminate long and complicated forms and time-consuming procedures.
3. **Evaluation of ideas is quick and effective.** Accomplish this is by making decisions about ideas at the lowest possible level in the organization. The people here are the ones closest to the issue, who know exactly what it is all about. By letting them evaluate their own ideas, you don't have to waste time and resources in doing research about the particular area or issue being addressed. This leads to more efficiency and faster implementation.
4. **Feedback is timely, constructive and informative.** People need to know what you think of their ideas as soon as possible so that they can have a chance to refine them. Show your employees that you take all of their ideas seriously by giving constructive feedback on each one, even those you plan to reject.
5. **Implementation is rapid and smooth.** Make sure you have sufficient resources to implement all the ideas. To do this, you must prepare ahead. Take note of the kind of ideas that are coming in and make available enough resources for the areas that need improvement most.
6. **Ideas are reviewed for additional potential.** Post-implementation processing is an integral step in idea management. It involves "milking" implemented ideas for good leads to other valuable ideas, or checking if they can be replicated in other areas of the organization.
7. **People are recognized, and success is celebrated.** Employees already

consider it a great reward when they see their ideas being used and bringing some form of improvement, especially when they are given proper credit for it. But it won't hurt if you could, in addition, treat them to a celebratory lunch every now and then to express your gratitude and appreciation.

8. **Idea system performance is measured, reviewed and improved.** In order to identify areas in your idea system that may need improvement, you need to monitor its performance. To do this you need three types of metrics:

    a. Quantity - the number of ideas per employee over a given time period;

    b. Source - where ideas are coming from; and

    c. Velocity - the speed at which the ideas are processed.

Some Ideas for Getting Employee Ideas

1. **Just ask.** Ask your employees or team members to prepare a small idea for each one of your weekly or monthly departmental meetings.
2. **Offer lunch.** If there is no time to discuss all the employee ideas during departmental meetings, you can treat your employees/team members out to lunch on a regular basis to discuss their ideas.
3. **When change occurs, ask for ideas.** Every time a major change occurs in the team or organization, ask your team members to identify problems and opportunities created by this change, and to come up with ideas to address them.
4. **Start with problems.** Ask your people identify problematic areas in their work and to think of ways to improve these.
5. **Turn complaints into ideas.** When an employee complains about something, ask him to think of a way that he thinks it could be made better.

Making Ideas Everyone's Job

It is not enough that employees are encouraged to submit and voice out their ideas and suggestions. In order to create a corporate culture that truly values ideas; *everyone* must be involved in the process – including supervisors, middle managers and senior leaders.

Before supervisors and managers can be expected to make a significant contribution to the company's idea system, however, they should first:

    Understand why ideas are important;

    Train in how to manage ideas; and

    Know that they will be held accountable for how well they manage ideas.

Making Ideas Part of Employees' Work

You can make it an objective for the employees to submit a certain number of ideas, whether small or big, for a given period. The number of ideas they submit would then be considered an important factor in their performance rating.

Making Ideas Part of the Work of Supervisors

A supervisor has three important roles to play in managing ideas:

1. To create an environment that encourages ideas;

2. To coach and mentor employees in order for them to develop their knowledge and improve their problem-solving skills, in order to increase the quality and impact of their ideas; and
3. To help develop and champion ideas and look for possible larger implications in them.

Making Ideas Part of the Work of Middle Managers

Middle managers play a crucial role in the idea process. They are responsible for:

1. Promoting ideas in their area;
2. Making sure the necessary sources are available to evaluate, test and implement ideas and to provide the necessary training; and
3. Overseeing the process in their units and getting personally involved with the more significant ideas.

Making Ideas Part of the Work of Senior Leaders

Leaders should take on a role in the idea process as well. It is essential for them at their level to be personally involved in it because:

1. They need to oversee the process and to show support for it from the top and
2. Staying in touch with what is going on in the organization would increase their effectiveness as a leader.

To maintain their involvement, they should:

1. Keep themselves informed about the idea system's performance and
2. Be in regular personal contact with *suggesters* and their ideas.

By keeping in touch with employees this way, senior leaders learn to value their workers more, as a source of help, not a burden, in times of financial difficulty.

Making Ideas Part of the Organization's Work

No matter how much work and support the employees, supervisors, middle managers and senior leaders lend to their organization's idea process, if the organization itself is resistant to it, nothing will be achieved. The organization should be redesigned in such a way that will make it conducive to the free flow of ideas.

In order to realign your organization with the idea system, all of the following should support be designed to support it:

The organization's **external environment**, from which it draws resources;
The **strategies** it maps out and uses in order to draw enough resources from the external environment;
The **structure**, which should support the strategy;
Its **budgets** and **policies**, which should also be in line with its strategies and structure;
Its **systems** and **procedures,** which should be consistent with all of the above;
The **skills**, **rewards** and **supervision** it gives its employees;
The **behavior** of each individual in the organization, especially the

employees and managers, which should also follow the company's strategic direction; and

The corporate **culture** and **leadership** that keep everything aligned.

Setting Targets

It will save everyone a lot of time and effort if you could draw the employees' attention to areas where the company needs their help most. This way the ideas they would submit would truly be relevant and will address really critical areas. If you set targets for the idea system, it can become a powerful competitive weapon.

Following are some things you can consider when trying to come up with a theme for employee ideas:

> The major problems or opportunities facing your group.
>
> The aspects of performance that have the greatest impact on the organization's overall performance.
>
> The non-value-adding things that your group does.
>
> Which key corporate goals and values, when translated into your area, might yield appropriate targets for ideas.
>
> The aspects of your group's work that are most important to your internal and external customers, and the areas here that the customers are complaining about, the kind of changes that the customers might want.
>
> The values you want to instill in your group, such as teamwork, responsiveness, exceptional service.

Post-Implementation Processing

Big earth-shaking ideas rarely come in a sudden flash of light. They are usually built up from many small ideas that eventually come together. As we have discussed earlier, small ideas often lead to big ones. In order to make sure you are able to fully take advantage of the opportunities an idea presents, ask yourself the following three questions about every idea that you decide to implement:

1. **Can this idea be used elsewhere in the organization?** A really good idea need not remain small in the sense that it is applied or confined only to a very small particular area. A small idea that has worked miracles of improvement in a particular area might just work elsewhere, thus increasing its initial impact.

2. **What other ideas does this one suggest?** Every small idea should be considered as a probable link or stepping stone to other ideas. Explore the issue that is being addressed, examine the implications, and study the probable effects.

3. **Is this part of a pattern?** Always be on the lookout for patterns or connections in the ideas that your employees are submitting. These may point the way to larger issues that need to be addressed.

▪ How to Get More and Better Ideas

One challenge for idea managers is how to get the employees to contribute *good* ideas on a more or less regular basis. There are a number of techniques you can try.

Employee Training/Development

Good ideas come from people who have the right perspective and knowledge in the right place at the right time. Your employees won't spot problems and opportunities in a certain area unless they know enough about that area. So to increase the number of problems and opportunities that the employees identify, one option is to arm them with sufficient knowledge and experiences. Here are three different employee training programs you can use:

1. **Idea Activators**

    These are training modules designed to increase an employee's knowledge and deepen his understanding of his work, or of areas where his ideas can be useful. The kind of idea activators you develop for your organization should be tailored to its particular needs.

2. **Perspective Broadeners**

    These training programs aim to broaden the employees' perspectives by exposing them to new situations and experiences. Some good examples are:
    a. Job rotation, which exposes the employees to the various operations of the company;
    b. Customer exposure;
    c. Ongoing learning and development, which means supporting employees who are enrolled or who want to enroll in educational or training programs, or offering learning opportunities to your people such as workshops and seminars; and
    e. Benchmarking, or making comparisons with other companies in order to spot areas that need improvement in one's own company.

3. **Improving Alertness to Problems and Opportunities**

    Even if employees know enough about the system and have a broad perspective, if they do not have sharp observational skills they will not be able to spot problem areas and come up with ideas for them. How can the level of alertness be increased? Employees have to be taught to:

    a. Discipline themselves to notice things that seem odd or out of place;
    b. Record their thoughts and observations; and
    C. Be sensitive to change.

The Reward System

One of the more common pitfalls a company could fall into in order to encourage their employees to submit more and better ideas is to offer incentives or monetary rewards for every idea sent it. This may seem like a good idea at first, but it has many disadvantages:

It could lead to a lot of disputes. Because it is hard to quantify the total effects or benefits of any single idea, it would also be difficult to accurately calculate its actual value, and how much the *suggester* should get for it. Employees would often feel that their ideas are undervalued, so the reward, instead of motivating, would end up causing a lot of resentment.

Another way rewards can lead to resentments within the organization is

when people who have contributed to the development of an idea in some way are not recognized and rewarded for their efforts.

It may end up giving rise to a lot of unethical behavior. Managers, for instance, could refuse to pay the *suggesters* or hold back their ideas in order to protect save on budget.

Monetary Rewards Are Really Unnecessary

Managers of companies who get a lot of employee ideas without having to offer monetary rewards understand one thing – people have a natural inclination to fix things that they find problematic, and will step forward with their ideas because they want to. In other words, employees want to offer their ideas *for free* and are actually *thrilled* when these are used to help make their work easier or to make some improvement in the company. The best reward an employee will get from a good idea is when it is used to make his job or somebody else's job easier, or generally just to make things better. A simple recognition is usually all that is needed. Just give credit when it is due.

Reward Systems that Work

Here is a good reward system that works: Spread the rewards around. Instead of a reward system that pays a monetary value for each idea, set up a bonus system that rewards employees for the overall improved performance of the company. This way, everyone would want to help each other in order to improve productivity – you not only demonstrated fairness, you also helped establish harmonious working relationships among your people.

Reward systems that work follow three essential principles:

1. Rewards are based on higher-level *aggregate* measures that reflect the *broad* and *collective* impact of everyone's ideas;
2. Benefits are distributed to all employees, *equitably* and *across the board,* according to transparent and publicly stated rules; and
3. The idea system and its reward program are *integrated* into the way the company is run.

Profound Change

By encouraging the free flow of ideas, you will have the opportunity to bring about a profound transformation within your organization, one that could not only boost its overall performance, but would also liberate the people who work within it.

Idea systems have the power to change the very culture of an organization, by bringing about more trust, respect, openness, commitment and harmony among its people.

When employees see that their ideas are valued, their attitudes change, from one of detachment and frustration to involvement and fulfillment. This not only uplifts the quality of their lives, but also brings about real growth in the organization.