# Idea Generation through Employee Suggestion System

**Rafikul Islam**
*Department of Business Administration, International Islamic University Malaysia, Jalan Gombak, 53100 Kuala Lumpur*
*Email: rislam@iium.edu.my*

**Abstract:** *Today having critical thinking and creativity are two essential requirements of any employee working at any level of any organisation. The reason is obvious. Those are required for product innovation and developing a new, a more cost-effective process of delivery. Managers need to make sure that they provide all the necessary support to the employees so that they become the agent of change through innovation. Here lies the importance of implementing an employee suggestion system. A carefully crafted and implemented employee suggestion system may be a catalyst for creating an organisation wide culture of innovation.*

Andrew E. Marx stated that:

> *"Everything mankind has and will have in the future is and will be the result of people's ideas…. Some of the more progressive companies in the history of modern management realized the potential value of their employees' ideas for the improvements in the general functioning of their organisations. They have realized that idea power is the most tremendous human force in the world".*

New, innovative idea generation and subsequently implementation of the best ideas is *sine qua non* in effective management of any company. Let me share a story now:

I sat with my friend in a well-known coffee shop in a neighbouring town of Venice, Italy, the city of lights and water. As we enjoyed our coffee, a man entered and sat at an empty table beside us. He called the waiter and placed his order saying, "Two cups of coffee, one of them there on the wall."

We heard this order with rather interest and observed that he was served with one cup of coffee but he paid for two. When he left, the waiter put a piece of paper on the wall saying "A Cup of Coffee". While we were still there, two other men entered and ordered three cups of coffee, two on the table and one on the wall. They had two cups of coffee but paid for three and left. This time also, the waiter did the same; he put a piece of paper on the wall saying, "A Cup of Coffee".

It was something unique and perplexing for us. We finished our coffee, paid the bill and left. After a few days, we had a chance to go to this coffee shop again. While we were enjoying our coffee, a man poorly dressed entered. As he seated himself, he looked at the wall and said, "One cup of coffee from the wall." The waiter served coffee to this man with the customary respect and dignity. The man had his coffee and left without paying. We were amazed to watch all this, as the waiter took off a piece of paper from the wall and threw it in the trash bin.

Now it was no surprise for us – the matter was very clear. The great respect for the needy shown by the inhabitants of this town made our eyes well up in tears.

Ponder upon the need of what this man wanted. He enters the coffee shop without having to lower his self-esteem… he has no need to ask for a free cup of coffee… without asking or knowing about the one who is giving this cup of coffee to him… he only looked at the wall, placed an order for himself, enjoyed his coffee and left.

A multiple derivations can be made from the story. One of those is the fact that someone might have given the *idea* on how we can show our care and love towards less privileged ones and that idea has been implemented by the owner/manager of the coffee shop.

In an organisation, employees may have brilliant ideas regarding a multitude of issues related to the organisation. The issues can pertain to improving productivity, enhancing quality or providing superior customer service. However, if they are not given proper forum where they can channel their ideas, all these creativities would be lost and we will be failing to capitalise their creative minds. One of the ways to tap their creative minds is implementing employee suggestion system. To many organisations, implementing suggestion system means just placing a suggestion box somewhere and doing almost nothing about the evaluation of effectiveness of the system. Note that employee suggestion system is not just placing a suggestion box; it is much more than that.

Islam

What is a suggestion system? Suggestion system is a vehicle through which employees can channel their ideas for work place improvement. More precisely, suggestion system is the collection of processes used to solicit, collect, evaluate and adopt or turn down suggestions. Suggestion system is one of the vehicles to involve employees and consequently to improve quality. Suggestion system is in use in organisations since more than a century. In 1880, William Denny, a Scottish shipbuilder asked his employees to offer suggestions in order to build ships in better ways but simultaneously at lower cost. Then in 1889, William Connors, an Eastman Kodak employee received $2 as a token of appreciation for his suggestion to wash windows of the company plant buildings.

To have an effective suggestion system in place that provides the desired benefits, it should be implemented carefully. An effective suggestion system has got the following essential components:

1. **Management commitment**: Top management's commitment is the most important requirement for any successful suggestion system. That is, without top management's full support, the suggestion system will not work. Top management should establish a suggestion committee in the department. This committee may comprise 3 to 4 persons. The committee should be headed by a senior official. Andrew E. Marx writes on the responsibility of the top management:

*Appoint a high calibre person to be the suggestion system manager (this person should not be an individual who does not fit in somewhere else ....the person must have the status and prestige to gain the necessary respect of the other employees).*

The responsibilities of the suggestion committee are:
- Encourage employees to forward their suggestions
- Acknowledge the receipt of suggestions
- Responding to the suggestions
- Making decisions regarding adoption (full or partial), rejection (reason), postponement (when and why)
- Send periodic report to the top management
- Nominating employees for rewards, if their suggestions are implemented

2. **Management Feedback:** Suggestion box should be cleared periodically, once a week. Acknowledgement of receipt of suggestions should be done as soon as possible. All suggestions should be acknowledged within 24 hours. The organisation should have a suggestion board where acknowledgement papers can be displayed. Perhaps the most important requirement for effectiveness of suggestion system is to respond all the suggestions. Many employee suggestion systems do not work because of what Joseph Weintraub calls "the 'roach motel' method: staff goes in and never comes out." The details of the responses should be displayed on the suggestion board. If any suggestion is not implementable, then reasons must be provided for that.

3. **Reward and Recognition**: Success of the suggestion system depends upon large-scale participation of the employees. Reward and recognition is one of the ways to motivate employees and involve them in the organisation's activities. To encourage employees in providing more and more suggestions, reward and recognition must be in place. Especially those whose suggestion will be implemented must be rewarded adequately.

4. **Implementation:** If good suggestions are not implemented, then the main purpose of suggestion system is lost. All suggestions must be evaluated in order to identify the 'good' ones. But poor suggestions should not be implemented. There is no such thing that "I feel sorry for the suggester, so I have to recommend to implement the suggestion". All suggestions should be evaluated purely based upon merit.

5. **Publicity**: All possible channels of internal communication should be used to publicize the organisation's commitment towards its suggestion system. More the suggestion system is publicized, the better. If the publicity programs are managed carefully, the curiosity of the employees can be captured and consequently their commitment and full participation will follow. Regarding publicity, the following courses of action can be taken:

   - Generate genuine interest and participation in the suggestion system by sharing the company's policy concerning suggestion systems in frank and open group meetings, organisation's newsletter, etc.
   - Sponsor suggestion competition concerning how to increase participation.
   - Ask employees for their inputs concerning how to increase participation.
   - Make reward and recognition event (for those who have provided superior suggestions) festive and upbeat. It is recommended that an annual grand event be organised to recognise the employees.
   - Arrange for press coverage for highlights of suggestion system activities such as awards and participation rates.

When a suggestion system is implemented properly, it is expected that many suggestions will be provided by the employees. Then how do we select the good ones from the pool of suggestions? Some type of evaluation scheme should be applied to choose the superior suggestions. An evaluation procedure is briefly described here:

(i) **Identifying and rating criteria**: A set of suggestion evaluation criteria should be identified. For most of the companies, the criteria could be:

   - Effectiveness: How much benefit the suggestion if implemented will give to the company in terms of saving cost or improving working condition?
   - Feasibility: Is it possible to implement the suggestion?
   - Resource: How much resource (money, time, manpower) is required to

implement the suggestion?
- Time: How much time is required to get the expected benefits?

Each criterion should be assigned a numerical rating (least important to most important). Sum of the ratings for all the criteria should be equal to 10.

(ii) **Gauging suggestion performance:** The evaluator needs to assess the performance of the suggestion on the chosen criteria. One suggestion may be good with respect to some criterion, but may not be that good on another criterion. Rate the performance of each suggestion by using the scale, say once again, 1-10 (worst performance to best performance).

(iii) **Calculating overall score:** Multiply the criteria rating with the suggestion performance rating. Add all these scores for all the criteria and find the overall score of the suggestion. Repeat this step for all the suggestions.

The following table illustrates the foregoing steps of suggestion evaluation:

| Criteria | Criteria rating | Suggestion performance | Weighted score |
| --- | --- | --- | --- |
| Effectiveness | 4 | 8 | 32 |
| Feasibility | 2 | 5 | 10 |
| Cost | 3 | 4 | 12 |
| Time | 1 | 8 | 08 |
| Suggestion's total score | | | 62 |

(iv) **Conversion scale:** Just as student's total marks on a subject is graded by assigning a letter (e.g., 92-A, 72-B+, 55-C, etc), based upon the total score, suggestion can be put into a category. For example, if a suggestion's overall score is 66 then it belongs to category 7. Following is a scheme for categorization:

| Category | Range of scores |
| --- | --- |
| 1 | 1-10 |
| 2 | 11-20 |
| 3 | 21-30 |
| 4 | 31-40 |
| 5 | 41-50 |
| 6 | 51-60 |
| 7 | 61-70 |
| 8 | 71-80 |
| 9 | 81-90 |
| 10 | 91-100 |

Organisation policy may be to implement those suggestions which will belong to category 6 and above.

Following are few examples of companies where suggestion system has been implemented effectively:

1. **Boardroom, Inc:** This is a publishing firm based in Greenwich, Connecticut. Its President Marty Edelston expects that his employees will submit on the average two suggestions per week. Edelston called his suggestion program as 'I Power'. Here I stands for inspiration, intelligence and innovation. Each department has an I Power coordinator whose main responsibility is to evaluate suggestions and make sure that the good suggestions are implemented. The employee with the best idea of the month gets $100. Suggestions are printed in a monthly bulletin. One employee suggested cutting the size of the books by 1/8 inch shorter in order to reduce the mailing cost. The company implemented the suggestion and in the first year of implementation, the company saved $500,000. Savings is distributed as a part of profit sharing program. Edelston comments on his suggestion program "The amazing thing is, it makes people conscious, so they run their business lives better".

2. **Southern American Utility Company**: After identifying potential problems, employees offer solution for solving them stating what, how, where and when the solution could be implemented. Employees also explain the expected benefits in terms of reducing or eliminating wasted time, materials, energy etc.

   Suggestions are submitted to program administrator. He judges the eligibility of suggestions. Ineligible suggestions are those which fall within the suggester's job responsibility, authority and duties; duplicate a previously accepted suggestion; relates to items already under consideration by management. If suggestions are eligible, then he passes to the superior responsible for the area of concern. The supervisor analyses the suggestion and estimates its implementation costs and annual operating saving from implementation. Based on the analysis he/she recommends acceptance or rejection to the program administrator.

   If the estimated reward of a suggestion exceeds $1000, then it is sent to "Economic Analysis Section" for final review and approval. Rewards of less than $1000 are granted without further review. Economic Analysis Section on the average reviews 20 suggestions per year and 80% of them are approved.

3. **Ingress Corp Bhd:** Automotive component maker Ingress Corp Bhd. has the policy to give RM 1.00 for every idea (whether implemented or not) submitted by an employee. If the idea is implemented and saves money and the savings go for profit sharing. In the company, an employee can earn between RM 60 and RM 100 a month just by proposing ideas. In a recent year, by implementing various suggestions the company saved RM 2 million in research and development cost.

4. **Asean Bintulu Fertilizer (ABF) Sdn. Bhd.** ABF started its operation in 1985. In the very beginning, the company faced difficulty due to low ammonia and urea

prices, the appreciation of Japanese yen also tripled the cost of its yen dominated debt. Against this background, the management came up with a string of initiatives to cut costs and increase productivity. These initiatives kicked off in 1988 with an Employee Suggestion Scheme, which was based on the "kaizen" principle. The "kaizen" principle basically calls for continuous improvement. Under the scheme, an employee is encouraged to think of any idea or work technique that will increase productivity in various areas such as work methods in plant operations or production process; quality control and plant reliability; health, safety and the environment; general environmental facilities; and product, raw materials and utilities. Each successful suggestion or idea is awarded points and these points can be exchanged for goodies through the Quality Award Voucher. The success of this scheme is evident from 598 suggestions and ideas that have been received. Since the implementation of the Employee Suggestion Scheme, it has been estimated that the scheme has resulted in more than RM 500,000 savings.

## QUESTIONS
1. As a manager of a company, how will you implement employee suggestion system? Give detailed procedure and guidelines.
2. Is there any difference between employee suggestion system and customer suggestion system? Explain.
3. Apart from suggestion system, what are the other ways to tap creative minds of the employees of an organisation?