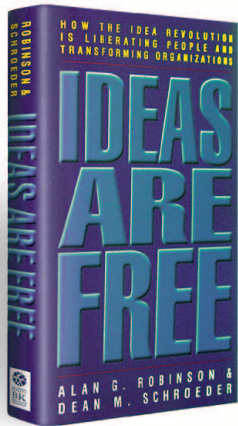




Executive Book Summaries®



By Alan G. Robinson
and Dean M. Schroeder

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How the Idea Revolution Is Liberating People and Transforming Organizations

IDEAS ARE FREE

THE SUMMARY IN BRIEF

A worker in one of Europe's largest wireless communication companies stumbled across an error in his company's billing software that was costing some \$26 million per year in lost revenues. He pointed out a simple way to fix it.

Simple ideas can save time, effort and money. They can also lead to entirely new ways of doing business. Even though front-line employees see many opportunities in their daily work that managers do not, most organizations are better at suppressing employee ideas than promoting them. As a result, huge amounts of money are wasted and customers are lost and disappointed. Opportunities are missed and front-line employees are often powerless to act.

Alan G. Robinson, an award-winning author, educator and consultant, and Dean M. Schroeder, the founder of two companies and a business professor, have written Ideas Are Free to show managers how to access the many ideas of their employees and turn them into competitive advantage. Through extensive research and work with more than 300 companies in dozens of industries, the authors explore the key factors that influence the quality and quantity of employee ideas. They also describe how ideas and idea management can be fully integrated into an organization's structure and operations to create excellence and sustainable competitive advantage in every area — from productivity to responsiveness, keeping costs low, quality, and service delivery.

What You'll Learn In This Summary

- ✓ How small ideas can create big results.
- ✓ How to make ideas part of everyone's job.
- ✓ How to set up and run an effective process for handling ideas.
- ✓ How to help people come up with more and better ideas.
- ✓ How a strong flow of ideas can have a profound impact on an organization's culture.
- ✓ How to put accountability into the process of managing ideas at all levels.

IDEAS ARE FREE

by Alan G. Robinson and Dean M. Schroeder

— THE COMPLETE SUMMARY

The Idea Revolution

At a Massachusetts Department of Correction facility, a guard proposed a change in the way pictures were taken of new inmates. Instead of using film, why not use digital cameras and store the images in a database? Across the department's 16 correctional facilities, this idea saved \$56,000 the first year in film alone.

When accounting for oil purchases, a staffer in a regional distribution center at Deutsche Post, the German post office, noticed that the company was paying too much for the engine oil for its trucks. Drivers were buying oil at roadside service stations, paying the equivalent of \$8.50 per liter. After some research, he found that Deutsche Post could buy the oil in bulk for a quarter of the price and proposed that it do so. Today, the idea is being implemented at distribution centers across Germany. With tens of thousands of diesel trucks and vans on the road, Deutsche Post will save millions of euros every year.

A Quiet Revolution

A quiet revolution is underway — *an idea revolution* — led by managers and supervisors who, in a small but growing number of companies, have learned how to listen systematically to their employees. With each implemented idea, performance improves in some way. Some time or money is saved, someone's job becomes a little easier, the customer experience is enhanced, or the organization is improved in some other way. With large numbers of ideas coming in, performance improves dramatically. And as employees see their ideas used, they know they are having an impact on their organization and become more engaged in their work.

This quiet revolution liberates people and transforms the way that organizations are run, and it changes the nature of the relationship between managers and their employees. While still president of BIC Corp., Ray Winter observed the following about the effect of his company's idea system on the corporate culture: *"This system has taught my managers **real** respect for their employees. My managers have learned that their employees can make them look awfully good, if they only let them."*

Ideas are the engine of progress. They improve people's lives by creating better ways to do things. They build and grow successful organizations and keep them healthy and prosperous. Without the ability to get new ideas, an orga-

nization stagnates and declines, and eventually will be eliminated by competitors who *do* have fresh ideas.

An idea begins when a person becomes aware of a problem or opportunity, however small. Most ideas are common sense. They don't require particular insight or much creativity.

Leading Indicators

CEO of Wainwright Industries Don Wainwright believes that most business leaders manage from financial measures — that is, *lagging* indicators that impart mostly historical information. On the other hand, the most important indicator he uses is the number of ideas implemented in the previous week. To him, this is the best *leading* indicator of his company's future performance. If he gets this number right, a great deal will follow. Referring to the general tendency to manage predominantly by financial indicators, he said that he could beat Pete Sampras or Patrick Rafter at tennis, if they watched the scoreboard while he watched the ball.

When managers first realize the value in the ideas of their employees, it is a profoundly liberating experience. When they learn how to go after these ideas, they also learn that it is well worth the time and effort. Ideas *are* free. Employees become allies in solving problems, spotting opportunities, and moving the company forward, to the benefit of all. And when managers decide to let their employees think alongside them — and no longer seek to go it alone — they will have joined the Idea Revolution. ■

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The Power of Small Ideas

Business leaders are always looking for the next breakthrough idea — the “home run” that will put them well ahead of the competition with one swing. Because of this, the systems and policies they put in place are aimed at *big* ideas. Few managers realize how severely limiting this is. It is much smarter to go after the *small* ideas.

On one hand, the bigger an idea, the more likely that competitors will discover and counter it. If it affects the company’s products and services, it is directly visible — in fact, it may well be *advertised*. If the idea involves a major process change behind the scenes, it is often copied even more rapidly. Significant internal initiatives usually require outside suppliers, contractors or consultants — people whose jobs are to sell their expertise and knowledge. These same customers might well share the exciting new development with other suppliers.

Small ideas, on the other hand, are much less likely to migrate to competitors. They are often site- and situation-specific, and therefore of little use outside the company anyway.

Small Ideas and Huge Paper Rolls

When the *Vidette Times*, a regional newspaper in Indiana, ran out of newsprint late one night owing to a strike at its Canadian supplier, the press operator was ready with a backup plan — not a great one, but one the company could limp along with. Although his presses used rolls that were 45 inches in diameter, earlier that day he had borrowed some 47-inch rolls from a sister operation, just in case. His plan was that if the new shipment of 45-inch rolls didn’t arrive in time, he and his co-worker would manually unroll the larger rolls until they fit on the *Vidette Times*’ printing press. They were not looking forward to this, as it would involve stripping *thousands* of feet of paper off rolls that weighed more than three tons.

When the shipment of 45-inch rolls didn’t turn up, the two men brought a 47-inch roll across to the press on their forklift truck to see exactly how much paper they would have to unwind in order to squeeze it on. To their astonishment, they found that it just fit as it was. The press manufacturer’s specifications had been too conservative. Their discovery had significant implications. Being able to use larger rolls of paper saved the company thousands of dollars per year, because it meant fewer roll changes, and hundreds of fewer “trial copies” needed to get the ink flowing again after each roll change. It also shaved about a half-hour per night off the press run.

When this idea came up, the *Vidette Times* was in the middle of a circulation war. Had it come up with an innovative new column or marketing approach, its archrival would have been aware of it immediately. But

how would it learn about the 47-inch roll idea? And even if it had, it wouldn’t have mattered, since the competitor didn’t have the same model of printing press. Because most small ideas remain proprietary in this way, they accumulate into a tremendous competitive advantage that is *sustainable*, the kind of advantage managers *should* be striving for.

Small ideas also enable an organization to pay exceptional attention to detail. In many important aspects of business — such as customer service, responsiveness, quality, and managing costs — excellence means getting the details right. It is simply impossible to improve performance beyond a certain level without getting large numbers of small ideas. And a superior ability to handle details, in turn, raises the level of complexity an organization can deal with effectively. This can allow an organization to do things its competitors literally *cannot do*. ■

The Pitfalls of Rewards

Whenever managers start to think about how to promote ideas, the question of rewards almost always pops up. In the late 1990s, the British government released a white paper entitled “Modernizing Government,” in which Prime Minister Tony Blair and his cabinet laid out a comprehensive and long-term plan for reforming the way the government worked. One of its key initiatives was to make the Civil Service more innovative, by giving employees an “incentive to change behavior”: “We will foster innovation and continuous improvement of services in the public sector by rewarding staff who suggest ideas that lead to savings or better services. Government departments and agencies will introduce schemes which reward staff with a sliding scale percentage of any savings or improvements made as a result of their suggestions.”

On the surface, offering rewards for ideas commensurate with their value seems a smart thing to do. The more generous the rewards, the more ideas will come in. So the thinking goes. The British government is far from alone in this regard. It is an easy conceptual trap to fall into. A great many managers have unwittingly sabotaged their efforts to promote employee ideas by making exactly the same mistake.

Unanticipated Problems

The problem is not in sharing the benefits of ideas with employees — this can be done very effectively — but in doing so with rewards for individual ideas based on their value. Not only do such rewards substantially increase the cost, time and effort needed to evaluate and implement ideas, but they create a host of unanticipated problems that end up acting as *disincentives* for people to offer ideas. It is ironic that so many managers have such faith in

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The Pitfalls of Rewards

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a motivational tool that actually works *against* them.

The first set of problems has to do with calculating the value of an idea. It can be very time-consuming to quantify the effect of even the simplest idea. Take, for example, the idea that the Deutsche Post employee had to buy oil in bulk for one-fourth of the cost. Deutsche Post gives employees 10 percent of the annual value of their ideas. In this case, calculating the reward seems simple enough. But someone has to spend the time figuring out how much oil Deutsche Post uses, because the company does not track it centrally. Furthermore, not only does Deutsche Post have some 83 distribution centers, but it may take years to implement the idea at all of them. Some of the centers are even resisting the idea, because they have to go through the hassle of installing the tanks and getting special environmental licenses and inspections.

Most Ideas Are Complicated

These costs, too, have to be factored into the reward. And, of course, the price of oil fluctuates, and even varies by region within Germany. What prices should the company pick to make the calculations?

From the point of view of estimating cost savings, most ideas are more complicated than this one. Having to determine the worth of every single idea means a tremendous amount of non-value-adding work. And since it is impossible to calculate the value of most ideas accurately anyway, whatever numbers are produced are often perceived as underestimates by the very people the rewards are intended to thank and motivate. In the 1980s, United Airlines abolished its suggestion system — one of the oldest in the United States at the time — because of the large number of disputes that arose in this way.

Often, rewards that are intended to promote desirable behaviors are actually encouraging undesirable behaviors. And when it comes to rewards based on the value of ideas, the list of detrimental side effects is long. For example, rewards are usually given only to the *originator* of the idea. Doing anything else would be incredibly complicated. But this undermines the teamwork necessary to bring off most ideas. The contributions of the people involved in evaluating, testing and implementing them are largely ignored, and they often resent it.

A Common Complaint

A common complaint heard from idea system managers in companies that use rewards is that it is hard to get anyone to evaluate and implement ideas. And when they can persuade someone to look at an idea, the easiest course of action for that person to take is to find a reason to *reject* it.

A poorly designed reward scheme can also give rise to unethical behavior, as managers look for ways to save

money on the rewards they owe, and workers look to “game” the system for higher payouts.

People Want to See Their Ideas Used

Rewards are really not needed. People offer ideas because they *want* to see them used. Either they see a way to make their jobs easier or less frustrating, or they find an opportunity to improve the organization in some way. Employees also have a natural pride in their work; they like to feel valued and to know they are having an impact. Employees will willingly offer large numbers of ideas without the prospect of monetary rewards. The most important rewards they get are seeing their ideas used and being recognized for them.

This does not mean that organizations should avoid rewarding their people with substantial money for their ideas. Rewards *can* be given, provided they are properly structured. A number of companies with high-performing idea systems — including Wainwright Industries — give substantial rewards for ideas. On average, employees in these companies get far more money from their ideas than they would under traditional schemes that reward only the person who has an idea and ignores *everyone else* who plays a role in fulfilling the idea. ■

Making Ideas Everyone’s Job

Any system, no matter how well conceived, works only if people are held accountable for the roles they have to play in it.

Organizations that are successful at getting ideas monitor which employees are turning them in, which managers are getting them, and how rapidly they are acted on. Employees and managers are given appropriate training and support, and then held accountable for their roles in the idea process. Coming up with ideas is made a central part of the employees’ work.

Supervisors and middle managers are assessed on how well they do at promoting ideas. The supervisor’s role is to coach, mentor and encourage employees and to champion ideas with broader implications. Middle managers need to ensure that ideas are processed rapidly and fairly and that appropriate resources are available for implementation. They often must get directly involved with ideas whose impact is more significant or cross-functional.

In addition to their oversight responsibilities, top managers should have roles that routinely bring them into direct contact with suggesters and their ideas. This not only shows that top managers support employee ideas, but it keeps them in closer touch with what is happening in the trenches. There is a huge difference between the actions of a leader who sees employees as a tremendous source of improvement ideas and one who sees them as a *cost* to be minimized. ■

Putting the Process in Place

Without some kind of systematic approach, it would be impossible to deal with large numbers of ideas. An “idea system” is a set of procedures that ensures that employee ideas are handled smoothly and fairly.

Many managers believe that structure and formality hamper the free flow of ideas. But the absence of a system makes employee ideas more of a nuisance than a help. Not only does the employee involved have to figure out who to take it to, but that person also has to figure out what to do with it. Managers who advocate completely informal idea processes often do not realize how these actually discourage people from bringing up ideas. A smoothly running system that is well integrated into the organization’s daily routine makes it feasible and reasonable for ideas to become central to everyone’s work.

High-Performing Idea Systems

While every organization should design its process according to its unique needs, certain characteristics are common to all high-performing idea systems. They are:

1. Ideas are encouraged and welcomed. The most effective encouragement an organization can give its employees to step forward with ideas is a track record of using ideas and giving people credit for them. Make it clear to everyone that each idea will be taken seriously.

When American Airlines started up its idea system, CEO Robert Crandall put in place a tough policy. Every idea that was not acted on within 150 days was automatically forwarded to him. Word quickly spread among managers that it was not pleasant to be called to his office and be asked to explain why they had been sitting on a potentially valuable idea. Such unambiguous and visible management commitment makes it clear to employees that their ideas will be welcomed by managers.

2. Submitting ideas is simple. The key is to design the submission process to match the kinds of ideas that employees will come up with — that is, mostly small ones. Should more information be needed, the employee can always be asked for it.

3. Evaluation of ideas is quick and effective. Evaluating ideas at the lowest possible level is what underlies the astonishing speed with which some organizations can respond to them. The global fabric and specialty chemicals company Milliken, for example, has a “24/72” policy: Every idea is acknowledged within 24 hours, and a decision about it is made within 72 hours.

4. Feedback is timely, constructive and informative. When people know the status of their ideas and get timely and informative feedback, it helps maintain their ownership and interest in the ideas as well as their trust in the process. Good feedback demonstrates that an idea was taken seriously, even if it was rejected.

How an Idea Saved Volvo Millions

In the late 1990s, an assembly line worker at Volvo’s Gothenberg plant stunned engineers with the largest idea in the history of the company’s suggestion system. His idea was to use advances in computerized fuel injection systems to control the fuel-air mix precisely enough so that certain pollution control equipment in each car’s exhaust system could be eliminated. With his supervisor’s help, the worker borrowed a vehicle to experiment with and got permission to use the maintenance shop and equipment on evenings and weekends. After he rolled out a fully functioning test vehicle, the idea saved Volvo millions of dollars.

5. Implementation is rapid and smooth. To achieve rapid and efficient implementation of ideas, managers have to ensure that the right resources are available to handle the volume and types of ideas that will come in. But until an organization has some experience with the flow of its employee ideas, it is difficult to predict what the required profile of resources will be.

In the mid-1990s, a large New England clothes maker started up an idea system. Wanting to keep tight control over the process, the CEO assigned the vice president of operations responsibility for personally responding to every idea and making certain it was implemented. Within two weeks, the 30 members of the department had submitted 130 ideas. The vice president had just been handed more than 500 hours of extra work. After implementing only a handful of suggestions, he saw to it that the idea system was quietly killed. The clothes maker’s attempt failed because it was not prepared for the eagerness with which its employees responded. With its cumbersome process and lack of resources, the company’s system collapsed.

6. Ideas are reviewed for additional potential. A good idea system incorporates post-implementation processing to see whether a new idea creates further problems or opportunities. The process should involve a step that moves ideas *outside* the work unit, to other units, functions or locations. The simpler this process, the more effective.

7. People are recognized, and success is celebrated. The most effective form of recognition for ideas is to use them and give people credit for them. The more personal and sincere the recognition, the more it reminds people that they are an important part of the team and that their contributions are valued.

8. Idea system performance is measured, reviewed and improved. As with any core processes, managers must be able to monitor the performance of their idea system and continually identify opportunities to improve it. The metrics necessary to do this track three things: the quantity of ideas, where they come from, and the speed at which they are processed. ■

Focusing on What Matters Most

Once a good process to handle ideas has been set up, the next step is to think about how to focus employees on problems or opportunities of real importance. Alerting employees to problems or opportunities they may not be paying attention to actually helps them come up with more ideas. When managers learn how to aim ideas at specific targets, they gain a powerful competitive weapon.

When ideas are needed on a specific topic, the most straightforward thing to do is to ask for them. This conceptually simple tactic can be extremely powerful. The challenge is to identify the right issue, and to define it in a way that is meaningful to employees.

When managers let employees know what the critical issues are, make certain they understand why these issues are important, establish clear metrics, and invite their ideas, it increases alignment between the employees' concerns and the company's needs. But take note that this "Ask, and ideas shall be given to you" approach works only when employees respect their managers. Once respect is established, employees are very willing to help out. Herb Kelleher, CEO of Southwest Airlines, found this out in early 2000, when his company was reeling from a huge increase in fuel prices.

Kelleher sent a letter to the company's employees asking for help. He wrote that if everyone could save just \$5 per day, this would translate into company-wide savings of \$140,000 a day. To emphasize his point, he ended his letter in this easygoing way: "Please accept this in place of your Year 2000 Valentine [an annual tradition at Southwest] which we are not sending because of high fuel prices. You are my Valentine." Within six weeks, employees had sent in ideas worth some \$2 million. And that was simply because Kelleher and his management team had

genuine credibility with employees, owing to their long history of listening to and acting on their concerns.

Choosing What to Focus on

It is both a science and an art to select the right theme for employee ideas. Economist Friedrich Hayek classified knowledge into two types: knowledge of *particular circumstances of time and place* and *aggregate* knowledge. Generally speaking, front-line employees possess more of the first type of knowledge. But managers possess more aggregate knowledge — exactly the type of knowledge that is needed to identify where ideas will have the greatest impact on overall performance.

Choosing a worthy theme for employee ideas begins with identifying the primary drivers of the department's, group's or organization's performance. Generic high-level issues such as cost, quality or customer service may be places to start, but are usually too broad. To be effective, a theme should concentrate everyone's efforts on a specific actionable leverage point, perhaps a narrower dimension of the larger issue. Identifying leverage points usually requires thought, research, observation and analysis.

Coolman and Coolman

Consider what happened at Coolman and Coolman, an Indiana home builder. Since this company depended heavily on advertising to sell its homes, managers began with the question "How do we make our advertising more effective?" After some investigation, however, the company found that people who responded to advertisements required a great deal more "selling" time and effort than those who were referred by previous customers, and they were much less likely to end up buying a new home. The question then became "How do we get more referrals?" The answer? Delight *existing* customers. But this was still too broad a concept. So more research was done.

The three most important factors to customers turned out to be quality, delivery and the buying/building experience. By focusing improvement ideas on these three items, referrals were increased more than *sevenfold* over three years, and advertising and selling costs were reduced. Before this idea initiative began, the company had delivered only *one home* in *20 years* that was completely free of minor defects that had to be fixed after the customer moved in. After concentrating on such defects, Coolman and Coolman was able to deliver 70 percent of its homes without any additional work needed — a standout performance in the residential construction industry in which "call-backs" are the norm. What began as an effort to figure out how to improve advertising had ended up, after investigation and analysis, identifying three points of high leverage for employee ideas.

Focusing ideas need not be a one-time or even an occasional activity: It can be incorporated more permanently and routinely into the way an organization operates. ■

Ideas at Grapevine Canyon Ranch

A well-thought-out policy can be just as effective as a bonus program in inspiring ideas on specific topics. When Grapevine Canyon Ranch launched its idea system, some early ideas dealt with tipping inequities. Wranglers got most of the tips because they had the most contact with customers. Other employees received relatively few. After the problem came up in several idea meetings, the tipping policy was changed and guests were asked to tip only when checking out and were told that their tips would be shared equally among employees. The wranglers' resistance to this change quickly subsided when they discovered themselves earning more in tips than they did before. Because guests were now tipping as a percentage of their total bill, there was more money in the pool. Customers also liked that they no longer had to worry about when to tip or carry cash during activities.

Getting More and Better Ideas

It makes little sense to waste resources stimulating *more* ideas from employees if you can't handle the ones you *already* have.

Once a healthy idea system is in place, however, it makes a lot of sense to help employees come up with more and better ideas. First, you must understand how people spot problems and opportunities, and develop ideas from them.

To increase the number of problems and opportunities their people spot, managers must provide them with appropriate training and experiences. These employee-development approaches fall into two general categories. First is direct training in idea activators — to give employees profound knowledge in areas where their ideas can have the biggest impact. Second is exposure to new situations and experiences that will broaden their perspectives.

Idea activators boost the quantity and quality of ideas in specific and predetermined areas. For example, Toyota introduced training programs to help employees come up with more ideas. Instead of showing people how to do specific tasks, these programs showed them how to improve key drivers of performance, such as quality, productivity and safety. Some of Toyota's activators include:

- **“Poka-yoke,” or error-proofing.** A poka-yoke is a simple way to ensure that a mistake that people are prone to make repeatedly can no longer happen.
- **Total productive maintenance (TPM).** TPM involves a brutal measurement, “overall operational effectiveness,” to highlight problems that most organizations miss.

Broaden Employee Perspectives

Broader idea-generation approaches give employees greater perspective on the organization and their work. For example, Koji Kobayashi, former chairman of NEC, believed that “Job rotation is the miracle drug of productivity.” Job rotation gives employees different perspectives on how the company operates. It allows them to make connections they otherwise might not make. Furthermore, when people understand more about how the company operates, their ideas will be better and have greater impact, and they themselves will become more effective idea champions.

An MBA student from Thailand pointed out that rotating managers can also help employees come up with more ideas. Her father owned a number of hotels and resorts, and he rotated his senior management team every two years. The rotations were deliberately radical; that is, the head of accounting might become the head of house-keeping, while the head of customer service might be put in charge of food services. After each rotation, the number of ideas submitted would invariably soar. The reason was this: When an executive took over a totally unfamiliar department, he or she was unusually open to ideas about how to improve it, and the employees knew this.

Five Guerrilla Tactics

Here are five actions you can take today (without the boss' permission):

- 1. Train, train, train.** Identify the key leverage points of performance for your group, and develop idea activator modules for them. Stay alert for possible activators as you read business books and magazines, interact with colleagues, and look over mailers from training companies.
- 2. Get out of the office.** Attend trade shows, workshops and conferences. Take advantage of opportunities to visit other companies, including ones that do very different types of work. Bring others along.
- 3. Record exceptions.** Ask your people to record any exceptions they see. From time to time, probe these exceptions with your group to see whether they suggest any improvement opportunities.
- 4. Rotate your people.** Rotate your employees into different assignments, so they see as much of the organization as possible. Approach your internal customers and suppliers, and ask whether they would be interested in trading people for short periods of time.
- 5. Encourage diverse perspectives.** Ask people who you think might have a different perspective on your department's work for their thoughts on how it might be improved.

Customer complaints are excellent sources of ideas because they identify problems. Organizations should make it *easy* for customers to complain and encourage employees to use complaints as starting points for improvement ideas.

But complaints alone represent only part of the customer perspective and happen only after a problem occurs. Being proactive in getting to know customers and their needs — through surveys, focus groups, shadowing techniques, mystery shoppers, “psychographics,” or simply by talking with them — can provide a wealth of ideas. The trick is to get customer input to the employees who can use it. For example, Good Shepherd Services, a nursing home operator, has quarterly “Care-Planning” meetings with every resident and his or her family. Any complaints or special requests become fodder for ideas.

Once people have perspectives or knowledge that sensitizes them to the importance of ideas in a particular area, their ability to come up with ideas depends on how alert they are. Prolific suggesters *discipline* themselves to notice “exceptions,” *record* their thoughts and observations, and are willing to *spend time* studying the problems or opportunities they spot. ■

For Additional Information on how opportunities can be hard to detect, go to: <http://my.summary.com>

Liberation and Transformation

Today, many organizations struggle with poor cultures. Although most managers would agree that a dysfunctional culture results in lower performance, elements of culture such as trust, respect, commitment and involvement are difficult things to manage. Because of this, many managers who have attempted to improve their organizations' cultures have met with disappointing or ambiguous results.

But organizations with effective idea systems have learned that there is a strong link between culture and the flow of employee ideas. This is why an idea system — whose performance can be measured and managed — provides such an effective way to improve corporate culture.

Good Shepherd

When Mary Ann Kehoe took over as managing director at Good Shepherd Services in 1991, the nursing home was in bad shape. Morale was extremely low, employee turnover was over 100 percent per year, and the organization was in financial trouble. In the 11 years since 14 churches in the Seymour, Wis., area had founded the not-for-profit organization, it had had 10 different managing directors. When Kehoe took over, everyone wondered how long *she* would last.

Good Shepherd had been established to provide high-quality long-term care for the local community. Kehoe realized that unless Good Shepherd changed the way it operated, it certainly could not fulfill this mission and might not even survive. She thought the answer lay in greater efficiency.

One of the industry's most serious problems is the wasteful way it delivers care. As an experienced nurse, she had seen much of this waste herself and knew that improved work practices would make people's jobs easier, save money, and enhance patient care. She also knew that many of the ideas on how to improve care would have to come from front-line staff, because they were the ones dealing with the residents.

Applying Knowledge

The problem was that the rules-driven hierarchical culture common in the long-term care field gave those on the front lines little chance to be heard. Kehoe also realized that simply asking front-line staff for their ideas wasn't going to be enough. If Good Shepherd was to apply best practices throughout its operations, direct-care staff needed more knowledge about the state of the art in long-term care. Then they could apply this knowledge, through the ideas they came up with, to improve the day-to-day care of individual residents. This was the genesis of Good Shepherd's idea activators.

As the care staff gained experience working with ideas, they began to identify impediments to efficient decision

making and implementation. They approached management with suggestions on how to improve the situation. Over several years, the leadership team made a number of crucial modifications to the way the organization worked. One, for example, ended the traditional practice of continually rotating staff between the facility's four wings (a wing has about 24 residents) and the different shifts. A series of suggestions had made it clear that this practice detracted from the staff's ability to come up with, agree on, and implement improvements. Not only did they work with different people every day, but they were not with individual residents long enough to get to know them well.

Revolutionary Results

Good Shepherd created permanent care teams, one for each shift in each wing. The teams consisted of nurses, certified nurse's aides (CNAs), dietary aides, and house-keeping staff. The stable team membership allowed employees to get to know the residents better, learn their individual needs and personalities, focus ideas on improving each one's quality of life, and work together to develop and implement these ideas. Good Shepherd's idea system is so integrated into the daily routine that it has almost disappeared. In other words, ideas are not merely central to the job at Good Shepherd, they are an indistinguishable part of the work.

This modest, community-based nursing home has one of the best performance records in the United States. Although Good Shepherd takes residents who are in significantly worse shape than the nursing home average, it consistently outperforms industry averages on every major quality-of-life indicator. By 2004, Good Shepherd had never been cited for a single deficiency by state or federal inspectors in over eight years — an industry record.

This story illustrates why the term "revolution" is used to communicate what happens when managers seriously seek and act on employee ideas. Not only did they achieve results they had not thought possible, but they did it with fewer resources.

Knowing how to promote employee ideas will become a critical core competency for managers — and will become so soon. Mastery of this competency will separate effective managers from ineffective ones. To embrace the subject, do the same thing you do to sharpen your other professional skills. Keep up-to-date with the latest thinking and practices. Read, attend conferences and seminars, and network with like-minded people inside and outside your organization. Visit organizations that successfully promote ideas. But, most important, start asking your people for ideas. Remember, ideas are free, and they have the power to liberate your people and transform your organization. ■

For Additional Information on one CEO's thoughts on ideas, go to: <http://my.summary.com>