

## **Idea Management – Why You Need to Invest In It in 2009**

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### **TOUGH TIMES!**

Is your company or organization impacted by the current economy? My guess is yes and if not, it will be in the near future. How is your leadership handling the crisis? Often it is by draconian cost cutting measures that may actually weaken your company rather than leaving it prepared for a long fight. And the fight is really about retaining customers, finding new ones and continuing to bring out new products and/or services – yet doing it more efficiently. Pure cost cutting may actually cause you to lose customers frustrated with your performance while your new products/services just aren't good enough.

Has leadership considered IDEA MANAGEMENT as a tool? Sadly it often gets overlooked, yet may be the most powerful tool to find quick fixes to problems. Your employees are the best source of improvement ideas they see in the workplace or working directly with customers. Yet their important inputs typically go overlooked and great, simple cost savings ideas get lost. IDEA MANAGEMENT can find all of the costly waste<sup>1</sup> in your organization and help get rid of it. I bet that waste is far higher than any normal cost cutting you could imagine.

If your organization already has IDEA MANAGEMENT, are they effectively utilizing this powerful tool? I am guessing there is room for improvement. Leadership and especially middle management need to see the benefits of all the ideas being submitted – your software needs to show that to leadership. IDEA MANAGEMENT needs to be constantly sold to leadership so they see the incredible impact it can make as well as see what key ideas are in the queue and need their support.

### **HOW IDEA MANAGEMENT IMPACTS YOUR ORGANIZATION?**

Below are the key areas IDEA MANAGEMENT helps your organization. When rolling out a new IDEA MANAGEMENT during this recession, I'd recommend initially focusing on quick solutions mainly in the area of COST SAVINGS. But don't overlook the other areas as a simple idea that improves customer satisfaction may save losing a key customer.

- ◆ **Cost Savings** – ROI of a well run Idea System<sup>2</sup> is conservatively over 2:1. Numbers for a new IDEA MANAGEMENT can be much higher as there is a reservoir of ideas that has never been tapped.

- ◆ **Customer Satisfaction** – Issues that annoy customers get resolved. Many of these issues cost little to fix, just internal politics kept them from being resolved.
- ◆ **Improved Products and Services** – Simple changes can increase longevity of existing offerings.
- ◆ **Safety** – Finding ways to improve work safety is a win-win. This is a good place to start for IDEA MANAGEMENT if you have a union environment as people will not see it as a threat to their jobs.
- ◆ **Workforce** – With layoffs and downsizing, your workforce morale can be shattered. Harnessing their creative inputs will help turn that around.

**STAGES OF IDEA MANAGEMENT**

There are three basic stages to implementing IDEA MANAGEMENT. The level of leadership involvement and cultural change shifts as you move from STAGES 1-3. For the rest of this article I will focus on STAGE 1.

	<b>Stage</b>	<b>Definition</b>	<b>Impact to Your Organization</b>
<b>1</b>	Basic Idea Management	On-line idea system that captures ideas and uses subject matter experts to review ideas and implement them.	You will quickly find ideas that save money or other improvements. This stage is the easiest to implement and requires the least amount of cultural change.
<b>2</b>	Tailored Idea Management	Flexible workflow allows ideas to be handled based on their impact.	Growing autonomy – people start implementing their own ideas where possible. Subject matter experts move to a coaching role. Some of the best ideas may require leadership to be open minded as they can challenge how things are done and break down barriers between departments.
<b>3</b>	Collaborative Idea Management	Interactive environment where ideas, problems and information is shared. At this level, your organizational culture evolves to focus around customer needs.	Middle management supports people working directly with customers to be directly involved in solutions. This may require new ways of communicating to employee, involving customers, and measuring performance (e.g., accounting practices).

## **APPLYING IDEA MANAGEMENT TO GET IMMEDIATE RESULTS**

I recommend starting out with a basic form of IDEA MANAGEMENT – STAGE 1. This will get you a lot of good ideas quickly. Below are some items to consider as you move down the path of creating an idea system.

- ◆ Clearly communicate what you want from people. This includes of overall goals of your organization as well as specific ones to each department/work area.
- ◆ Create campaigns or idea events that will focus idea activity on key areas. Get middle-managers to locally focus idea activity on what they need.
- ◆ Use departmental meetings to showcase ideas and get input on ideas that haven't been fully developed.
- ◆ Be prepared to focus resources on those ideas and train people to write better ideas - since you want ideas that relate to your organizational needs.
- ◆ Find ways of keeping the review of ideas simple. Avoid lengthy calculations if a simple go/no go approach will work.
- ◆ Stay open-minded. Some of the best ideas you get may look stupid at first but be the one that saves a lot of money.
- ◆ Utilize a simple recognition process for people involved that keeps it fun but doesn't turn into a burdensome cash award process. Using random drawings for prizes or points awards (that achieve milestones or are redeemable) are approaches to consider.
- ◆ Use a fully on-line software system to manage ideas, a simple web form won't work. This saves administration time and allows people to see other good ideas and either use them directly or serve as a catalyst for other ideas.
- ◆ Get someone respected by leadership to administer the process. They need to be able to push the good ideas through. Consider using people that may be between tasks but had high level positions or recently retired and you can bring back.

Once you get a few good cost savings ideas, start focusing on other improvement areas. For instance, can you reduce the time it takes to create a new product? Are your service or product offerings ones that really meet customer needs? This starts to move to a tailored form of IDEA MANAGEMENT. The cost savings here is harder to measure but benefits invaluable.

**GOOD LUCK!**

**<sup>1</sup>WASTE OR MUDA** – Japanese manufacturing has effectively used small, incremental improvements to reduce waste – they use the term Muda for this. This focus on reducing waste really works in any type of organization as waste is anything that activity doesn't add value to the customer.

There are seven traditional forms of waste – again these focus on manufacturing but many relate to the service sector. For instance either a customer or employee waiting for a something to be completed is a form of waste.

- o Correction
- o Over production
- o Motion
- o Material movement
- o Waiting
- o Inventory
- o Processing

**<sup>2</sup>ROI** – There are many benchmarks of ROI for IDEA MANAGEMENT. However I have seen few examples where all costs are measured so numbers can be overstated. A true ROI value needs to include time for review, implementation, awards/recognition, administration costs, and other overhead costs. The best example I have seen showed ROI values of 2-3 where for a quarter every idea processed was carefully reviewed – however that research was for a manual system. Using an on-line system can push that number even higher. And even with this conservative a number, an ROI of 2-3 is far better than most projects you can implement.

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