



## TenStep Supplemental Paper

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### **Cashing in on Suggestions**

*Developing an effective employee suggestion system*

#### **Key Learnings:**

- Employee suggestion initiatives are successful only when they are well-planned and well-executed
- Elements of a successful initiative include an evaluation team, pre-determined parameters, a defined reward structure, upper management support, frequent promotions and evaluations amongst others

Good employee suggestions are valuable and guarantee great business returns. Yet this inexpensive and readily available source of information remains highly under-utilized.

When employee suggestion systems were first put into place the idea was to persuade employees to point out the good and the bad in the organization and recommend workable solutions to rectify the wrongs. Many organizations put up suggestion boxes in every corner seeking employee ideas and recommendations.

#### **Suggestion power**

Given the fact that line managers are the closest to products, vendors and customers, their involvement seems necessary to improve processes and practices. However, most employee suggestion systems have fallen apart. This state is often attributed to:

*Upper management apathy:*

In most cases, management seldom acknowledges employee suggestions, let alone implements them. Moreover, employees fear their suggestions might appear anti-management. Hence to avoid being reprimanded, or even penalized, they refrain from voicing their opinions at all.

*Employee attitude:*

Employee complaints are often frivolous. What frustrates the management most are anonymous, untrue complaints and sketchy, irrelevant suggestions.

Most suggestion initiatives have resulted in lack of continuing maintenance, the absence of any follow-through and a poorly framed structure.

#### **On the road to recovery**

A poorly-designed and poorly-executed suggestion initiative can adversely impact employee morale. Considering the great business pay-offs good employee suggestions yield, it is time organizations reactivate their suggestion systems. A well-designed and well-managed employee suggestion initiative is built using the following elements.

#### **An evaluation team**



## TenStep Supplemental Paper

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A well-represented 'suggestions' evaluation team is an imperative. This team should comprise individuals from all major departments and key functions such as legal, finance and information technology. Such teams usually possess a basic understanding of how the business operates and therefore are more capable of considering different viewpoints. However, team members should respect employee participation and be open to change.

### **Pre-determined parameters**

Organizations must decide in advance on the areas that are open to employee suggestions. Only when suggestions fall under these areas should they come up for any consideration. Soliciting recommendations in pre-determined categories such as safety, customer service, training is a sensible and simple way of avoiding irrelevant and worthless proposals or complaints.

Establishing submission requirements is another strategy to encourage workable suggestions. Requiring employees to provide basic details of their recommendations that include an introduction to the problem, 'bulleted' solutions and a rough cost/benefit estimate is an ideal way to encourage valuable recommendations. When asked to provide details, an employee will certainly ensure that his suggestion holds some merit.

### **Upper management support**

C-level executive involvement is the key to the success of any program. Top-down communications must clearly convey that employee ideas and recommendations are welcome and even instrumental in maintaining the organization's competitive advantage.

Additionally, senior managers should be instructed to reinforce the organization's commitment to the program and maintain employee participation. This requires publicizing successful employee recommendations and distributing rewards.

Equally important is to foster an environment where change and new ideas are valued and the style of management is participative. In the absence of management involvement, employees will question the disconnect between a suggestion program and the work environment. Another effective way to demonstrate executive involvement is to appoint a management-level employee as a program administrator.

An administrator should act as a link between the evaluation team and employees, soliciting ideas and recommendations, forwarding them to the concerned authority for review, keeping contributing employees informed about the status and maintaining relevant documents.

### **Reward structure**

An ideal way to compensate is to give the employee a percentage of the first-year estimated cost savings of the suggestions. The percentage is usually pre-decided and does not exceed a certain "ceiling" amount. Moreover, this compensation strategy comes into play only on 'implemented' suggestions.

For recommendations that cannot be readily quantified, suitable alternatives include flat cash awards, paid time-off and gift certificates. As management recognition is a powerful



## TenStep Supplemental Paper

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motivator, gestures such as a hand-written thank-you note from the CEO, reserved parking space, or a mention at a central gathering can be equally effective. Like recognizing employee contribution, the manager's role too needs appreciation.

As part of performance appraisal, a manager's contribution in nurturing an environment conducive to new ideas, change and creativity must be evaluated. Managers who regularly get their employees to submit new ideas and recommendations should be awarded.

### **Promotions**

A continuously and well-promoted program demonstrates ongoing management commitment. More importantly publicizing the program is an excellent way of educating and reminding employees about the existence of a suggestion system.

Therefore, organizations desiring successful suggestion initiatives should:

- Promote use of newsletters, notices, posters and the corporate website
- Distribute materials to educate employees about how the program works, its goals and benefits
- Organize formal functions to reward contributing employees

In addition to encouraging contributing employees, such promotional activities have a positive impact on employee morale. A well-run suggestion initiative inspires employees to explore ways to improve operations, offer ideas without fear of any repercussions and take ownership of their work.

### **Training**

In addition to educating managers on the procedures and practices of the system, training them in facilitation, team-building and coaching skills hugely improves program success. Also, a part of training is assuring managers that recognizing employee contribution and helping them move ahead will not work against them.

Trained managers, besides being well-versed on how the program works, can successfully incorporate it into their daily supervisory activities. Trained managers can better recognize ideas and suggestions with potential and ensure that they come up for consideration.

### **Ongoing evaluations**

Continual evaluations are key to a program's success. Organizations can implement a formal assessment system where employee and management perceptions are collected and analyzed on a regular basis. The informal approach is to ask employees and concerned managers for feedback on how the program can be better managed and executed.

Encouraging employee participation definitely takes much more than putting up suggestion boxes. While an employee suggestion system may require time and effort, it can reap benefits provided it is well-designed and managed.