



Productivity Methodologies, Tools, and Techniques

Harnessing collective wisdom through employee suggestion schemes



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Employee suggestion schemes (ESS) are popular among many organizations striving for world-class business excellence and functions. This employee involvement method taps their knowledge for ideas for improvement. There are two types of ESS. The traditional one focuses on suggestions with a high impact, and handsome rewards are given to employees whose suggestions have a significant effect on the financial performance of the organization. Very often, few suggestions are received since highly innovative suggestions are rare and hard to come by.

On the other hand, the kaizen ESS tends to focus on small, incremental, continuous improvements. Commonly, many world-class organizations that practice this type of ESS receive 30 or more suggestions per employee per year with an implementation rate exceeding 90%. This is translated into an economic benefit of US\$26,000 to US\$123,000 per employee per year for those organizations. It was reported that a Japanese company in the metal industry achieved US\$7.8 million in economic benefits from just a single suggestion. That example shows that, with a wellmanaged kaizen ESS, organizations will occasionally receive high-impact suggestions along with the less significant but still good ones. This article focuses on the characteristics and implementation of the kaizen-type ESS.

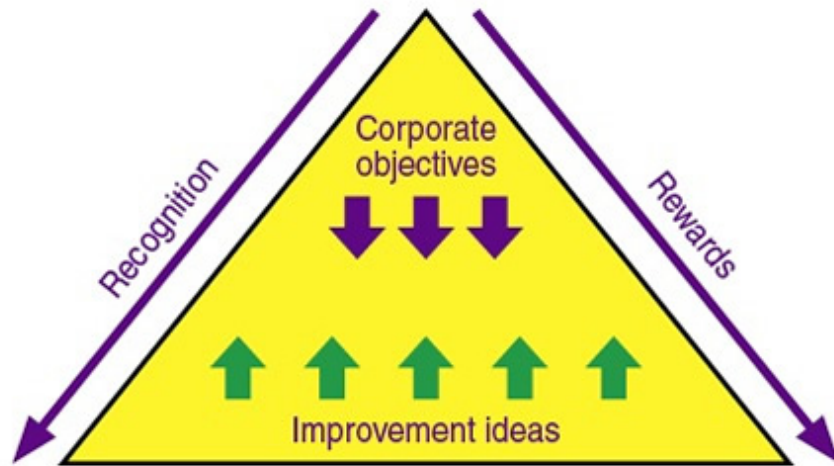


Figure 1. ESS enable two-way communication between management and employees.
Source: Teian Consulting International, Singapore.

An ESS can not only harness the collective wisdom of all employees, it can also help to develop two-way communication between management and employees to synchronize improvement activities within the organization (Figure 1). It provides opportunities for the leadership development of supervisors and a platform for workers to develop the kaizen mentality, creativity, and innovation. It is important for management to receive suggestions on solving problems positively. Negative attitudes often dampen employees' morale, causing them to refrain from making suggestions, without which there cannot be any creativity and innovation.

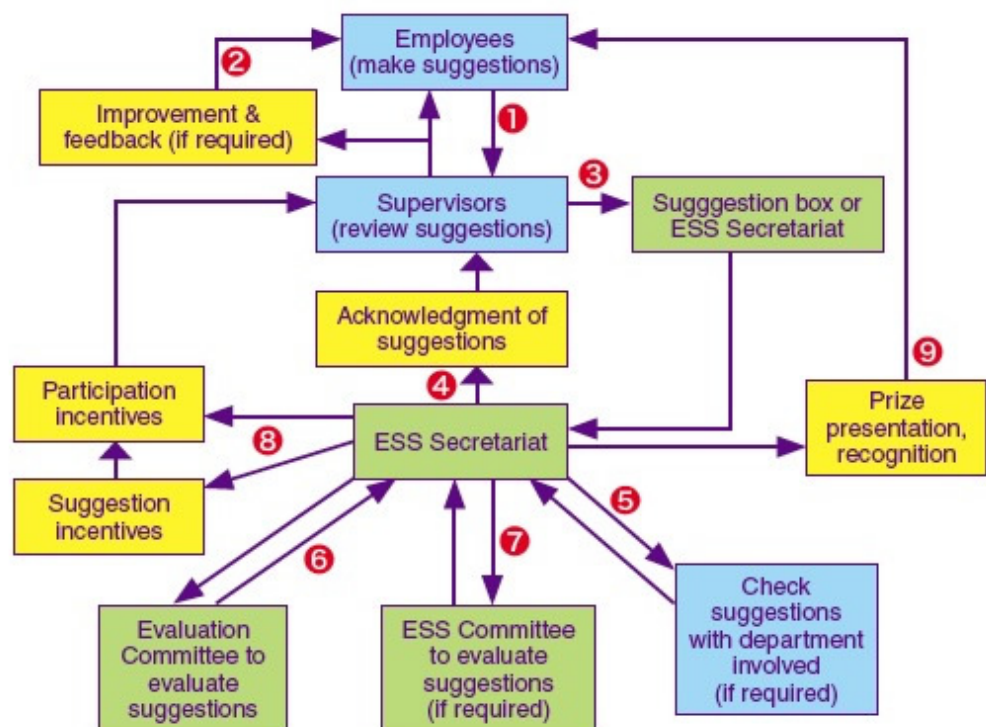


Figure 2. Process flow of the operation of a typical ESS.
Source: Teian Consulting International, Singapore.

Implementing an ESS does not merely involve announcing the role of the staff and installing a few suggestion boxes. Very often, the boxes become rubbish bins and collect all sorts of items other than suggestions. A wellstructured ESS with every detail worked out before implementation should have an organizational structure, policies, management system, evaluation procedure, award system, incentive and recognition system, and monitoring system (Figure 2).

In many organizations, suggestions are usually made on areas related to the improvement of work methods, tools, workplace environment, equipment, products or services, clerical work, and conservation of energy and resources. The initial implementation of an ESS is seldom smooth sailing. Few suggestions are usually received initially. Organizations then typically launch a campaign to increase the number of suggestions submitted by employees. However, many organizations find it difficult to carry out the suggestions because those received are of poor quality. Such suggestions usually lack details concerning their implementation, would be costly and/ or impractical, and lack analysis of the root cause of the problem. Ideas are valuable only when they can successfully be translated into practice. A good suggestion should not only state clearly the idea or problem to be solved but also make a proposal to put the idea into practice or resolve the problem. Therefore, it would be worthwhile to provide training for supervisors so that they can coach workers to make quality suggestions. In some organizations, supervisors play a critical role in coaching and motivating workers to submit quality suggestions regularly, as they are the best person to judge whether a suggestion would be practical or benefit the organization.



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