

# SELECTED REFERENCES

INDUSTRIAL RELATIONS SECTION

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## SUGGESTION SYSTEMS\*\*

Berry, Skip. "Ideas that pay off." *Nation's Business* (U.S. Chamber of Commerce, 1615 H St., N.W., Washington, DC 20062), April 1991. pp. 34-35. \$2.50.

Since Eastman Kodak's first employee suggestion system in 1898, the practice has become quite common. The National Association of Suggestion Systems (NASS) reports that in 1989 its 900 members received nearly a million suggestions of which thirty-two percent were adopted. Berry highlights favorable experiences with suggestion programs in a few medium-sized firms. In general, in order to be considered, a suggestion must result in cost reduction, improved safety, or greater production efficiency. Rewards for approved ideas include: money; luncheons; gifts; and special parking spaces. Among the less tangible benefits are enhanced communication and employee morale. The NASS is a non-profit, service organization for more than 900 organizations that have suggestion programs. Located at One Illinois Center, Suite 2000, 111 East Wacker Drive, Chicago, IL 60601-4298, NASS provides a variety of services and publications. These include legal guidelines, an annual statistical report, specialized subject booklets, and a very comprehensive user manual, *The suggestion system: a total quality process* ([1991], 700+ pp., \$475.00). Two other articles that draw upon NASS research data are "Suggestion systems" by Maryellen LoBosco (*Personnel*, October 1985, pp. 16-21) and "Bottom-up strategies: asking employees for advice" by Don Nichols (*Management Review*, December 1989, pp. 44-45). LoBosco reports on the experiences of seventeen firms currently supporting suggestion systems. Nichols documents big payoffs to companies that embrace employee participation programs. In 1988, NASS employers, he recounts, saved an average of \$7,663.00 for every suggestion adopted.

Burnette, Donna and Tim C. Bousum. "Calculate suggestion program savings." *Personnel Journal* (ACC Communications, 245 Fischer Ave. B-2, Costa Mesa, CA 92626), February 1989. pp. 33, 35. \$3.00, reprint.

The authors emphasize the importance of carefully documenting the specific impact of suggestion programs on cost savings within organizations. They explain the significance of formulating a savings picture of "impact dollars" (that portion of savings which is tangible and traceable as well as that which is based on estimates) in order to get a sense of total savings. They provide many examples of possible "savings categories" within the firm and suggest several applications of this information for budgeting, planning, and other purposes once appropriately reported.

\*Prepared by Kevin P. Barry, Librarian, Industrial Relations Library.

\*\*Items from this list should be ordered directly from the publisher. Addresses are given in connection with most references.

Downey, Edward H. and Walter L. Balk. *Employee innovation and government productivity: a study of suggestion systems in the public sector*. Alexandria, VA 22314. International Personnel Management Association (1617 Duke St.). 1976. 90pp. (Personnel Report No. 763). o.p.

This much cited study describes the evolution and workings of suggestion systems in the private and public sectors. It explains that government suggestion systems are designed both to create organizational change ("process perspective") and help government adapt to change ("adaptive perspective"). Chapter three is an especially interesting sample of twelve state government suggestion systems. It presents comparative data and offers an analysis of in-depth interviews with New York State employees, supervisors, suggestion system administrators, suggestion evaluation committee members, and policy managers. Several types of administrative thought and managerial style that either inhibit or foster participation in suggestion-making are discussed, followed by recommendations useful to improving and/or implementing a suggestion system. Appendices include: excerpts from a suggestion system manual; suggestion forms; a suggestion control card; suggestion system reports; and suggestion committee forms. Useful as general background readings are: *Productivity and motivation: a review of state and local government initiatives*, by John M. Greiner (Urban Institute Press. 1981. pp. 63-66. o.p.) and *Performance targeting in local government: an examination of current usage, impacts, and implementation factors*, by Jane P. Woodward, Margo P. Koss, and Harry P. Hatry. (Urban Institute Press. 1978. 101pp. Available from National Technical Information Service. Report No. PB-80-121692. \$23.00.)

*Employee award programs*. Rockville, MD 20850-3397. Bureau of National Affairs. (9435 Key West Avenue). 1987. 69pp. (Personnel Policies Forum Survey Reports No. 145). \$50.00 paper.

Of 171 organizations responding to the 1986 PPF survey, only twenty-six percent reported giving awards for employee suggestions, in contrast to forty-four percent of the firms responding in 1964 and thirty-seven percent in 1975. BNA attributes this pattern of decline, in part, to the adoption by businesses of other employee involvement techniques ranging from quality circles to cost reduction programs. Cash bonuses of varying amounts are the most common type of award given for suggestions. In 1985, the median cost of the average suggestion award was \$73.00, and the median number of suggestion awards presented was two per 100 employees. Of all the employee award schemes investigated, overall costs for suggestion award programs were the lowest, with a median total expenditure of \$2500.00. Most firms did not limit eligibility for awards or exclude top level staff from participating. Only one-third of the respondents actually used suggestion boxes, with inter-office mails becoming the preferred means of submitting suggestions.

Imberman, Woodruff. "The golden nuggets on the factory floor." *Business Horizons* (Graduate School of Business, Indiana University, Bloomington, IN 47405), July-August 1986. pp. 63-69. \$5.00.

Imberman contends that executives and managers have traditionally placed more trust in statistical information than in the evaluative comments of hourly workers, even though these men and women have valuable insights concerning ways to increase efficiency and quality and reduce waste on the production floor. He cites a study of fifty-six companies conducted over a period of three to fifteen years which affirms that inviting participation can bring significant improvement. He provides some general guidelines on

how to interview workers so as to elicit honest opinions that are relevant and useful. In order to underscore the value and variety of worker suggestions, Imberman quotes several comments of hourly workers verbatim.

*The idea book: improvement through TEI (total employee involvement)*. Edited by Japan Human Relations Association. Cambridge, MA 02140. Productivity Press (P.O. Box 3007). 1988. 216pp. \$49.95.

High-participation employee suggestion systems in Japanese companies produced forty-eight million ideas in 1986. For American companies interested in the practical aspects of setting up and participating in a Japanese-style suggestion program, this detailed, well-illustrated volume is a hands-on primer and self-study tool providing hundreds of examples, checklists, and recommendations. The areas discussed include: how to identify problems for improvement; how to write timely and relevant improvement proposals; how to help supervisors encourage full participation; how to guide and energize a suggestion system; how to ensure two-way communication; and how to identify potential improvements through examples. Also available from the same press for employers in the non-manufacturing and retail settings: *The service industry IDEA book: employee involvement in retail and office improvement*. (1990. 273pp. \$49.95.)

Klotz, Valentin. "Staff suggestion schemes." *International Labour Review* (Publications Center, International Labor Office, 49 Sheridan Ave., Albany, NY 12210), Vol. 127, No. 3, 1988. pp. 335-353. \$17.00.

This thorough discussion contrasts the numerous improvements to workplace productivity and working conditions achieved through suggestion schemes with some of the nagging concerns raised by labor unions and employees over what constitutes exploitation and/or over-identification with management. Klotz outlines the history and growing importance of the schemes which, according to the ILO, now exist in forty-one industrialized and developing countries. In her review of the related cost-savings generated in different settings, she reports that in 1980, suggestion systems in Japan produced benefits worth 225.4 billion yen, while for ninety-one enterprises in the U.K., approved suggestions saved them nearly eight million pounds in 1985. Her discussion of the legal and contractual frameworks surrounding the schemes addresses the special laws, regulations, and basic principles some countries impose on issues of worker innovations and intellectual property. She notes also that in nineteen countries, collective bargaining agreements or enterprise agreements cover staff suggestions directly. She discusses eligibility and types of awards and suggestion compensation issues (including the taxation of awards). She provides ample survey data as well as some anecdotal information.

Smith, Paul I. Slee. *How to set up and run effective employee suggestion schemes*. London N1 9JN. Kogan Page, in association with the British Institute of Management (120 Pentonville Road). 2nd ed. 1989. 122pp. \$15.00 paper.

This wide-ranging report discusses all aspects of suggestion schemes. Smith describes current experience with the plans in industrialized countries, noting that Germany has the most plans in Europe. He adds that in the United States there are 2000 formal suggestion systems documented along with an equal number of motivational plans that employ suggestion schemes as a component. He details the typical benefits achieved and outlines several corporate experiences (e.g., Austin Rover in Britain, Volvo in Sweden, Hoechst in Germany, and Boeing Aerospace in the U.S.). His discussion of the general considerations governing "eligibility" takes into account the

various types of suggestions that might or might not be acceptable depending upon their degree of importance and ease of implementation. In terms of who is eligible to participate in making suggestions, Smith notes a trend toward increased flexibility by most companies on this issue. He considers, in depth, how awards that yield both tangible and intangible savings are calculated, using diverse models such as those developed by Citibank and Phillips Petroleum, and the common use of award ceilings. The application of points systems during the evaluation stage is discussed, as are modification awards, supplementary awards, consolation awards, special merit awards, wage-up awards, impetus awards, and non-monetary awards. In a chapter on how to administer the system, he reviews: initial set-up procedures; the importance of timely evaluation and turn-around time; the re-evaluation and rejection of ideas; and myriad promotion tactics. Smith also assesses labor union attitudes toward suggestion schemes and the success of such schemes in firms that embrace quality circles. His final chapter summarizes the essential elements of strong suggestion schemes as well as reasons why some suggestion plans fail.

U.S. Congress. House. Committee on Post Office and Civil Service. Subcommittee on Civil Service. *Government employee incentive awards program*. Hearing. 100th Congress. 1st Session. Washington, DC 20402. Superintendent of Documents, U.S. Government Printing Office. 1987. 62pp. o.p.

The Federal Government rewards employees who make suggestions that are adopted by their agencies and that improve effectiveness and efficiency. Testimony presented here illustrates suggestion system strategies employed by both government and private organizations with some success. Witnesses include: James G. Parkel describing the history of the IBM Suggestion Plan and how its employees' ideas are submitted, evaluated, and awarded; Shirley Wade detailing the scope, organization, and administration of the suggestion program at Randolph Air Force Base; and Congressman John R. Kasich commenting on a variety of survey results by the National Association of Suggestion Systems, Merit Systems Protection Board, and other organizations. Useful as background reading is the General Accounting Office's report *Does the Federal Incentive Awards Program improve productivity?* (GAO report no. FGMSD-79-9, 1979, 88pp.). Employee responses to a questionnaire cast some doubt on whether, at the time, the government was effectively utilizing the incentive program and revealed a high percentage of respondents who felt that the program did little to improve motivation or productivity.

Yasuda, Yuzo. *40 years, 20 million ideas: the Toyota suggestion system*. Cambridge, MA 02140. Productivity Press (P.O. Box 3007). 1991. 195pp. \$39.95.

In Yasuda's discussion of the Toyota Creative Idea Suggestion system, he emphasizes that the direct involvement of all levels of management is key to successful implementation. He calls special attention to a unique feature of the current day system — an employee group called the Good Idea (GI) Club, which grew from a gathering of top suggestion writers into a grass-roots organization conducting suggestion-writing training and educational exchanges throughout the company. He sees major differences between the Japanese employee involvement systems which focus on group concerns and the American systems which are influenced by the values of individualism and cost-consciousness. Significantly higher suggestion participation rates are noted among the Japanese who, Yasuda explains, participate in a process driven less by a profit motive than by corporate culture and values.