

GOOD IDEAS



A USER'S GUIDE TO SUCCESSFUL SUGGESTION PROGRAMS

*Produced by the
Interagency Advisory Group
Committee On Performance Management and Recognition
Suggestion Program Working Group*

1995 Edition

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This Guide reinforces the Administration's emphasis on interagency sharing and cooperation. It is designed to help agencies make their suggestion programs more workable and better integrated with quality and reinvention efforts. It was prepared by agency volunteers at the request of the Interagency Advisory Group (IAG) Committee on Performance Management and Recognition.

This Guide provides information about and examples of successful programs to assist agencies in designing and revitalizing their employee involvement programs. It may be of particular interest to human resource management specialists, local partnerships, line managers, union representatives, and others involved with suggestion systems.

We hope you find this collaborative product by the Suggestion Program Working Group useful as you redesign your agency's programs. Special thanks go to the many organizations that provided information used in this Guide. We wish we could have used all of the information we received in response to our survey of various organizations in the public and private sectors.

We also want to thank our group leaders, Frank DiCostanzo and Michael Osver, for their support in developing this Guide.

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INTRODUCTION

The Federal Government benefits from implementing employees' ideas and suggestions. In order to maximize these benefits, all employees must become involved in the process of continuous improvement. The National Performance Review brings new emphasis to employee involvement and empowerment for improving Federal services.

Employees are the most likely source for workable ideas and suggestions on cutting red tape, putting customers first, and getting back to basics. Employee suggestions approved during Fiscal Year (FY) 1992 saved the Federal Government more than \$200 million. The award/benefit ratio for FY 92 followed the typical ratio of 1:30, i.e., for every \$1 the Government spends on suggestion awards, it receives approximately \$30 in benefits. And, historically, about 25 percent of suggestions are adopted and rewarded. Significantly, the Government continues to benefit from many suggestions for several years.

The worth of all the excellent suggestions approved cannot be measured only in dollars. Suggestions with intangible benefits also bring improvements in public services, including scientific and medical advances, and national security. Benefits from these adopted suggestions also frequently continue into the future.

All Federal agencies and corporations should tap the wellspring of employee creativity. No law or regulation requires establishing suggestion programs. However, Federal agencies and corporations have learned that suggestion programs are an effective way to harness employee creativity to improve operations and to save money.

This guide contains information and provides descriptions of suggestion programs in the public and private sectors. **However, not all aspects of these programs may be suitable for Federal agencies, which must still adhere to applicable law and regulation.**

No single type of program will fit all organizations. The best program is the one that results in maximum employee involvement and continuous improvement year to year.

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NEW IDEAS GENERATE SAVINGS

Here are just a few employee contributions that are saving the Federal Government millions of dollars:

- Martin Church and Joseph McGee, Air Force, suggested a change in the requirement for radio multiplexers:

Tangible benefits: \$5.4 million
Award granted: \$25,000*
- Jo Ann Bowens and Wanda Clark, Air Force, developed an automated system to improve the accuracy and timeliness of reconciling and auditing contracts:

Tangible benefits: \$25 million+
Award granted: \$35,000
- Kahlid Qudsi, Stephen Franc, Mark Kuzma, and Kevin McGee, Navy, developed a Video Imagery for Intelligence Operations Network (VISION):

Tangible benefits: \$36.4 million
Award granted: \$50,000
- Sidney Logemann and Jeffrey Horner, HHS/SSA, developed an automated notices program, which enables field offices to be more productive and to send more professional-looking notices to the public:

Tangible benefits: \$8.8 million
Award granted: \$35,000
- Jesse Smiley, Army, developed an improved method to shut off water flow at hydroelectric dams under emergency conditions:

Tangible benefits: \$8.9 million
Award granted: \$25,000
- Jack Worthen, Jr., Air Force, suggested that damaged aircraft engine kits scheduled for disposal be routinely inspected to identify repairable parts:

Tangible benefits: \$19 million
Award granted: \$35,000

* **NOTE:** Awards granted to individual employees for more than \$25,000 require Presidential approval.

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**A BRIEF HISTORICAL OVERVIEW
OF THE FEDERAL SUGGESTION PROGRAM**

The Federal Incentive Awards Program celebrated its 40th anniversary in 1994. The Program was established by the Government Employees' Incentive Awards Act, Title III of Public Law 763, enacted September 1, 1954. The law established a Governmentwide program to encourage all employees to improve the efficiency and economy of Government operations. The Act consolidated previous authorities that were overlapping and complex, provided inadequate coverage, and gave dual responsibility for program administration.

The Act provides agencies with the authority to recognize Federal employees who by their "...suggestions, inventions, superior accomplishments, or other personal efforts contribute to the efficiency, economy, or other improvement of Government operations or who perform special acts or services in the public interest in connection with or related to their official employment."

In addition to monetary and honorary recognition provided by the 1954 Act, the Federal Employees Pay Comparability Act (FEPCA) of 1990 gave agencies additional authority to grant employees time off from work as an award.

The Incentive Awards Program continues to provide flexibility for Federal agencies to design programs that will support their particular missions and objectives.

MATCHING SUGGESTION SYSTEMS TO YOUR ORGANIZATIONAL CULTURE

A suggestion system may consist of a traditional program with an emphasis on cash awards to individuals or a Total Quality Management (TQM) approach (teams, customer focus, employee involvement, measurement, and continuous improvement). The two might be combined, or you may want to run separate programs each with its own emphasis.

It is very important when designing your suggestion system that you take into account your organization's culture. Is it team-oriented or one that stresses individuals? Is your organization far along the total quality path or is it just beginning? Does top management support the suggestion program? Is middle management actively engaged in encouraging and facilitating the idea process? The most important question to ask is "Does the suggestion program fit the goals and culture of the organization?"

Encouraging ideas for improvement from employees who work within a process is fundamental. Suggestion programs are an ideal means for recognizing process improvement efforts of employees and can be used to encourage teams of employees to contribute ideas and build on the ideas of individuals. Ideas can contribute actual dollar savings, a higher quality product, or make it easier to get work done. The bottom line is that good ideas, which are implemented, result in process improvement that saves the organization time and/or money.

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SUGGESTION PROGRAMS NEED REINVENTING

As pressures grow to reduce the size of the Federal Government and to improve services to the public, all Federal employees need to become idea generators.

Reinvigorated suggestion programs could be the most important channel for ideas to reach those with the authority to enact them. But a case can be made for suggestion programs expanding their scope to include ideas that require legislative action.

The experience of Michelle Craddock, a contract specialist with the Public Health Service, Department of Health and Human Services, illustrates the Governmentwide need for better channels for ideas to reach the top.

Law had required agencies to procure products priced under \$2,500 from small businesses. Ms. Craddock realized that this law was expensive both in terms of higher prices paid for such products and employee time spent ensuring compliance with the law.

In 1993, a member of the Vice President's reinvention procurement team stopped by her desk during a visit to HHS. Ms. Craddock explained the law requiring purchases from small businesses. She said that she could save her agency thousands of dollars if she could purchase supplies from a large computer store nearby.

Congress incorporated her suggestion in the Federal Acquisition Streamlining Act of 1994. The new legislation will save the taxpayers millions of dollars in the future.

More suggestions like this are obviously needed to meet the Administration's reinvention goals and the new Congress' cost-cutting goals. But in how many agencies would such suggestions reach those who could recommend legislative change? Agencies should ensure that the adoption of good ideas does not depend on a chance meeting between a top official and an employee who knows how to save the Government money and improve service.

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CAN YOUR SUGGESTION PROGRAM HANDLE REINVENTION?

Many agencies are wondering about the relationship between reinvention and their long-established suggestion programs. Since Vice President Gore's National Performance Review in 1993, agencies have received many reinvention ideas from their employees. Some agencies believed that the existing suggestion programs were not suitable for handling reinvention ideas. Agencies wanted to review ideas promptly so innovations could be adopted quickly. As the reinvention movement continues, we believe that many agencies will want to revisit their current suggestion programs to make sure that they support reinvention efforts.

Agencies have been using a range of options. Some handle reinvention ideas through their existing suggestion programs, while others choose to treat these ideas separately. This tactic was adopted especially in cases where the traditional suggestion program had become rather bureaucratic with delays in implementation and a strong focus on giving suggestions a dollar value.

In some cases, agencies have bypassed cumbersome processes and used more informal approaches to evaluating reinvention ideas. The bypassed evaluation processes put more emphasis on documenting minimal cost savings than needed for most reinvention ideas. Paperwork was kept to a minimum. Agencies still gave both monetary and nonmonetary awards to reinvention employees. Modest monetary awards still went to the best ideas of the month or quarter. In some cases, the best reinvention ideas were spotlighted and put through traditional suggestion programs.

Dealing with agency reinvention efforts has made it clear that agencies will need programs that sustain their new reinvention environments. Being creative and exploring new ideas will be part of everyone's job. As the process of continuous improvement is implemented, isolating the benefits of any one idea will be more difficult. Suggestion programs will need to adapt to these changes.

To decide how your agency should deal with further efforts at soliciting ideas for innovations, consider whether your current suggestion program fits your agency's needs. Is your suggestion program designed to encourage employee participation and foster a sense of empowerment? Is it meant to advertise and otherwise help implement innovations? Or is there more of an emphasis on tracking and evaluating ideas to ensure that recognition is appropriate? What are some other purposes that it has served? The answers to these questions can help you determine whether your suggestion program is suitable for the brave new world of reinvention.

—Adapted from the December 1993 issue of OPM's *Workforce Performance*.

SUGGESTION PROGRAM DESIGN AND OPERATION

Design

According to the Employee Involvement Association (EIA), [formerly the National Association of Suggestion Systems—NASS]:

A suggestion system can be a success only when top management has precisely defined what the system is supposed to do. Management must decide on the prime system objective. Results will be achieved in other areas of benefits listed, but it is important to know first what management is looking for specifically and what it intends to evaluate system success on.... One, and only one, objective can be selected as being the most important. All of the other system objectives are then ranked by management in decreasing order of importance. The priority ranking of objectives is vital because it provides immediate insight into management's thinking and the system's basic mission, therefore, affecting system design, and indicates the factors on which system performance...will be evaluated.

This is not to lessen the value of management/union partnership efforts throughout the Government. Employee organizations should be consulted when designing and implementing suggestion programs.

Three major reasons for having a suggestion program are:

- Saving the organization money
- Promoting internal communication, employee involvement, empowerment, and
- Improving operations and efficiency.

The objective behind your agency's suggestion program plays a major role in determining its organizational placement and the level of resources devoted to it. Regardless of where it is placed in your organization, a successful program requires adequate funds, staff, and support to assure prompt action on employee suggestions, awards, and promotion/publicity efforts. The success of your suggestion program will be proportional to the investment management has made in resources to operate it. The common thread among successful suggestion programs is that the ratio of resources devoted to it is compatible with the size, mission, organizational structure, and geographic location(s) of the agency.

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Suggestion Program Operation

Many suggestions systems are very similar operationally. Generally, three processing phases are present: receipt and review, evaluation, and closure. Within each phase, however, agencies differ in the number, order and types of steps according to their culture and philosophy about employee suggestions.

NOTE: Although the following steps are the "business as usual" approach in suggestion systems, your agency has the freedom and flexibility to choose what procedures work best.

Phase 1 - Receipt and Review

Generally, suggestion programs have a phase during which the suggester or team submits the idea in writing or via computer for consideration.

When a suggestion is received, a coordinator should perform one or more of the following steps:

- Review the suggestion for eligibility and/or exclusion by the program.
- Determine whether the idea duplicates a previous suggestion.
- Assign a suggestion number and acknowledge receipt.
- Enter suggestion data into a tracking system to maintain administrative control.
- Conduct a preliminary review to determine who should evaluate the suggestion.

Phase 2 - Evaluating Suggestions

Evaluating the idea is the heart of any suggestion program. It is very important that evaluations are thorough and completed within program time frames. After the suggestion is "logged in," the coordinator may follow one of the following steps, depending on your agency's policy:

- Refer to a work group for further development or improvement, particularly in organizations with a TQM environment.
- Refer directly to an intermediate coordinator, a subject matter expert, a team of evaluators, or a process owner to evaluate the merits of the suggestion, calculate any tangible or intangible benefits, and recommend an appropriate award.

During the evaluation period, the suggestion office often serves as a resource or ombudsman and interacts with evaluators to provide substantive and procedural advice regarding the suggestion process.

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Phase 3 - Closure

After the suggestion has been evaluated and a final decision reached, the coordinator performs one or more of the following steps:

- Return the suggestion package (including calculation of benefits and award approval, if adopted) through channels, to the suggestion office.
- Review the final decision for appropriateness, content and tone, unless quality checks are built-in elsewhere during the process.
- Notify the employee(s) of the final decision on the suggestion.
- Make arrangements through appropriate officials to pay any cash award.
- Issue an award for an adopted suggestion.
- Ensure adopted suggestions are implemented by following up with the responsible organization.
- Provide feedback to the suggester about the implementation status of the suggestion.
- Refer adopted suggestions to a higher level or other agencies when they may have potential wider applicability.
- Update the suggestion record in the tracking system.
- Publicize the adopted idea, the suggester, and the benefit(s) to the Government.

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Policy and Operational Considerations

The following provides information for you to consider when designing or revamping your suggestion program:

Suggestion Forms

Suggestion forms are generally tailored to each agency's program and contain a title and the agency name, along with an appropriate agency or suggestion program logo. The suggestion form typically requests suggester information such as the employee's name, position title, grade, social security number, organization, phone number, and other identifying information. A section reserved for use by the suggestion office may also be established for assignment of a suggestion number, the date received, or other useful information. Some agencies require the suggester to furnish a short title for the suggestion.

A substantial amount of space is normally devoted to describe the suggestion and its benefits. There are generally three elements to a suggestion:

- A statement of the problem or the present situation,
- A proposed solution to the problem, and
- The possible benefits of the idea to the Government.

Suggestion forms may be printed as single or multi-part forms. Suggestions are generally not official until accepted in the appropriate office and the suggestion number assigned. Some agencies design their forms to provide suggesters anonymity, if desired; others provide that the evaluators' copy of the suggestion does not disclose the social security number of the suggester, as this information is only necessary to pay an award.

Your form should include whatever your agency needs to accept and process a suggestion.

Legal Rights Clause

Each suggestion form should contain a statement regarding uses of the idea and rights that the suggester acknowledges by signing the form. The following is an example of a legal rights clause:

Acceptance of a cash award for this suggestion shall constitute an agreement that its use by the Government shall not form the basis of a further claim of any nature against the Government by the employee, his or her heirs, or assigns.

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Evaluation Forms

Many agencies use a separate evaluation form. This provides evaluators a uniform means for completing evaluations that contain standard elements. Most forms in use provide the evaluator with a box to check indicating the final decision on the suggestion—adopted, not adopted, and other, as well as space for the:

- Tangible or intangible benefits of the suggestion;
- Value of the suggestion and its extent of application;
- Appropriate award, if adopted;
- Rationale used in arriving at the decision;
- Date on which the suggestion will be implemented; and
- Signature of an official who is authorized to act on the suggestion;

By including a space for the date on which the suggestion will be implemented, if adopted, you reinforce the point that adoption and implementation go together and commit the agency to the decision.

Submission Procedures

Suggestions are generally submitted on the agency's suggestion form and signed by the individual employee or employees, in the case of a group. Instructions for completing the suggestion form are generally provided on the form itself. Suggestion coordinators and/or supervisors should be available to assist the employee in completing the form and to answer questions, as needed.

You should have a defined procedure for submitting suggestions. Whether your program is centralized or decentralized, the suggestion should be submitted through the appropriate channel(s) to be received and considered for acceptance. Suggestions may be submitted directly to the suggestion program office, through a suggestion coordinator, the suggester's supervisor, or through other means.

Suggester Eligibility

Suggestion program participation should be as inclusive as possible. Your agency can extend participation to all employees, as defined by title 5, United States Code (U.S.C.), section 2105. You may also accept ideas from non-employees, such as retirees, contractors and non-Federal customers. These individuals are eligible to receive only honorary or nonmonetary recognition, such as a certificate or letter of appreciation. (An exception would be made for a retiree who submitted a suggestion while still a Federal employee. In that case, the individual could be eligible for a monetary award.) However, agencies do have discretion to limit participation.

As greater emphasis is placed on quality management, more suggestions are being submitted by groups and teams. Accordingly, your agency's eligibility criteria should address group and team efforts.

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Suggestion Eligibility

Your suggestion program should be receptive to ideas that improve the economy, effectiveness, or efficiency of Government operations. There are, however, some categories of ideas (see "Historically Excluded Ideas") that are generally excluded from most suggestion programs, such as areas related to:

- Employee services or benefits,
- Working conditions,
- Housekeeping/maintenance, and
- Routine safety practices

In addition, some organizations automatically exclude ideas that are considered part of the routine duty of the suggester or that the suggester could implement without higher level approval. Ideas not meeting suggestion criteria may be considered administratively outside the program.

Sometimes suggestions submitted are incomplete or poorly written or do not clearly state potential benefits to the Government. In these cases, the opportunity may exist to help the suggester further develop his or her idea. If you do not offer assistance, you may run the risk of losing a potentially beneficial idea and discouraging future participation.

Historically Excluded Ideas

The historical exclusion of ideas relating to employee services or benefits, working conditions, and routine safety practices emanates, in part, from the Government's early experience with employee suggestions.

In its 40-year history, there have been no restrictions on the types of employee ideas eligible for consideration. However, in the early years of the program, it became evident that a large proportion of ideas submitted dealt with employee services and benefits (such as holidays), working conditions, and routine safety practices. Evaluating these ideas consumed a considerable amount of valuable processing time which, in many instances, provided no benefit to the Government. Accordingly, agencies wanted such ideas eliminated from consideration under the suggestion program.

OPM's predecessor, the Civil Service Commission, modified its guidance in the former Federal Personnel Manual to exclude these types of suggestions. Governmentwide, implementation of these restrictions eliminated almost two-thirds of employee suggestions.

Now, with the elimination of the FPM, the popularity of TQM, and the emphasis on reinventing Government, your agency may want to reconsider these former exclusions.

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Duplicate Ideas

Another issue which might cause heartburn is duplicate suggestions. Some agencies choose to exclude them if they are identical to others received in the recent past, e.g., 2 years. Take care in making such a determination because identical is not the same as similar. If the new suggestion materially enhances or improves the previously submitted idea, it could be considered eligible.

Reconsideration

Historically, a suggester may request reconsideration of his or her idea for a specified period of time (normally two years). During this time, a suggester may request reconsideration by claiming that his or her idea was:

- Erroneously disapproved,
- Disapproved, but later implemented without benefit of proper recognition, or
- Approved, but the benefits were underestimated at the time resulting in an insufficient award.

If your agency wishes to permit requests for reconsideration, you may want to establish a time limit for receiving these requests. There is no time limit prescribed in law, regulation, or guidance. Reconsideration requests may be reviewed by the original evaluator(s), a higher-level official, or an independent review body.

Such requests usually require the suggester to provide new facts, raise significant issues, or demonstrate that the evaluator made a material error that affected the outcome. Merely disagreeing with the final decision should not be sufficient to obtain reconsideration.

At any time, an agency may reopen a suggestion file if additional benefits have resulted since the original evaluation.

Automation

There is no one prescribed way to develop or to maintain a suggestion tracking system. Most offices select either off-the-shelf software or independently formulate their own programs using database management software. Some agencies operate networked systems, which encompass suggestion data for many components. Others operate decentralized tracking systems, with each component establishing its own system, whether automated or manual, to meet its needs.

Automated tracking systems offer the unique capability of maintaining administrative control over agency suggestions, and in the process, storing statistical information needed for reporting and program evaluation purposes. Features of automated tracking systems vary widely depending upon the degree of sophistication. However sophisticated or primitive, your tracking system should support all phases of suggestion processing and be the primary source of reliable and current information. It should be able to:

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- Identify specific information about each suggestion received, i.e., suggestion number, suggester, employing organization, subject, received date, referral data, evaluator, due date, evaluation return date, date closed, action taken, award amount, benefits, etc.;
- Provide answers to inquiries with up-to-date information;
- Identify overdue suggestions;
- Verify that all processing phases have been completed by flagging records with missing information;
- Serve as the primary source of data for reports used for both management and program evaluation purposes; and
- Generate correspondence to acknowledge, refer, follow-up on, and close suggestions.

Each and every referral and evaluation should be updated in the agency's tracking system.

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Prompt Processing and Timeliness of Evaluations

If you want your agency's suggestion program to hold the interest of employees and increase their involvement, it is essential that suggestions be processed promptly. This takes more than just establishing time frames for completing suggestion evaluations. Effective follow-up produces timely evaluations. Equally important is informing suggesters of the status of their ideas. Without prompt processing, management's credibility and employee confidence are undermined, resulting in reduced employee participation.

Implementation

If your agency wants a vibrant suggestion system, you should include a mechanism to ensure that adopted suggestions are promptly implemented. By doing this, your agency will demonstrate that it values employees' ideas. However, the responsibility for implementing a suggestion is often not within the control of the evaluator or approving official. The organization responsible for implementation may be reluctant to do so because of the "not invented here syndrome." Because of these and other barriers to implementation, aggressive oversight of approved suggestions is required. Follow-up ensures that adopted suggestions are implemented and adds to the credibility of the program.

Intra/Interdepartmental Referrals

In addition to insuring that adopted suggestions are implemented, your program should have a method for referring suggestions with potential use by various components in your agency or other Federal agencies. These ideas should be referred to the appropriate focal point(s) to provide maximum consideration for wider use. More and more, electronic mail and electronic bulletin boards are used to facilitate this process. Suggestions that may have even greater applicability Governmentwide should be referred to the Office of Personnel Management.

As a companion process, you should have a method to identify and report additional benefits derived from wider adoption of the suggestion.

ONGOING PROMOTION AND PUBLICITY

The possibilities are unlimited on what you can do to give your program a boost. The more you advertise your program the more ideas you're going to get. The most successful programs can point to an aggressive and ongoing effort to keep their programs in the public eye. Don't discount the power of promotion and publicity as central to your program's vitality.

As you decide how to go about it, don't limit yourself. Use your creativity, ingenuity, inventiveness, and originality. There is an endless variety of options...the choice is yours.

As you explore ways to advertise your program, you may want to consider the following:

- **Logos** For any advertising effort to be successful, you must first develop a symbol or logo, which will appear on all your efforts. Remember, it is crucial that you come up with something creative that will catch everyone's attention and something that will be forever associated with your program. You can have a contest to design the logo—promote and publicize at the same time.
- **Tag Line** A good tie-in to your logo is a unique phrase or "jingle" that in its own way identifies what your program is all about. Often, companies choose an acronym or something that has a particular meaning to the company.
- **Posters** This is an inexpensive yet effective way to advertise your program. Posters are most practical if they are placed in high traffic areas, visible to the greatest number of people. The posters need not be elaborate, but should include a logo and/or tag line. Many companies use specific posters for specific program efforts. For example, many companies have quarterly suggestion drives that tie in to specific management efforts.
- **Videos** If you have more money to spend, videotapes about your program, including how to submit a suggestion, the types of recognition, or success stories are an excellent way to advertise your program. Many companies use a video at new employee orientations or have brown bag meetings where the video is shown.
- **Newsletter** One of the most common ways to keep your program in the public eye is to use an existing agency newsletter or publication as a way to get the word out. In those newsletters you can highlight recently adopted suggestions, including photos of the recipients, or have tips on how to package a successful suggestion. Some companies have even developed specific newsletters or bulletins to highlight specific program activity.

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- **Reports** A very good way keep everyone in the agency up-to-date on the success of your program is to issue an annual report. In that report you can highlight the top award winners, the most unique suggestions, and of course, the savings/benefits to the agency. These types of reports will often be a catalyst to potential suggesters.
- **Incentives** You may consider setting up a program that rewards employees for submitting a suggestion. Typically, these programs offer small nonmonetary items, such as pencils or pens, cups, tote bags, clocks, etc. The nonmonetary items typically have the logo and tag line of the program and may be an effective means of promoting participation.
- **Kick-Offs** Kick-offs can be used to announce a new program or revitalize a less than vibrant one. For a new program, it's a great way to announce to employees that you're open for business. For an existing program, a kick-off can be used to breathe in life and energy. Typically, these events are agency-wide celebrations, complete with balloons, flyers, speakers, idea booths, etc. It is always a good idea to get top management to attend; it lends the needed management support necessary for a successful program.
- **Open House** Frequently, an agency or company will use this method to generate interest in a program. Typically, program staff decorate an office or conference room, announce the open house, and have program materials available to those who drop by. It's also a good opportunity for potential suggesters to ask specific questions.
- **Boxes** Many organizations rely on this inexpensive way to distribute suggestion forms and information about the program. Often the boxes, which vary wildly in design, have posters, further promoting the program.
- **E-Mail** As we move toward a paperless society, the use of E-mail to announce programs or to call for ideas is another cost-effective way to get employees involved. Many companies use this method particularly when there is a specific program emphasis. For example, one company used E-mail to target engineers when the company was looking for ways to improve the design of its product.
- **Handbooks** Handbooks are a very good way for promoting and explaining your program. They can be either general, such as "Your Suggestion System," or be targeted to a specific audience such as "A Suggester's Guide" or "An Evaluator's Handbook."

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- ***Flyers*** A simple, easy way to get information to a lot of employees quickly. It can also be inexpensive. Many companies now use desk top publishing to produce tailor-made flyers at a moment's notice. They are a very effective part of any promotion effort.
- ***Stuffers*** Many agencies will use one- or two-line phrases in the employees' Earnings and Leave Statement to either announce the kick-off of the program or use catchy phrases to simply try and generate interest in the program. It's a very cost-effective way to get the word out to all employees. In the private sector, some companies will stuff pay envelopes with small flyers about the program.
- ***Contests*** A few organizations give "chances" for submitting suggestions, which put employees in a drawing for prizes, generally nonmonetary items. Suggesters may earn one chance for each suggestion, or multiple chances for suggestions of greater benefit.

Don't limit yourself to the conventional way of doing things or choose something because it has always been done that way. Modify it, change it. Use your imagination and reach beyond the routine to explore the endless possibilities for promoting your program.

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RECOGNITION FOR SUGGESTERS AND EVALUATORS

In this section, we try to raise important issues for your consideration and present some ideas and options as "food for thought." Nothing is meant to be prescriptive.

Basis for Awards: Authority for agencies to give monetary awards, honorary awards, and time-off awards is contained in law and regulation. The requirement is simply that the award must be for a superior accomplishment or personal effort that contributes to the efficiency, economy, or improvement of Government operations. Comptroller General decisions have established agency authority to purchase items at nominal cost to be granted as awards. In addition, Comptroller General decisions allow agencies to use appropriated funds to pay for refreshments at ceremonies that honor award recipients.

Types of Awards Available

Your agency may (but is not required to) use a variety of recognition and awards such as:

- Monetary
- Nonmonetary/honorary/informal recognition items
- Time off
- Combination of the above

Monetary Awards

Advantages:

- Traditional, "safe" way to go
- Generally easier to administer than nonmonetary awards programs
- A meaningful expression of appreciation for adopted ideas

Concerns/Limitations:

- Often considered "owed" to suggesters when significant, tangible benefits will accrue to the Government
- Some studies suggest that money is not a good long-term motivator
- May encourage competition; individuals may feel they must "protect" their ideas in order to gain a reward
- Can be very expensive, difficult to budget in advance
- May be difficult to apply consistently and fairly to ideas that have intangible benefits

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- Overemphasis on cash may discourage employees from suggesting small but real process improvements

Nonmonetary Awards/Honorary Recognition/Informal Recognition Items

Advantages:

- Wide range of award items available
- Items used or displayed at work become a visible, continuing reminder of the program
- May be viewed as sufficient for suggestions of nominal tangible or intangible value
- Easier to include in a budget
- Nonmonetary recognition is always possible
- Effects may be long lasting

Concerns/Limitations:

- Quality imprint nonmonetary awards can be very expensive; lesser items may be viewed as "junk"
- Staff time to order/deliver nonmonetary items to recipients (whether via a store or catalog) can be significant
- Some employees may not consider this type of recognition alone as ample reward for their ideas

Examples:

- Mugs, T-shirts, pens, watches, plaques, etc.
- Jackets, desk sets, paperweights
- An "attaboy" letter
- A certificate
- Name and picture in the agency's newsletter

Time-Off Awards

Advantages

- Alternative to cash awards
- Can usually be used at an employee's discretion
- Lessens demand on the awards budget

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Concerns/Limitations:

- May lead to loss of productivity if excessive amounts are granted
- Needs to be scheduled, controlled, and accounted for
- Hours granted may be limited

Award Recipients: Individuals or groups of employees may receive awards for adopted suggestions. Evaluators may also receive awards.

Types of Benefits: Suggestions generally have two types of benefits:

- Tangible benefits are quantifiable dollar savings achieved through decreased costs or cost avoidance,
- Intangible benefits cannot be quantified, but clearly improve Government efficiency, effectiveness or services, for example, improvements in public service, including scientific and medical advances.

Budget Considerations: While it is impossible to precisely predict the numbers, types, and extent of benefits that will result from your suggestion program, your agency should set aside funds annually to pay for suggestion awards and related expenses.

For example, if you are trying to revive a moribund program and decide to reward every suggestion submitted with a small token, estimate how much money you want to spend, divide by the expected number of suggestions, and purchase nonmonetary items. Just remember that it is probably better to overestimate rather than underestimate the amount of nonmonetary items needed; you can always use excess items in later years.

Equity Considerations: As the Government reinvents policies and programs to be more decentralized and flexible, agencies (and even sub-components within the same agency) will diverge more and more in how they deal with employees. While this is inevitable (and part of a far larger phenomenon), you should carefully consider the consequences of dissimilar treatment in awarding suggesters. While suggesters are not entitled to any particular awards by law or regulation, employee perception of disparate treatment could lead to dissatisfaction, complaints, and lower participation in the suggestion program. We have no simple answer to this potential problem. A good rule is to be open and honest in discussing the rationale for the award and to consider employees' views.

Motivational Differences: Individuals are motivated by different types of recognition. To the extent practical, you should consider providing employees with a choice of awards. For example, time off may be more valuable than cash to some employees, while some may prefer cash to nonmonetary items. Although there are costs associated with administering this kind of approach, the opportunity to choose one's own reward may appeal to some individuals who are not motivated by an existing approach.

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Organizational Philosophy: Because there is such great latitude in deciding whether and how to use awards, your agency has the opportunity to design awards programs that are consistent with internal values and organizational mission. For example, some private sector organizations:

- Don't pay cash for ideas and suggestions (they believe that making improvements is an inherent part of the job, and that financial benefits of good ideas are shared by all in terms of the organization's success).
- Promote group brainstorming and analyses as a means of both generating ideas and reinforcing teamwork and cooperation.

Amount of Monetary Awards

Here are some ideas and options from Federal and non-Federal organizations on how to set up your award scales:

Tangible Benefits:

- Award a percentage of benefits based on the estimated value of the suggestion. This may be paid on the basis of first year savings, or may involve a calculation of future years' benefits. The percentage you pay may vary (25 percent is the highest of which we are aware), and you will probably want a maximum amount that can be earned for any suggestion. One variation on this approach is to pay only part of the award in the first year, in case savings or benefits are not actually realized.
- Award a fixed range of dollars payable based on the level of benefits produced by the suggestion. The highest amount payable varies widely, although most organizations using this approach tend to have fairly low ceilings. This approach may also include time off with pay at certain levels.
- Pay a fixed number of dollars for each adopted suggestion, regardless of benefits. These organizations generally are seeking to promote a large number of suggestions, and pay only token dollar amounts.

Intangible Benefits:

- Base award amounts on a table of benefits.
- Pay a fixed amount, regardless of benefits.

Awarding Cash to Teams/Groups: One organization indicated that cash awards are shared equally by groups that worked on them, and another indicated that annual calculated benefits for the year are distributed as "gainsharing" to all employees.

Good Ideas: A Suggestion Guide

Nonmonetary Awards

Point Systems

A number of organizations award points based on the extent of tangible/intangible benefits. In some point systems, points may be accumulated and used to "purchase" more valuable nonmonetary items.

Standard Award Items

Some organizations give standard items without regard to the level of benefit of the suggestion. These tend to be organizations that do not have cash awards or want to de-emphasize material awards.

Employers who build recognition into their suggestion programs, and use it as a tool, are much more likely to have employees who support the organization's goals and policies and contribute to the overall enhancement and productivity of the organization. In an agency suggestion program, cash awards may not always be possible given the budgetary constraints some agencies face. Nonmonetary recognition, on the other hand, is always possible and it is not necessarily dependent on how much money you have to spend. Implementation of a suggestion has its own reward and employees, in some instances, would prefer to see an idea implemented rather than being financially rewarded.

Good Ideas: A Suggestion Guide

TRAINING

Training the participants in your suggestion program can range from "as needed" to formal classroom or self-instructional training. You can also make your efforts do double duty as training and program publicity/promotion. There doesn't have to be "training" at all, as long as all the participants (suggesters, evaluators, managers, and suggestion coordinators) know what they are supposed to do. But how will you ensure that everyone knows their roles and responsibilities?

"Lunch and Learn" or "Brown-Bag" Sessions

These informal sessions allow employees to learn while they eat. The sessions can serve as a form of publicity/promotion by informing employees about the program and educate them about the process and procedures at the same time. You could have a separate one for evaluators.

Videos

An imaginative way to train the participants is to produce one or more videos about the suggestion program. The employees' video could be shown during new employee orientation or during other employee training sessions.

After showing the video, you could hand out suggester handbooks or brochures about the program so that employees will have a tangible reminder of the steps to follow in submitting a suggestion. The video could also be an effective promotion tool by highlighting some of the adopted suggestions with large cost savings.

Self-Instructional or Classroom Training

If the need arises, any material included in the participant guides could become the basis for a more formal training course.

Published Guidelines

You can have one all-encompassing guide to give the participants stating the rules for suggestions in your organization such as:

- How the suggestion program is administered
- Roles and responsibilities of the participants
- Who can submit suggestions; what type of suggestions are acceptable
- Who will evaluate them
- Evaluation timeframes
- Who is responsible for implementation
- Types of awards given and award scales

Or, keep the rules in the suggestion office and publish something more informal for participants.

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Employee Guides could include information for suggesters such as:

- What ideas are eligible/ineligible for submission
- What forms to use and how to submit a suggestion
- Hints on successful suggesting
- How a suggestion is processed
- When and how they will be notified after the evaluation is complete
- What awards are available

Manager Guides could give general information about the program and inform supervisors of their role in your program. This role could include acting as an advocate for an idea, encouraging employee participation, or performing the initial evaluation of the idea.

Suggestion Coordinator Guides could give information on processing suggestions, logging and tracking them, following up if the evaluation is not finished on time, making reports to management, processing awards, etc.

Evaluator Guides could include:

- The evaluation process and the evaluator's role in it
- How to evaluate an idea
- Factors to consider in adopting or not adopting a suggestion
- How to estimate the savings, determining benefits/implementation costs
- An award chart
- Sample letters to the suggester with the results of the evaluation and the rationale behind the decision
- A checklist for the evaluator to follow in ensuring that all the necessary steps have been taken

Good Ideas: A Suggestion Guide

PROGRAM EVALUATION

An important part of any successful suggestion program is to have a vehicle in place to monitor program activity. Monitoring helps to develop a history of the program, to assess its strengths and weaknesses, to identify necessary changes, and to project its growth. It is important to build this function in at the very beginning to keep your program healthy and successful. As problems arise, you can address them immediately, making adjustments to keep your program functioning successfully.

Even if you have taken over an existing program that doesn't have an evaluation plan, you can and should institute one. Gather whatever information you can to establish a baseline. Then collect data periodically to show the direction your program is headed. Reports to suggesters on the status of their suggestions, reports to management on program activity, and other types of reports or evaluation activity may enhance your program and assist you in keeping on top of where your program is headed.

Information used to monitor your program can be taken from everyday data. Possible items to track in your program:

- Number of suggestions received in your organization as a whole or by department, division, etc.
- Turn-around time
- Numbers of suggestions adopted and not adopted
- Reasons suggestions are not adopted
- Awards granted
- Dollars spent for awards and program administration
- Tangible benefits
- Number of suggestions with intangible versus tangible benefits
- Implementation costs
- Subject of suggestions

Other things to monitor, at least on an occasional basis, include the opinions of your suggesters, managers, and evaluators on the successes and problems of the program.

A checklist to help you evaluate your program follows:

PROGRAM EVALUATION CHECKLIST

- _____ Does top management evidence support of the suggestion program in written materials and presentations?
- _____ Is there adequate staff to handle the program?
- _____ Does top management encourage middle management to support the system? (Criticizing supervisors for not thinking of an idea first is a good way to destroy the system)
- _____ Does the procedure to handle disapproved suggestions encourage employees to continue to submit ideas?
- _____ Are the administrative procedures and rules of the plan printed and distributed periodically so that all employees know about them?
- _____ Do printed materials give employees information on *how* to suggest?
- _____ Does the suggestion program administrator direct promotional materials to all employees, including supervisors and managers?
- _____ Is management aware of the legal aspects of suggestion systems?
- _____ If a person leaves the organization and his/her suggestion is adopted, is it policy to ensure that he/she still gets the award?
- _____ Do you constantly promote employee suggestions through every available means?
- _____ Do you add further dignity and interest to your program by publicizing suggesters in local newspapers?
- _____ Are suggestions acknowledged promptly?
- _____ Are suggesters kept informed if there will be a delay in completing the evaluation?
- _____ Is an adopted suggestion recorded in an employee's Official Personnel Folder so it can be taken into consideration in promotion?
- _____ Is management kept advised on a regular basis of the status of the program?
- _____ Are suggestions reviewed after implementation to determine advisability of an additional award for savings not originally anticipated?
- _____ Is your record-keeping system accurate and adequate?
- _____ Does the suggestion program administrator stress cost reduction values when reporting to management?
- _____ Has processing time been checked lately to reduce it if possible?

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APPENDIXES

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LEGAL ASPECTS OF FEDERAL SUGGESTION PROGRAMS

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LEGAL ASPECTS

Chapter 45 (Incentive Awards) of title 5, United States Code (U.S.C.) and Part 451 (Awards) of Title 5, Code of Federal Regulations (CFR) are the controlling documents for Federal suggestion programs. (An agency head may also pay a cash award to a member of the armed forces for a suggestion—see Executive Order 11438 and title 10 U.S.C. 1124.)

Agencies should also be aware of applicable Comptroller General (CG) decisions issued by the General Accounting Office, and their possible impact on spending decisions involving the suggestion program. (See attached Q & A section on CG decisions.)

Consistent with the National Performance Review recommendations, the OPM abolished the Federal Personnel Manual (FPM). This included the FPM Chapter 451 (Incentive Awards), and all appendixes, supplements, bulletins, and letters. While this guidance was abolished, the content of the FPM is still a reference that agencies may wish to use. However, the primary authorities for incentive awards are chapter 45 of title 5 U.S.C. and Part 451 of Title 5 CFR. If agencies choose to use FPM guidance, they should do so in conjunction with the U.S.C. and the CFR.

QUESTIONS AND ANSWERS

Q1. Are agencies required to establish suggestion programs?

A1. Here's what the law states:

The **law**—section 4503 of title 5, U.S.C.—states that an agency head "**may**" [not must] pay cash awards and incur necessary expenses for the honorary recognition of an employee:

Who by his suggestion, invention, superior accomplishment, or other personal effort contributes to the efficiency, economy, or other improvement of Government operations.

Therefore, by law, awards for suggestions are discretionary, not mandatory. However, it can be argued that once an agency establishes its suggestion program and awards scales, it has an obligation to honor those scales. Otherwise, employees may choose not to submit their suggestions and thus deny the Government the benefit of good ideas.

We want to stress that agencies have broad authority and flexibility to establish suggestion programs that meet their individual needs and objectives. Agencies are encouraged to establish and administer awards programs that best support and enhance agency and national goals and meet employee recognition needs.

Q2: How much money may be granted to a Federal employee for an adopted suggestion?

A2: Federal agency heads are authorized to grant cash awards up to \$10,000 for an employee contribution, without prior approval of OPM. The \$10,000 limitation applies to each member of a group in cases of group awards. Agencies must receive approval from OPM to grant awards between \$10,001 and \$25,000 per individual. Awards for more than \$25,000 per individual require approval from OPM and the President.

Q3: How many suggestions were submitted by Federal employees in fiscal year 1992? How many of these were adopted? How much did employees receive in cash awards?

A3: In Fiscal Year (FY) 1992, Federal employees submitted 91,919 suggestions; 26,474 of these suggestions were adopted. Employees received \$7.6 million for their adopted ideas in FY 92. In addition, first-year benefits to the Federal Government from these adopted suggestions exceeded \$234 million.

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Q4: *Should agencies pay large cash awards for small changes that lead to substantial tangible benefits?*

A4: This is for each agency to decide based on its own internal policy. However, a good case can be made that the award should be based on the concrete results and not how much money went into achieving those results.

Q5: *Should agencies drop existing suggestion programs?*

A5: Although suggestion programs are by law discretionary, agencies should carefully consider the repercussions of discontinuing existing suggestion programs. Possible questions to ask include:

- (1) How long has the current suggestion program been in existence? Do employees expect it to continue?
- (2) Is the suggestion program covered in an agency's negotiated agreement? Have the appropriate union officials been consulted?
- (3) Is the suggestion program tied to the agency's partnership/reinvention/TQM efforts? Are suggestions now called reinvention ideas? What would be the effect of eliminating the program on any of these efforts? Have the appropriate individuals been consulted?
- (4) What are the agency's statistics, particularly concerning tangible benefits, on the suggestion program? What is the benefit/cost ratio for the suggestion program?
- (5) Have employees been asked whether they would like to see the program discontinued? Is this strictly a management decision? Would dropping the program cause morale problems?
- (6) Could the program be continued on a limited basis, perhaps, or folded into a pilot project?
- (7) How will the interdepartmental referral of suggestions be handled in the future? Will there still be an awards staff to process these suggestions?

Organizations should carefully consider the answers to these and other questions before discontinuing existing suggestion programs. Over the years, many agencies have found that well-run suggestion programs support the achievement of organizational goals and objectives and are very cost-effective.

COMPTROLLER GENERAL DECISIONS QUESTIONS AND ANSWERS

Comptroller General (CG) decisions are rulings issued by the Office of the General Counsel, U.S. General Accounting Office (GAO), concerning the expenditure of appropriated funds by Federal agencies. The decisions are based on specific cases and are derived from statute, regulation, or guidance applicable at the time. The most common error in perception regarding CG decisions is viewing them as law or regulation. CG decisions are interpretations of law, regulation, and guidance. **They are advisory and do not have the force of law or regulation.**

Q1. Can CG decisions be used to guide spending decisions when they are based on obsolete law, regulation, or guidance, such as the sunsetted Federal Personnel Manual?

A1. It depends on the circumstances. The cases the CG ruled on remain valid because they were based on the conditions and circumstances at the time the decisions were rendered. The decisions were derived from the law, regulation, and guidance applicable at that time. However, anyone referring to previous CG decisions as guides to making current spending decisions needs to consider subsequent changes in law and regulations, as well as more recent CG decisions. Slightly different circumstances could lead to different conclusions. This is a reason to read the entire CG decisions, not abridged versions.

Q2. What bearing do CG decisions have on the Federal suggestion program?

A2. CG decisions can serve as references or benchmarks to guide spending decisions, e.g., the purchase of honorary/nonmonetary awards for suggesters and/or evaluators.

Q3. Do various CG decisions reach different conclusions concerning the purchase of nonmonetary award items?

A3. Yes. A 1975 decision and a 1991 decision illustrate how cases that might appear to be similar are not.

An official trying to decide on the appropriateness of honorary/nonmonetary award items as a suggestion award might decide not to grant such an award based on a 1975 decision—55 Comp Gen 346. This decision disapproved using appropriated funds to purchase marble paperweights and walnut plaques. The reason, in this particular case, was that they were not considered honor awards in the context of the Government Employees Incentive Awards Act.

However, a 1991 decision permitted agencies to grant nonmonetary award items. The May 2, 1991 decision—B-243025—permitted the Federal Aviation Administration to procure 100 jackets at \$50 each for presentation as honorary awards to its employees

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under the provisions of the Incentive Awards Act, [sections 4501-4514 of title 5, United States Code (1988)]. The FAA said the jackets would have the agency logo, insignia, or other inscription to clearly indicate their purpose.

The decision further stated: "This Office has held that agencies have the authority to procure items at nominal cost to be used as honorary awards under provisions of the Government Employees Incentive Awards Act."

Q4. Are there any more recent CG decisions that permit the expenditure of appropriated funds for various forms of recognition?

A4. Yes. A 1994 decision echoed the reasoning behind the 1991 decision. In CG decision B-256399, June 27, 1994, the Comptroller General stated that there is no legal objection to the awarding of tickets of nominal value to sporting or entertainment events as part of a nonmonetary awards program.

Q5. Is there a CG decision concerning the expenditure of funds for refreshments at awards ceremonies?

A5. Yes. CG decision B-223319, July 21, 1986, held that if an agency determines that a reception with refreshments would "materially enhance" the effectiveness of an awards ceremony, the cost of those refreshments may be considered a "necessary expense" for purposes of 5 U.S.C 4503. As such, the cost may be charged to operating appropriations without regard to "reception and representation" limits.

Q6. Can informal recognition items be given to employees to encourage the submission of suggestions?

A6. Yes. Informal recognition items given to suggesters for submitting suggestions are considered to be part of the promotion of the program. Since employees are not required to make suggestions, giving suggesters informal recognition items is considered an effective way to encourage suggestions. Such items are not considered personal "gifts," which are prohibited.

Agencies using CG decisions need to ensure that the facts presented to the Comptroller General parallel their agencies' situations.

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SUGGESTION PROGRAM STUDIES

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SUGGESTION PROGRAM STUDIES

Two important studies provide clear direction for improving Federal suggestion programs. One was conducted by the Merit Systems Protection Board (MSPB), and the second by the General Accounting Office (GAO). The MSPB study is presented in a 1986 publication titled, "Getting Involved; Improving Federal Management with Employee Participation." It focused on identifying the elements that are necessary to have a successful Federal Suggestion Program. The GAO study is presented in a 1989 report titled, "Federal Suggestion Programs Could Be Enhanced." This study focused on both private sector and Federal sector suggestion programs to present the elements of a successful suggestion program.

The following are the highlights of each report:

Merit Systems Protection Board Study

- Active program coordinators have a positive impact on their programs. In agencies with high participation rates, the coordinators generally are enthusiastic about the program, enjoy the active support of top management, and have considerable interaction with coordinators from other agencies.
- The quality and quantity of staff resources devoted to the suggestion programs are generally thought to be less than adequate by most agency representatives interviewed.
- Most of the coordinators believed that their programs need to improve the process of evaluating suggestions, especially with regard to the amount of time it takes to complete the evaluations.
- The handling of ineligible or inappropriate suggestions is often a problem. Inefficiency in this area can constitute a significant drain on an agency's suggestion program resources.
- Most agencies reported that the program is beneficial, not only because it is regarded as cost-effective, but also because it enhances morale by encouraging employee involvement and improving the workplace.

General Accounting Office

- Suggestion program managers and various studies have identified the key factors in a successful program as:

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- 1) Management support,
 - 2) Continuous publicity,
 - 3) Adequate funding and staffing,
 - 4) Monetary awards, and
 - 5) Responsiveness to suggesters.
- A major difference between private and Federal programs is the more generous award formula prevalent in private sector programs. In GAO's opinion, private firms grant larger award amounts, at least in part because of the higher employee participation and savings in the private sector.
 - Federal program managers and the six private sector program managers GAO interviewed said responsiveness to suggesters is important and that the biggest disincentives are slow processing of suggestions and nonresponsive replies to employees.

FEDERAL GOVERNMENT SUGGESTION PROGRAM EXAMPLES

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U.S. AIR FORCE

The U.S. Air Force Suggestion Program is an example of a Federal suggestion program that has shown long-term success, stability, and proven tangible and intangible benefits over the years, i.e., the program is a survivor. Idea-generating programs have come and gone. In the 1960's, Zero Defects was in vogue; in the 1970's, Economies and Efficiencies was the byword; the 1980's brought rise to the Model Installation Program; and in the late 1980's and early 1990's, there was the Defense Management Review. The goal of all these programs was to save money. In most cases, the programs ran their course or gave way to newer idea programs.

The Air Force Suggestion Program not only survived but flourished. Since 1973, the U.S.A.F. Suggestion Program has saved more than \$3 billion and paid awards of more than \$55 million. The Air Force has received \$57 for every \$1 paid out in awards—a track record that Wall Street brokers would envy. The infrastructure of dedicated professional suggestion program managers and the investment of resources has contributed to the long-term success of the Air Force Suggestion Program.

U.S.A.F. Small WINS Program

Small WINS is a program initiated by the U.S. Air Force at the Aeronautical Systems Center (ASC) to recognize individuals or teams for successful innovation or internal process improvements. The ASC Quality Office (QO) manages the WINS program. Small WINS is similar to the suggestion program in that proposed initiatives must identify an area for improvement, state a potential solution, and state its expected benefits. The program is different in that recipients' organizations may issue special act or service awards (\$100-\$250) instead of suggestion awards. The advantage of this is that special act awards can usually be processed more quickly. If suggesters submit ideas through WINS and subsequently receive special act awards through their organizations, they are ineligible to receive cash awards through the suggestion program. This could cause a problem if the initiative resulted in large savings that merited a substantial cash award under the suggestion program, but had been paid a small cash award under the WINS program.

Small WINS initiatives can result from process action teams or clerical working groups, for example. The QO and the ASC suggestion program office work together to ensure that suggesters are not shortchanged by reviewing initiatives for monetary benefits prior to payment of cash awards under WINS.

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U.S. COAST GUARD "Idea Express"

In 1989, the Coast Guard started a new suggestion program called "Idea Express." The purpose of "Idea Express" is to give employees a simple method for getting their ideas evaluated and implemented. Originally designed as a centralized program, "Idea Express" is now a decentralized program with an emphasis on individuals and teams improving their own processes.

Characteristics of the "Idea Express" include:

- Suggesters are encouraged to make improvements in their own area of expertise.
- Suggestions are brought to the process owner's attention.
- Unit commanders and division chiefs on large staffs have ideas reviewed and improved by a natural work group. Team members who significantly improve ideas share in cash awards. Unit commanders and division chiefs on large staffs also have authority to reward promptly suggesters for their improvement ideas, which are implemented at the local unit or staff level.
- The processing time is reduced. An improved computer system tracks tangible savings and ensures that suggestions are implemented.

All Coast Guard employees are trained in process improvement and "Idea Express." The training effort for this program is unprecedented in the history of Coast Guard.

Attachment: Article on "Idea Express"

(Coast Guard article on Idea Express)

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DEPARTMENT OF ENERGY Office of the Assistant Secretary for Human Resources and Administration

Divisions within the Department of Energy's Office of Human Resources and Administration dedicated up to four hours during one week for working teams to develop ideas and suggestions for improvements. "Ideas Day" staff invited all the Office employees to examine ways to improve customer service, to streamline work processes, and to enhance the workplace environment. During the week of May 16, 1994, staff received 2,134 ideas. Sixty-eight percent of the ideas were implemented. Suggesters were given a certificate of appreciation and a coffee mug with the words, "My Idea Made a Difference." A ceremony also was held.

All employees within the Office of Personnel received a 2-1/2 hour, in-house training course on, "Customer Service Awareness."

* * * *

NATIONAL SECURITY AGENCY

The National Security Agency (NSA) values employee contributions and rewards employees for their ideas.

A suggestion program manager has overall charge of the suggestion program with committees in each of NSA's five major departments. The committees identify evaluators and subject matter experts. The program manager tracks all suggestions, transfers suggestions if necessary, prepares quarterly management reviews, and manages the program's budget.

Awards granted for adopted suggestions include certificates of appreciation and cash awards from \$100 to \$10,000. Awards are granted to individuals and teams.

The program is publicized with pencils, address books with NSA logo, and notepads. An annual awards ceremony recognizes evaluators and two Suggesters of the Year—one for tangible and one for intangible savings.

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**NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
Employee Suggestion Program**

NASA promotes its suggestion program in various ways. The most widely used method of publicity usually includes highlighting adopted suggestions in NASA's newsletters. Posters and soliciting ideas through employee bulletins provide a commonly-used vehicle for promoting the suggestion program.

Every suggester receives a token of appreciation for his or her participation. These items usually include: key rings, hats, pens, coffee mugs, etc. with the agency or installation's name or logo. The items can be given to evaluators as well as a letter of appreciation.

NASA grants monetary and nonmonetary awards for adopted suggestions. Suggestions resulting in tangible benefits are awarded based on a percentage of monetary savings to the Government. Awards for suggestions with intangible benefits are based on the extent of application and the value of the benefits.

Quarterly reports provide an index to evaluate employee participation, tangible and intangible benefits, and the overall savings to the Government.

* * * * *

**NAVAL AVIATION DEPOT (NADEP)
Jacksonville, Florida
"VISION"**

A group of employees at the Naval Aviation Depot, Jacksonville, Florida, revamped the Depot's entire suggestion program to include simplified forms and to cut the routing process to less than a month.

The heart of the new program, however, is the use of teams to evaluate suggestions. With the new VISION (Valuable Ideas Save Investments of NADEP) Program, the suggester presents his or her idea directly to the evaluation team. A suggester knows the fate of his or her idea almost immediately, because the team decides that day whether or not to adopt the idea. Another benefit is that suggesters learn how much is involved in evaluating a suggestion. Evaluators praise the idea because they are able to see a submitted suggestion to its completion.

The concept allows individuals to come together, to talk about a suggestion in a non-threatening environment, and to make a decision. The team is empowered to implement the decision.

**EXAMPLES OF NON-FEDERAL
SUGGESTION
PROGRAMS**

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EXAMPLES OF NON-FEDERAL SUGGESTION PROGRAMS

1. ALLINA Health System
2. American Airlines
3. American Cast Iron Pipe Company
4. AT&T Universal Card Services
5. Boardroom, Inc.
6. Chicago Tribune
7. Ford Motor Company
8. Herman Miller
9. Hewlett Packard
10. Ohio State
11. Peter Paul
12. Province of New Brunswick, Canada
13. Toyota
14. United Technologies, Pratt and Whitney

Due to a lack of space, we are unable to print program material from every organization that provided information. Our thanks go to all the organizations that responded to our request.

[Please note: The mention of a commercial product or service in this Guide does not constitute endorsement by the Suggestion Program Working Group.]

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ALLINA HEALTH SYSTEMS Implemented Improvement System (IIS) (Non-traditional suggestion program, fashioned after the Japanese approach)

Ongoing Promotion and Publicity

Supervisors and managers recognize employees' ideas at monthly or bimonthly business "all staff" meetings. Discussion must include the improvement idea, how it was implemented, and the results. Other forms of recognition include:

- Informal one-on-one immediate reinforcement and congratulations;
- Praise and discussion at staff meetings;
- Information about completed ideas is communicated at all employee meetings, and through bulletin boards, business newsletters, etc.; and
- Implemented ideas will be communicated via the "Q" newsletter on a quarterly basis.

Incentives for Suggesters

Incentives for suggesters include: Ownership and improvement of one's own job work processes, recognition from peers and supervisors, rewards, and direct and open communication with management about improvements.

Training Provided to Participants

One hour training is provided on the process, awards, and recognition.

Types of Awards

A token dollar amount is given in appreciation for documenting the idea; money is not the main award. No reward exceeds \$5 **per employee per** implemented improvement suggestion. Each participant on a joint improvement idea receives an award. Management has flexibility in determining rewards. Some options include: movie tickets, dinner coupons, "drawings" from a cash pool, t-shirts, and sweatshirts. The emphasis is on listening to employees' improvement ideas, empowering them to make improvements, and providing sincere recognition.

Award Scales to Determine Award Amounts

Set dollar amount of \$5 plus promotional items.

Program Evaluation

Employees are surveyed for their input to improve the program.

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ALLINA
A Non-Traditional Suggestion System

Traditional versus Non-Traditional Suggestion System Comparison

Traditional	Non-Traditional
Suggestion Box	Removed the suggestion box—now direct and open communication between employee and immediate supervisor about the idea.
Suggestion Committee researched ideas, evaluated them and ranked top ideas before implementation	Eliminated the suggestion committee. Supervisor authorizes implementation of idea. Employee creates the idea and does own investigation and research on merit of idea (employee creates, acts, and implements).
Suggestion Committee implements ideas—many times incorrectly or not the way the employee wanted it implemented. After adoption of an idea, it could take 3-6 months or longer to get implemented.	Employee or team implements their own ideas (with assistance when necessary). Implemented correctly and as soon as possible.
Committee communicates back to employees through a letter or memo informing them if their ideas have been adopted, declined, or pending further investigation or approval.	Employee and supervisor communicate directly if idea can be implemented (verbally and is documented on the form by employee).
Management employees were not eligible to participate in the suggestion system. If so, management could submit suggestions only outside of their own job.	All employees including management are encouraged to participate with inclusion of "own job" recommendations as a primary driver of process improvement.
Committee picks/ranks top suggestions (usually 1-3 per quarter receive cash awards). Remaining employees get thank you letters from VP (not immediate supervisor) for their participation.	All employees get awarded the same dollar amount and are recognized by management and in front of their peers after ideas are implemented (immediate recognition from supervisor and at monthly recognition meetings).
Large, innovative ideas were awarded with emphasis placed on the bottom line (company profits and savings).	Both small as well as large ideas are solicited (majority being continuous incremental process improvements: Kaizen - ongoing, endless). Emphasis is on all ideas have merit to the individual, customer, and company.
Top suggesters would also receive 10% of profits and/or cost savings from their idea (legal liability and accounting time)	Small dollar amount for token or appreciation and for documenting idea - not stressing money as main award. Emphasis is on listening to employees for their improvement ideas, empowering them to make improvements, and sincere recognition.
Employees could not make suggestions that related to their own job in many traditional systems.	ALLINA encourages all employees to make improvements particularly in their own job, and also for the business unit and Division-wide (small and large).

Good Ideas: A Suggestion Guide

AMERICAN AIRLINES IdeAAs in Action

The goal of American Airlines is to be the most financially competitive airline in the world. To help achieve this goal, American Airlines, in conjunction with the Maritz Performance Improvement Company, established the "IdeAAs in Action" suggestion program.

Since 1986, the IdeAAs in Action program has:

- Received over 130,000 suggestions;
- Contributed over \$350 million in savings, revenue enhancement, innovations and process improvements (over the past eight years);
- Shared over \$50 million in awards with its suggesters, supervisors and implementers;
- Achieved a 48 percent employee participation rate in the maintenance and engineering facilities;
- Symbolically purchased American's 50th Boeing 757 with the savings generated from employee ideas;
- Received a favorable rating from 76 percent of American's employees as an effective cost management tool.

Reasons for the program's success include a full-time staff to handle suggestions and the aggressive support of American Airlines' top management.

Good Ideas: A Suggestion Guide

AMERICAN CAST IRON PIPE COMPANY ACIPCO Suggestion System

Ongoing Promotion and Publicity Efforts

The company prints and distributes posters encouraging employees to submit suggestions. The company believes that the presentation of awards is direct evidence that the system operates and is worth far more than any abstract promotional material. The contribution made by the employees is publicly recognized; the suggestion coordinator arranges to have the information on adopted suggestions published in the Acipco News.

Incentives For Suggesters and Evaluators

Suggesters make their jobs safer and easier, and reduce costs so they and the company will benefit from the profit sharing plan. Evaluators enhance their knowledge about other areas of the plant, gain respect for the ingenuity of suggesters, and meet other supervisors and engineers, which sharpens their minds.

Training Provided to Participants

The company has a printed Suggestion System Evaluator's Manual that delineates the suggestion system process, timeframes, objectives and responsibilities, and how to evaluate suggestions effectively.

Types of Awards

An initial award of \$25 is paid at the time of adoption for all eligible suggestions. Awards are determined on the basis of classification:

Class A - Where tangible direct labor and/or material savings exist, the final award is 15 percent of the net savings to the company for the first year.

Class B - Where savings are intangible, the final award will be paid on the importance and extent of use of the adopted suggestion at the completion of the 12-month period following installation.

Program Evaluation

Each year an annual report summarizing company-wide results of the suggestion system is prepared by the suggestion coordinator.

Good Ideas: A Suggestion Guide

AT&T UNIVERSAL CARD SERVICES Jacksonville, Florida Your Ideas-Your Universe

Ongoing Promotion and Publicity Efforts

Associates receive program information packaged in brightly colored, user-friendly folders. Topics in the folder include: Here's How It Works, Questions & Answers, Participation Form, Your Favorite Charity, Gift List. Evaluators receive folders with the following topics: Here's How It Works, Response, Participation, Evaluation, Financial Benefits. Also included in each folder are pads of paper ("Idea Scratch Pad - Quick, Write it Down...") and laminated file tabs: Pending Ideas, Adopted Ideas, and Non-Adopted Ideas.

Family/Friend Reunion: One winner in a random drawing from all accepted ideas wins an all-expense-paid weekend, including airline tickets and a reunion dinner, in St. Augustine for eight family members or friends. A photo album is presented to each guest as a remembrance.

Incentives for Suggesters and Evaluators

Each suggester who submits an original idea receives a silver dollar for taking the time to submit an idea.

Training Provided for Participants

Associates For-a-Day Training Classes
New Manager Orientation

Types of Awards

- Gift certificates of \$5 for ideas that make Universal Card Services a better place to work or produce small continuous gains
- Gift certificates of \$25 for ideas that improve the business.
- Gift certificates of \$50 for ideas that improve customer service.
- Cash awards up to \$10,000 for suggestions with tangible benefits.

Program Evaluation

Focus groups, written surveys, ideas from associates.

Good Ideas: A Suggestion Guide

BOARDROOM, INC. "I-Power"

Martin Edelston, founder of Boardroom, Inc., and the non-profit Greenwich Institute for American Education, asked management expert Peter Drucker how to improve meetings. Drucker suggested that everyone come to meetings prepared to give two ideas for making their own work, their department's work, or their company's work more productive.

This simple suggestion helped Boardroom, Inc., create "I-Power"—Idea Power, which is a system for continuous improvement. It is a variation on the system the Japanese call Kaizen, which means continuous improvement. The purpose of I-Power is to generate ideas from employees.

Today, Boardroom employees are expected to deliver two ideas every week, which are neither debated or criticized. Ideas are collected and returned to employees within 10 days with a grade as follows: Every "A" idea earns \$10, "B's" get \$5, and the person with the highest number of "A" ideas in a month gets an additional \$50. The best idea each month, selected by a committee of three managers, earns the winner two tickets to a show or concert. In the case of a big money-saving idea, a special cash award is granted. Some action is taken on every idea.

I-Power focuses on generating ideas rather than on results. Only about half the ideas are implemented. However, everyone who submits an idea gets a response. The team members who submit ideas that will not be acted on immediately receive handwritten notes of thanks for making a contribution.

I-Power is so successful that it helped Boardroom, Inc. grow from a \$25 million business to a \$125 million business in just five years.

I-Power has improved the quality, productivity and profitability of Boardroom by focusing employees' attention on solutions instead of problems in a fun environment.

Good Ideas: A Suggestion Guide

CHICAGO TRIBUNE Innovator Program

Ongoing Promotion and Publicity Efforts

The Tribune promotes the program via the company newsletter, posters, flyers, display cases, and payroll stuffers. There is an open house at least once a year on all three shifts so that employees can stop by, ask questions, and become more familiar with the program. Program materials and suggestion forms are in constant supply in several places within the department and every supervisor is supplied with forms for their employees. Contests are created at least twice a year to keep up interest and enthusiasm for the program. The contests usually offer extra points or tickets to events.

Incentives for Suggesters and Evaluators

Employees receive points redeemable for merchandise for ideas when they are submitted and additional points if the ideas are approved. Evaluation committees have the authority to award extra points based on cost savings. At the end of each year, the committees recommend "Top Innovators," whose ideas had a substantial impact (monetary or nonmonetary) on the department or company. Those employees receive \$1,000 and a Chicago Tribune signet ring and are honored at an annual awards ceremony.

Training Provided to Participants

Basic training is provided to each committee chairperson to familiarize them with the program details and how to evaluate ideas. Each chairperson then trains his/her own committee.

Types of Awards

An employee receives one point for submitting a valid idea (one which follows the rules) and four points for an approved idea. The employee will receive an additional four points for an approved idea, which has documented cost savings. An additional 50 points may be awarded if a suggestion, when implemented, generates annual savings greater than \$1,000 for the division or company. The employees redeem the points for merchandise contained in a catalog. At least seven points are required for an award.

Program Evaluation

Administrator sends out yearly surveys to employees, talks to the committees, checks the volume of ideas submitted and cost savings generated.

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FORD MOTOR COMPANY Continuous Improvement Recognition System (CIRS)

Ongoing Promotion and Publicity Efforts

When CIRS is launched in a facility, the program is promoted in several ways. A video highlighting the history of Ford is shown. Mailers are sent to announce promotional meetings. The Ford Communication Network (FCN) and the in-house publication, *Ford World*, run articles on the program. CIRS also created its own magazine, *Insight*, to identify the facility and divisional coordinators and to highlight success stories. Merchandise and travel catalogs are sent to the employee's family to involve them in the program. CIRS, at a corporate level, operates with three staff people and a manager.

Incentives for Suggesters and Evaluators

Ideas can be submitted by individuals or teams. CIRS team members equally share the awarded points. Supervisors earn awards based on the overall employee participation of their activity. Department managers and their committees are awarded points based on their turnaround time in evaluating ideas. Implementers and contributors to ideas can also earn awards dependent upon their efforts.

Training Provided to Participants

No information provided.

Types of Awards

Points are awarded for implemented ideas that are job- or process-related. Points are accumulated and can be redeemed at any time for merchandise, travel, or company vehicles. Points are recorded on a computer and prizes are redeemed through an outside supplier that helps Ford launch and maintain the program. Ford chose not to include cash as an award to differentiate CIRS from compensation. Moreover, merchandise is seen as the primary driver for the program and is easier to promote.

Award Scales to Determine Award Amounts

Ideas that yield 20 point awards can be approved by first level supervisors. Ideas that result in awards greater than 20 points are evaluated by a departmental committee. A matrix, based on implemented cost savings, determines the amount of points awarded for approved and implemented ideas.

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Program Evaluation

Ford evaluates CIRS by analyzing the participation rate, the number of ideas submitted per employee, the approval rate, the evaluation time, and the annual implemented savings per employee. Compared to the prior program, the participation rate has increased four-times. Approximately, two-thirds of all ideas (where a decision has been rendered) are approved. The evaluation process time has improved from an average of nearly one year to 40-50 days and the annual implemented savings per employee has more than quadrupled from the old savings rate.

CIRS is looked upon by Ford as much more than just a "suggestion" program. Rather, CIRS, is viewed as a vehicle to promote employee participation in the company's decision process. It is also a culture change—where employee trust and empowerment are emphasized and the overall CIRS process is an integral part of day-to-day operations.

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HERMAN MILLER Your Ideas Make Us Shine

Ongoing Promotion and Publicity Efforts

The company has established an *Idea Club* for those individuals and teams whose suggestions are implemented between January 1 and December 31 and meet one of the following criteria: Cost savings of more than \$100,000; cost avoidances that exceed \$250,000; or ten or more accepted suggestions.

An annual celebration dinner is held in March for individuals and groups of teams that qualify for the *Idea Club*.

The company publishes more information about accepted suggestions each month in an employee newsletter, *Connections*. In addition, the company has developed a sticker to be worn on employee badges, which indicates membership in the *Idea Club*.

Incentives for Suggesters and Evaluators

Suggesters receive a memo pad or a pencil for team members ("Your Ideas Make Us Shine") for submitted suggestions. In addition, suggesters receive an award envelope with a magnet. The award envelope includes the following: the number of the accepted suggestion for the calendar year, the suggester's name, subject of the suggestion, and a personalized congratulatory statement signed by the President and CEO of the company. Evaluators receive a roll of Life Savers with an attached card ("Your hard work as a responder is appreciated").

Training Provided to Participants

In the new employee orientation session, the suggestion system process is reviewed for all new employees.

Types of Awards

Nonmonetary. At the annual dinner suggesters receive mementos for their adopted ideas.

Award Scales to Determine Award Amounts

This program is part of a gainsharing bonus, which is paid quarterly to all employees. The bonus is based on five key measurements: service quality, product quality, growth, asset use, and implemented cost savings. Twenty-five percent of all cost savings for the quarter are paid back to all employees.

Program Evaluation

Yearly surveys are mailed to all employees. Also a separate survey is sent to *Idea Club* members asking for their input on possible future changes.

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**HEWLETT PACKARD
Employee Suggestion Program**

Ongoing Promotion and Publicity Efforts

Four offices take turns creating and distributing bulletin board displays monthly. The displays encourage suggestion participation.

Incentives for Suggesters and Evaluators

No information provided.

Training for Evaluators and Suggesters

No information provided.

Types of Awards

Nonmonetary. Suggesters are awarded points based on the impact of their suggestion. Points can be redeemed for merchandise in the Employee Suggestion Program award brochure or they can be redeemed for a service merchandise incentive award check. Items listed in brochure include: Pocket card holder (10 points), travel alarm/flashlight (20 points), pen/pencil set (50 points.)

Award Scales to Determine Award Amounts

For suggestions with tangible improvements:

If the annual cost savings are:	then the award will be:
Less than \$500	10 points
\$500 to \$4,999	15 points
\$5,000 to \$9,999	25 points
\$10,000 to \$14,999	50 points
\$15,000 to \$24,999	75 points
\$25,000 or more	100 points maximum

Suggestions with intangible improvements are awarded up to 50 points, depending on the level of impact as decided by the evaluators.

Program Evaluation

No information provided.

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OHIO STATE EMPLOYEE SUGGESTION AWARD PROGRAM Innovation Ohio

Ongoing Promotion and Publicity Efforts

Promotion of Innovation Ohio and education regarding its benefits is handled at the statewide level by the Innovation Ohio staff. However, each agency coordinator must ensure an adequate level of understanding and must generate participation and support at the agency level. Recommended publicity includes: Newsletter articles, displays (showcasing agency winners and their ideas in lobbies, lunchrooms, or other well-traveled locations), special promotions, paychecks, flyers and brochures, posters, meetings, videos, and special events.

Incentives for Suggesters and Evaluators

Some state agencies give items, such as t-shirts and coffee mugs, to employees submitting ideas. Further, in an effort to promote team ideas, a drawing is held where the name of one team is drawn. Each member of that winning team is granted a \$100 certificate to use at one of Ohio's state parks.

Training Provided to Participants

Agency coordinators are responsible for educating the key players regarding the program and the roles they play. Employees, supervisors, managers, and evaluators receive training. Information is provided in the Innovation Ohio brochure distributed to all employees; an employee handbook is planned.

Types of Awards

Innovation Ohio encourages employees, either individually or as teams, to submit ideas to improve the quality and reduce the cost of services the state provides. Team participation is encouraged and special team awards are planned. Monetary awards are granted only for adopted ideas with significant cost savings, i.e., more than \$10,000 for the first year. The award will normally be 5 percent of the first-year savings, up to a maximum of \$5,000.

Nonmonetary awards are given for all other ideas. These are recommended for suggestions with first-year savings of less than \$10,000 and for suggestions with intangible benefits only. Nonmonetary awards may include day(s) off from work (with pay), lodging or weekend packages at Ohio state parks, or items from a special catalog of Ohio-made products. Innovation Ohio has a Suggestion Award Committee, which meets on an as-needed basis and is responsible for reviewing all award recommendations and making the final award determinations.

Program Evaluation

Program is too new to evaluate but early experience shows a big increase in the number of suggestions submitted.

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**PETER PAUL
(Hershey Chocolate USA)
Employee Suggestion Program**

Ongoing Promotion and Publicity Efforts

Publicity Chairperson

- Writes articles for the company sponsored paper, bulletin boards, etc.
- Encourages enthusiasm and awareness of the program
- Publicizes significant ideas or contributors

Incentives for Suggesters and Evaluators

Area coordinators are recognized twice a year for their assistance in implementing ideas.

Training Provided to Participants

Employee Suggestion Program Administrator arranges training of Area Coordinators.

Types of Awards

<u>Suggestion Benefit</u>	<u>Award</u>
\$0 - \$ 1,000	\$10 gift certificate \$10 donation to Children's Miracle Network (CMN)
\$ 1,000 - \$10,000	\$50 savings bond \$25 gift certificate \$25 donation to CMN
\$10,000- \$50,000	1 share of Hershey stock \$100 savings bond Maritz catalog `C` \$50 gift certificate \$50 donation to CMN
Greater than \$50,000	2 shares of Hershey stock \$200 savings bond Maritz catalog `E` Day off with pay \$100 gift certificate \$100 donation to CMN

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Cost Avoidance and Soft Savings:

Ideas that result in intangible savings or cost avoidance, and ideas that improve safety, working conditions and/or morale, will be recognized with a \$10 award.

Joint Suggesters/Team Awards:

In order to stimulate team cooperation in idea generation and submission, if joint suggesters submit an idea, the award will be based on 50 percent of the full savings, for up to a maximum of ten team members. If over ten team members, five times the savings will be divided by the number of team members. A "thank you" gift and a Completion Award are also granted.

Program Evaluation

Tracking Administrator:

- Receives copies of suggestions, checks for duplication, and enters into data base.
- Generates reports on status of suggestions, savings, etc.
- Attends monthly meetings to report on status, and provide updates.
- Works closely with Employee Suggestion Program Administrator to assist in the smooth administration of the program.

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PROVINCE OF NEW BRUNSWICK Employee Suggestion Program

Ongoing Promotion and Publicity Efforts

Deputy ministers and their senior managers have an important role in promoting the program and encouraging their employees to participate. A solid endorsement of the program and regular reinforcement of that endorsement are ingredients in the program's success.

Incentives for Suggesters and Evaluators

At the discretion of the department, an employee may be awarded a **certificate** where: 1) the employee is ineligible for a cash award; 2) the department is unable to implement or to evaluate the potential cost savings of a suggestion; 3) in the opinion of the department, the employee has demonstrated an extra effort and creativity in submitting the suggestion; 4) the idea was declined but resulted in some positive beneficial action being taken.

An employee is eligible for both a **certificate and a cash award** where suggestions: 1) are submitted by eligible employees; 2) are implemented by the department and 3) are evaluated financially and are found to produce cost-savings to the government of \$500 or over.

An employee may be eligible for a **certificate and a minor award** if: 1) savings of an adopted suggestion are less than \$500; or 2) deemed appropriate in special cases such as implemented ideas resulting in benefits not measurable in dollars and cents.

Training Provided to Participants

No information provided.

Types of Awards

Cash awards between \$50 and \$5,000 are calculated as follows:

- 10 percent of the first \$10,000 in savings
- 5 percent of the next \$40,000 in savings
- 2 percent of the next \$100,000 in savings

Cash awards are based on a percentage of net savings for the first 20 months after implementation. The maximum award is \$5,000. All cash awards are subject to applicable deductions.

Program Evaluation

The program administrator is responsible for the overall operation of the program and for providing consultative and support services necessary for the effective administration of the program.

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TOYOTA (JAPAN)

Toyota began its suggestion program in 1951. By 1986, employees had submitted a cumulative total of more than 16.2 million suggestions—a very impressive number for a company with approximately 200,000 employees. The participation rate of Toyota employees by 1986 was 98 percent.

Moreover, these ideas were not limited to a particular group or a single department, but rather were spread throughout the entire workforce. Toyota also implemented these suggestions at a very high rate—around 96 percent. Thus, the ideas submitted had value.

Here is how the company continues to operate its successful suggestion program:

- (1) Toyota has a very responsive system. Management must acknowledge receipt of employees' ideas within 24 hours of their submission. Within 72 hours, management must inform employees whether or not their ideas will be implemented.
- (2) Toyota has an active recognition program. In addition to distributing coffee cups, t-shirts, and hats, the company has a "Good Idea" club. However, none of the ideas initially involve monetary awards.
- (3) Senior executives are charged with ensuring that the Toyota suggestion system really works. Their bonuses, promotions, and future employment are tied to serving as "champions."
- (4) The most important factor in Toyota's success is that employees know that their ideas are valued. That fact is reflected in the extraordinarily high participation and adoption rates.

Good Ideas: A Suggestion Guide

UNITED TECHNOLOGIES, PRATT & WHITNEY Cost Reduction Program

Ongoing Promotion and Publicity Efforts

Promotions - The company typically runs one or two major Cost Reduction Program promotions per year and several smaller ones where proposals dealing with "job related" ideas or "customer savings" are solicited. The program recognizes job-related ideas as well as savings to the customer (U.S. Government).

Publicity - The Cost Reduction Program is publicized in the daily employee communication bulletin UPDATE and the company quarterly publication GESP NEWS. The company reports significant savings and recognizes cost reducers. Million dollar cost reducers are recognized by the division president. These events are reported in UPDATE. Outstanding accomplishments, such as being chosen Cost Reducer of the Year or special recognition for the Cost Reduction Program, are publicized in the quarterly newspaper GESP NEWS and UPDATE.

Incentives For Suggesters and Evaluators

Suggesters of adopted ideas receive certificates that are redeemable for merchandise or services in local stores and malls or for travel vouchers. Each month an evaluator is selected as Evaluator of the Month and receives a \$50 gift certificate. The selection is made based on the quality and quantity of evaluations received from the evaluator.

Training Provided to Participants

On-the-job training is provided to suggesters and evaluators. Awareness training is provided to department heads annually, and to employees upon request.

Types of Awards

Awards are based on a point system and are made in the form of merchandise and/or travel vouchers. The minimum cost reduction award is worth \$25 and the maximum is worth \$1,000. Employees receive one point for each net dollar saved up to \$100,000. Twenty-five thousand bonus points are awarded at \$250,000 increments up to \$1,000,000. The maximum number of points for one cost reduction is 200,000; each point is worth \$.005.

Program Evaluation

The Pratt & Whitney Florida Operations Cost Reduction Program has won the EIA Savings per Eligible Employee Ratio Award 14 of the past 15 years. In addition, the company has received the Cost Cutter Award from the Contract Management Division of U.S. Air Force. The average annual savings for the last ten years is \$88 million per year based on an average of 7,436 employees.

SAMPLE SUGGESTION FORMS AND GUIDES

Good Ideas: A Suggestion Guide

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Good Ideas: A Suggestion Guide

EVALUATOR'S CHECKLIST

I have:

- _____ Read the evaluator's guidelines
- _____ Read the suggestion thoroughly and carefully
- _____ Checked to see if the idea is a duplicate
- _____ Contacted the suggester to obtain additional information, if necessary
- _____ Analyzed the idea, determining that the problem does exist
- _____ Tested the proposed solution
- _____ Looked at other ways of solving the problem
- _____ Determined that the idea's proposed solution is the best one for the problem
- _____ Determined the advantages/disadvantages of the proposed solution
- _____ Talked with others about the idea
- _____ Determined what effect this suggestion might have on other areas in the organization
- _____ Calculated the costs associated with implementing the suggestion to determine whether adopting the idea is beneficial to the organization
- _____ Determined the tangible/intangible benefits to the organization
- _____ Made the decision to adopt or not adopt the suggestion
- _____ Finished the evaluation on time or requested an extension
- _____ Written a letter to the suggester, addressing each point in the suggestion and telling the suggester of your decision to adopt/non-adopt.
- _____ Completed, signed and dated the evaluation report
- _____ Routed the suggestion, letter, and evaluation report to the suggestion office.

Good Ideas: A Suggestion Guide

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