White Paper

How To Build An Idea Management System That Actually Works

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Introduction

Idea Management System (IMS). What is it? And, how can it help your organization?

Whether you’re looking to build a new idea management system, or to improve an existing one, this guide can help you.

First things first. Let us define what an idea management system (IMS) is:

A system implemented by an organization that enables employees, customers, and/or other stakeholders to share ideas to improve the organization’s processes, products, and/or services.

When implemented well, an IMS offers several benefits to your organization:

1. **Improve Employee Morale**
   A well-designed idea management system enables employees to improve their own work processes. This improves employee morale.

2. **Increase Job Satisfaction**
   Participating in idea management systems increases employee job satisfaction as employees feel they are positively influencing their organization.

3. **Create Ownership & Engagement**
   By enabling employees to play an active role in the future direction of their organization, idea management systems create a sense of ownership and increase employee engagement.

4. **Build Team Spirit**
   Well-designed idea management systems enable employees to collaborate together on fleshing out suggestions as well as implementing them. This builds team spirit.

5. **Reduce Costs – Increase Profitability**
   Organizations such as Toyota have achieved substantial cost savings by asking employees to suggest ideas to reduce costs. This can lead to increased profitability for your organization.
6. **Increase Revenue**
   Organizations such as GE and P&G have introduced new product lines as a result of their idea management systems. This can lead to increased revenue for your organization.

7. **Improve Customer Satisfaction**
   Organizations such as Starbucks leverage their idea management system to identify ways to serve their customers better, which leads to improved customer satisfaction.

These are compelling benefits. However, there is one very important point to note:

**Just implementing an IMS does not guarantee these benefits! Only a well-designed IMS will do so. A poorly-designed IMS is often counter-productive and can actually decrease employee morale!**

Unfortunately, many organizations fall prey to 5 common mistakes that cause their IMS to fail.

In the rest of this guide, we will outline these 5 mistakes, and provide practical steps you can take to design a successful IMS.
Before we take a look at the most common mistakes organizations make in their idea management systems—let us first take a look at an important concept. This concept relates to what motivates us, and is based on proven behavioral research.

Did you know the word “motivation” comes from the Latin word *motivus* that means “serving to move?” So, to be motivated means to be moved to do something.

While there are many factors that motivate us, they can be classified into two types:

1. **Extrinsic motivation**
2. **Intrinsic motivation**

Let us take a quick look at the meaning of these terms.

**Extrinsic motivation:**
Motivation comes from factors *external* to the person being motivated. Common extrinsic motivations are rewards (for example, money or grades) for showing the desired behavior, and the threat of punishment for misbehavior. Competition is also an extrinsic motivator because it encourages the performer to win and to beat others, not simply to enjoy the intrinsic rewards of the activity.

**Intrinsic motivation:**
Motivation comes from factors *internal* to the person being motivated to do something. Intrinsic motivation refers to motivation that is driven by an inherent interest or enjoyment in the task itself, and exists within the individual rather than relying on external pressures or a desire for reward. A common example is a student who is interested in mastering a topic, not just in achieving a good grade.

Research has shown that people motivated by intrinsic factors perform at a higher level and are able to sustain this over a longer period of time compared to people motivated by extrinsic rewards.

Furthermore, research has indicated that extrinsic rewards can lead to a subsequent *reduction* in intrinsic motivation! As a result, relying on extrinsic rewards is not the best idea for your IMS.

Top 5 Mistakes to Avoid in Your IMS

Here are the top 5 mistakes many organizations make in their IMS—these mistakes prevent yourIMS from being successful:

1. **Using Financial Rewards**
   Many organizations offer financial rewards for good suggestions by employees. By financial rewards we mean anything that has substantial financial value. This includes cash, savings bonds, stock options, gift certificates, and merchandise.

   Although this is well-intended, there is no better way to derail your IMS than to offer financial rewards. Here’s why:
   
   A. Financial rewards are *extrinsic*. As we discussed earlier in this guide, extrinsic rewards do a poor job of increasing employee motivation.
   
   B. Offering financial rewards for “The Best Idea” will kill off hundreds of smaller (and very valuable) ideas because employees think an idea is not big enough to win.
   
   C. Financial rewards have been shown to discourage teamwork, as employees become reluctant to involve others in refining an idea.

2. **Making it a Competition**
   Many organizations make their IMS into a competition. They offer monetary or non-monetary awards for the “Best Idea,” “Idea with Biggest Savings,” etc.

   Competition is also an *extrinsic* motivator and, as a result, doesn’t work well over the long-term. Furthermore, such internal competition leads to reduced teamwork—this negatively impacts “Relatedness,” a key factor for intrinsic motivation, as discussed in the next section.

3. **Limiting Eligibility**
   Many organizations limit which employees can submit suggestions—based on their department, seniority, etc.

   While this may seem logical at first, this sends the wrong message to employees and reduces the success of IMS over long-term. When limited eligibility is combined with financial rewards, an IMS is almost certain to fail!
4. **Not Implementing Suggestions**

If employees feel you’re not going to seriously consider or implement their suggestions, they are unlikely to participate actively. Not only will your employees be unhappy with your organization’s apparent lack of follow up, this can decrease overall employee morale.

Make sure to clearly communicate to employees when suggestions are selected for implementation and when suggestions are successfully implemented. Even better, make sure to actively involve the employee who suggested the idea in the implementation. This will lead to a virtuous cycle resulting in a very successful IMS.

5. **Not Providing Topics for Suggestions**

If you want continuous flow of suggestions from your employees, you need to periodically (such as every 2-4 weeks) solicit suggestions on different topics. What kind of topics would you like your employees’ suggestions to be focused on? Improved internal processes? How to create a more creative workplace?

Actively soliciting suggestions on specific topics will result in a steady and growing flow of suggestions.

Make sure to understand and avoid these 5 mistakes at all costs. This will dramatically improve the odds of success for your IMS.

Specifically, please note that the top 2 mistakes result from appealing to extrinsic motivation. As a result, it’s important to understand how to avoid relying on extrinsic motivation—we will address this in the next section.
The top two mistakes we listed in the previous section originate from the same flaw:

Relying on extrinsic motivation.

The way to avoid these mistakes, then, is to use an approach that taps into intrinsic motivation rather than extrinsic motivation. So, what are the factors that tap into intrinsic motivation?

Before we dig deeper into these factors, let us take a brief look at the history of motivation research.

Psychologists have been studying how to motivate people for quite some time. In the second half of the 20th century, the dominant theory was “behaviorism”—the most popular study being that of Ivan Pavlov’s salivating dogs. Behaviorist thinking suggested that extrinsic motivation was the way to get people to do things.

Then a group of “cognitivist” theories started emerging during the mid-1980s. The most influential of these is the Self-Determination Theory (SDT) of Edward Deci, Richard Ryan, and others. Deci and Ryan suggested that human beings are inherently proactive but only when the external environment supported this.

 Whereas the behaviorist approaches assume that people only respond to extrinsic rewards/punishments, SDT focuses on what humans need to allow their innate motivation to flourish. SDT suggests that these needs fall into 3 categories:

• Autonomy
  Autonomy is the innate need to feel in command of one’s life.

• Competence
  Competence is being effective in one’s job and achieving mastery.

• Relatedness
  Relatedness involves social connection and the desire to interact with others.

As a result, any approach that can maximize the success of your IMS must meet these 3 needs—and thus tap into intrinsic motivation. Now, let us take a look at how to do this, shall we?
How to Design an IMS That Taps Into Intrinsic Motivation

How do you design an IMS that taps into the intrinsic motivation of your employees?

In the previous section, we discussed the three needs that, when met, allow intrinsic motivation in humans to flourish. A properly designed IMS addresses these 3 needs effectively, as described below:

- **Autonomy**
  Your IMS should enable your employees to share ideas to positively influence their work environment as well as the organization’s direction. This enables employees to have a genuine sense of being in more control of their work life, and meets their need for “autonomy.”

- **Competence**
  Your IMS should encourage your employees to share ideas to improve their work processes. This enables employees to maximize their effectiveness in their job and pursue mastery of their profession. This serves to meet their “competence” needs.

- **Relatedness**
  Your IMS should facilitate your employees to share ideas with each other, and work together to flesh out and implement the ideas. A well-designed IMS also improves the social connection employees have with each other. This meets employees’ needs for “relatedness.”

By meeting these 3 needs effectively, a well-designed IMS does a masterful job of tapping into the intrinsic motivation of employees. As a result, such an IMS dramatically increases your odds of success.

Before we conclude this section, let us revisit the important point made earlier:

**A poorly designed IMS is often counter-productive and can actually decrease employee morale—especially when it ignores intrinsic motivation & uses extrinsic rewards!**

In the rest of this guide, we will describe how to properly design an IMS that appeals to the intrinsic motivation of your employees.
5 Steps to Implement an IMS at Your Organization

In the previous sections, we outlined how you can tap into the intrinsic motivation of your employees via a well-designed IMS.

In this section, we will provide practical steps you can take to build an IMS at your organization.

Step 1 - Identify Your “IMS Pilot Team”

First things first. Identify individuals to create an “IMS Pilot Team” that will lead the initial implementation of your IMS. We recommend that you recruit individuals from multiple areas of your organization (including senior management)—this is essential for building a successful IMS.

The “IMS Pilot Team” should ideally be 5-6 people, and in no case shall exceed 10 people. Adding more people than that will very likely slow the implementation of your IMS—and make taking any action nearly impossible! Make sure to select individuals who will bring enthusiasm and commitment to the table.

Once you identify your pilot team, your next step is to choose the team leader. This is someone who will keep the team focused and be proactive in implementing the IMS. We strongly recommend that the pilot team leader come from HR.

Important note: If possible, make sure at least 1 senior manager participates in the IMS Pilot Team. This person can be the champion for your IMS.

Suggested Next Steps:

- Create a list of 5 to 6 individuals you think would make a great fit for your IMS Pilot Team. Ideally, each of them should come from a different department and at least one should be a senior manager.
- Talk to people on your list one-on-one to gauge their interest in participating.
- Based on your conversations, identify & finalize your IMS Pilot Team.

Step 2 - Clarify the Goals of Your IMS Pilot

Creating and communicating a clear objective for your pilot can be done through a mission statement. Creating a short (1-3 sentence) mission statement will also help you prioritize the goals of your pilot. It will also make it easier to communicate these goals to the rest of your organization.

It is a great idea to align IMS goals to your organizational goals. This will
help make management buy-in that much simpler.

Here is an example of a mission statement for an IMS:

- To proactively solicit and implement employee suggestions to improve the organization's processes, products, and services.

**Suggested Next Steps:**

- Arrange a brainstorm meeting with your IMS Pilot Team.
- Brainstorm a list of 4-5 top goals you'd like your IMS to accomplish. Common goals include employee engagement, creating a sense of ownership, improving processes/products/services, etc.
- Then, prioritize the goals for your IMS.
- Create a 1-3 sentence mission statement that is derived from these goals. This must be simple, straightforward, and easy to communicate throughout your organization.

**Step 3 - Create Your IMS Master Plan**

Although “IMS Master Plan” sounds like something that will take a lot of time, it can actually be pretty simple! It just needs to address the following key areas and can often be fully addressed via two to three 1-hour meetings:

- Administration
- Recognition and Rewards
- Measurements
- Communication/Promotion
- Training

Let us take a look at each of these in more detail.

**Master Plan > Administration**

Work with the IMS Pilot Team to create an “Administration” subcommittee that will be responsible for record-keeping and suggestion tracking. We recommend this subcommittee consist of 2-3 members of the IMS Pilot Team.

If using a traditional suggestion box, a suggestion form should be created and maintained by this committee *(for a free suggestion form template, click here)*. If using an easy software alternative (such as IdeaGlow), then tracking suggestions can be much simpler—especially for larger organizations.
We'll refer to the subcommittee members as “IMS Admins” in the rest of this guide.

Developing an easy to manage tracking system that tracks suggestions from original submission to review and implementation is what the IMS Admins should focus on.

**Master Plan > Recognition and Rewards**

Although monetary rewards might seem like a good option, it is very counterproductive for increasing employee morale—as explained earlier in this guide. As a result, we recommend that you avoid monetary rewards.

The true reward is when an employee sees their idea considered and implemented—to make their work more efficient, improve the organization, or increase customer satisfaction.

Since one goal of an IMS is to get as many ideas as possible, it's important to recognize every employee who has participated. This will make all employees feel valued & encourage them to continue participating.

Handwritten thank-you notes, verbal acknowledgements, public mention in a meeting or bulletin board, and virtual rewards (available in suggestion software such as IdeaGlow) all tap into intrinsic motivation and will have a far higher impact than any monetary rewards.

Some employee suggestion software (such as IdeaGlow) come with capability to provide virtual rewards such as points, badges, and levels. These reward employees for engagement and can make employees much more active in your IMS.

**Master Plan > Measurements (Define What to Measure)**

Measuring the results of your IMS and comparing them to previous results should be done periodically (we recommend once every month or quarter) so that you can identify areas of improvement. Here are some common IMS measurements:

- Number of ideas submitted per eligible employee per month/quarter
- Participation percentage: Number of employees who submitted at least one idea during the month/quarter
- Implementation turnaround time
- Percent of ideas implemented

While the numbers are important, it’s equally important to survey employees periodically and find out their suggestions for improving these numbers.
Master Plan > Communication/Promotion

One of the most important factors in making your IMS successful is how well you promote it to your employees. Even if you’ve implemented the best IMS in the world, your employees will not participate if you don’t promote it well.

As a result, this is perhaps the most important section in this guide!

“Promoting” means: Telling your employees about the How, What, and Why behind your IMS—and persuading them to participate in it.

First, work with the IMS Pilot Team to create an “IMS Promotion” subcommittee that will be responsible for promoting your IMS. We recommend this subcommittee consist of 2-3 members of the IMS Pilot Team.

Then work with the IMS Promotion subcommittee to create an IMS Promotion Plan that addresses the following:

A. Message
B. Media

A) Message: What to Tell Your Employees

We recommend that your message communicate the following to your employees:

HOW: How to access & use your IMS
a. This sounds simple, but it is very important to clearly communicate this.
b. Tell your employees how to submit suggestions. If using an IMS software such as IdeaGlow—provide the URL (web address), login/registration steps, and other relevant information.
c. Make this information as easy to follow as possible.

WHAT: What are the expected employee activities
a. Clearly communicate the expected activities. For example: Employees should submit suggestions, vote for suggestions, and post comments/feedback to flesh out suggestions.
b. Make sure to also communicate the steps for performing these activities.
WHY: Why participation in IMS is important

a. One of the top reasons given by employees for not participating in IMS is “I don’t have time to do this.”

b. As a result, it is important for you to communicate the importance of participating in your IMS. Clearly outline the benefits to your organization and the benefits to employees resulting from participating in your IMS.

c. Share with your employees how the IMS is their forum and is an invitation to get involved and share their opinions. This creates a sense of ownership and employees are more likely to be enthusiastic over it.

d. If possible, get your organization’s leadership to sponsor the IMS initiative and promote that fact to employees.

B) Media: How to Tell Your Employees

We recommend that you use the following tips to decide how you will communicate the message to your employees:

Communicate Using Multiple Channels

A. Communicate your message using multiple “media” or communication channels. This may include:
   ▪ Email
   ▪ Video recorded by executive sponsor of your IMS (eg: CEO, CxO, VP, Director, et al)
   ▪ All-hands meetings
   ▪ Other team meetings
   ▪ Company intranet
   ▪ Posters (in conference rooms, on office doors, etc)
   ▪ One-on-one between managers and employees
   ▪ And other channels—limited only by your imagination!

B. This can help you increase your repetition without fatiguing the employees.

Repetition & Frequency

A. One of the key points taught by “Marketing 101” courses is the importance of Repetition & Frequency to marketing. This concept is very important when it comes to promoting your IMS to your employees too!

B. Research shows that an average recipient must be exposed to your marketing message about 9 times before he/she embraces it. What this means for us is: If all you do is send one email announcing your IMS—it is almost certain that the participation in your IMS will be very low.
C. Make sure to communicate your message (the “How, What, & Why” we discussed in the previous section) repeatedly to your employees. As most employees are likely to miss your message at least 50% of the time, you should actually communicate your message at least 18 times! Of course, these are just rough numbers, not set in stone.

D. Are you thinking that sounds like a lot of repetition, and your employees may be turned off? That is a very valid concern. Using multiple channels as we described above will help overcome this. There is another creative way too. Read on...

Communication from Multiple Sources

A. Political campaigns (such as campaigns for the President of the United States) send a large volume of communications to their constituents. A good technique they practice to reduce “recipient fatigue” is to vary the “sender” of the communication. In the 2012 campaign, emails were “sent” not just by Barack Obama & Mitt Romney—but also by Michelle Obama, Ann Romney, Paul Ryan, Joe Biden, Marco Rubio, et al.

B. You can leverage this same technique to promote your IMS too—and achieve high repetition, without causing employee fatigue!

C. Make sure at least some of the communications are “sent” by the executive sponsor of your IMS initiative. Believe it or not, this can make a lot of difference!

Create your IMS Promotion Plan based on the above points. Then make the IMS Promotion subcommittee responsible for maintaining & executing this plan.

“Promoting” your IMS in this fashion is a critically important part of getting your employees to participate in your IMS. Unless you do this well, the odds of success for your IMS will remain low.

By promoting your IMS using the steps defined above, you will be well on your way to maximizing employee participation in your IMS.
**Master Plan > Training**

Create a plan for training IMS Admins as well as employees on how to use your idea management system.

Conducting this training will ensure that admins have good processes, and employees know how to submit suggestions and participate in your IMS.

**Suggested Next Steps:**
- Work with your IMS Pilot Team to form the “IMS Admins” committee. IMS Admins will be responsible for record-keeping and suggestion tracking.
- Plan a simple, non-monetary reward system for increasing employee participation in your IMS.
- Decide what you will measure.
- Create an IMS Promotion Plan—a plan for action to promote your IMS. Approach it like marketing and be enthusiastic—enthusiasm is contagious!
- Create & conduct training for IMS admins, and employees.

**Step 4 - Pilot Your IMS**

Now you’re all set to launch a “pilot” of your IMS. A “pilot” is simply a small-scale program with limited employee participation.

While this may seem like an unnecessary step, piloting your IMS is a very good idea—especially for mid-to-large companies. The reason is because an IMS, especially in the early stages, will present many opportunities for improvement. The sooner those changes are identified and implemented, the better your IMS will be when it’s launched organization-wide.

To plan for a pilot, you have to decide who will participate and what the timeframe will be. Another important aspect to consider is how you will tell the rest of the organization and how you will evaluate the pilot’s effectiveness.

Keep in mind that you want your pilot to be a realistic simulation of your IMS—which means the group of people you choose to participate in the pilot is going to carry significant weight.

Naturally, some people are going to be enthusiastic about an IMS while others may be passive or simply disinterested. Pick a group of people that will give it a fair chance and who aren’t afraid to give real feedback.
Timeline for Pilot
A good timeline for an IMS pilot is 2 to 3 months. Why 2-3 months? The reason is the IMS “honeymoon phase.” The group might initially be excited over the IMS because of the newness of it. It’s something new and different. Their excitement over it might cause data to be unrealistic. Once the second month hits, the newness of it will die down and a routine will develop. If engagement starts to dwindle, you can then develop ways to keep them more engaged.

How to Tell Participating Employees about the Pilot
Promote your IMS pilot to participating employees using the IMS Promotion Plan described earlier in this guide. This will give you valuable experience in executing the Promotion Plan and also identify areas to improve the plan.

How to Tell the Rest of the Organization about the Pilot
Let the rest of your organization know about the pilot too—this will ensure there is no surprise when it is implemented. Instead, use the time frame as an opportunity to build anticipation so other employees can look forward to participating in the IMS as well.

Let them know why a pilot was implemented and what the goal of your IMS is. Then keep them regularly updated through emails, intranet, or bulletin boards.

How To Evaluate the Pilot
Because the pilot is rolled out to a smaller group, suggestions to improve the IMS should be immediately reviewed and implemented. The reason is, the sooner the IMS can improve, the better the evaluation from the pilot.

However, a more concrete approach to evaluating the pilot would be the measure:

- Total ideas submitted per week
- Number of ideas submitted per eligible employee per week
- Participation percentage: Number of employees who submitted at least one idea during the week
- Implementation turnaround time
- Percent of ideas implemented

Measuring & analyzing these numbers will give you a good idea of the participation of the organization as a whole. Did the numbers come out better than expected? Awesome! But if they did not, work with the IMS Pilot Team to find out why. Survey your employees to find out what could be improved to encourage greater participation.
Suggested Next Steps:
1. Decide which employees will participate.
2. Pick a timeframe for your pilot.
3. Notify the participating employees using the IMS Promotion Plan.
4. Notify the rest of the organization about it.
5. Conduct the pilot.
6. Evaluate the pilot.

Step 5 - Roll Out Your IMS
Congratulations on completing the first 4 steps, all the way through the pilot!

Now that you’ve got the details worked out, next comes the fun part: rolling out your brand new idea management system to the organization.

Promote Your IMS to Employees:
Announce your IMS to your employees using the IMS Promotion plan you created earlier. Publicizing your idea management system will create employee awareness and attract attention. For one company, publicizing their idea management system increased participation by 350%.

In addition to the ideas discussed in the earlier section on IMS Promotion Plan, you can also plan a kick-off party. Make it fun with balloons, games, and snacks. Another idea is to organize team lunches to tell your employees about the IMS and encourage them to participate.

Suggested Next Steps:
1. Launch the IMS organization-wide using the IMS Promotion Plan you created in earlier steps. Remember: The better you promote your IMS, the higher the employee participation.
2. Encourage a wide variety of ideas and make it fun for employees to participate.
Next Steps

Our parting thought to you is this:

Knowing how to build an idea management system and thereby increase employee engagement and morale is fast becoming a core competency for every successful organization.

HR teams have an important opportunity & a valuable role to play in spearheading the initiative to build a successful IMS. Taking advantage of this opportunity will also elevate HR’s role and perceived value in any organization.

If, after reading this white paper, you share our belief, embrace this opportunity. Get started.

Please note: You don’t have to get big ideas from employees to make your IMS successful. Small ideas are very powerful too—in fact, in the beginning, they can be even more effective than big ideas, as it is easy to implement them quickly and build momentum for your IMS.

The best way to get a great idea is to get lots of ideas.”
- Linus Pauling, 2-time Nobel Prize winner

Join the revolution. Get started now—carpe diem!

Dream the kind of world you would like to live in and then make that world your very own.

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