The Central Fact

Front-line workers see a great many problems and opportunities that their managers don’t.
THE TIP OF THE ICEBERG

Black-Belt Projects
1 Million

Green-Belt Projects
1 Million

Idea System
9 Million

MORE TIP-OF-THE-ICEBERG EXAMPLES

Coca-Cola 83/17
Technicolor 81/19
U.S. Chemical Company 85/15
Hickory Chair 80/20
Dana 80/20
Thedacare 80/20
NAVSEA (RI projects) 83/17
PriceWaterhouseCoopers Study 80/20
JMA Study 70/30
THE 80/20 PRINCIPLE OF IMPROVEMENT

In organizations with effective idea systems, roughly 80 percent of the potential for overall performance improvement comes from front-line ideas. Only 20 percent comes from management-driven initiatives.

Organizations which are not set up to listen to and act on large numbers of front-line ideas are using at best only a fifth of their improvement engine.

EXAMPLES OF GOOD IDEA SYSTEMS

- **Boardroom Inc.** 104 ideas per person per year
- **Wainwright Industries** 87 ideas per person per year
- **Gulfstream** 33 ideas per person per year
- **Brasilata** 185 ideas per person per year
- **Clarion Hotels – Sweden** 67 ideas per employee per year
- **Autoliv** 123 ideas per employee per year
- **Milliken Corporation** 115 ideas per employee per year
- **Toyota** 100 ideas per employee per year
- **Thedacare** 8 ideas per employee per year
THE DEFINITION OF LEAN

When your employees are problem-solving and generating and implementing ideas that further the organization’s strategic goals, on a daily basis, and as a matter of the organization’s culture and the way it operates.
CARLSON’S LAW

Top-down innovation is orderly but dumb.
Bottom-up innovation is chaotic but smart.
POINT 1: GO AFTER SMALL IDEAS

• It is impossible to improve performance past a certain point without getting the little things right.

• Small ideas are much easier to implement than big ideas:
  • Much less resistance
  • Easier to do
  • Lower risk
  • Better for learning
  • If you could choose between 1 big idea and 10 small ideas to do the same thing, which would you choose?

• Unlike major innovations, most small ideas stay proprietary and create sustainable competitive advantage.

POINT 2: MAKE IDEAS PART OF EVERYONE’S JOB

• Document ideas and track them.

• Require or expect ideas from your front-line employees:
  
  Evaluate them on their participation in the idea process.

• Teach your supervisors the value of ideas and their own four roles: encouraging, mentoring, championing and looking for larger implications of ideas.
  
  Evaluate them on how well they promote ideas.
AT ONE LARGE COMPANY….

Idea Board – Department X

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IDEAS COME FROM PROBLEMS

Ask people to identify **problems** almost in preference to coming up with ideas:

- Problems
- Solutions

Ideas one person can have
POINT 3: SET UP A HIGH-PERFORMING IDEA PROCESS

- Design your system to **minimally intervene** with how your organization already works.
- Work primarily from **problems** and **opportunities**.
- Drive down **decision-making** and **implementation** to lowest possible levels.
- Design smooth and effective **escalation processes**.
- Escalate only **completed staff work**.
- Create opportunities to **celebrate** ideas.

ESCALATION/THEORY OF IDEAS

Ideas that need more **money**, are highly **cross-functional**, or need **more authority**, will be escalated.

- **ELT**
  - Even more spending and approval authority;
  - Meet once per week.
- **Directors**
  - More spending authority;
  - Meet once per week;
  - Cross-functional ideas;
  - Ideas with risk.
- **Front-line teams**
  - $200 per month;
  - Meet once per week;
  - 1 hour release time.
X’s “Theory of Ideas” - An integrated system for innovation and improvement ideas

$6\sigma$ is a structured approach to highly complex problems with high dollar impact.

Lean – constant elimination of waste by everyone, makes problems and opportunities visible.

Innovation - pushing the boundaries in the industry across the board; product, services, processes, and management.

Front Line Ideas

THE MULTIFACED CONNECTIONS BETWEEN A HIGH-PERFORMING IDEA SYSTEM AND INNOVATION

- A high-performing idea system allows you to perform at levels that push the **better-faster-cheaper** performance envelope much farther than competitors.

  *e.g. Inditex and Zara*

- Setting up a high-performance idea system forces you to seek and promote the **right behaviors** in leadership, and to **realign** the **organization**, which also **removes** many of the **barriers** to **innovation**.
FRONT-LINE IDEAS AND INNOVATION

• Innovations often need front-line ideas to work

• Front-line ideas create capabilities that enable innovations

• Front-line ideas can transform routine innovations into major breakthroughs

• Front-line ideas can open up new opportunities for innovation

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