

## 20 Million Ideas to Greatness

Langdon Morris

*Innovationlabs, Leading Innovation Consulting Firms, CA, USA*

Sooner or later, it occurs to the leaders of nearly every organization that their own employees should be a source of ideas that can improve their businesses. They then set about to tap into this valuable source of knowledge. Many of their efforts go astray, however, and result in idea systems that fail and are even counterproductive in that they demotivate rather than motivate.

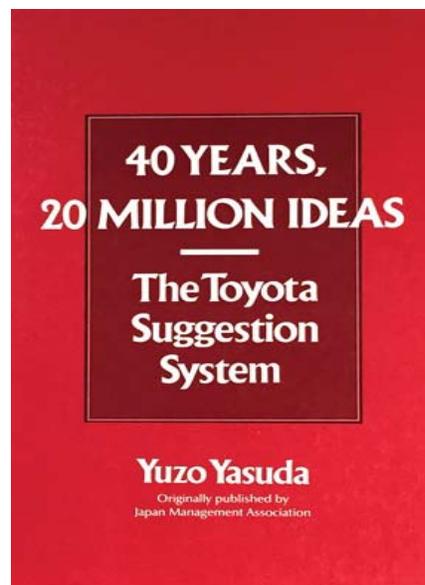
### ***Why do they go wrong?***

Often, it's because they misunderstand the psychology of ideas, creativity, and innovations; that is, they don't understand the mindset of the thoughtful and creative people who will come up with these gems. Mistakes are made concerning metrics, rewards, approaches to idea evaluation, timing, the role of management, and the targets.

The world's exemplar for idea systems is certainly Toyota, which, between 1951 and 1991, logged more than 20 million ideas. It is not a coincidence that the company is the world's leading manufacturing firm, as Toyota's idea system has been a major contributor to that success.

The story of that system is nicely documented in the book with this compelling title: *40 Years, 20 Million Ideas*, by Yuzo Yasuda. Although this is not a new book, it contains an astonishing number of valuable insights for those who are interested in this topic.

In this blog post, we offer some excerpts from that book with a few comments added, which we hope you will find useful. (Please note that some of these excerpts have been edited and paraphrased for purposes of clarity, and all of the excerpts speak from the perspective of Toyota.)



### **Purpose**

#### ***To begin, why do we do this:***

“The role of the Japanese suggestion system is not simply to produce efficiency. Its scope is much broader, and includes raising management planning participation consciousness through total employee participation, building thinking habits, developing creative idea capabilities, and implementing the value of work through the joy of creating.” (p. 74)

“From an employee’s perspective, the purpose of the Creative Idea Suggestion System is to make one’s job easier. From the company’s perspective, the purposes are to increase the skill of the employees who make suggestions by increasing their problem consciousness and implementing their suggestions, and to use suggestion activities to build a workplace environment where it is easy to work. A third purpose flows logically from them: to contribute to the expansion and structural improvement of the company.” (p. 12)

How fitting it is that the stated goal is to make work easy. Surely we all are interested in making our work easier, and thus the purpose of the system and the inherent motivation of the employees are in full alignment. And how interesting is the phrase “problem consciousness.” Yasuda also notes that “It is important to create an environment in which problems are easily detected.” Indeed, if they’re not detected, how can they be solved? “If people are on the alert to detect problem points, and if an environment is created that makes it easy to notice problems, the supply of creative idea ‘seeds’ will not run out” (p. 13).

## Leadership

### *Who Provides the Leadership for Idea Systems?*

“Those with the greatest responsibility for managing the Creative Idea Suggestion System must be people with considerable authority within the company so that they will have a solid grasp of the situation from the perspective of the whole company. They will help to orient these activities more effectively. That is why people in top management positions are made the chairman and vice-chairman of the Creative Idea Committee.” (p. 19)

Conversely, “If people at a lower level or responsibility are put in charge of suggestion activities, they will never be able to cope with suggestion activities on a company-wide basis. The people responsible for managing suggestion systems must be top management people with authority throughout the company; otherwise there will be no positive results no matter how much they listen to explanations and adopt these systems.” (p. 21)

So, from the company’s perspectives, ideas must be evaluated from a holistic perspective to assure that suitable decisions are made consistently, decisions that reflect the overall value and benefit. Decisions about whether to adopt or not adopt particular ideas are not only local and specific to a given location or department, they are broad and comprehensive.

And, of course, if this approach is built into the idea system, then it means that the entire management team is being trained on an ongoing basis to understand and evaluate possible actions also from a holistic perspective, which surely strengthens the overall quality of the decisions being made not only with respect to specific ideas, but regarding all types of managerial leadership and decision-making topics.

## Suggestion Process

We have seen some ideas systems that operate on quarterly cycles of idea submission and review. Is this also how it works at Toyota? Not quite ...

“Suggestions submitted by employees are screened on the same day by their immediate managers.” (p. 22)

It’s also important to note that there is a very interesting nuance related to the specific process for submitting an idea:

“Toyota’s supervisors and managers conduct actual on-site checks of suggestions before they are submitted. The ones judged feasible are then submitted and screened by the subcommittee. When employees submit suggestions to their managers for an actual on-site check, any effort to stimulate suggestion activities will be a complete waste of time if the employees are confronted with negative attitudes.” (p. 41)

There are two key insights here. First, ideas are not just submitted; they are, in effect, pre-submitted for review. This assures that the ideas that are subsequently submitted are much more likely to be valuable, as the process of pre-submission is a form of discussion and feedback to assess value and merit. Through this dialog a vague idea can become clarified and improved, a bad one can be avoided, and a great one can be expanded and enriched.

There is also an important psychological dimension here, as employees avoid the embarrassment of having their ideas rejected because they know if they get past the pre-screen that they are overwhelmingly likely to be accepted. This is a clever strategy to make the employee and the company even more successful. Further, to avoid creating negative experiences, Toyota has developed an official list of 20 phrases that managers should never use to assure that they do not discourage or alienate employees.

The list includes these six:

1. We've never done that before. There's no point in trying it.
2. This isn't up to date enough.
3. Is this within the budget?
4. Let's talk about this some other time.
5. I don't think that's technically feasible.
6. You don't really understand the situation, do you? (p. 42)

We once found a similar list that we once found on the internet, called "101 Idea Killers." Yes, there are more than 101 ways to kill the creative spirit in a company, and where these killers are practiced, whether intentionally or unintentionally, they surely lead to undesired outcomes, such as the decline of participation, people only doing the minimum, and the emergence of a caste system consisting of "those who know" (bosses, normally), and those who don't (everyone else).

Along these lines, Kiichiro Toyoda, founder of Toyota, is said to have "never criticized anyone so that the creative zeal would not be crushed" (p. 66).

Here, then, is the voice of the gifted leader whose deep insights into human behavior have led to the creation of a company that is a world leader.

The insight behind this practice is also reflected in this comment from a middle manager who commented in regard to a very poor suggestion that was made by someone in his group. He noted, "For something like this the only thing possible is a sympathetic response of, 'Well, let's give you \$5.' [\$5 is the lowest award level.] We don't give negative evaluations, only positive ones. We avoid being too harsh because there's always the threat of nipping the suggestion activities in the bud" (p. 121).

Another manager commented, "If you become a person who makes suggestions excellent enough to receive the gold prize, you still remain at the workplace doing your usual job. To cultivate leadership talent among your subordinates, you have to handle things in such a way that subordinates are allowed to get the prize instead of you. Even if the material is something that you yourself have researched, there are times when you must let the prize go to subordinates to encourage their development" (p. 92).

A third added, "At a time when I didn't know what to write on suggestion forms, or how I should write it, my foreman chided me that I wasn't trying hard enough to write suggestions. So I began writing them, and that is how my suggestion writing career began. My foreman always praised the good points of my suggestions, but never point out the bad ones. It wasn't until later that I noticed this" (p. 93).

The progression in the number of ideas submitted, from 1951 through 1986:

1951 (the first year)

Suggestions: 789

Participation rate: 8%

Adoption rate: 23%

1971

Suggestions: 88,607

Participation rate: 67%  
Adoption rate: 74%

1986 (the year before this book was written)  
Suggestions: 2,648,710  
Participation rate: 95%  
Adoption rate: 96%

Leaving nothing to chance, Toyota offers classes in how to write suggestions and has produced a guidebook called *The Creative Idea Guide: Aiming to Build a Better Workplace That Makes Your Life and Your Work Worthwhile*” (p. 94).

### Rewards

The cash awards that Toyota offers are very small, from a low of \$5 to small multiples of that. In the most exceptional of cases, the awards may be larger, but unlike the practices elsewhere, there is no attempt to make the award specifically proportional to the value of the idea. Instead, the award is a symbol of recognition, and in most cases the recipient spends the award on coworkers by treating them to sweets or pooling award money for a night out.

“Advancement in the organization and small cash awards give people an incredible sense of satisfaction and abundance” (p. 112).

### Summary

And here is a final comment, which reflects the powerful thinking behind Toyota’s approach:

“Even in the case of excellent suggestions, when someone asks how much the company will benefit by paying a reward for such suggestions, the reward is often higher than the benefits received, and there has actually been a loss of money. However, there may be one excellent suggestion that will produce significant benefit. If all suggestions have been labeled worthless, suggestion activities will wither and excellent suggestions will not be made. Even if each suggestion does not produce a benefit above the cost of its award, it is important for Creative Idea suggestion activities to look at the overall picture and not just isolated incidents.” (p. 122)