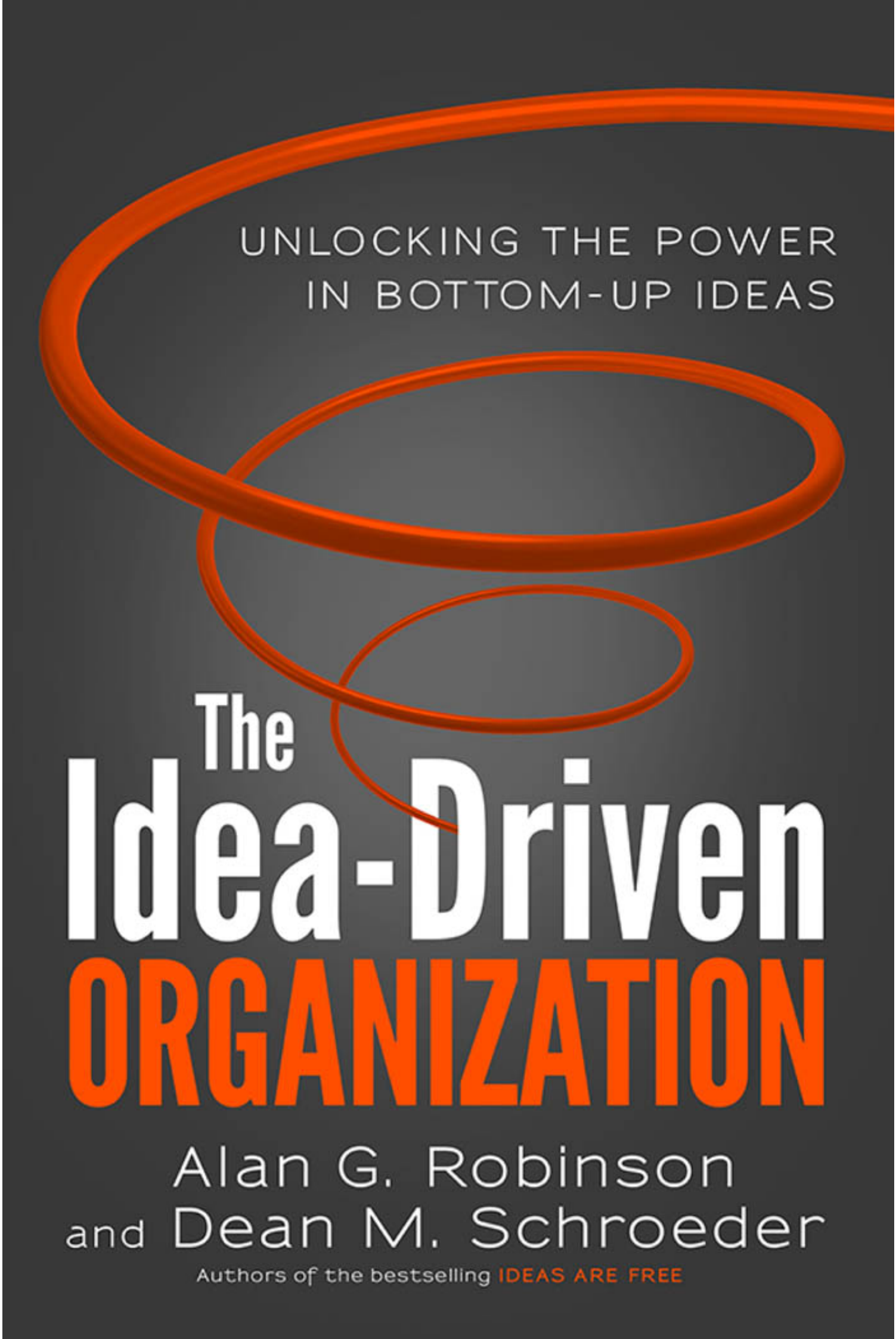
UNLOCKING THE POWER
IN BOTTOM-UP IDEAS
The
Idea-Driven
ORGANIZATION
Alan G. Robinson
and Dean M. Schroeder
Authors of the bestselling IDEAS ARE FREE

More Praise for *The Idea-Driven Organization*

"*The Idea-Driven Organization* is an exciting book that makes a compelling case for a simple but very powerful concept—business leaders who learn how to leverage the know-how and ideas of their frontline people will have a major winning edge because most of their competitors either don't get it or don't know how to do it. The detailed and provocative case examples are a major strength of the book—they show how business leaders can put ideas into action by tapping the expertise in their own organization."

—Lee Bolman, coauthor of *Reframing Organizations*

"We're at the end of the age of being able to do more with less based on tired old management models and thinking. To thrive in the new era, organizations will need to be idea driven. Fortunately, Robinson and Schroeder have written a must-read guide for leaders looking to make this transformation."

—Chip R. Bell, coauthor of *Managing Knock Your Socks Off Service* and *Managers as Mentors*

"*The Idea-Driven Organization* is a challenge to the dominant paradigm of 'Manager Knows Best,' replacing it with a more balanced program of top-directed but bottom-driven initiative to keep creativity and productivity flowing. It is no less than a call for a complete housecleaning—from physical and spatial relationships, to organization and information flows, and to changing the mindsets of employees and management alike! Required reading in an increasingly globalized and competitive world."

—Dean Cycon, founder and CEO, Dean's Beans Organic Coffee Company, and winner of a 2013 Oslo Business for Peace Award and the United Nations Women's Empowerment Principles Leadership Award for Community Engagement

"Robinson and Schroeder have learned from experience the power of people at the front line of the organization actively identifying and solving problems. Building on their previous book, *Ideas Are Free*, they tell us how to create an environment to encourage the free flow of ideas to become a high performing organization."

—Jeffrey K. Liker, PhD, Professor, University of Michigan, and author of *The Toyota Way*

"To succeed in business today, it is absolutely essential that you tap into the ideas, creativity, and innovation of every member of your team. Working with companies around the world, I have seen that one of the greatest roadblocks to their success is a failure to truly get the most possible value from their talent. I am extremely impressed with this book and have recommended it to many of my clients. The authors lay out a superb blueprint, with lots of tools and examples, for creating an idea-driven organization. This is one of those rare must-read books."

—John Spence, author of *Awesomely Simple*

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The Idea-Driven ORGANIZATION

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IN BOTTOM-UP IDEAS

The Idea-Driven ORGANIZATION

Alan G. Robinson
Dean M. Schroeder

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The Idea-Driven Organization

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To Margaret, Phoebe,
and Margot

To Kate, Lexie,
Liz, and Tori

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PREFACE

AFTER YEARS OF BEING ASKED to do more with less, managers are increasingly aware that they cannot produce the results that are expected of them with the organizations they currently have and the methods they currently use.

We have now been doing more with less for so long that we have reached a point where further demands can no longer be met by simply tweaking our existing organizations or management methods. Cutting wages, perks, and benefits and pushing people to work harder can go only so far. A different approach is needed. Interestingly, the best solution involves the very people that have been bearing the brunt of the cost so far: ordinary employees.

Every day, front-line employees see many problems and opportunities that their managers do not. They have plenty of ideas to improve productivity and customer service, to offer new or better products or services, or to enhance their organizations in other ways. But their organizations usually do better at suppressing these ideas than promoting them.

In our experience, most managers have difficulty believing that there is enough value in employee ideas to justify the effort of going after them. But as we shall explain, some *80 percent* of an organization's potential for improvement lies in front-line ideas. This fact means that organizations that are not set up to listen to and act on front-line ideas are using at best only a fifth of their improvement engines. And much of their innovation potential is locked up in the same way. When managers gain the ability

to implement twenty, fifty, or even a hundred ideas per person per year, *everything changes*.

Today, a growing number of idea-driven organizations have become very good at promoting front-line ideas and as a result are reaching extraordinary levels of performance. Whereas traditional organizations are directed and driven from the top, idea-driven organizations are directed from the top but are *driven by ideas from the bottom*.

A number of years ago, we wrote *Ideas Are Free,* in which we articulated and documented what becomes possible when an organization aggressively pursues front-line ideas. We described companies with the best idea systems in the world and the extraordinary advantages these systems provide. This vision attracted numerous leaders and managers around the world. Some ran with it and were quite successful. But others struggled. We began to get a lot of calls for help.

As we worked alongside managers and leaders trying to implement high-performance idea systems, we learned two important lessons. First, while getting the mechanics of an idea process right is certainly important, to get good results from it often requires significant changes in the way an organization is led, structured, and managed. Second, whereas it is one thing to understand how idea-driven organizations work, it is quite another to know how to create one. These realizations are what led us to write this book.

We began to study the process by which organizations become idea driven. We dug deeply into the operating contexts of many idea-driven organizations, to learn how they accomplished what they did. We also looked at organizations that were just taking their first steps toward becoming idea driven and followed them in near-real time to get a richer understanding of precisely what *works*, and what *does not,* along the way. At the same time, our work with leaders and managers who asked for help allowed us to test, refine, and then retest the concepts and advice in this book.

In some ways this book is about instigating nothing short of a revolution in the way organizations are run. But at the same time, we have tried to lay out a logical, incremental, learn-as-you-go approach to creating an idea-driven organization. Still, this is not an easy journey, and managers

choosing to take it will need courage and persistence, as the transformation will take time and effort. But the lessons in this book will guide them in making the necessary changes with far less pain than their pioneering predecessors, and to quickly producing significant bottom-line results.

The bottom line is this: Idea-driven organizations have many times the improvement and innovation capability of their traditional counterparts. If you learn how to tap the ideas of your front-line workers, you can truly break free of the reductionist "more with less" mindset. You and your employees will thrive in environments where you once would have struggled to survive.

A final note: A lot can be learned by failure. Because we want to share examples of failure without embarrassing the people involved, our policy was to disguise the names of people and institutions whose stories might be construed in any way as negative.

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1

The Power in Front-Line Ideas

WHAT IS THE BIGGEST SHORTFALL in the way we practice management today? With all the money pouring into business schools and executive education, and all the books, articles and experts to consult, why do so many organizations still fall so painfully short of their potential? What have their leaders and managers been missing?

There is no single reason for the less-than-brilliant performance of these organizations, of course, but one limiting factor is clear. Very few managers know how to effectively tap the biggest source of performance improvement available to them—namely, the creativity and knowledge of the people who work for them.

Every day, these people see problems and opportunities that their managers do not. They are full of ideas to save money or time; increase revenue; make their jobs easier; improve productivity, quality, and the customer experience; or make their organizations better in some other way.

For more than a century, people have dabbled with various approaches to promoting employee ideas, but with little real success. In recent years, however, the picture has changed. As we shall see, companies with the best idea systems in the world now routinely implement twenty, fifty, or even a hundred ideas per person per year. As a result they perform at extraordinarily high levels and are able to consistently deliver innovative new

products and services. Their customers enjoy working with them, and they are rewarding places to work.

This book is about how to build such an organization—an *idea-driven organization*—one designed and led to systematically seek and implement large numbers of (mostly small) ideas from *everyone,* but particularly from the people on the front lines. We are aware, of course, that many organizations are famous for their innovativeness but are *not* idea driven in our sense, because the preponderance of their ideas comes from a handful of highly creative departments or perhaps a lone genius. But however successful these organizations already are, they would be even more successful, and more sustainably innovative, if they were to become idea driven.

As an example of an idea-driven organization, let us look at Brasilata, which has been consistently named as one of the most innovative companies in Brazil by the FINEP (Financiadora de Estudos e Projetos), that country's science and development agency. Surprisingly, Brasilata is in the steel can industry, a two-hundred-year-old industry that was viewed as mature before the Soviet Union launched *Sputnik* in 1957. And yet 75 percent of Brasilata's products either are protected by patents or have been developed within the last five years. How can a company in such a mature industry be as innovative as Brazil's more well-known and high-flying technology, aerospace, energy, cosmetics, and fashion companies? Every year, Brasilata's nearly 1,000 "inventors" (the job titles of its front-line employees) come up with some 150,000 ideas, 90 percent of which are implemented.

Building an idea-driven organization such as Brasilata is not easy. There is a lot to know, much of which is counterintuitive. It took almost twenty years for Antonio Texeira, Brasilata's CEO, to build the processes and culture capable of this kind of idea performance. He and his leadership team had no readily available models to follow, no classes they could attend, and no experts to call for advice. They had to figure things out as they went.

Today, there is a small but growing number of idea-driven organizations, and their collective experiences allow us to ferret out what *works* and what *doesn't* when it comes to managing front-line ideas. This book lays out the general principles involved and describes how to methodically transform an ordinary organization into one that is idea driven. But before we get into how to do this, let us get a better sense of the power of front-line

ideas by delving in some detail into another idea-driven organization—a company in Sweden whose idea system has won several national awards.

THE CLARION-STOCKHOLM HOTEL

The Clarion-Stockholm is a four-star hotel located in the center of Stockholm. It routinely averages more than fifty ideas per year from each of its employees—about one idea per person per week. One reason that Clarion employees are able to come up with so many ideas is that they have been trained to look for problems and opportunities to improve. For example, every time a guest complains, asks a question, or seems confused, staff members do all they can to fully understand the issue. If staffers have an idea to address the issue, they enter it into a special computer application. If not, they enter just the raw problem. Each department has a weekly idea meeting to review its ideas and problems, and decide on the actions it wants to take on each of them.

We met with several bartenders and went through all of their department's ideas from a randomly selected month. A sample of them is listed in Table 1.1.

As you read through these ideas, notice five things. First, the ideas are responding to problems and opportunities that are easily seen by the bar staff, but not so readily by their managers. How would the managers know that customers are asking for organic cocktails (Tess's idea) or vitamin shots (Fredrik's idea), or that the bartenders could serve more beer if an extra beer tap were added (Marin's idea)? Such insights come much more easily to employees who are serving the customers directly.

Second, most of the ideas are small and straightforward. They don't require much work to analyze and are inexpensive to implement. How difficult is it for the conference sales department to give the bartenders a "heads-up" that it will be meeting in the bar with a customer who is considering booking a major event (Nadia's idea)? And how hard is it to increase the font size of the print on coupons given to conference participants so as to clarify what they mean (Marco's idea) or to give the restaurant staff a tasting of the new bar cocktails so they can sell them more effectively to their diners (Tim's idea)?