

Management Secrets of Idea-Friendly Companies

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New ideas are the lifeblood of many industries, yet dropping everything to pursue any faint glimmer of genius is no way to run a business. How do smart companies balance the two? By setting up standard procedures for collecting and evaluating good ideas, no matter when or where they strike. Whether it's a company intranet, a regular meeting, or a full-time department, dedicated resources are the best way to make sure brilliant suggestions don't slip through the cracks. These are the techniques IBM, Toyota, and Motorola use to nurture their employees' best new ideas.

IBM

Goal:

Collaboration among many employees

Technique:

Online platform that acts as a chat room for ideas



To help connect its more than 350,000 employees around the world, IBM uses software called ThinkPlace, a sort of internal chat board and wiki. Anyone can originate an idea by posting it on ThinkPlace, and others can join in with comments, questions, or suggestions at any time. Managers can also pose questions in hopes of generating creative solutions. For example, Mary Sue Rogers, an executive in IBM's Human Capital Management division, recently asked how the company might support an increasingly aging workforce.

In the past, new ideas were threaded through multiple layers of IBM management. Now, says Gina Poole, vice president of innovation, "There's a focus on community-driven efforts: people connecting around the world. An idea starts in Australia and gets picked up by someone in Finland." Today about 100,000 IBM employees use ThinkPlace to discuss ideas at varying stages of development.

ThinkPlace is also invigorated by a volunteer community of "innovation catalysts" — "IBMers with regular day jobs who are looking for ideas to champion," as Poole puts it. "They help further ideas and get them adopted." To select which ThinkPlace ideas and initiatives to implement, IBM has created a consortium of executives called the Ideas to Reality board. Apart from deciding which ideas to pursue,

the board's meetings (be they in person or in the virtual world) are also an opportunity to assign responsibility for new initiatives and prevent inter-departmental confusion.

For ideas that get the go-ahead, the company has a unit called Biztech which distributes the budget and expertise needed to create prototypes. Teams of five to ten employees — most of whom have other day-to-day responsibilities within the company — can spend up to 20 percent of their time working on Biztech-backed initiatives.

Toyota

Goal:

Company-wide participation in efforts to improve operational efficiency

Technique:

Alert systems and meeting templates that empower employees



Toyota has long been recognized as one of the world's most innovative companies. Its "lean thinking" approach to manufacturing inspired now-common practices such as just-in-time production, which minimizes inventory to keep costs and depreciation down. "The environment inside Toyota's production system is legendary," says Tom Kelley, general manager of corporate design and innovation at Ideo. "The leadership says, 'Show me all your ideas. You're on the front lines, so you know this stuff better than me.' Every time workers have an idea, they will have an audience — and they know it's expected of them."

Toyota's management philosophy is based on the Japanese principle of kaizen, which means "continuous improvement." The basic notion behind kaizen is that progress occurs one tiny step at a time, contrary to the more western notion of producing success in big, bold moves. For kaizen to work, everyone needs to have the authority to help make the company more efficient and prosperous. At Toyota, for example, every employee on the assembly line has the authority to shut the system down using the Andon — a signboard with lights, audio alarms, text, and other displays — to notify management and other workers of quality or process problems.

"The Andon comes on numerous times a day," explains Mike Morrison, vice president of the University of Toyota, the company's in-house managerial training facility. "Let's say you and I are working on one part of the interior, and you detect a rattle of some kind. I stop the line and everyone in our group comes to see how we can resolve it. It'll be written up and reported." Such interruptions are viewed as positive, alert moves to assure quality — not as problems that make everybody wait.

The company has also made feedback from its employees a continuous part of the idea-generation process. For example, Toyota utilizes a framework at meetings called a PDCA (for “plan, do, check, act”) cycle. “It’s just a one-page document for displaying problem statements and developing the final move and the result,” Morrison says, “but it’s a useful guide that ensures you don’t skip any steps in the brainstorming process.”

Motorola

Goal:

Pursuing internal ideas in search of the next big thing

Technique:

A program that functions like a venture-capital firm inside the company



Motorola’s Early Stage Accelerator (ESA) program applies venture-capital methodology to ideas within the company. Started by Jim O’Connor in 2003, the ESA uses portfolio theory to assess in-house proposals, treating them like start-ups. “The core purpose of ESA is to save good ideas from being killed and channel them into products as fast as possible,” O’Connor says.

O’Connor identifies three stages of the program: ideation, where the ESA gathers suggestions from employees, vendors, and customers; commercialization, where promising ideas get funding and testing; and market ready, which prepares the final product for commercial release.

At a tech company like Motorola, ideation is the easy part. “Across a company of 66,000 people, 25,000 of them engineers, there are ideas just all the time,” O’Connor says. “But you can’t spend an inordinate amount of time on thousands of ideas.” The ESA studies close to 100 proposals a year. Roughly 30 of those receive funding, and only 15 of those are eventually released for sale.

O’Connor says many ideas still come from old-fashioned conversation — in meetings with customers, during engineering reviews — but like IBM, Motorola also uses a company intranet to capture new ideas. Promising suggestions are assigned to an ESA team member for evaluation, and those that prove worthy graduate to the commercialization phase, where the ESA dedicates funding, assigns a team of engineers, sets milestones, and monitors progress closely. The program also sets an aggressive timeline: the traditional tech development schedule is three or four years; the ESA averages 18 months.

O'Connor and his team use four criteria to assess each proposal: relevance to Motorola's long-term strategy and targeted markets; projected financial return; execution risk (projects that are aligned with Motorola's core business tend to work out better); and the previous success of the team behind it. Within each criterion, the ESA has a set of about 100 questions; senior management evaluates the proposals with a software tool called I-Growth, which generates quantitative analysis.

But qualitative assessment remains important, too. "We ask questions like, 'What is the relevant problem we're trying to solve?'" O'Connor says. "Sometimes in tech, the tendency is to get complicated. We could be developing a great technology that no one wants to use."