



THE SUGGESTION SYSTEM IS NO SUGGESTION

BY JON MILLER

NOVEMBER 2003

© Gemba Research LLC 2003 Third edition All rights reserved

TABLE OF CONTENTS

INTRODUCTION	2
THIS IS NOT A SUGGESTION	2
WHAT'S IN A NAME?	4
IDEA IMPLEMENTATION IS A GIVEN	5
PAY FOR IDEAS (BUT DON'T PAY A FORTUNE)	6
COACHES HELP IDEAS GROW	8
IMPLEMENT IDEAS YOURSELF	10
GOOD THINKING, GOOD PRODUCTS	11
CONCLUSION	11

INTRODUCTION

Lean is a business philosophy that engages everyone in daily improvement. The focus of Lean is the elimination of wasteful activity, and to this end the Lean operating system is a collection of tools for training, managing, and solving problems.

One of the most misunderstood and least used Lean tools is the suggestion system. Too few companies realize the power of having all employees thinking about process improvement all of the time. At Toyota, each year the 67,000 employees submit approximately 700,000 improvement ideas. Each of these ideas saves money. Over 99% of the ideas are implemented.

So why do so few American and European companies adopt a suggestion system successfully? This paper will explore common stumbling blocks and illustrate the way to make suggestions systems simple yet profitable.

THIS IS NOT A SUGGESTION

The word “suggestion” is a legacy term, not a descriptive term. When the ‘teian’ system was first observed in Japan, the translation of that word became literally ‘suggestion’. A suggestion is an idea that can either be accepted or rejected. A decision is required before action is taken. Since you are asking for ideas from all employees, you will need to process these ideas and approve or reject them somehow. Most companies have a management committee that reviews and ranks these ideas. This is where it most companies pause when considering the suggestion system.

Toyota calls their suggestion system “soui kufuu seido”. The words “soui” means “creative idea” and “kufuu” is best described as “figure out” or “work out” and “seido” simply

means “policy” or “system”. In English, Toyota calls it the “Creative Ideas suggestion system”. There are several unique aspects to this system which we will explore below as we address the four objections mentioned below.

WHAT’S IN A NAME?

Suggestion system is really a misnomer, a name that does not do justice to how the process really works. The name conjures up an image of employees writing down ideas, putting them in a box or handing them in for periodic review. A manager or a committee would review these ideas and approve or nix them.

This illustrates why most suggestion systems fail. There are four objections for most companies who consider suggestion systems:

- 1) Creating a bureaucracy for review and evaluate ideas
- 2) Paying for ideas which should be part of everyone’s job
- 3) Suggestions turn into complaints
- 4) Finding resources for implementing ideas

Most companies will attempt to address each of these concerns one at a time and come up with a system that works best for them. In almost every case, the system is fraught with compromise, policies, and rules both written and unwritten. How do successful companies use suggestion systems? The solution to the four objections is as ingenious as it is simple. Based on our observation and study of Toyota and other Japanese companies who have highly effective suggestion systems, we have discovered the four following characteristics:

- 1) Idea acceptance is a given
- 2) Pay for suggestions (but don’t pay a fortune)
- 3) Coaches help ideas grow
- 4) Implement ideas yourself

These characteristics are built into the Daily Management practices of workers, supervisors, and employees.

IDEA ACCEPTANCE IS A GIVEN

At Toyota, more than 700,000 improvement ideas are implemented each year. This is a staggering number when you consider that Toyota has been lowering cost and improving quality by driving waste out of their company for nearly 50 years. If each of these ideas save the company only \$100, the savings become an impressive \$70,000,000.

When Toyota lowers their cost through improvement ideas and efficiencies on the line, these savings are passed on to customers through price reduction. If you are a customer of Toyota, you have seen the impact of these savings. For the past 3 years Toyota has reduced prices on major models of vehicles, even while adding more features. What an excellent way to gain customer loyalty.

Almost every idea saves money. Over 99% of the ideas are implemented. We heard these statements made by executives of Japanese companies over and over again during our March 2003 study mission. We are asked many questions about how this works, such as “How are so many ideas implemented when all of them require resources and planning? Who implements the ideas? How are the ideas prioritized?” The best answer came from our friends at Toyota. The answer was astounding in its simplicity.

When the creative idea is documented and submitted, the idea is already implemented. There is no review once the idea form is submitted, no decision of go or no-go. There is certainly a review process, but this occurs at the lowest level possible, as quickly as possible. Ideally, this would be the supervisor of the person with the idea. The ideas are implemented by the person who comes up with it. They work

with their supervisor, who coordinates the timing and resources to implement the idea. Because people are encouraged to come up with creative ideas for their own work area or process, it is rare that an idea involves such a large scope that the individual cannot contribute to its implementation. It is also rare that the suggestion is a complaint, since there is no opportunity to criticize another person's work.

A guide for implementing a suggestions process is the Quick & Easy Kaizen method described in *The Idea Generator* by Norman Bodek and Bunji Tozawa. The essence of Quick and Easy Kaizen is to teach employees the principles of improvement, focus them on improving their own job, and document what they have done using pictures and words on a Quick & Easy Kaizen card.

In an article in the June 2003 issue of *Quality Digest*, author Norman Bodek reveals that the savings through a "Quick & Easy Kaizen" suggestion system at Technicolor range from \$50 to \$200 per idea, with some as high as \$30,000. According to Bodek, as of September 2003 Technicolor calculated they were saving \$3,000 per employee per year. Not a bad start.

PAY FOR IDEAS (BUT DON'T PAY A FORTUNE)

At an event in Dallas, Texas I had the opportunity to hear Richard Teerlink, former CEO of Harley Davidson speak on Harley Davidson's transformation during the 1980s and 1990s. He was very enlightening on the many wonderful things that Harley has done and continues to do in the area of teamwork, process improvement, and marketing. In one comment Mr. Teerlink stated that in his opinion, to pay for employee ideas was "blackmail". This is definitely one side of the argument.

I have heard from several of my respected Japanese kaizen sensei that the reward should be "a token reward" and "as close to money as possible". Let's examine how such a

reward system works. One of the companies we visit on our Japan Kaikaku Experience makes custom kitchen equipment (heaters and chillers). Although they are a long way from being as Lean as Toyota, they do many progressive things and have a strong culture of kaizen. Each time the President Mr. Nishiyama speaks of the suggestion system at his company, his face lights up. You know he means it when he says it's his joy to see the stack of improvement ideas on his desk when he comes in to work. In principle, he says, all ideas are accepted. Everyone is given a token reward, such as a box of soap, a case of beer, or something else valuable, but not cash. They also award prizes quarterly and yearly for superior ideas.

Toyota, on the other hand, gives cash rewards from \$5 to \$2,000 per idea implemented based on the impact the idea has had on cost savings. The idea generator fills out an A4 size form that looks very much like an SAT or GRE fill-in-the bubble form. Once the impact of the idea is filled in by the supervisor or manager, the form is read by computers, evaluated, and the reward money is added to the employee's paycheck. This process represents 50 years of refinement.

The vast majority of rewards are in the \$5 range. This money comes out of the training budget because Toyota believes this autonomous improvement activity is a better way to provide training than lectures or class room work. The reward does not come out of the improvement budget, so there is no pressure to produce savings from the ideas. Toyota's belief is that through further education and training, better ideas will result naturally in savings.

Why does Toyota choose to reward employees for their ideas? Is it really necessary to reward employees? Do the employees need an incentive to think creatively on their job? Would the ideas stop coming if the reward money stopped being paid?

These are questions we can't answer without more research, but we gained insight from a comment we received from Mr.

Sugihara, General Manager of the Tahara plant. Mr. Sugihara revealed to us that rewards for ideas are really compensation for the employee's time, because their creative ideas are created and documented not during regular work hours but during breaks, after hours, and personal time. In effect, Toyota is thanking the employees for spending their own time (off the clock) for thinking of ways to improve the company. If Toyota had it to do over again would they pay their employees for suggestions? To this Mr. Sugihara only replied with a tilt of the head, a smile, and a look that said "What do you think?"

COACHES HELP IDEAS GROW

Whenever we encourage American business managers to implement a suggestion system, one of the first concerns is that their people will come up with ideas that are unreasonable, critical or even ridiculous. When the fear of a setting up a committee to evaluate ideas is combined with a large volume of ideas, some of which are 'throw away' ideas or outright personal attacks, managers usually shake their head and walk away.

We have seen many companies where there is a "Suggestion Box" attached to a wall in the office or shop floor. This wooden box has a slot on top, a lock, and usually an inch or so of dust on top. Sadly, this good intention is neither well executed nor sustainable, well and this dust-covered box is the symbol of the suggestion system to most people.

The death of the Suggestion Box usually comes from two factors. First, a large number of ideas are not really what Toyota would call "creative ideas" but complaints or non-constructive criticism. Second, even when there are good ideas, many of them are not implemented or cannot be implemented practically. This combination of improper suggestions by the workforce and lack of follow through by management erodes trust and makes the Suggestion Box fail.

But how then do so many Japanese companies succeed so well with 'teian', or suggestion systems? Are their employees smarter or more sensible? Are the managers more patient in weeding out the bad ones? Is it something to do with Japanese culture? The answer is much simpler, and not related to the culture of any nation. Any company anywhere can take advantage of this. The answer is the person we will call the "Idea Coach".

We asked Ron Haigh, Toyota's Manager of Domestic Public Relations in Japan, how they can accept 99% of the ideas. Ron, like all managers at Toyota, spent several months working on the line when he was first hired. This gave him a great appreciation not only for how the Toyota Production System works to ensure quality, low cost, and rapid delivery, but also about how the culture of kaizen is built into daily interaction between workers and supervisors. Ron's answer to our question was that the supervisors reviewed the ideas with the employees and coached them, gave them direction and hints, and generally helped the ideas succeed. Your supervisor is your Idea Coach. It was still the employee's idea, but by working with a more experienced person (your supervisor) every idea was developed into a good idea that could work.

All employees are required to come up with one idea per month. Let's say you are a Toyota employee and you fail to come up with ideas, or choose not to do so. While you won't be fired or reprimanded for failing to do so, your manager will be under pressure by his or her manager to work with you to come up with ideas. It's part of everybody's review. Coaches also have coaches, to help them perform. In that way, the team wins.

IMPLEMENT IDEAS YOURSELF

We have now established that in successful suggestion systems, such as the one at Toyota, there is no bureaucracy for evaluating ideas. We have also clarified the question of paying for ideas, and why it is a good idea. We have introduced the Idea Coach as a person who helps ideas grow into successful projects. How then, are these many ideas implemented?

Here again the best solution is the simple one. The person who has the idea is also the person who implements the idea. When the idea is submitted, in most cases it is already implemented. It is a *fait accompli*, a done deal. It is not a suggestion, it is a summary. In cases where outside resources are needed, the supervisor will coordinate this but the involvement of the idea generator is highly valued. This is because the idea is targeted at the person's work area, and will affect that person most. Most of the ideas are very small ideas and easy to implement.

It must be stated that Toyota employees have an unfair advantage compared to the average employee elsewhere. All employees at Toyota are given education in kaizen and the Toyota Production System. They have a firm understanding of 5S, QC Circle tools, and Just in Time. They have a well-functioning Lean system. Lean thinking is a way of life.

But how much of an advantage is this really? If you are a new employee joining Toyota in the spring of 2003 fresh from technical college, you are stepping into a highly refined system of automobile manufacturing. How much chance does this new employee have to find a huge improvement opportunity? Is there any low hanging fruit left?

Compared to this new employee, a new employee at most American companies has orchards full of low hanging fruit in the areas of improving quality, productivity, inventory, safety,

on-time delivery, and many other areas. The only thing missing is the empowerment through education in the fundamentals of Lean thought, and a user-friendly system for generating and implementing creative ideas.

GOOD THINKING, GOOD PRODUCTS

When you visit a Toyota plant in Japan, it is an impressive sight. The coordination of the arrival and assembly of the 30,000 parts of an automobile, the minute-by-minute completion of assembly balanced to Takt Time, the visual signals that are everywhere, it all takes some time to sink in. There are many details that you will miss on your first and second visit. One thing that you will not miss is the large sign that is in both Japanese and English, announcing “Good Thinking, Good Products”.

Mr. Hiroshi Okuda, the Chairman of Toyota Motor Corporation, has been quoted on Japanese television as saying that “Failure to change is a vice.” We can see how much Toyota values the creative energy of their employees by how they tie the duties and responsibilities of supervision and management to the generation of improvement ideas by their workers. When you look at Toyota’s record of financial performance over the last several decades, and the evidence of employees’ creative ideas to power this performance, there is clearly a lesson here for all business and all organizations.

CONCLUSION

It is no exaggeration to say that over the long haul the suggestion system is one of the most powerful Lean tools that an organization can adopt. Through misunderstandings of how effective suggestion systems are operated, they have been neglected for too long. We hope that organizations of all types take advantage of the insights presented in this paper and fully leverage the unlimited creativity of their employees.

ABOUT JON MILLER

Mr. Miller is one of the world's leading thinkers on process improvement. Fluent in Japanese and English, Mr. Miller began his 10 years of study with the Japanese masters of Kaizen before the Toyota Production System came to be called Lean manufacturing.

He is co-founder of Gemba Research, an expert Lean Enterprise Transformation consultancy that has helped over 90 companies across 12 industries achieve breakthrough results.

Jon earned a BA with distinction in Linguistics from McGill University, Montreal Canada. He often uses his bilingual skills to host the Japan Kaikaku Experience for clients wanting to witness TPS in action at Toyota and their suppliers.

Gemba Research LLC
13000 Beverly Park Road
Suite B
Mukilteo, WA 98275

Phone: 425-356-3150
info@gemba.com

www.gemba.com