

# RSM Insight

Management Knowledge

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The business school that thinks  
and lives in the future

# The challenges and benefits of idea management

by Dirk Deichmann

For organisations to sustain success in their markets, and in order to survive, they need to utilise their workforce as effectively as possible. By stimulating and implementing employees' ideas for improvement and innovation, idea management encourages people to participate in the organisation, beyond the scope of their job. The results not only benefit the organisation, but also contribute to employee satisfaction.



Capturing ideas can be done in different ways. Recent research into behaviour within organisations brings to light some surprising facts, and points to how idea management programmes could be used to

increase the proportion of successfully implemented projects based on ideas contributed voluntarily by employees.

Based on data covering 12 years of idea management experiences within four large European organisations,

observations show that the programmes tend to fall into two different categories.

One type of programme, generally initiated by Human Resources departments, produces ideas for small, incremental improvements. This has the function of engaging and involving employees in the everyday processes and life of the company, and achieves easily implemented changes on the “yes or no” decision of the immediate manager. Large companies often set up a database to capture these ideas and share them on the intranet within their organisation.

These ideas generally do not require further development, so no major investment of time and money is needed for implementation. Nonetheless, they can deliver cost savings, or lead to increased customer satisfaction. Perhaps their greatest benefits are happier employees in a good environment, with greater co-operation, better workflows, more efficient processes, and fewer errors.

## Innovations

The second type of programme is linked to Research & Development. This kind of initiative is intended to stimulate big ideas, radical innovations that could fundamentally change how the business operates, or the type of products it produces.

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Within the framework of the system, anyone can propose ideas, whether they are engineers or sales people, administrative staff or technical experts. Such big, radical ideas can lead to the development and implementation of totally new products, or the identification of new and distinctly different markets.

The key word here is development. Often, it is impossible to assess at the beginning whether a radically new concept is practicable. It may require a lengthy process of analysis and development to assess its feasibility. The decision-making process therefore frequently lies outside the scope of the idea owner's immediate supervisor or manager.

to the goals of an idea management programme and are interested in making personal contributions to it is, however, influenced by the leadership style. Transformational leaders, for example, by inspiring their staff to perform beyond expectation, increased the employees' commitment to an idea management programmes.

However, this works only when the transformational leaders also identified with the organisation, ie, when they were proud of their organisation's reputation or concerned about its status and their own involvement with it. Thus, as role models or by articulating a vision, they used their leadership style to motivate employees to commit to and engage in idea management programmes.

*“Surprisingly, research shows that rejection of an idea does not necessarily deter people from submitting new ideas.”*

### **Motivational leaders**

In terms of management of the idea generation process, the leadership style favoured by the immediate managers of the idea owners has no apparent direct influence on the quantity of ideas generated. Whether employees truly commit themselves

Consequently, the employees were much more motivated to contribute ideas towards the improvement or furthering of their organisation. In one organisation where this type of programmes was observed, a massive 200,000 ideas were generated in the course of a year.

### **Failure breeds success**

Where R&D initiates idea management programmes and the focus is on innovation and radically new ideas, the quantity of ideas generated tends to be relatively low. On average, the programmes observed generated around 200 ideas a year, of which approximately 10 per cent were implemented. On the other hand, the value of these ideas can be invaluable. In one case, an idea was proposed by the employee of a large oil company for a new material that would bind waste, thus creating a new product at the same time as offering a solution to an environmental problem.

Surprisingly, research shows that rejection of an idea does not necessarily deter people from submitting new ideas. Since putting forward ideas is a voluntary activity, the fact that employees came back with more ideas despite prior failure is good news. It suggests they felt safe to propose new, even crazy ideas, and probably enjoyed the process. The reverse was also true: people whose ideas were accepted didn't come back often – although in this case, the pattern showed a higher likelihood of repeated success.

### **Experienced creativity**

The challenge of idea management is to encourage successful idea generators ▶

# The challenges and benefits of idea management (continued)

by Dirk Deichmann

to return more frequently, and to help unsuccessful idea generators learn from the process. One conclusion drawn from the experience of the idea owners who enjoyed repeated success is that the concept development process resulted in better, more thoroughly prepared idea proposals the second time around. By giving more feedback about the process that underlies successful idea generation and implementation, unsuccessful, yet highly active and motivated idea owners could also learn to – repeatedly – propose practicable ideas.

their experience with accepted ideas, because they knew what was expected.

Additionally, they have a better idea of which different stakeholders will be involved, and how to develop the idea through different stages. With more knowledge of the process, they produce better plans. A suggestion here might be to bring together the experience of those employees whose ideas are repeatedly not accepted, yet who maintain the motivation to try again and again, with those who succeed, but seem to quickly lose the motivation to try again.

implementation, since it is only then that their full potential materialises.

With encouragement, employees voluntarily share ideas that enhance their working environment, and improve the organisation's way of working, its products and processes. In more ways than one, idea management provides much food for thought for forward-looking organisations. ■

This article is based on Dirk Deichmann PhD thesis *Idea management: perspectives from leadership, learning, and network theory*, which was published as part of the Erasmus Research Institute of Management (ERIM) PhD Series, Research in Management. **WEB** <http://repub.eur.nl/res/pub/31174/>

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*“The challenge of idea management is to encourage successful idea generators to return more frequently, and to help unsuccessful idea generators learn from the process.”*

Of course, other factors contribute to the success of the idea owners, as observed in my research. Those who succeed have an ability to gather others around them who help make an idea a success the next time, too. They are also able to attract new people, thus gaining new insights for future ideas and development while retaining the ‘old’ team in a dynamic network. Successful idea owners implement

One major finding of the research is that people who come forward with ideas care deeply about their organisation. Idea management provides the support such employees need for their expertise and creativity to be recognised, developed, and successfully implemented. Future research will explore how organisations can further nurture and steer breakthrough ideas towards

