

# Turning On Employees' Bright Ideas

Resourceful folks yearn to make a difference; pizza helps, too.

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Lea A.P. Tonkin

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**W**ant a few suggestions for ways to encourage winning improvement ideas from your employees? For one thing, the old familiar suggestion box and traditional suggestion systems just don't cut it in many organizations nowadays. People want to know that their ideas count — the sooner, the better. Several manufacturing pros, asked for their counsel in the employee innovation department, shared recommendations such as: Get closely involved with your employees, listen to them, and then do something about their suggestions for "a better way." Pretty basic stuff, but that's what meaningful change is all about.

## ***Utilimaster Corporation: Leadership Visibility, Fast Response to Suggestions***

"When employees can see that we took their ideas and implemented them, and we do that in a timely way, then they can say, 'I made a difference,'" said Jim Orbik, vice president of operations and an owner at Utilimaster Corporation, Wakarusa, IN. "Management can encourage ideas by providing leadership. Create an environment and a way to make changes happen." Utilimaster's approximately 1000 employees manufacture vehicles for the U.S. Postal Service, Federal Express, laundry services, etc.

"Large-scale campaigns tied to financial rewards tend to be unsuccessful," Orbik continued. "You can't handle all of the suggestions in a timely way, and then people get soured." He favors informal recognition such as verbal kudos, mugs, and T-shirts. "Within 24 hours, people need to hear something about their idea — from me or from someone else in the plant who can make a decision on it. People like to hear from you directly, and we don't have to spend time calculating the value of cost savings from low-cost ideas," he said.

Ten-minute team meetings before each shift provide opportunities for suggesting improvements (putting a decal on a vehicle in a different manner, etc.) and problem-solving updates. "For broader issues, we put together multi-disciplinary teams. They work for a specified period on their projects; they're very focused," said the Utilimaster executive. Many improvements flow from these team activities.

Orbik also "walks the talk" when it comes to idea-gathering. "Leadership here is very visible. I never walk out in the plant without carrying my planner," he said. "I get questions and suggestions, and then people see me writing their ideas in my planner. Within 24 hours, they'll hear back from a group leader, manufacturing engineer, supervisor, or from me about their ideas. I also do my own training on lean manufacturing. You wouldn't believe how that

sends a message on getting involved and making improvements."

### **Fleetwood Homes: Hands-On Involvement**

John Rubio, who's responsible for production in all of Fleetwood Motor Homes plants in North America, commented that encouraging and implementing employees' improvement ideas are reflections of cultural values. "We are working toward getting more hands-on involvement in our processes — the idea that whenever an employee touches the product, they can add value," he said. "We are creating more bonds between associates and their processes." Understanding that their day-to-day improvements affect overall performance creates an environment where improvement ideas naturally flow, he believes. Fleetwood Enterprises, Inc. manufactures travel trailers, motor homes, and manufactured houses, with about 40 production facilities in the United States.

Based at one of the company's Riverside, CA facilities, Rubio said the operation has been implementing lean concepts and learning how to use kaizen events for needed improvements during the past 18 months. Employee suggestions for reconfiguring production lines and other changes are critical when production volumes increase or dip, he added. Associates at one Riverside plant are piloting a suggestion program tied to continuous improvement (CI) activities and team recognition. "If it does really well here, we'll spread it to other facilities," said Rubio.

"Traditional companies have formal suggestion programs, where employees fill out forms and then managers and others evaluate their ideas. Gifts and monetary awards for selected ideas are offered through these programs. But *everyone* has an ego and wants to contribute to the organization as a whole," Rubio said. "Our goal is to meet all of these concerns by encouraging associates to be more self-managed."

He added that innovative suggestion programs can create positive changes and

goodwill. That's what he's hoping to gain from the Riverside pilot. When he was plant manager at a Leer Automotive plant in Carlisle, PA, "We wanted to get away from historical problems where one person is recognized for an idea, and others wonder why they were not similarly rewarded," Rubio said. "We also wanted to avoid creating overhead, and we wanted to tie any rewards for ideas to things the associates were really interested in. We said, 'Let's start from scratch and reach the majority of the people, not the five percent who usually participate.'"

The company initially invested approximately \$200,000-\$250,000 in a suggestion program designed to be self-funding and then show an overall cost savings. The good ideas came from written improvement suggestions (leading to team recognition) and a CI team (a multi-functional, roving team of five to 20 members focusing on various problem processes). Employees targeted and reached their goal of documented savings (reduced inventory carrying costs, decreased labor costs, etc.) exceeding the company's investment by 2.5 times, said Rubio.

"Eighty percent of the cost savings funded company investments, and 20 percent of the cost savings funded activities voted on by the associates," he continued. Among associates' choices were company baseball, football, and softball teams (including management and union employee team members), uniforms for the local high school wrestling team (several associates were parents of team members), tickets to NASCAR events, other sports activities and equipment, etc.

"We marketed the process, so associates got mentioned in the media when they won plaques," Rubio said. "We posted information about improvements, plus our sports team schedules, on a 'Wall of Fame' at the company. People started saying, 'That's the place to be.'"

### **Nortech Systems: Communication and "Just Being There"**

Rapid increases in orders challenge even the best of intentions for reaching all

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employees with the message that their ideas make a difference. This shared understanding is critical to the continuing success of the organization, according to Ed Polin, materials manager at Nortech Systems, Merrifield, MN where sales rocketed up 61.6 percent in 2000 and 2001's sales growth was on the path of a budgeted 20 percent gain. "We do a lot of communicating through meetings, talking about how the business is doing and how well we are performing against our goals," Polin said. "One of the most important things we share with employees is our daily financial results — dollars shipped, etc. — and customer service performance.

"We also bring in both current and potential customers to some of the meetings, who talk about the importance of what we're doing," he added. "And managers get involved in CI activities reflecting our mission statement and vision. Managers are very visible. Communication works two ways. Just being there and listening is important. Yes, we have some bumps in the road, but we talk about how to prevent them."

Effective training encourages employees to learn more about problem solving and to develop innovative solutions. "We are an advocate of everyone knowing at least six jobs," Polin said. "Whether an employee is a buyer or an assembler, they will receive at least 40 hours of education each year. The average is about 60 hours annually. Most employees participate in CI teams each week for at least an hour."

Keeping in close contact with customers also generates improvement ideas. "We are in the electronics manufacturing service industry, so the real business we are in is service," said the Nortech Systems manager. "We communicate with customers, and if their requirements are not clear to us, it's our job to go back to them to get a better idea of what they need. We are here to serve our customers.

"Good ideas happen every day," Polin continued. "Voluntary, cross-functional teams come up with ideas with the biggest impact. For example, going to continuous flow by re-laying out the production areas

was a CI team idea. They presented their ideas to process engineers on the team and then to management, then implemented the changes in early 2001."

Another major CI team improvement: On all assemblies, when a job is released to the floor, a new manual is sent out as work instructions. "Not only is the material nicely written, but also photos indicating critical tolerances and other specs are included. Teams put that idea together about a year ago, and added more attractive color graphics," said Polin.

Teams also participated in additional training (including cross training) to find ways to boost inventory accuracy. Their efforts resulted in improvement to 99.8 percent accuracy, so no year-end physical inventory is needed on the company's 14,000 part numbers.

Giving Nortech Systems' 130 employees regular feedback about their performance adds more fuel to the improvement ideas furnace. On-time delivery is customers' most important metric, according to Polin. Shipping metrics are posted daily. Employees also hear about customer satisfaction, based on surveys sent to key customers.

**Recognition Comes in Many Flavors**

There are many ways to recognize employees for their process improvement ideas and activities, Polin said. Pizza lunches, taking a team to a favorite restaurant, and bringing in continental breakfast on Saturday mornings are popular choices (overtime is mandatory on Saturdays). Two cookouts each year are hosted and served by managers, and then there are Thanksgiving turkeys and hams at Christmas, and other "thank yous" during the year for team and individual efforts.

Quarterly gainsharing payout percentages are based on an employee's total number of hours worked during the period, not salary level. "Gainsharing is not the single most important way to encourage improvement suggestions, but it is a reflection of our overall culture. We raise the bar each year for expected performance, but

not to a level that is unattainable," said Polin.

Lessons learned about engaging employees in innovative ways to improve the business, according to Polin, include:

- \* It all starts and ends with management creating linkages throughout the whole organization and with customers' needs.
- \* Always follow your processes and train employees in problem-solving and teaming skills.
- \* Hire qualified people; they may not have all the skills you need, but they display the ability to understand the need for teamwork and continuing education.
- \* Provide a support structure for teams, including technical support and visual aids.
- \* Pay attention to employee needs and take out layers of management if they are not needed.
- \* Benchmark and learn from other companies (not necessarily companies in your own industry); supply chain management, production process improvement, etc. ideas are there if you look for them.
- \* Encourage ground-breaking ideas in all areas of the organization, not just production — sprinkle in challenges for middle managers and others.
- \* Make sure employees — from finance and materials managers to production associates — know what they need to do and improve each day.

More improvement opportunities abound at Nortech Systems. For example, cycle time for new potential business, customer's request for quote for electrical/mechanical assemblies dropped from 22.9 days in 1999 to 9.9 days in 2000; the 2001 goal was set at five days. This progress is one of the major reasons sales shot up in the past two years. Yes, the company does have a suggestion box for ideas that save a smaller amount of money or time, said Polin. But he's banking on day-to-day teamwork for the major league savings.

### ***Honda of America Manufacturing, Inc.: Respect for the Individual, Power of the Team***

Employee ideas are "the backbone of the organization" at Honda of America Manufacturing, Inc. (HAM), according to Sharon Van Winkle, company communications coordinator.<sup>1</sup> Innovative suggestions for improvement reflect empowerment through the Honda philosophy, she said. It emphasizes: 1) respect for the unique talents and qualities of all associates, and 2) the power of the team, far surpassing what can be accomplished by individuals. "The significance is that people can capture and implement improvement ideas themselves," said VanWinkle.

Honda's Voluntary Involvement Program (VIP) is an umbrella for several improvement/involvement activities, according to Dawn Burris, assistant manager of the Associate Involvement Group. VIP was launched in 1986 primarily to develop associates' problem-solving and project implementation skills. A suggestion program, quality system, and N-H Circle Program (problem solving) plus an exempt-level program are included within VIP. Associates can earn monetary awards plus VIP points for their completed VIP activities.

"We were trying to encourage everyone to step up and feel like an owner of the company," Burris said. "Why wait for someone else to come in and implement your improvements?"

In the N-H Circle Program, she explained, non-exempt associates team up to identify a problem and its root causes, and then they implement countermeasures to correct the problem. Every non-exempt associate in a completed circle gains 50 VIP points and \$15. A circle that competes and wins the plan champion title may receive a special trip, and possibly a chance to compete with teams from other manufacturing sites. Those VIP points accumulate during an associate's career and bring plaques and other awards at milestone points. An associate with 2500 VIP points receives a Civic, while 5000 points earns the associate an Accord, two airline tickets, two weeks'

vacation, and four weeks' base pay.

### **Problem-Solving**

HAM offers six hours of problem-solving training (useful to employees racking up more VIP points) on Saturdays once a month. There's always a waiting list for the training sessions. Posters, closed circuit TV programs, and other communications stoke associates' interest in process improvements. Managers also encourage the flow of ideas. "We're tearing down the walls to make changes — it's do-it-yourself improvement," said Burris.

For example, Honda's worldwide organization is committed to eliminating waste of energy. Dennie Baker, an assembly associate at the Marysville Auto Plant, suggested an alternative coupler for impact guns used to install bolts and parts, to prevent an air leakage problem. He asked a supplier about a quick-disconnect couple replacement. Then he and John Duffy (assembly associate) tested the plastic coupler and gained management approval for its use. Thanks to their efforts, the company saved \$28,000 in compressed air costs during the first year the new coupler was used. The idea was shared with Honda

plants in Canada, Mexico, and Japan.

Also at the Marysville facility, Tod Gray (production associate) suggested that instead of using 60-pound spools of weld wire that had to be changed every four days, a 500-pound drum changed monthly would reduce wasted steps. More important, the new drum is hoisted by a machine, eliminating potential safety concerns posed by lifting the wire spool during the change.

The "A Step Ahead" (from the Marysville Motorcycle Plant) team of associates figured out how to save the company more than \$55,000 a year by eliminating downtime caused by an instrument panel conveyor chain guard. After they identified breakage of support brackets that held the guard as a root cause of the problem, they designed new brackets. Then they tested the new brackets and installed them on the "carousel." The project also yielded a standardized repair method for broken brackets, and the team revised technical drawings of the instrument panel carousel.

Yet another improvement team, the "Reconfigure Sand Mold Area" group at Anna Engine Plant, decreased bottlenecking in the sand molding area. Their process improvements and equipment upgrades smoothed parts flow, eliminated overtime previously needed to keep pace with casting, eliminated operator hand flash removal, and reduced safety issues. Another team greatly reduced the number of missing door sheets for autos coming off the line. They pegged the root cause as broken and worn clips plus air pressure from overhead vents; their modifications saved more than \$31,000 in costs.

Many associates find that using a problem-solving process not only results in good ideas on the job, but in their lives away from work, said Van Winkle. The ten-step problem solving process used by the associates is shown in Figure 1.

Asked about suggestions for drawing and implementing employee's clever improvement ideas, Burris offered this counsel:

1. Don't look primarily at bottom line cost savings. Look instead for development potential for associates.

### **N-H Circle Process**

1. Develop team
2. Problem selection/business plan link
3. Activity plan
4. Problem description
5. Problem analysis/goal setting
6. Cause analysis
7. Root cause verification
8. Countermeasure selection and prioritization
9. PDCA (plan, do, check, act)
10. Results analysis
11. Activity presentation.

**Figure 1.** Honda associates use this process in day-to-day problem solving activities, with an addition of a presentation step.

2. Strong management is needed; be fair and consistent.
3. The more you expect from the work force, the more they will give; set standards high. It's amazing what people can do when they are given the opportunity.

**Flexible Steel Lacing:  
Continuous Improvement  
Culture**

Creating a kaizen (continuous improvement, or CI) culture promotes employee innovation at Flexible Steel Lacing Company (Flexco), Downers Grove, IL, according to Bob Hafey, director, manufacturing. Flexco provides conveyor belt fastening systems and conveyor belt maintenance technology.<sup>2</sup> Time relevant team performance measurements here include CI, safety, quality, cooperation/learning, productivity, and delivery. In 2000, associ-

ates implemented approximately 500 safety improvements alone. Teams in all functions (shop and office) track their implemented process improvements (IPI).

Natural work teams meet regularly to update progress on their team's tasks. In addition, quarterly team CI meetings include a review of measurements and targets, team successes, an action plan for the next quarter, etc. These sessions plus team performance measurement boards posted in the plant, extensive training, and other communications reinforce the company's focus on CI. These collaborative efforts spark significant cost, cycle time, and other improvements.

Employees are required to have at least four improvement ideas per year, Hafey said. The ideas must involve a sustainable process improvement. Rewards are minimal for the suggestions. A sample "Implemented Process Improvement Form" is shown in Figure 2. Many process

**IMPLEMENTED PROCESS IMPROVEMENT FORM**

Name: \_\_\_\_\_ Clock# \_\_\_\_\_  
 Department # \_\_\_\_\_ Date Implemented: \_\_\_\_\_ ECR# \_\_\_\_\_  
 Type of reward (check one)     Subway     Blockbuster     Donate \$5 to United Way  
 This process improvement relates to (check one)     My Own Process     Others' Process  
 This change impacts a process that is done:  
 Daily     Weekly     Monthly     Yearly     Other (please tell how often) \_\_\_\_\_  
 Describe the process change and the benefits of the change (please be specific):  
 \_\_\_\_\_  
 \_\_\_\_\_

Please estimate the cost savings from this suggestion by either using the formulas below OR attaching supporting documentation to this form. COMPLETE THE COST SAVINGS ONLY IF THE # OF HOURS SAVED ANNUALLY IS >5 HOURS OR IF MATERIAL SAVINGS IS GREATER THAN \$100.

PLEASE SEE YOUR MANAGER/COACH IF YOU NEED ASSISTANCE WITH THIS SECTION.

Time Savings		Material Savings	
Annual time savings (hours) Only if hours saved annually is >5		Annual material savings (units)	
Labor Rate \$ _____ X 1.5 =	X	Cost per unit	X
Annual Savings	=	Annual Savings	=

Figure 2. Flexco associates use this form to record completed process improvements.

improvements naturally happen through day-by-day changes within work teams.

Flexco also hosts kaizen blitz events — teams focus on selected process improvements within a few days' time. Process mapping is among the kaizen tools, emphasizing the "big" picture view — a good way to destroy functional silos, according to Hafey. Among his suggestions for effective employee involvement in cultural change and innovative improvements: Use data rather than emotion, involve those who own the process and make "best" business decisions together, and focus on improving all business processes and not just the shop floor.

*Editor's note: Do you have additional ideas for encouraging, implementing, and recognizing employee improvement ideas? Please email them to Lea Tonkin at [LPTonkin@aol.com](mailto:LPTonkin@aol.com), or fax to 815/338-8309, or mail to 8908 South Robin Hill, Woodstock, IL 60098. Selected ideas (with attribution to the sender) may be included in a future issue of Target or the AME online newsletter, AMENews (it's available by contacting [www.ame.org](http://www.ame.org)).*

#### Footnotes

1. HAM manufacturing facilities are located in Marysville, Anna, and East Liberty, OH; Honda has added operations in Russells Point, OH; Lincoln, AL; and Alliston, ON. More information about Honda is featured in the *Target* Fourth Quarter 2001 article, "BP the Honda Way — A Supplier's Lifeline," by Cash Powell, Jr.

2. More details about Flexco associates' high performance are included in the *Target* article, "High-Performance Teaming Comes to Flexible Steel Lacing Company," Downers Grove, IL," by Lea A.P. Tonkin, in the Third Quarter 2001 issue. Hafey discussed the company's kaizen culture in a recent Assembly Expo presentation in Rosemont, IL.

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*Lea A.P. Tonkin is the editor of Target magazine.*

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