

Centralized-Decentralized

Influencing factors, parameters and mitigating circumstances newly exposed

- My current consulting and training activities take me predominantly into the German-speaking countries of Austria, Germany and Switzerland. I remain however, as Canadian, a definite 'outsider'
- It is perhaps for this reason that I have a particular view with the subject matter of this article
- I however always try to view the topic 'Idea Management' from an international perspective ... no borders ... a fresh pair of eyes
- A few months ago a German client organization called me and asked me to address the following statement: "Today there are three types of suggestion systems".

Allow me in this article to state my opinions on the above statement and also to challenge idea managers and suggestion system administrators to partake in this active discussion.

Background - Two Systems

Fundamentally one differentiates between two systems:

- the centralized suggestion system
- the decentralized suggestion system

We should, in fact, be prepared in these current times to say that only the term Idea Management (IM) should exist, that seeks to combine all of the various idea channels: Suggestion System (SS), Continuous Improvement Process (CIP), Total Quality Management (TQM), Quality Circles (QC) ... but more about that later.

Under 'centralized' it is understood that certain decisions can only be made centrally, i.e. certain administrative and management decisions can only be made in one place.

Under 'decentralized' it is understood that certain decisions can be made locally and that certain management and administrative decisions are decentralized to the point of origin of the idea itself.

There are, in reality, various practices in vogue under the terms centralized and decentralized:

Centralized can mean:

There is only one suggestion system administrator (and that most likely is at corporate headquarters)

All suggestions must be centrally

- recorded and administered
- evaluated and approved
- awarded and closed

There are, however, central systems where supervisors have free reign to administer, evaluate and recognize ideas.

Decentralized can mean:

There is more than one system administrator located at various locations

- recording and administration can happen locally
- evaluation and approval (according to award amount)
- awarded and closed directly, that is locally

There are, however, decentralized systems that in the final analysis operate in a more centralized fashion than the actual centralized ones.

These are in practise the most common configurations.

To the Statement: "There are three types of systems"

- Centralized Suggestion System (suggestion administrators are located centrally in the organization)
- Decentralized Suggestion System (administrators are located in the business units)
- Supervisory Model (supervisor does everything)

This assessment has very little that can be deemed positive. It also is far from daily practise.

The contrast between centralized/decentralized models and the supervisory model is fundamentally flawed. There are very different roles for supervisors in centralized and decentralized systems. There are centralized systems in which supervisors can do almost everything and there are also decentralized systems in which the supervisors hardly have a role to play.



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For this reason we speak in our Global Idea Management Benchmark (GIMB) Report about two systems:

- the classical suggestion system - submitting through the suggestion office, assessing by external evaluators, awarding through suggestion committee
- the supervisory model - submitting through the direct supervisor who in principle can: accept/decline, evaluate, implement, recognize, record and send results for recordkeeping and award payment

- mixed model - using aspects of both

Suggestion Nomenclature - To the Point

The differentiation in the quote "there are three systems" is problematic. As already stated, a decentralized suggestion system can actually be centrally driven (supervisor cannot make decisions) or locally driven (supervisor can make important decisions). Rather than further hair splitting over decentralized models, we should rather talk about a supervisory model – direct, ideas in dialogue, locally run.

The crux of the matter is that whether a suggestion system administrator is in the corporate headquarters, in each country location, in each plant location and/or in each business unit does not, in essence, create a qualitative difference in the system. The qualitative difference lies in the degree to which responsibility has been allocated to the suggestion administrator or to the supervisor.

The History - In Short Form

Suggestion System

The Suggestion System, as the oldest 'idea management' and employee involvement system, is currently negatively viewed in many organizations. In its centralized form, it is lived and practised as a legal end-run around the normal way of doing business. The model that's currently successful is the supervisory model which has been in vogue since the mid-'80's.

Kaizen/CIP

Kaizen in the Far East stands for change and improvement of all things good in all facets of life. Kaizen is based on culture and belief. CIP is based on the first Japanese-English translation. Kaizen, as such, was translated in word but not in the fuller sense. Under the term CIP, a series of methods and systems have been implemented across North America and Europe since the mid-'80's, primarily to target the far

eastern success in the automotive manufacturer and supplier industries.

Teamwork / Self-Managed Work Teams

Teamwork approaches were already successfully practiced in the 1920's mass production environments. With the increased growth of shift-work and job rotation, teamwork approaches have been the most-used form of work organization of the past 10-15 years. Kaizen/CIP is a necessary element in the development and success of many team and group approaches.

Suggestion Systems and Continuous Improvement Processes

Most organizations in North America and Europe still have a traditional suggestion system. At some point they start to dabble with and introduce CIP.

- <5% let suggestion systems run their course and introduce CIP without financial awards
- >20% let suggestion systems run their course and introduce CIP with financial awards, however with decreased financial participation
- Approximately 75% of organizations let suggestion systems and CIP operate together and ensure the methodologies and systems are integrated, often under the term Idea Management
 - this usually means the traditional suggestion system transforms itself into the supervisory model
 - and that CIP is built around CI units and teams and workshops for idea generation and problem solving

A fundamental statement of fact would be:

- suggestion systems regulate both the worth of ideas and the degree to which ideas are part of the job
- CIP are the actual motor, that ensures more ideas and suggestions are created

That should not go so far as to say that CIP are simply "suppliers" for suggestion systems. In most organizations, however, the amount of CIP-produced ideas and suggestions that flow into the suggestion system are within the daily job of the employee.

The numbers in our benchmarks clearly show that in the majority of organizations CIP-based ideas are also represented in the suggestion system data. Almost all organizations from all industry groups, who are in the front ranks and have more than one idea per employee per year, practise a combination of suggestion systems and CIP. We would go so far as to say that no organization, having any statistics of interest, reaches that status with purely a traditional suggestion system.

Idea Management - The Term

Idea Management is:

- the deliberate promotion of the creativity as well as the implementation and recognition of the idea potential of all employees
- the coming together and coordination of all systems and methods in an organization that promote, challenge and use employee creativity
- a network of tools for involving the employee in the business and the success of the organization
- an excellent tool for the evaluation of organizational culture, innovation potential and management performance
- a value-based management as well as coaching tool

Idea Management is an all-encompassing concept. It is a complex process. It is differently practiced in each organization. It mobilizes energy reserves. It generates an entrepreneurial improvement process. It is itself in continuous change.

However we choose to define this concept, Idea Management does not compete with current methods and systems within the organization ... rather it creates an additional basis for entrepreneurial success.

It closes the gap between the planned improvements and the still-to-be-utilized performance reserves within the organization.

Managers / Supervisors - as Actual Idea Managers

Supervisors are the actual idea managers not the suggestion system administrators. Supervisors manage employees so that many ideas are generated, irrespective of whether entitled to awards or not, and irrespective of whether ideas are a part of the job or not. Most important is that ideas are welcome. For this purpose, managers use instruments such as suggestions systems and CIP to elicit the potential that is oftentimes underutilized or not utilized while doing the daily job.

Through the independent use of the idea management instruments we can truly speak of a decentralized system. Managers are helped in their task by specialists: moderators, coordinators, consultants, administrators, and other gatekeepers.

If, however, a manager does not independently use the idea management tools but the organization wishes these instruments to be used, administered and trained, then organizations provide these services through entities going by names such as idea

coach, internal process consultant, idea manager or even suggestion system administrator.

The Road Ahead

Knowledge management uses the very same instruments as idea management to delve into the knowledge reserves of our employees. We, as idea managers, will be challenged to further define, differentiate and integrate these definitions.

Globalization and internationalization will provide even more provocation. The goal will be to develop, organize and utilize a transparent and seamless platform of employee knowledge to create communities of practice and interest. Lessons learned, both national and international, will be channelled through inter- and intranet chat rooms and discussion forums.

Our idea management has a long way to go. What help and what service will we have to offer? How will we seek, manage, implement and recognize ideas, suggestions and solutions across national borders?

Perhaps we should immediately cease and desist with the rather trivial arguments and discussions over central versus decentral and "how many systems" and concentrate on the more important questions at hand.

Conclusion

The actual difference lies in the task at hand:

Tactical - the task of finding, evaluating, evaluating, implementing and recognizing ideas should be part of every front-line supervisor's daily work

Strategic - development of the system: recognition strategies, goal-setting, targeted campaigns, marketing, communication vehicles, benchmarking, network development, training concepts, software support, checks and balances and internationalization should be part of a centralized idea management role ... this would, in my opinion, be value-add.

1) Bernie Sander, Ein Wake-up Call für Ideenmanager, Frankfurt 1997 ISBN 3-00-001510-8

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