

The Use of Suggestion Systems as a Tool to Solicit Input from Internal Customers

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Abstract

Organisations, as part of their ongoing commitment to improve their bottom line will often focus marketing activities on feedback from their external customers and suppliers. The internal customer can also play an important role in providing vital commentary via suggestions or ideas that could enhance company performance. The authors studied organisations in New Zealand to see how their suggestion systems operated and how effective they were from both a managerial and an employee perspective. It was found that management at all levels needed to be properly trained in implementing an effective Ideas Generation Programme and that software should be used to administer and to manage the process. A diagram was developed by the authors to assist with the generating of the ideas system. Line managers should authorise implementation of suggestions that the internal customers put forth. In rewarding staff for their contributions, it was generally found that due to financial issues, higher level approval was needed for some form of remuneration. It was found that managers will always play a pivotal role in the success or demise of a suggestion system.

Keywords: Use , Suggestion Systems ,Tool , Solicit Input , Internal Customers. Gregory Wilson, Andries DuPlessis, and Andrew Marx

1. Introduction

Marketing managers are facing difficulties and challenges as they come to terms with the sometimes bewildering pace of change and the phenomenal growth of the global market in which they operate. Among others deregulation, reduction of tariffs, internet usage, competition, technological advances, and the need to monitor costs are just a few.

Competition in many industry sectors is fierce as organisations seek ways to become more efficient and effective in their marketing operations. While some businesses are barely surviving others are thriving and if there is a short cut to success, few businesses have found it. Successful companies win over their competitors by constant hard work, and striving to make continuous improvements a way of life.

To achieve this end, the organisation needs to gather input from all sources. While the core principle of marketing is to focus on the 'external customer', the 'internal customer' can also provide important input for the organisation's success. The stated intention of internal marketing is that employees will become more involved, committed and enthusiastic Mudie (2003).

Various models have been proposed that revolve around the concept of customers existing within the boundaries of the organisation according to Farner, Luthans & Sommer (2001). The term 'internal customer' evolved in part from both the process and the concept of continuous improvements methods, by which all those involved within the confinements of the organisation strive to implement. In short, the internal customer serves as a mechanism in gaining quality marketing practices on a continuous basis.

While there are a number of tools available to marketing managers in their quest to reach their business goals, one such tool that has been under utilised is the *suggestion system*; such a system consists of either an informal or formal procedure which encourages employees to think innovatively and creatively about their work and work environment. Du Plessis, Marx and Wilson (2008) are of the opinion that marketing managers are to provide suggestions or ideas that will be directed to improving the performance of their company's practices as well as through means by which their external customers are satisfied. Employees should then be recognised for those suggestions that management feel will be useful to the organisation.

Nelson (2002), points out that employees need to know that their suggestions are taken seriously. By carefully reviewing employee suggestions, and quickly implementing those that have merit, management sends a message that employees are valued. The success of the system will, however, depend on a number of factors, such as idea creation programmes, training or awareness programmes, correct administration of data received and the implementation of viable ideas or suggestions. Management must be committed and involved in all facets.

This article covers a literature review and reports on qualitative research with structured interviews. The creating and generating of ideas to enhance marketing practices, different methods used, proper explanation of the programmes, and the ideal e-administration of the suggestion systems are discussed in the results and discussion section; the implications for marketing managers and conclusion form the last part of the article.

2. Literature Review

According to Luthans & Youssef (2004) there is growing evidence that human resources are essential to an organisations' success and may offer the best return on investment for a sustainable competitive advantage. It is therefore imperative that we keep close to our internal customers and seek suggestions and feedback on how a company's performance can be maintained or improved.

Research undertaken by Karatepe, Yavas & Babakus (2007) gave clear indications that feedback from employers gave front line staff greater job satisfaction and affective organisational commitment, with a negative effect on turnover intentions. Research findings also undertaken by Mukherjee (2006) indicate that feedback, participation, and team support significantly influence job satisfaction, and organisational commitment.

Staff suggestion schemes whereby internal customers contribute ideas for saving money or offering ways of improving business processes makes for a more inclusive culture whereby employees feel the organisation values their opinions, according to Coleman (2007).

Gupta (2008) reflects on the significance of listening to employees for better leadership by management personnel. Simple conversation about marketing initiatives or soliciting feedback from front line employees as to customer responses will help to create a culture where employees feel a sense of belonging to the organisation.

Companies are embracing new trends in compensation, incentives and employee engagement to ensure sales personnel motivational levels stay high Chang (2007). She further states that the focus on customer service specifically as a pay metric is becoming very popular.

Brem & Voigt (2007) state that in order to collect superior ideas and incorporating internal personnel in the organisation is crucial to innovation success and the importance of including these individuals through the implementation of suggestion systems.

As outlined by Wells (2005), one reason some employers are hesitant in initiating formal suggestion systems may be that creating and managing them might produce a multiple of tasks. Holland, Sheehan, Donohue and Pyman (2007) also found the administration of the suggestion system seems to be a major hurdle to overcome. Recordkeeping is of the utmost importance and the notion of e-administration has taken over.

Therefore, according to Wells (2005) it is imperative that several key elements of employee suggestion programs include senior staff support, a simple easy process for submitting suggestions, a process for evaluating and implementing them, an effective program for publicising and communicating the program and a fair and motivating award scheme. Crail, (2004) found that awards given to participants were beneficial to the morale of the organisation, while Kaufman & Casison-Tansiri (2004) gave an insight into establishing categories for awards such as cost savings or increasing revenue, or ideas that can be implemented immediately, or ways to get closer to customers to increase employee participation.

Darragh-Jeromos, (2005) found that larger organisations can submit suggestions on a sales-team basis rather than individually. Teams can be both informal who come together to merely work on an idea, or a more formally chartered group using a structured problem-solving process over a longer period.

Van Dijk & Van den Ende, (2002), created The Creativity Transformational Model which encompasses the main factors that influence the functioning of suggestion systems. This model was tested within specific divisions of three companies that can be considered best practices in the use of suggestion systems. The implementation of this model, will allow companies to transfer employee creativity into practical ideas.

According to Darragh-Jeromos (2005) a suggestion system should be integrated with the organisation culture. A common aim of a suggestion system is to achieve greater employee involvement which eventually leads to greater tangible benefits such as cost savings, and higher sales and intangible benefits like higher levels of morale.

Stone (2008) is of the opinion that employees have ideas regardless of whether or not the environment is conducive but the employee will not submit it if the environment is not seen as supportive. Therefore organisations must have incentives, which are proactive, in place for employees to feel that submission of their useable ideas will be rewarded. Incentives provide a very direct message to the employee and it is focused on their behaviour in achieving objectives; in our case idea generation programmes and participation in the suggestion system.

In contrast to Stone's view, Van Tonder (2006) is of the opinion that one of the most common observations during survey-driven diagnoses or research initiatives, is the cynicism and scepticism and often overt reluctance by employees to take part in surveys or the idea generation system. Usually the employee's response follows from substantial exposure to surveys or involvement to generating ideas in the workplace. One of the most pervasive perceptions likely to be encountered is that many of the past initiatives amounted to nothing. This perception normally arises from the absence of feedback on the outcomes or the non-implementation of ideas.

There are different ways to generate ideas, (refer to Figure 1) but it is important that the method used must be clear, straight forward, and open to all potential participants according to Wood (2003). To be effective in the idea generation process it will help to train all the people involved. The ideal will be to create a culture and attitude of participation within the organisation. Creative behaviour conceptualises suggestions as creative acts while initiative adds one particular facet to the creative process idea. The notion of ownership which generally accrues from participation is a major consideration in the implementation of suggestions or ideas. It is through involving various stakeholder constituencies from the onset of the initiative, creating ideas, the pre-implementation stage, and during the diagnoses of generating ideas that psychological ownership for the suggestion programme is established Van Tonder (2006).

While making employees aware of the benefits of a suggestion system, it should be kept in mind that some individuals within a firm, may derail, redirect, or influence the initiative of the programme. Therefore more caution rather than less should be exercised, to demonstrate to employees that management values their input. Methods to generate ideas should be clear, straight forward and open to all participants, teams and individuals. Figure 1 below is a flow chart to help marketing managers to make sure that all the methods are used and to involve all levels of employees in the process. Employees from all levels should be involved in designing the idea generation system.

The induction stage is a good point to make new employees aware of the suggestion system and to explain it to the full. Even for employees moving up to the next level by promotion should be exposed to this explanation. There are two broad categories of an induction programme where awareness and idea generation could be promoted: general topics of interest and specific, job-related issues to specific jobholders. Du Plessis (2007) points out that policies, including suggestion programmes, should be the responsibility of the human resource department. They also state that policies and programmes must be developed in consultation with representatives from trade unions (if the organisation is unionised) and it must comply with relevant legislation. Dessler (2005) endorses this and adds that such information should be given at the second stage of the three conducting stages of induction.

The latest software available should be used to manage the process effectively and efficiently. The software not only replaces the traditional suggestion box, but is able to acknowledge receipt, handle duplicated ideas, link ideas to evaluators and allow everyone to search for existing ideas and build on. Failure to acknowledge ideas is far more damaging than not seeking employees' views at all according to Sweetman (2005). Wood (2003) postulates that if supervisors are well trained to encourage ideas through the normal work teams or groups they are usually the gatekeepers of those ideas; this means that much of the initial administration of refusing and reviewing the ideas will be eliminated.

In their study it was found by Du Plessis and Paine (2007) that there is a correlation between the number of suggestions submitted and the time taken to give feedback to the suggestor and that the power of feedback to employees is often underestimated. Employees' ideas and innovations are so important in any organisation because they are on the shop floor and are experiencing the advantages or disadvantages of what they are doing. The initial view should be the assumption that all suggestions are beneficial until the evaluation proves otherwise.

No matter how small the idea or suggestion, if it contributes to the organisation's profitability, survival, sustainability or maintaining its competitive advantage it should be recorded and implemented. The progress of submitted ideas should be monitored by the software in use and that includes implementation. The implementation of ideas should also be part of the supervisor's performance appraisal. Proper feedback should also be given to all stakeholders.

3. Problem Statement and Objective of this Article

It is expected that, due to the fact that most of the suggestion systems driven in New Zealand companies are to a great extent of an informal nature and the evaluation of ideas and the implementation of good ones are neglected. This in turn could be contributed to the absence of proper idea generation programmes, a lack of awareness and publicity programmes and the acceptance of responsibility by all levels of marketing management.

The objective of this article is to report on empirical research undertaken by Unitec New Zealand, (New Zealand) on suggestion systems as applied in New Zealand organisations and the University of Pretoria, (South Africa). This article concentrates on idea generation programmes for marketing, awareness and publicity programmes, administration and processing, and corporate wide implications; other articles report on more research issues of the same study done.

4. Methodology

A number of critical success factors for suggestion systems were identified from the literature. From these critical factors the ten most important once were identified. A questionnaire was compiled by the University of Pretoria (UP) to establish to what extent these critical factors are complied within marketing organisations. The same questionnaire was used with permission from UP after minor modifications for an identical survey in New Zealand. Minor modifications involved updating and scrapping of some questions because the questionnaire was too long for use during short interviews in New Zealand.

The questionnaire was used and completed during personal interviews which were conducted in four main business areas, namely Auckland, Greater North, Manukau and Waitakere City.

From the 21 organisations interviewed 19 (90.48%) are from the private sector while two (9.52%) are from the public sector.

5. Analysis of the Results

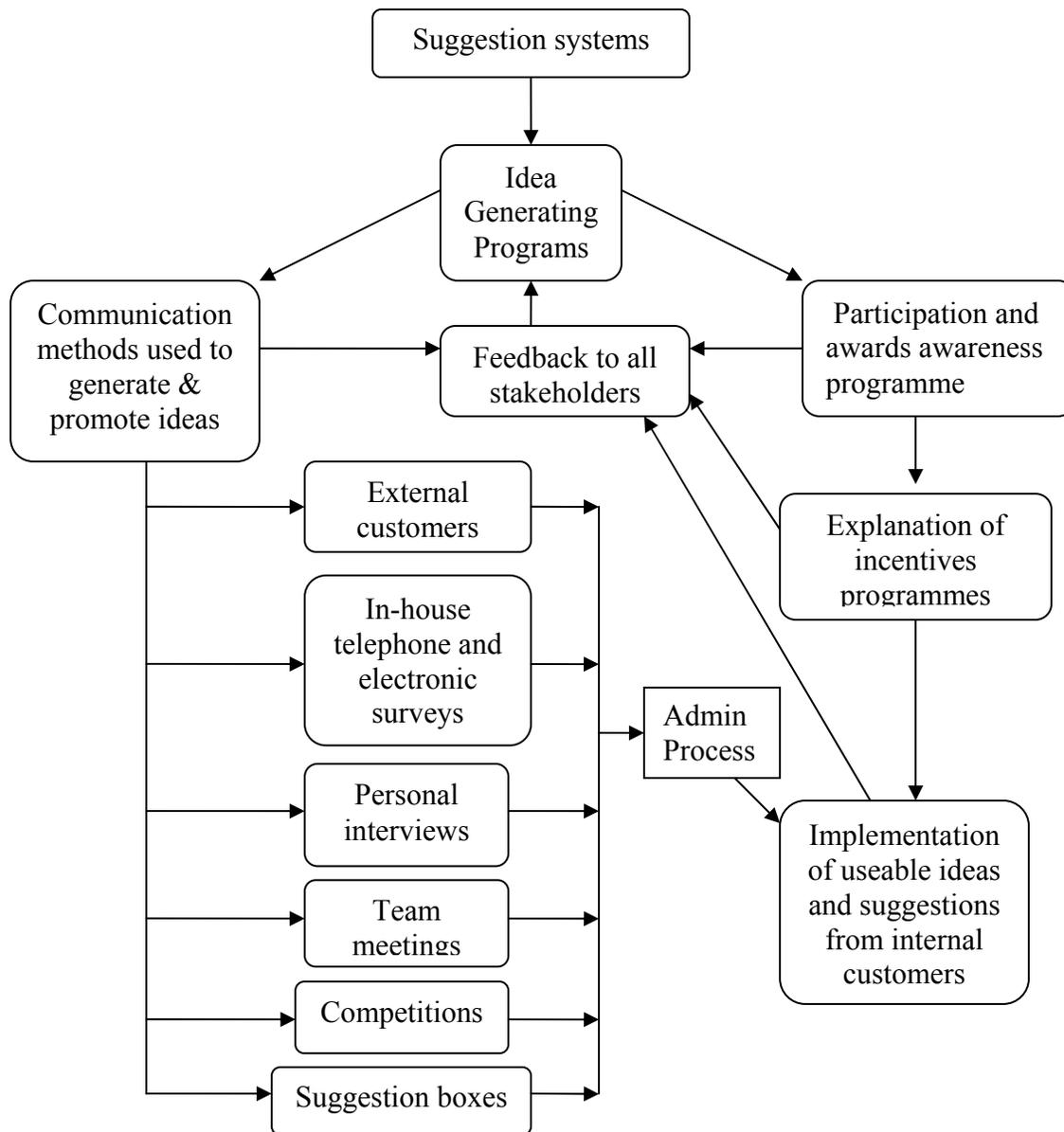
5.1 Discussion

It was found in the empirical study that only 19.05% of marketing organisations claimed to have a formal suggestion system. That means they have an official policy, certain structures and procedures in place. It is interesting to note that none of the companies surveyed, whether formal or informal, have an exclusive name for their system. It could therefore be concluded that organisations will refer to “the suggestion system or suggestion scheme”. Not one of the respondents believes that the name of the system will contribute to the success on the system.

It is essential to choose a name for the suggestion system that people, ideas and innovation could be associated with. It should be “smooth on the tongue”, not too long and easy to handle in publicity. Buchanan and Badham (2008) support this view but go one step further in saying that employees must have a conceptual understanding of the system and the name linked to it.

There was consensus among all the organisations that the evaluation of suggestions is completed in less than 90 days after it was submitted. This is an indication that marketing managers are open for suggestions and that they value the ideas of employees. The fact, however, that 71.43% of the respondents either disagree or do not know whether suggestors are getting feedback on a regular basis during the evaluation period places a question mark on the commitment of management. The flow diagram (Figure 1) below explains the flow of feedback.

Figure 1: Diagram of the Idea Generation Process in Suggestion Systems



Source: Developed by the authors for this article

6. Methods used in Idea Generation Programmes to enhance Marketing Performance

The fact that 85.71% of the respondents agree that the methods that they use to generate ideas are clear and straight forward confirms that they have either a formal or informal suggestion system in place. The methods are also open to all potential participants including teams and individuals within a marketing department. With this high percentage one could easily deduce that it was

going well in designing of the idea generation programmes as well if the methods used are so good; but it's a total different result in the next section.

7. Marketing Personnel Generating Ideas

An alarming 38.10% of the respondents reported that their employees from all levels are not involved in the design of the idea generation system. A further 28.57% of the respondents were unsure; therefore two thirds (66.67%) of their organisation's employees are excluded in the basic design of what could be a possible cost saving or a possible labour turnover decrease. Only a third (33.33%) of the respondents is sure that their employees are involved and contribute positively to possible cost saving or attaining of their competitive advantage.

8. Marketing Personnel Awareness and Publicity Programme

Marketing staff are often the most important link in the idea generation programme. Employees and their immediate managers are the people with the most knowledge of the job and it came as a surprise that 66.66% of the respondents admitted that no explanation of the suggestion programme forms part of the induction programme in their organisations. This could be attributed in part to the informal approach that many NZ companies have within their marketing departments to suggestion schemes and their implementation procedures. In Figure 1 above it is clear that the awareness and publicity programme follows the idea generating programme. The explanation could easily be done during the induction period.

9. Marketing Departments Administration and Processing

The question was put forward to the respondents whether software is used to submit and process suggestions. Only 4.76% of the respondents agreed that software is in use for administration and processing. Almost all (95.24%) of the respondents responded that they don't use any software for the said issues. It can be deduced that the organisations are too small to layout huge amounts of money on systems that they think could be managed manually or as in the case of the marketing department where the emphasis is on satisfying the external customer. The use of database was predominating use by marketing personnel, but this was more for tracking of customer details and purchases.

10. Improving Marketing by gathering of ideas

More than three quarters (80.95%) of the respondents agreed and strongly agreed that they receive their ideas via email, intranet, internet or face to face. It can be deduced that the old fashioned way of meetings face to face still has its value. In Figure 1 above all the aforementioned methods are mentioned as a method to gather ideas.

11. Responsibility

A disappointing 19.05% of the respondents agreed that suggestions received in a specific section are authorised by the marketing team leaders or supervisors and implemented immediately. It can

be deduced that some marketing managers either don't want to take responsibility or they don't have the authority or are not empowered to do so. If management does not take the responsibility, who must? Surely, the suggestor cannot implement the suggestion without the approval of their marketing manager? If there is agreement on this, then it should be the responsibility of the marketing manager. A total of 71.43% of the respondents were unsure what happens in their organisation.

12. Who has implementation authority?

With the previous section and responses to that question in mind, it is not surprising that the response to this question was almost a 100% (95.24%) that a higher level of authority needs to approve rewarding or implementation of suggestions. It can be said therefore that higher approval is necessary due to capital investment. It is also deduced that the supervisor only makes a recommendation about the acceptability of the idea in the concerned work area or section and then enter it in the process for higher level sign off.

13. Implementation implications

With reference to the implementation of ideas and suggestions, consensus (95.24%) was reached that it is the responsibility of the highest level in the organisation to approve recognition and rewards and the implication of any suggestions. If senior management cannot take responsibility for rewards and the implementation of the suggestions it is understandable that not in one of the participating organisations implementation of suggestions form part of the marketing managers' performance appraisal.

14. Implications for Marketing Managers

Most marketing departments within an organisation focus on the needs of their customers and ensure they are looked after; marketing personnel do want to be recognised or awarded for their efforts and achievements as well. Higher level authority in the organisation must ensure that they do not neglect recognising, rewarding, and implementing useable ideas and suggestions.

Marketing managers' involvement in the effort to make the suggestion system a success creates a cascade effect down to baseline employees, which will encourage them to become active in the system.

Therefore, the supervisors within a marketing role must support the Idea Generation Programmes; without them supporting the programmes, it is hardly likely that subordinates will come up with new ideas. If there is an air of negativity, it will pervade down to the subordinates with the result that participation dwindles. The supervisor or team leader in a marketing role is an important aspect in the success of the scheme.

Most of the resistance and resentment results from lack of knowledge. It is therefore important that marketing managers and supervisory personnel are trained in how they and their staff can benefit from the suggestion system, how to evaluate ideas, how to administratively assist subordinates and how to encourage ideas, which means they must know how to develop ideas from their marketing group or team. Managers and supervisors alike in all areas of marketing will always remain pivotal in the success of the suggestion system.

15. Conclusion

Organisations should use any possible management tool that contributes to their survival. While marketers focus their efforts in looking after their external customers, the fact that internal customers can be a contributing factor to ensuring customer satisfaction and hence customer retention can be maintained. The most under-valued management tool available is the suggestion system which consists of a formal procedure that encourages employees to think innovatively and creatively about their work and work environment, and to produce ideas.

Submission of employee's useable ideas should be rewarded in organisations; incentives should be in place for employees to feel valued. Explanation and awareness of the suggestion system could be done during the induction stage, even for employees getting promotion. Software, to manage the process effectively and efficiently, could minimise administrative delays. A flow diagram (Figure 1) was developed to assist marketing managers in the Idea Generating Process. Some interesting responses along with the implications for marketing managers were discussed.

While sales personnel can be rewarded through incentive schemes based on increasing revenues the majority of marketing personnel do not benefit. Marketing managers must get actively involved by creating the opportunities for employees to submit their ideas, get those ideas properly evaluated, give recognition when it is due and implement them to reap the numerous benefits of a suggestion system tool.

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