PART I

Help Your Company, Help Yourself

What's in It for You?

Because this book is about helping your company, you might be asking, "What's in it for me?" The answer depends on which of the following four career scenarios best describes your situation. If you don't see yourself in any of the four—now or in the future—stop reading.

1. You're one of a small group of people in your company being considered for a highly coveted position that promises more money, opportunity and prestige to whomever gets it. And you want it! What can you do to secure this promotion? Isn't there some way to rise above the competition and become the obvious choice?
2. Rumor has it that another round of layoffs is coming. You've been lucky so far, but you know that luck can't last forever. How can you remove yourself from the list of potential terminations and put yourself at the top of the list of indispensable employees?
3. You're one of millions of people looking for work. The competition is sharp, well educated, and experienced. You need an advantage. What are prospective employers *really* looking for? Can you modify your resume and prepare for interviews in ways that dramatically increase your chances of getting the job you want?
4. You're a leader of a team, department, or company that is made up of wonderful, dedicated employees who know precious little about how to increase the profits of the company. As a leader, you are evaluated based on the performance of your people. How can you engage the collective know-how and full potential of your workforce to positively impact the bottom line?

In the coming pages, you will learn the skills that can dramatically improve your chances of being promoted, avoiding lay-offs, landing a job (if you don't have one), or engaging your people to increase their business value. Are these big promises? While there are no guaranteed outcomes, reading this book over the weekend will prepare you to successfully deal with your current situation. You really can be *Indispensable by Monday*.

You become indispensable at work by bringing in more money than you cost. And you're about to learn how to do just that.

For 30 years, I have had the good fortune of owning or co-owning six companies and learning from some incredibly gifted partners, employees, and customers. Two of those companies were consulting firms. During my 11 years of consulting work, it has been my privilege to assist clients of all sizes in becoming more efficient through interpersonal communication skills, sales expansion, leadership, cost reduction, and survey research. Working with hard dollars as well as soft skills, I've discovered that any business's success or failure depends almost entirely upon individual contributors. Organizations don't succeed, people do. With that conviction, I respectfully write this book for you.

What Does Indispensability Look Like?

I learned about indispensability early through necessity. At the age of 22, I was working my way through college as a machinist manufacturing parts at an aerospace/defense subcontractor firm. I needed the job and the income, and I wanted to perform well. On the first day of this job, I was shown the five machines I would be operating. The trainer told me that my quota of finished parts would be 12 trays of 12 parts each—or144 total parts per day. Though I completed my quota for the first day, I was befuddled by the manufacturing process. The production of each part required me to stand and wait for one machine to finish its automatic, 30-second procedure. Because of the physical arrangement of the machines, I then had to carry the part three machines down the line to perform the next procedure. Next, I carried the part to each of the remaining three machines for completion. I seemed to be wasting a lot of time standing around, watching machines perform automatic functions, and transporting parts back and forth.

On the second day, I came in early and enlisted the help of a maintenance worker to rearrange the machines. The new configuration allowed me to put one part on one machine, and while that part was being processed, start another part on the next machine. As you can imagine, this resulted in a *much* more efficient process; by lunchtime, I had produced 144 completed parts. At the end of the day, there were 288 parts awaiting assembly. I doubled my productivity merely by rearranging the machines.

Over the next couple of weeks, this increase in production caused some interesting challenges. Workers and suppliers who produced the materials I needed had to increase productivity to match mine. The assembly department had to devise ways of increasing their efficiency. But we worked together to come up with solutions that everyone could buy into. As we adjusted, production increased company wide.

One day, as the whole line was humming along at its improved pace, the president of the company came down to the production floor and tapped me on the shoulder. In front of all my coworkers, he told me how happy he was with the improvements, thanked me graciously, shook my oil-soaked hand, and went back up to his office. I felt like a million bucks—only greasier.

Keep in mind that this company's IQ was probably above average. (Did I mention the firm was an aerospace/defense subcontractor?) Yet, despite their genius, they had simply overlooked an opportunity to streamline a process. Other, similarly well-run organizations can miss efficiency opportunities for many reasons. Most commonly, people become comfortable with the established ways of doing things, and they overlook obvious enhancements. Ironically, most improvements are in plain view.[1] Company veterans will often tell you, "This is the way it's done." That may well be true; but the critical approach you will bring to your job on Monday morning is the newcomer's point of view. You will ask "why" of anything and everything in your firm that costs money, takes time (which is money), requires attention (which eats time), and saps energy (which is all you really have to offer). If you do so, you'll find you can perform your job in different and better ways, with improved results.

Will there be times when you will be looked at negatively by coworkers for raising the bar on performance? Maybe. Does that mean you shouldn't do better? Absolutely not, because you can always include them and give them part of the credit for improvements, thereby making your success their success. All it takes is an invitation from you for others to improve upon your ideas and be a part of the implementation.

Employed? Keep the Job You Have . . . Unemployed? Get the Job You Want

In good economic times, the top performers in organizations—or the indispensable employees—regularly receive bonuses, benefits, pay raises, recognition, promotions, and even job offers from other companies. They are always building their resumes and preparing for bigger and brighter things to come. My goal is to help you—through your increased profit contribution skills—enjoy the advantages that are available during such economic upswings.

If your company hits a rough patch financially and is forced to make some cuts in pay, benefits, or personnel, your goal should be to add value to your employer in an effort to increase the chances that you will be seen as a keeper—someone without whom the company would be worse off. When the good times return, you will be well positioned as one of the critical contributors who preserved the company, and you may enjoy the benefits of a company once again in good economic standing.

Should things get *really* tough—as during a wide-scale, deep, and prolonged economic downturn—top performers keep their jobs if the company survives. Unfortunately, even stellar contributors in failing organizations with ugly financial results may not keep their jobs for long, because their individual contributions may not be sufficient to save the company.

If you are currently out of work due to monumental financial upheaval—which could mean that there are lots of people competing for a limited number of available jobs—you'll be able to use the information found here to increase your employability in three ways:

1. *Revamp your resume* as modeled in these pages to highlight your bottom-line profit contributions. You have probably produced some direct financial benefits for past employers, so quantify what you brought to them by properly updating your resume.
2. *Become conversant in the basic language of financial statements* so that you may coherently discuss with job interviewers how you will provide substantial monetary input. (If you are not up to speed on this point, turn to the back of the book and read the section entitled "Everything You Need to Know about Accounting—and It's Not Much.")
3. Before your next interview, *research the company* and determine which of the many profit-enhancing innovations you will be reading about could help your prospective employer.

Bring a couple of the better proposals to the interview and impress the heck out of the interviewer.

These points are broken down further in the following pages.

In order to put your best foot forward in your next job interview, it is critical that your resume properly capture the true value you have created for past employers. I recently had dinner with a relative who told me he had saved his employer some money. Curious about the details, I asked about what he had done, the amount of money saved, and whether his company would continue benefiting in the future from his work. Next, I asked if he had added this accomplishment to his resume. He said he had, so I asked how he had recorded it. His actual resume entry follows:

Helped develop innovative procedure to efficiently account and present all extras, time, equipment, material, billing, and history for each of four $1 million + jobs.

Contrast that with what he had actually done for the company, as expressed here:

Developed an innovative process for accurately capturing legitimate billing opportunities formerly overlooked by the company. During the first year of implementation, the process captured $150,000 in revenue that otherwise would have been lost. The recaptured revenue went straight to the bottom line—producing profit comparable to that of a $5 million sale of the company's services.

As I talked with my relative further, it became clear that he contributed much more than just helping to develop the procedure: The process was actually all his idea! He implemented the process from scratch, and it wouldn't have happened without his persistence.

If all you take from *Indispensable By Monday* is the ability to accurately represent your past accomplishments, that alone is probably worth more than the amount you paid and the time you've spent. My hope is that you take away a whole lot more, such as an awareness of the financial needs of a prospective employer, and a new-found ability to uncover hidden profit. You will be a superior job candidate if you have a documented history of making significant contributions to the bottom line. Combine that history with a working knowledge of the financial objectives of a potential employer and some actual proposals for potential bottom-line contributions (which you will find as you continue reading), and quite simply, you will be a standout!

1,800 Business Leaders Can't Be Wrong: What Your Boss Wants You to Do

In March of 2009, I teamed up with VitalSmarts to create a survey that would establish the value of certain profit-producing behaviors. We asked 1,800 business leaders—primarily in the United States and Canada—how advantageous the core behaviors discussed herein would be if they were exhibited by workers who were being considered for layoffs. Would these behaviors work in favor of employees (keep their jobs), or would they be of no advantage (get laid off)? You probably want to know the outcome of the study before you invest a lot of time becoming skillful in these areas, right? Here's what we found.

Behavior: Regularly Proposes Cost-Cutting Ideas That Work

Of those business leaders, 87.9 percent rated this behavior as being of moderate, substantial, or extreme advantage to a worker being considered for termination. Only 2.9 percent said it would give no advantage to the worker. When asked what percentage of workers in their own companies exhibit this behavior, 8 out of 10 respondents said it was less than 10 percent, on average.

Behavior: Regularly Proposes Revenue-Producing Ideas That Work

Of those business leaders, 88 percent rated this behavior as being of moderate, substantial, or extreme advantage to a worker being considered for termination. Only 4.1 percent said it would give no advantage to the worker. When asked what percentage of workers in their own companies exhibit this behavior, 8 out of 10 respondents said it was less than 8 percent, on average.

Behavior: Streamlines Company Processes to Save Time and Money

Of those business leaders, 94.6 percent rated this behavior as being of moderate, substantial, or extreme advantage to a worker being considered for termination. Only 1.9 percent said it would give no advantage to the worker. When asked what percentage of workers in their own companies exhibit this behavior, 7 out of 10 respondents said it was less than 12 percent, on average.

Behavior: Improves Personal Productivity by Increasing Work Quantity and Quality

Of those business leaders, 93.6 percent rated this behavior as being of moderate, substantial, or extreme advantage to a worker being considered for termination. Only 1.8 percent said it would give no advantage to the worker. When asked what percentage of workers in their own companies exhibit this behavior, 6 out of 10 respondents said it was less than 15 percent, on average.

Behavior: Proposes and/or Implements Procedures to Improve the Cash Flow of the Firm

Finally, of those business leaders, 83.5 percent rated this behavior as being of moderate, substantial, or extreme advantage to a worker being considered for termination. Only 5.8 percent said it would give no advantage to the worker. When asked what percentage of workers in their own companies exhibit this behavior, 9 out of 10 respondents said it was less than 6 percent, on average.

If the absence of valuable behaviors isn't appalling to you, maybe the presence of stupid behaviors will be. We asked about the following political or non-value-added tactics for keeping one's job or getting a promotion. Here they are (and I hope you're not doing any of them):

- Avoid making waves; fit in, live with problems, and avoid speaking up
- Use flattery or favors to ingratiate themselves with the bosses
- Arrive at work before the boss; leave work after the boss
- Generally appear to be busy doing things (often less-important things)
- Make special attempts to be "visible" and claim credit for any good outcome possible

You have no doubt witnessed these—and many other—silly actions on the part of your coworkers, so you might be wondering how often they're happening nationally. Here's the punch line: Our study revealed that the non-value-added tactics are being used by workers twice as frequently as those that add money to the bottom line.

Although leaders can recognize financially sound behaviors as being important to the company and advantageous to their employees, they haven't done the best job of building those skills within the workforce that they lead. Consequently, without the proper skills, knowledge, and ability to enact better strategies, employees have been left on their own to figure out how to make a favorable impression on superiors who are in positions of power. Thus, by default, even smart people lean toward the political—and not the profitable—behaviors.

One final revelation from the study: When asked how beneficial it would be to the company for employees at all levels to have at least a working knowledge of basic accounting concepts such as the Profit and Loss (P&L) Statement, the Balance Sheet, and how the firm makes money, 80.1 percent of respondents answered that it would be of moderate, considerable, or extreme benefit. How many employees actually know this stuff? Seven out of 10 respondents said that less than 13 percent, on average, have this knowledge. You may or may not have this knowledge yourself. If so, read on. If not, go to the section entitled "Everything You Need to Know about Accounting—and It's Not Much" in the back of the book now. It's only a few pages, and you'll need to know the basics before reading any further.

Do You Bring in More Than You Cost?

A basic principle of business is that every company must earn more money than it spends. For that to happen, it would help if all divisions, departments, and subunits of the overall company also earned more money than they spent. That way, each subunit could do its part to contribute to the whole. So, taken to its logical extension, this basic principle would suggest that every *employee* in the company must also be profitable. If you had a personal P&L Statement that depicted the value you bring to your employer and the amount you cost your employer taped to your back, what do you suppose it would look like? Do you generate more revenue for the company than you cost as an employee?

When you were hired, the management of your company decided that your position was critical to realize more revenue than expenses. Businesses don't hire people and carry the attendant expense just for fun. You were asked to join the organization because somebody concluded that your position, generally, and you, specifically, would bring in more value than cost. Were they right? You might think so; but would the key decision makers agree? Every manager has a list of the strong and weak people under them. At times, this value-added equation is official; sometimes, it is unofficial. Sometimes, it is mental, and sometimes, it's written out. But it is always there. The decision to create your position—and fill it with you—was made using this very thought process.

You may be under the impression that your hiring could not have been based on such a cold calculation. Rather, your boss hired you because you are good with people, a team player, or have a great resume. You are most likely correct in that reasoning. You probably *were* hired because of your ability to work and play well with others. However, management assumed that those interpersonal skills would translate into added value or profit to the company. Likewise, your past experience almost certainly *was* a factor in your company offering you a job, because your boss thought that your experience would add more value than someone with a thinner resume.

So, let's evaluate your personal P&L Statement to quantify what you're bringing to the company and what you're taking away. It's important to see a net positive impact, because just as no company can exist for long without profit, no employee can expect to remain employed for long without making a net positive contribution. Even if you are currently bringing the value to your employer that he or she hoped for at your hiring, indispensability comes from adding more value than he or she expected.

If your job can be directly linked to the generation of revenue—like sales, sales support, or hourly billing—it's fairly easy for you to calculate what you bring to the company. For those of you not in one of these positions, you may wonder how you can calculate your value to the company. Don't despair! You can contribute to the company's bottom line, even if you have never seen the sales department or billed a client for a single minute of your time.

"The company just can't afford to keep you on the payroll any longer."

Translation:
"We ran the numbers, and you cost more than your financial contribution."

Solution:
Start contributing more than you cost!

Employees bring both tangible assets (actual dollars) and intangible assets (your personal abilities to create value and find dollars); so, both direct revenue generators (salespeople and hourly billers) and all other employees can contribute in important financial ways to the company. The next section tells you how to calculate those contributions.

Personal P&L Statement for Direct Revenue Generators

Let's start with those directly involved with sales. Build your personal P&L Statement by filling in the blanks in the form

Personal P&L Direct Revenue Generator

Revenue You Bring to Your Company

Gross sales (made by you) of the company's products/services ______

Gross Sales on which you worked in essential support ______

Gross Revenue from Hours Billed ______

*Other Revenue:*______________________________ ______

______________________________________ ______

What You Cost Your Company

Annual compensation (salary or hourly) ______

Commission ______

Annual Bonus ______

Benefits (Medical/Dental/Retirement) ______

Auto Allowance ______

Space you occupy at $X/sq. ft. ______

Mistakes/rework you caused ______

Management time you require at $X/hr ______

*Other costs:*______________________________ ______

______________________________________ ______

Your Estimated Net Profit (Loss) to Your Company ______

Figure 1.1

found in Figure 1.1. Don't worry about getting the numbers exactly right; estimates are fine for now. Use a 12-month period as your time frame.

While the sales team receives a lot of the kudos within the organization, you should know that there are profitable sales and not-so-profitable sales. For example, if the company's typical net-profit margin on a sale is 5 percent, and if a salesperson discounts the normal sales price by 6 percent in order to close a deal, then that sales person isn't producing any net value. Instead, they have actually produced a net loss on that sale. This practice may occasionally be advantageous during slow times when the company needs cash flow; however, it is not sustainable. Another costly mistake that inadequate sales people resort to is overpromising certain features or committing their organizations to unreasonably short delivery times. These deals, even when sold at full price, can also produce net losses when the costs associated with rushed delivery and maintenance exceed the typical profit margin.

Needless to say, a good sales force that understands the basics of accounting and profit generation is invaluable to any organization. Accordingly, if you're a solid sales rep, your personal P&L Statement is practically bulletproof. Even better, there are methods for sales professionals to create astounding additional value for their employers—beyond basic sales quotas—due to the direct contact they have with customers. These contributions are explored in a later section.

Nonsales Personal P&L Statement

If you are currently not in sales, before you put in your request for a transfer to the sales department, you should know that in most cases, the lion's share of sales compensation is tied directly to performance: No sales, no pay. It's a tough career, where only the winners survive, and the pressure to perform is relentless.

If you are not in sales and you don't bill clients directly for your time, is the concept of indispensability completely out of reach for you? Not by a long shot! The question we want to answer is whether your personal P&L results in a net profit or loss. Let's look at what your P&L could—and should—include.

Regardless of whether you are a direct revenue generator, such as a salesperson or an hourly biller, or a secretary in the accounting department, if you are not now contributing in the following cost-cutting and revenue-increasing categories, you can be—and soon. By exploring each category, you can discover how to add indispensable value to your organization. (Of course, sales reps can also engage in any and all of the profit-producing opportunities shown in this P&L, and nonsales employees often participate in critical, sales-related activities. The distinction between sales and nonsales P&Ls has been emphasized only to put an end to the myth that salespeople are the only ones who have opportunities to create profit for the company.) See the Nonsales Personal P&L Statement in Figure 1.2.

Non-Sales Personal P&L Statement

Revenue or Cost Savings You Bring to Your Company	
Cost saving initiatives	______
New revenue generated from existing customers	______
Revenue generation from refunds and rebates	______
Process improvement measures (efficiencies)	______
Mistakes/rework/at-risk revenue you rescued	______
Customers you salvaged after mistakes by your company	______
Quantity and quality improvements in your own job	______
Unofficial encounters with customers	______
Suppliers and customers with whom you shared profit increases	______
Cash flow improvements	______
Improvements in your company's value proposition to customers	______
Improvements in your own value proposition to your company	______
Other Revenue	______
What You Cost Your Company	
Annual compensation (salary or hourly)	______
Annual bonus	______
Benefits	______
Auto allowance	______
Space you occupy at $X/sq. ft.	______
Management time you require at $X/hr	______
Mistakes/rework you caused	______
*Other costs:*______________________________	______
______________________________________	______
Your Estimated Net Profit (Loss) to Your Company	______

Figure 1.2

All Dollars Are Not Created Equal: How to Find the Most Valuable Ones

Every employee should increase his or her personal P&L by uncovering hidden and unexpected dollars. You may think that any new dollar is of equal value to your company. This is not so. The dollars you can produce by finding hidden revenue or unexpected cost reductions are much more valuable to your company than the top-line dollars produced through ordinary sales. Found—or unexpected—dollars are added directly to bottom-line profit, while typical sales dollars are loaded with overhead such as commission, cost of goods sold, and general and administrative expenses. In other words: You are bringing in one-hundred-cent dollars, while the sales staff is bringing in seven-cent dollars (assuming that the company has a net-profit margin of 7 percent). If a salesperson makes quota, it's expected; but if you discover hidden money, it's a windfall.

To understand the power of this concept, look at Figure 1.3. Here, you can see what $25,000 produced by you would be worth to the company in equivalent sales dollars. Find your company's profit margin to determine the amount of sales needed to produce $25,000 in profit on the company's P&L. Keep in mind that we are talking about the company's net profit, not gross revenue.

You can tell by looking at the table that the narrower the profit margin, the more valuable your contribution. If your company is losing money right now—meaning that there is no profit margin because the bottom line of its P&L is negative—then *any* revenue or unexpected dollars you produce will be extremely valuable, because every dollar will bring the company closer to the sustainable state of profit. In a loss situation, it is imperative to return to profitability as quickly as possible; and you will be a superstar if you can help that effort.

Bottom-Line Profit	Profit Margin	Equivalent Sales
$25,000	1%	$2,500,000
$25,000	2%	$1,250,000
$25,000	3%	$833,333
$25,000	4%	$625,000
$25,000	5%	$500,000
$25,000	6%	$416,667
$25,000	7%	$357,143
$25,000	8%	$312,500
$25,000	9%	$277,778
$25,000	10%	$250,000
$25,000	11%	$227,273
$25,000	12%	$208,333
$25,000	13%	$192,308
$25,000	14%	$178,571
$25,000	15%	$166,667
$25,000	16%	$156,250
$25,000	17%	$147,059
$25,000	18%	$138,889
$25,000	19%	$131,579
$25,000	20%	$125,000

Figure 1.3

The Resume That Speaks Volumes: Capture Your Contributions

As you implement the ideas you're learning, you'll need to document your indispensability. If you are unemployed, you will want to bolster your resume by properly capturing past financial contributions. You are about to learn how to do just that. If you are employed, you will want to keep your resume current for performance reviews and to be considered for promotions. Either way, the resume is where you will want to update and store your accomplishments. And if written correctly, your resume will forever capture and showcase the profit contributions that an employer can't live without. Assume that your company operates with a net-profit margin of 7 percent, and you use the knowledge in this book to create unexpected profit of $25,000 added to the bottom line. You should chronicle your financial indispensability in the following manner:

> *Improved the company's shipping process by removing unnecessary steps, resulting in a $25,000 annual profit contribution. The profit from this improvement was equal to the profit from $357,143 in annual sales revenue, or $1,785,715 in total sales equivalency over five years.*

In this example, we used the random amount of $25,000. You may be concerned that you won't be able to create that much value. On the other hand, you may already know of ways to save or create that much—or even far more—for your company. No matter your present confidence level, my commitment to you is to transfer the skills, knowledge, and tools to accomplish all that you are able. At the end of the day, you will probably surprise yourself.

Just for kicks, let's create two new resume entries representing $1,000 and $100,000 profit contributions. Again, the calculations assume a company net profit of 7 percent.

For the Faint of Heart

Improved the company's shipping process by removing unnecessary steps, resulting in a $1,000 annual profit contribution. The profit from this improvement was equal to the profit from $14,286 in annual sales revenue, or $71,429 in total sales equivalency over five years.

For the Overachiever

Improved the company's shipping process by removing unnecessary steps, resulting in a $100,000 annual profit contribution. The profit from this improvement was equal to the profit from $1,428,571 in annual sales revenue, or $7,142,857 in total sales equivalency over five years.

Learn the simple math behind the sales-equivalency calculation, and you will be able to quickly determine the sales value of any cost reduction you are considering:

$$\text{Amount of Savings } (\$25,000) \div \text{Profit Margin } (0.07) = \text{Sales Equivalent } (\$357,143)$$

$$\$25,000 \div 0.07 = \$357,143$$

If you don't want to deal with the math, you can simply input your idea into the Profit Proposal Generator (PPG) at www.indispensablebymonday.com, and the tool will calculate sales equivalency and many other functions for you. This free service allows you to produce profit proposals of exceptional quality, even though you may not have formal financial training.

Because your ideas must be implemented in order to legitimately make their way to your resume, it is extremely important to format and analyze your proposals professionally. The right analysis and presentation will greatly increase the chances of implementation. The PPG was created for this purpose. As you move into the next section, you will discover how key the PPG tool can be in formatting, vetting, and presenting your profit ideas—making them resonate with decision makers in your organization.

Death of the Suggestion Box: May It Rest in Pieces

We've all seen it: that pitiful, forlorn, beat-up thing that gathers dust on the outside while remaining empty on the inside. The hinges on the lid are mostly broken, due not to overuse but instead to cheap construction. After all, who wants to put a lot of money into a suggestion box? For that matter, who wants to put a *suggestion* into a suggestion box? My favorite dysfunctional part is the tiny slot cut into the lid. To actually use the antiquated thing, one must either write on a tiny piece of paper or use regular-sized paper and then fold and fold and fold. It was like passing notes to Cathy Rissi this way in kindergarten. I didn't know how to write, so it was just as well that the bulk of the time spent on our love-note interaction was me folding and her unfolding. Even if I could have written something, she couldn't read, so the folding/unfolding was fine.

Anyway, let's say you get the suggestion written and in the box. What next? How do you know it will get picked up? They have locks on those things, you know. It's not like you can come into work early the next morning and open the box to see if it's been emptied. I guess if the slot in the lid is big enough, you could put some already-chewed gum on the end of a pencil and poke it in. If it comes out empty, you're in good shape, but if you pull out your original suggestion, maybe you could jot down another suggestion on the reverse side that reads, "I suggest you empty this box once a day." Of course, if you come back the next day with more gum and another pencil and find they still haven't emptied the box, then I'm fresh out of suggestions for you. (Grade school was fun, wasn't it?)

A Better Way

Is it just me, or is this whole box thing a bit juvenile—not to mention outdated? The suggestion box got its illustrious start over 200 years ago.[2] The original motivation behind its invention was to offer an anonymous method to voice grievances and offer ideas that might not sit well with powerful and intimidating superiors. This forum was chosen in order to take away any fear of reprisal and thereby invite broad-based, free-flowing participation.

As you might expect, the old-fashioned box is still around in some companies. You may even have one next to your water cooler. You'll find them most frequently in manufacturing settings where computers are scarce. The box has had its ups and downs over the years but has clearly become a relic that probably gathers as many gripes and complaints as profit-producing ideas.

The Internet and a host of software development companies have improved things quite a bit in the last 12 to 15 years. We are now on generation three of idea-management programs, so things are moving in the right direction from a technology standpoint. Ideas are being tracked and implemented in much more expeditious and orderly ways today. Some programs are even helping with creative idea generation at the front end of innovation management. This can increase both the quantity and quality of profit-enhancement initiatives. Still, one of the main complaints about enterprise-wide innovation efforts is that employees are offering too many ideas that are just plain bad. Let's explore what makes a proposal unacceptable:

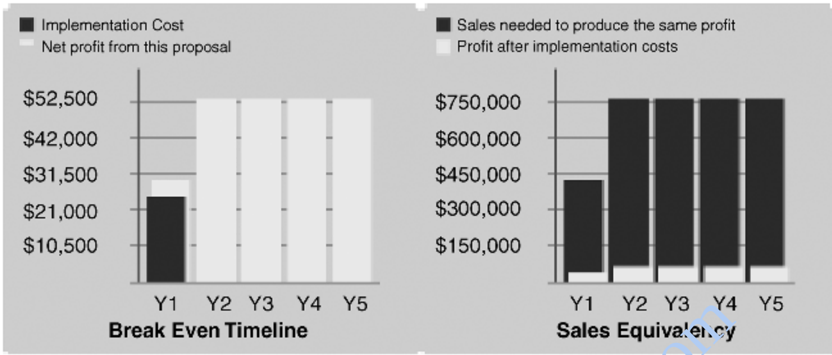
A Bad Proposal

- Costs too much to implement; the payback time is too long
- Requires too much analysis to determine its feasibility
- Doesn't yield any substantial benefit because it's too small
- Contains personal gripes instead of constructive business improvements
- Doesn't focus on any critical issues
- Cuts into the meat of strategy, not just the fat of inefficiency
- Hinders the organization's ability to serve customers
- Doesn't take into account the company's economic situation
- Violates the company's or the workforce's code of ethics
- Is discriminatory
- Is illegal

The list could go on, but the main point is this: You should evaluate proposals *before* they are scrutinized by your firm's decision makers. Certainly, you want to be known as the person who offers solid, educated, workable improvements in a professional format (with no folding.) Notice the contrast between the following two submissions illustrated in Figures 1.4 and 1.5 for the same profit proposal.

I think we could use fewer
steel suppliers and get a
discount in exchange for more
of our business.
Signed, Jane Smith.
P.S. Make sure I get credit for this.

Figure 1.4



Profit Proposal: Consolidate Steel Suppliers

Presented to MyCo by Jane Smith

Annual Savings	Implementation Cost	Lifetime Net Savings	Sales Equivalency
$52,500	$24,000	$238,500	$3,407,143
Break Even Point	**Net Present Value**	**Return on Investment**	**Internal Rate of Return**
0.46 Years	$185,990	994%	218%

Assumptions: Company Profit Margin = 7% Company Discount Rate = 6%

Current Situation: I have been analyzing our steel purchases and comparing our pricing to what some of our suppliers are offering by way of discounts for higher volume purchases. It appears we could save 2 percent on overall steel expenditures if we hit the next tier of discounts from two of our suppliers. This isn't possible now because of the number of suppliers we are spreading out purchases over.

Proposal Change: I propose we negotiate our best deal with the suppliers who are offering discounts. Perhaps we can get 3 percent if we play it right.

Benefits of Proposal: This can be implemented with reasonable transition costs. Attached is my analysis of the benefits of this change. You will notice that the total profit increase we would achieve is $52,500 annually.

Barriers to Implementation: It will take substantial staff time to negotiate this change. We will also need to deal with existing purchase orders in the pipeline.

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Figure 1.5

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