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How firms are better capturing ideas from the inside

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HOW FIRMS ARE BETTER CAPTURING IDEAS FROM THE INSIDE

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Internal crowdsourcing allows staff to participate more widely

When a leading German engineering and electrics multinational wanted to design a new mobile app for use by its logistics staff, it didn't hire specialist app designers or call on the company's own IT staff. Instead, it put out a general call across the company to ask the staff for their ideas.

The company received 38 responses, which were whittled down to a shortlist of six to put to the board, and now the final design is in development.

"For the first time, we have the opportunity to ask everyone by this open call and suddenly we get inputs and ideas from divisions or employees who weren't asked before," says the company's designated crowd manager.

"This very diverse crowd is now able to find completely new approaches and completely new solutions which a group of experts just couldn't find. For logistics problems, we get feedback from an IT department or from sales and sometimes exactly this solution is the one we were looking for but we didn't [previously] find it."

It's an example of what's known as internal crowdsourcing, which a handful of corporations are starting to deploy.

Just like normal crowdsourcing, it relies on the idea that the combined knowledge and ideas of a disparate group of people – the crowd – will provide better answers to a problem than a small

group of people. But internal crowdsourcing differs in that the crowd is limited to the employees of the organisation seeking the answers.

SYSTEMIC PROCESS

In some ways it's a little like the wooden suggestion boxes that used to be placed in staff canteens. But the use of IT and the internet has allowed companies to ask specific questions of more employees and to make the process much more interactive – with feedback and dialogue for the participants instead of leaving them wondering whatever happened to that idea they put through the slot.

"You can actually see what happens to the idea and how it's followed through, and you can take part in the decision-making," says Daniel Schlagwein, a lecturer in the school of information systems at UNSW Business School.

In the forthcoming paper, *Internal Crowdsourcing: Conceptual Framework, Structured Review and Research Agenda* – co-authored with Oliver Zuchowski, and the University of Bamberg's Oliver Posegga and Kai Fischbach – Schlagwein identifies three types of problems internal crowdsourcing is suited for.

The first type is what the authors call "intelligence". This is where the group solves problems such as forecasting product demand or project completion dates.

"Generally, the larger and more segmented an enterprise, the more difficult it is to match people to problems," the authors write. "Internal crowdsourcing solves this and allows enterprises to bring together knowledge and information that may be scattered among different groups, locations, hierarchies or departments."

The second is "design", such as coming up with new product ideas or other innovation. The German multinational's app design is an example of this.

Third, there are "decisions", where the crowd is asked to choose between existing alternatives.

"While choosing the right idea may be crucial, many firms lack a coherent or systematic decision process for ideas. In internal crowdsourcing, involving the crowd of employees leads to good choices in a systematic process and, as a side effect, increases the identification of employees with those choices," the authors write.

LOWERING BARRIERS

Internal crowdsourcing is often used to solve specific problems – what will sales be next year? or how can we improve a particular product? – but Schlagwein says it's also useful for open-ended questions, when it's not entirely clear what the precise question or problem is, or no question has been asked.

"In many cases, there's great potential for open-ended ideas, where the system allows users to make suggestions which do not directly affect their personal job in the organisations, doesn't help them or whoever they are reporting to, but they've nonetheless got an idea for the organisation to pursue," he says.

For example, someone in research and development may come up with a new marketing idea and wouldn't know what to do with that idea and it would disappear.

However, by providing an open-ended IT platform where such ideas can be submitted to some sort of screening system, a company is capturing the ideas and the energy of people whose job is not actually directly connected to the idea.

The new processes lower the barriers to contributing ideas – barriers such as finding the right person in the right department and potentially their reaction when someone from a different department, who they've never met, makes out-of-the-blue suggestions about how they could improve something.

FOSTERING AN OPEN CULTURE

In part, internal crowdsourcing is limited to the employees of an organisation so that confidential information remains in-house. It can sometimes be limited to a subset of employees, perhaps in a particular department or with particular expertise.

Schlagwein says that culture plays an important role for internal crowdsourcing. The more an organisation abides by traditional hierarchies, the more likely it is that participants in crowdsourcing will be only experts and managers.

If companies foster an open culture, the variety of respondents will increase, and it will be more likely that left-field and diverse solutions will arise.

He says that cultural change is needed in an organisation to enable crowdsourcing – just providing the IT platform won't make it happen.

"You need to generate an environment where people trust that they can actually post these ideas," Schlagwein says. "It's one question of technically being able to do so, but it's another question whether they conceptualise it as culturally appropriate to do it."

GOVERNANCE AND ASSURANCE

The German multinational described above deploys internal crowdsourcing across the company. It has what it calls innovation departments in every division and they often use internal crowdsourcing to find new product ideas.

The job of crowd manager at a major enterprise wouldn't have existed a few years ago. The role essentially takes care of what could be called the governance issues of internal crowdsourcing. And in a traditional company with a long history, cultural change has been the biggest challenge.

"It's very uncommon for the employees to suddenly be asked for their input from someone they don't know. This also led to conflicts between the usual hierarchical organisation – the line organisation as we call it – and the crowdsourcing campaign," says the company's crowd manager.

Management was initially nervous when the company launched Logipedia – a knowledge sharing site about logistics that called for their workers across the world to help define commonly used but often misunderstood terms. There were concerns about letting workers change the content themselves, just as the public would be able to do on Wikipedia.

As it turned out, the quality assurance was managed by the crowd itself and the project has been a success.

Employees also respond to incentives. The company already had a long-standing policy of sharing some of the gains from cost-saving initiatives with the employee who proposed it and this also applies to crowdsourcing. At other times, people who have contributed to other projects such as Logipedia received a token gift such as a coffee cup.

Along with managing the change in corporate culture that is necessary, governance issues include defining the problem and designing the questions and managing the crowdsourcing community – deciding who will and won't be asked.