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The Federal Employee Suggestion System: Possibilities for Improvement. FPCD-78-73; B-156022. November 8, 1978. 25 pp. + 8 appendices 13 (pp.).

Report to Alan K. Campbell, Chairman, Civil Service Commission; by H. L. Krieger, Director, Federal Personnel and Compensation Div.

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Authority: Government Employees' Incentive Awards Act of 1954 (5 U.S.C. 4501). 5 U.S.C. 4506. 5 U.S.C. 45. 25 C.F.R. 451.

The Incentive Awards Program's objective is to encourage civilian employees to contribute to the efficiency, economy, or other areas of Government operations by recognizing and rewarding them for exceptionally meritorious achievements or suggestions. Findings/Conclusions: The full benefits of an effective employee suggestion system are not being realized by Federal agencies. Pronounced support of a suggestion system alone does not guarantee its effectiveness. Many managers and employees lack enthusiasm for the system, and relatively few employees contribute suggestions. Persistent problems prevail because no single office with the authority to act has directed agencies to aggressively implement the system. Recommendations: The Chairperson of the Civil Service Commission, and the successor, the Director of the Office of Personnel Management, should direct agency heads to develop plans for, and aggressively implement, an effective employee suggestion system through: active management commitment and support, clearly defined goals, adequate organization and staffing, constructive action on suggestions submitted, and realistic evaluation of the system's operations and results. The Chairperson/Director should also require that agency plans be reviewed by the Commission/Office and should suspend an agency's authority to grant awards if the agency's plan is not administered in accordance with the Commission's/Office's guidance. (Author/SC)

REPORT BY THE U.S.

General Accounting Office

8/53

The Federal Employee Suggestion System--Possibilities For Improvement

Federal agencies are not realizing the full benefits that can be achieved through an effective employee suggestion system.

Persistent problems prevail because no single office with the authority to act has directed agencies to aggressively implement the system.

The Civil Service Commission and its successor, the Office of Personnel Management, should hold agencies accountable for aggressively implementing an effective system.





UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

FEDERAL PERSONNEL AND
COMPENSATION DIVISION

B-156022

The Honorable Alan K. Campbell
Chairman, U.S. Civil Service
Commission

Dear Mr. Chairman:

This report summarizes our study of the Federal employee suggestion system and possibilities for its improvement.

We have included recommendations to you on pages 24 and 25. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Director, Office of Management and Budget; the Chairmen, House and Senate Committees on Appropriations, House Committee on Government Operations, and Senate Committee on Governmental Affairs; and the heads of departments and agencies included in our study.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "H. L. Krieger", is positioned above the printed name.

H. L. Krieger
Director

GENERAL ACCOUNTING OFFICE
REPORT TO THE CHAIRMAN,
CIVIL SERVICE COMMISSION

THE FEDERAL EMPLOYEE
SUGGESTION SYSTEM--
POSSIBILITIES FOR
IMPROVEMENT

D I G E S T

The Government Employees' Incentive Awards Act of September 1, 1954 (5 U.S.C. 4501), established the Incentive Awards Program. The Program's objective is to encourage civilian employees to contribute to the efficiency, economy, or other areas of Government operations by recognizing and rewarding employees for their exceptionally meritorious achievements or suggestions. But the full benefits of an effective employee suggestion system are not being realized by Federal agencies.

In the 39-month period ended September 30, 1977, the system realized over 168,000 suggestions resulting in over \$457 million in tangible benefits. However, the system could contribute much more.

- Employees long have been encouraged to serve beyond their job requirements by suggesting ideas contributing to the increased productivity, efficiency, economy, or other improvement of Government operations.
- The Civil Service Commission has issued extensive guidelines and regularly publicized achievements to encourage agencies to implement the system effectively.
- Agency heads have voiced their support of the system.
- The President personally has presented awards to suggesters of ideas considered particularly significant.

Pronounced support of a suggestion system does not guarantee its effectiveness; managers at all levels and employees must participate. Yet, many managers and employees

lack enthusiasm for the system; relatively few employees contribute suggestions; and in some agency activities, the system is practically lifeless. Why? Because of common problems that are well known. The system lacks:

- Active management commitment and support.
- Clearly defined goals.
- Adequate organization and staffing.
- Aggressive implementation.
- Constructive action on suggestions submitted.
- Realistic evaluation of the system's operations and results.

GAO believes these persistent problems continue to prevail because no single office with the authority to act has directed agencies to aggressively implement the system. Although the Civil Service Commission has provided guidelines and disseminated information in accordance with its statutory responsibilities, it has not had the authority to enforce the system.

The President has determined that responsibility for productivity improvement within the executive agencies would be most appropriately assigned to the Civil Service Commission or its successor, the Office of Personnel Management.

To discharge this responsibility, the Commission/Office must hold agencies accountable for effectively implementing the suggestion system to encourage employees to submit their ideas. This seems reasonable in view of the potential for improved productivity, cost savings, and other benefits; and the civil service reform objective of increasing Government performance by establishing greater incentives for Federal employees.

RECOMMENDATIONS

The Chairman, Civil Service Commission, and his successor, the Director, Office of Personnel Management, should direct agency heads to develop plans for, and aggressively implement, an effective employee suggestion system through:

- Active management commitment and support. Senior executives must provide leadership in motivating managers at all levels and employees to participate in proposing and evaluating practical suggestions for improving productivity or increasing operating efficiency. Improvement in the effectiveness of this system should be considered in appraising management performance.
- Clearly defined goals. Management should establish realistic goals for employee participation and processing suggestions submitted.
- Adequate organization and staffing. Management should provide trained personnel of sufficiently high level and technical competence to enlist the participation of managers in soliciting and evaluating employee suggestions.
- Constructive action on suggestions submitted. Management should establish a mechanism for promptly acknowledging suggestions received, evaluating them fairly, and recognizing and rewarding the suggesters of adopted proposals.
- Realistic evaluation of the system's operations and results. Responsible personnel should periodically evaluate the system's operations, internal controls, costs, and claimed benefits.

The Chairman/Director also should require that agency plans be reviewed by the Commission/Office; and he should suspend an agency's authority to grant awards if the agency's plan is not administered in accordance with the Commission's/Office's guidance.

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ABBREVIATIONS

CSC	Civil Service Commission
DLA	Defense Logistics Agency
EPA	Environmental Protection Agency
GAO	General Accounting Office
HUD	Department of Housing and Urban Development
IRS	Internal Revenue Service
VA	Veterans Administration

CHAPTER 1

INTRODUCTION

Employee suggestion systems are rooted in the concept that nonmanagers can contribute ideas which will improve the operation and productivity of their businesses or Government agencies. Suggestion systems are essentially a means of obtaining employees' ideas and using them. The technique generally used is to pay cash awards to employees whose ideas are accepted and used.

In the Federal Government, the employee suggestion system is part of the incentive awards program monitored by the Civil Service Commission's (CSC's) Office of Incentive Systems.

FEDERAL INCENTIVE AWARDS PROGRAM

The Government Employees' Incentive Awards Act of September 1, 1954 (5 U.S.C. 4501), established the incentive awards program in the Federal Government. This program incorporated existing employee suggestion systems which had been active for many years. Primarily, this program is to encourage civilian employees to contribute to the efficiency, economy, or other improvement of Government operations by recognizing and rewarding employees with cash or honorary awards for their exceptionally meritorious achievements or suggestions.

In 1967 the House Committee on Post Office and Civil Service, which sponsored the Incentive Awards Act, had its Subcommittee on Manpower and Civil Service review the effectiveness of the Act. The subcommittee's report outlined weaknesses it had found in the incentive awards program and made several recommendations, most of them directed to CSC, for improving the effectiveness of the program.

Using the subcommittee's report, CSC made an extensive study of the program. In March 1968 and July 1969 CSC issued new guidelines designed to revise and streamline the entire awards program--including suggestion systems--and to overcome weaknesses it had observed during its study.

Currently, CSC regulations direct the head of each agency to:

- Establish and operate an incentive awards plan (5 C.F.R. 451.201).

--Emphasize the need for active participation in improving Government operations so as to obtain maximum value from the program (5 C.F.R. 451.203).

--Report annually on the operation of the agency's program (5 C.F.R. 451.206).

We are currently making a study on improving productivity through the use of incentive awards.

CSC found that processing delays and backlogs contributed to employee dissatisfaction and concern with the suggestion system. The backlog was caused partly by the large number of minor suggestions submitted. CSC recommended that agencies award only those employee suggestions that directly increased the productivity, economy, efficiency, or effectiveness of Government operations.

OBJECTIVES OF SUGGESTION SYSTEMS

Suggestion systems, in the Government or in business, seek to encourage employees to make contributions beyond their job requirements. CSC's Federal Personnel Manual defines these contributions as employee suggestions substantially contributing to the productivity, efficiency, economy, or other improvement of Government operations. The eight Federal activities and two non-Government firms we visited emphasized such improvements, but they also recognized other benefits, including the improvement of employee morale.

The Defense Logistics Agency (DLA) acknowledges the subordinate benefits of a suggestion system while maintaining its productivity orientation, as shown by the following statement:

"This part of the program affords DLA personnel with the opportunity to have an active voice in accomplishing the DLA mission. It also provides management with an effective tool for stimulating morale while recognizing substantial benefits in cost reduction."

The Postal Service statement of purpose clearly stipulates a productivity-oriented program:

"It is the policy of the U.S. Postal Service to encourage its employees at all levels and in all installations to contribute practical ideas for improving the effectiveness and the

economy of postal operations. These ideas are to be promptly and decisively evaluated to assure that their value is quickly realized."

A non-Government activity we visited also stresses emphasis on productivity improvement in the statement of purpose for its suggestion system:

"The Suggestion Program is intended to stimulate the creative thinking of the employees and to offer an organized method of putting acceptable ideas--suggestions that will reduce waste and improve work methods, products, working conditions and equipment--into use."

SCOPE OF REVIEW

Our initial inquiry showed that the Federal Government's suggestion system did not produce results comparable with those of private firms. Also, CSC statistics showed that agency participation had been decreasing. We wanted to find what limited the success of the Federal program and the effects on productivity.

This study included visits to locations listed in appendix I. At these locations, we gathered statistical data and interviewed suggestion system administrative personnel. At some locations, we reviewed suggestion system records and interviewed management, supervisory, and nonmanagement employees.

Circumstances and practices at these locations may not be representative of all Government activities, but there should be some commonality of suggestion system practices among activities. Conditions similar to those at the locations studied could exist at other locations.

CHAPTER 2

SYSTEM POSSIBILITIES ARE NOT

FULLY REALIZED

The Federal Government's suggestion system has produced about 3.24 million suggestions resulting in reported tangible benefits of over \$1.6 billion during the last 10 years. However, the system could contribute much more.

- Employee participation and the real value of the system's reported tangible benefits have declined steadily and significantly.
- Participation by Government employees is relatively low compared with that of non-Government employees as reported to the National Association of Suggestion Systems.
- There is wide disparity between the benefits produced by defense activities and nondefense activities.

SYSTEM RESULTS

Some measures of Federal suggestion system results are shown in CSC's annual reports. For the agencies we visited, reported results for the 15-month period ending September 30, 1977, are shown in appendix II.

Employee participation and tangible benefits

CSC's annual reports for the last 10 years show a significant decrease in both employee participation and tangible benefits, as shown on the following page.

<u>Fiscal year</u>	<u>Suggestions</u>			<u>Estimated first year tangible benefits</u>	
	<u>Total received</u>	<u>Per 100 employees Received</u>	<u>Adopted</u>	<u>Reported</u>	<u>In 1967 dollars (note a)</u>
-----(millions)----					
1968	537,506	19.1	5.3	\$ 149.0	\$ 143.8
1969	505,159	18.2	5.3	196.0	178.5
1970	380,246	13.9	3.0	176.0	151.3
1971	366,200	13.7	3.6	170.8	140.8
1972	304,724	11.2	3.0	202.1	161.3
1973	240,588	9.6	2.7	156.8	117.8
1974	231,908	8.9	2.3	118.3	80.1
1975	257,162	8.9	2.0	136.8	84.9
1976	198,081	7.4	2.0	151.8	89.0
TQ					
(note b)	43,897	-	-	33.7	19.8
1977					
(note b)	175,589	6.5	-	134.8	74.3
Total	<u>3,241,060</u>			<u>\$1,626.9</u>	<u>\$1,241.6</u>

a/Converted to 1967 dollars to account for inflation.

b/Transition quarter. Pro-rata portion of report for the 15-month period July 1, 1976, to September 30, 1977.

CSC advised agencies that effective July 1, 1969, their programs should concentrate on ideas contributing directly to economy, efficiency, or increased effectiveness of Government operations. This may account for the decrease from the previous year of about 125,000 suggestions received in fiscal year 1970. However, no other policy changes were made to account for the decrease in the following years.

Participation--Federal and non-Federal systems

The Federal suggestion system has substantially lower participation rates than do non-Federal systems reported in the National Association of Suggestion Systems' annual statistical report. The Association, comprising nonprofit organizations dedicated to increasing the worth, contribution, and benefits of employee suggestion systems, annually collects and publishes data from its member organizations. The following table, taken from the Association's 1976 report, illustrates the differences in participation between Federal and non-Federal systems.

	Federal Government fiscal year 1976 (note a)	Non-Federal system, calendar year 1976 (note b)
Number of eligible employees	2,641,771	4,071,362
Suggestions submitted	198,081	971,455
Submission rate per 100 eligible employees	7.4	23.9
Suggestions adopted	53,404	306,401
Percent adopted of those submitted	27	27

a/Excludes military personnel.

b/National Association of Suggestion Systems' members organizations exclusive of Federal agencies.

Data from non-Federal participants is limited to that reported to the Association, which may largely be from its most interested members. Comparability of the data also is affected by the difference in suggestion systems policies. For example, most non-Federal systems exclude some managers. In 1976 all Federal employees were eligible, but only 75 percent of the total non-Federal employees reported by the Association in that year were eligible to participate in their firms' suggestion systems.

Comparison would be of limited value if the difference in the participation rates were small. However, when the non-Federal rate of suggestions submitted is more than three times the Federal civilian rate, the difference is significant and indicates that the Federal program can be improved.

Participation--defense and non-defense activities

Defense activities accounted for almost 90 percent of all reported first-year tangible benefits of the Federal suggestion system during the 39-month period ending September 30, 1977. Tangible benefits reported by the defense activities we visited for fiscal year 1977 were over \$5 million (\$285 per employee); and the non-defense activities benefits were about \$60,000 (\$5.57 per employee). The following table compares defense and non-defense suggestion system activity for the 39-months ended September 30, 1977.

	<u>Defense</u>		<u>Non-defense</u>		<u>Total percent</u>
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	
Suggestions submitted	406,189	64	225,073	36	100
Suggestions adopted	113,158	67	54,911	33	100
First-year benefits	\$407,767,656	89	\$49,919,855	11	100
Amount paid in awards	\$ 9,418,390	73	\$ 3,427,536	27	100

The wide disparity between suggestion system performance at defense and non-defense agencies indicates that the non-defense agencies are not tapping the system's potential as much as they could. The incentive may be lower for employees working in service-type activities to submit suggestions than for employees working in industrial-type activities which offer greater opportunities for measurable savings and larger cash awards. Although significant differences existed in the operations of the activities we visited--some were industrial-type operations and others were service oriented--these differences cannot account for the difference in systems' results.

Information on the suggestion system operated by the agency activities we visited and, in some cases, information furnished by headquarters officials, is summarized in appendix III.

BENEFITS

The benefits at the activities we visited resulted from many types of adopted ideas--some large and others small. The following cases show that savings do result when employees exercise creativity and cost-conscious thinking.

- In 1973 an inventory management specialist at the Air Force Logistics Command recommended that a configuration of the TF-33 engine used on aircraft models in storage be converted to a configuration of the same engine used on active B-52H aircraft. Conversion of 14 TF-33 aircraft engines eliminated requirements for 14 additional B-52H aircraft engines with a first-year savings of over \$4 million.

- At the Dayton Veterans Administration (VA) Hospital, an employee recommended using paper instead of cloth thermopatch labels to identify VA-owned clothing. This small change resulted in estimated projected savings of \$684 a year without reducing utility because the paper labels last as long as the clothing they are attached to.
- An Environmental Protection Agency (EPA) maintenance mechanic in Cincinnati, Ohio designed a rack for small flasks which prevents the glassware from breaking and the samples from spilling. The savings was about \$600 a year.
- A Cincinnati letter carrier suggested putting handles on carts pushed by clerks through the rows of cases used by carriers. The handles made it easier to maneuver the carts.
- An Army Finance and Accounting Center military pay clerk at Fort Benjamin Harrison suggested reducing the publication frequency of a computer listing, saving almost \$35,000 a year.
- A Defense Electronic Supply Center employee suggested that a mechanical process replace a hand-stamping procedure. In evaluating the suggestion, Center officials found the stamping procedure to be unnecessary and eliminated it with an annual savings of over \$1,100.
- A Cincinnati Bulk Mail Center electronics technician designed a lamp-indicating fuse holder system to replace the fuse holder system on seven input cabinets. The new system indicates which fuse is blown thereby saving trouble-shooting time. Replacing fuses in the new system is also safer.
- An Air Force Logistics Command equipment specialist suggested that a control log be established for various types of actions in his section. The log enables the sections to identify the location of the documents and the processing time used.

The Federal employee suggestion system has produced significant tangible savings and intangible benefits. It seems reasonable to expect that it could produce much more.

Officials at most activities we visited recognized the importance of the suggestion system and acknowledged that their programs could be improved. Although they identified problems that needed correction, greater emphasis is needed on increasing effectiveness of operations, improving productivity, and assuring that claimed benefits actually have occurred.

CHAPTER 3

CAN THE EMPLOYEE SUGGESTION SYSTEM BE MORE EFFECTIVE?

If the Federal employee suggestion system is to be more effective, the basic problem to be resolved is how to enlist the active support and participation of managers and employees at agency headquarters and local activities. This will require

- active management commitment and support;
- clearly defined goals;
- adequate organization and staffing;
- aggressive implementation;
- constructive action on suggestions submitted; and
- realistic evaluation of the system's operations and results.

Most of these actions are noted in articles and instructional material about suggestion systems. They have been discussed at Federal delegate conferences at National Association of Suggestion Systems conventions. The problems are persistent and generally well known.

MANAGEMENT COMMITMENT AND SUPPORT

Policymakers and top managers at most of the agencies visited do not provide enough direction and support to their suggestion system. They have not made basic management decisions, nor have they taken basic management action to ensure that the suggestion system provides results.

A statement of support by upper level management is not a guarantee that the system will be effective. For example, the Secretary of Housing and Urban Development (HUD) expressed support for that agency's system by a July 5, 1977, memorandum to all employees. This document mentioned a change in the system name and stated that a new handbook would be issued to make sure that good ideas get the attention they deserve. In late March 1978, the new handbook was

still in draft form; and the changes supported by the Secretary in July 1977 had no impact on the system at the area office we visited.

Since the key element is employee participation, management's interest must be transmitted through managers and supervisors to the employees. Managers and supervisors also are frequently called on to assist employees in preparing suggestions and to evaluate suggestions for adoption. With these responsibilities, the importance of their awareness and knowledge of the system, and their support for it is evident. We noted a number of instances where:

- Supervisory and management personnel seemed to lack knowledge of the system.
- Agency headquarters and field office personnel at various levels expressed the opinion that supervisors either resisted or feared change and/or did not support the program.

Knowledge of the system

As the system in most activities we examined is now set up, the supervisor is possibly the only source of detailed suggestion system information for the employee. Yet, some supervisors seem to lack knowledge of how the system works. For example, one supervisor we interviewed did not differentiate between suggestion awards and incentive awards based on job-related performance. Other supervisors did not understand the procedure for evaluating suggestions.

Employees at all the field activities we visited probably knew their activities had a functioning employee suggestion system, but this knowledge is not enough to ensure the success of the system. Employees must know the types of ideas sought and other system details so their active participation helps it reach its goals. As expressed in "Employee Innovation and Government Productivity: A Study of Suggestion Systems in the Public Sector," published by the International Personnel Management Association:

"It is more important to communicate the intent and results of suggestion systems to all employees than it is to exhort and promise some kind of undefined payoff. Employees are considerably more sophisticated, knowledgeable and skeptical than they were in the past. In our opinion, they will

be most impressed by a forthright statement of policy guides and examples of how to present ideas and prepare suggestion forms."

The field offices we visited used various forms of publicity to inform employees about the program. These included posters, mailed flyers, and articles in local agency newsletters. Many of these publicity devices were aimed at reminding employees that a suggestion system existed in their agency and that the agency was interested in good ideas. They generally did not tell the employees specifically about the types of ideas acceptable, nor did they advise employees of system procedures. Appendix IV lists the publicity devices used.

One technique used to provide complete and accurate information on the suggestion system is the publication and distribution of handbooks. Both private firms we visited used this technique to ensure that their employees understood the system. Only the Defense Electronics Supply Center among the Federal activities we visited had a suggestion system handbook: program officials said it was given to new employees to read as part of an orientation package and was not explained.

Most of the agencies gave some system guidance to their employees; some gave employees handbooks which discussed the suggestion system. For example, the VA hospital's personnel office gave employees a memorandum on incentive awards which discussed the suggestion system. EPA had a "Handbook for Employees," which included a paragraph about suggestions under the caption "Awards." Appendix V describes guidance provided employees at the eight Federal activities we visited.

Regardless of the information provided, certain processes are applied. Suggestions are written and submitted to some individual with program responsibilities, after which the suggestion is recorded and evaluated. The suggester is then informed of either rejection or acceptance, and is rewarded if the suggestion is adopted. Appendix VI shows the processing procedures of a generalized system.

Attitudes toward the system

The attitudes of supervisory and mid-level management personnel are generally conceded to be extremely important to the suggestion system's effectiveness. Supervisors are

expected to encourage the employees they supervise to participate in the program. On the other hand, some supervisors consider employee suggestions to be criticisms of their (supervisors') performance and failure to identify and remedy the situation causing the suggestion.

We know of no measure of the extent of supervisors' negative attitudes or of the effect on the Federal suggestion system. However, system officials, managers, and other employees commented on some supervisors' negative attitudes toward the system when we discussed the quality of suggestion evaluations.

Improving knowledge and attitudes

Training for supervisors is frequently cited as a way to overcome some of their resistance to suggestion systems. CSC makes material available to assist in training supervisors about the Federal incentive awards system including some data on suggestions, such as

- a pamphlet titled "A Supervisor's 15 Minute Guide to the Federal Incentive Awards Program." CSC officials said the 250,000 copies of this pamphlet were ordered by agencies at the first printing; and

- a training package titled "Incentive Awards-- A Positive Force in Personnel Management." CSC officials said that 1,125 copies of this package had been sold by March 31, 1978, and that CSC offices around the country had copies available to lend.

Three agencies we visited have recognized the importance of supervisory attitudes toward the system in their operating manuals. An Army regulation provides for recognition for supervisors who demonstrate unusual ability to stimulate participation in the system. The EPA manual requires supervisors to

"Participate actively in the suggestion system by encouraging employees to submit their ideas and by evaluating suggestions promptly and objectively."

The VA manual provides for recognition of supervisors successful in motivating employees to submit beneficial suggestions.

Local activities we visited also provided training for supervisory personnel. For example, at Ft. Benjamin Harrison, the Army's incentive awards administrator provided training on incentive awards to all supervisors. At EPA, the administrator told us he planned to provide supervisors some training on suggestion systems.

CLEARLY DEFINED GOALS

Performance goals are a commonly accepted management tool for defining and ultimately evaluating almost any kind of effort. For managers to be aware of how a system functions, they must have some kind of clearly defined performance goal against which to measure.

A 1976 study published by the International Personnel Management Association identifies three basic types of goals for suggestion systems:

- Participation and/or adoption.
- Value of efficiency and effectiveness improvements.
- Quality of the program measures.

CSC addressed goals in its Federal Personnel Manual as part of its discussion of incentive awards program evaluation:

"Agencies are encouraged to establish goals and objectives which are specific in determining whether the end result was actually attained."

Goals may be considered for the following areas:

- "Reducing the average processing time by 'X' days.
- Establishing time goals and follow-up procedures for processing.
- Reducing backlogs by 'X' percent.
- Increasing submission and adoption rates for suggestions by 'X' percent.
- Establishing quarterly promotional programs that focus employee ideas on increasing the productivity, economy, efficiency, or effectiveness"

"of Government operations, and thereby, increase the level of tangible benefits from adopted suggestions.

--Developing and administering a first-line supervisory training course.

--Reviewing and updating aids to suggesters and evaluators."

Two of the eight Government field activities we visited had participation and/or adoption goals. The Defense Electronics Supply Center's goal is established by the Defense Logistics Agency. The Agency's goal is the same for all headquarters and field activities. Center officials accept the goal as reasonable and have generally met it over the last several years. However, the goal is not realistic for all activities. Agency data showed that some of its activities far exceeded the goal, while others could not achieve it. Suggestion system officials at headquarters said that its activities could not be evaluated solely by comparing performance with the goal, and that the circumstances at each activity must be considered.

At Wright-Patterson Air Force Base, goals have been established locally and have differed by organization. The system, administered by the 2750th Air Base Wing, includes the 2750th, Air Force Logistics Command Headquarters, and other tenant activities. According to a September 1977 study of the system, the goals were for suggestions equal to 20 percent of the population for the 2750th, 15 percent for the Logistics Command Headquarters, and 15 percent for all other tenant activities.

Logistics Command Headquarters set overall fiscal year 1978 goals as follows:

--Participation rate of 16 percent.

--Adoption rate of 25 percent.

--Tangible benefits of \$1,500 for each suggestion submitted.

--Tangible benefits of \$6,000 for each suggestion adopted.

The Command's guidance on goal setting cautioned that established goals should be attainable. The 1977 study recommended that all activities in the system should adopt these goals.

One of the non-Government activities visited establishes individual goals for each of the facilities serviced by the centralized suggestion system. The goals, set by suggestion system personnel after discussion with facility managers, are based on past performance, changes in product lines, changes in personnel strength, and any other factors which may influence participation in the system.

Comments endorsing goals

Some officials at the activities we visited concurred that clearly defined goals should be established. Others did not.

HUD national office officials said they believed lack of specific goals contributed to their system's poor performance. Their suggestion system is undergoing major changes, including establishing performance goals. Officials estimated goals for HUD headquarters in fiscal year 1977 with these results:

	Fiscal year 1976 <u>Actual</u>	Fiscal year 1977 <u>Goal</u>	<u>Actual</u>
Suggestions submitted	109	550	352
Tangible benefits	\$86,000	\$350,000	\$187,000

Some officials at agencies without goals believed that goals could be valuable: An EPA field official said that goals could substantially improve program administration. An Internal Revenue Service (IRS) national office official cautioned that goals could help suggestion system performance only if all concerned in the goal setting, performance, and evaluation procedures agreed that the goals were realistic.

Comments not endorsing goals

Goals for participation and/or adoption of suggestions are not universally accepted as useful management tools. Officials at some activities said they felt goals create false levels of activity and concentration on the numbers.

An IRS regional official said goals create unrealistic competition and are a waste of time; a national office system official expressed a similar opinion. A Postal Service field administrator said that its national office does not establish goals and field activities are not permitted to. A VA field official felt that goals simply were not appropriate for suggestion systems.

ADEQUATE ORGANIZATION AND STAFFING

Organization and staffing for the suggestion system differed substantially among the activities we visited. Some activities chose a system design in which the suggestions are submitted to and processed by a central office; others chose a design in which suggestions are submitted to and processed by several decentralized groups. For example, one non-Government activity's system requires employees from two divisions with offices and plants in many parts of the country to submit suggestions to one central office. The central office records the suggestions, determines idea and suggester eligibility, and determines whether the suggestion is original. The IRS system requires employees to submit suggestions through their supervisors to a functional coordinator responsible for only one activity at one location. This coordinator records the suggestion and controls further processing.

The size and type of staff at the locations visited generally were not adequate to assure both timely processing of employee suggestions and program promotion. The following table, which includes functional coordinator time where we could accumulate it but does not include evaluation time, makes the point:

	<u>Fiscal year 1977 approximate staff years</u>	<u>Approximate number of employees</u>
EPA--Cincinnati, Oh.	0.05	900
HUD Area Office	.00	200
IRS Office (note a)	.50	<u>b/2,800</u>
Postal Service	.30	5,100
VA Center--Dayton, Oh.	.45	1,800
Army--Ft. Benjamin Harrison	1.25	4,200
Air Force--Wright-Patterson Air Force Base	1.70	11,000
Defense Electronic Supply Center (note b)	4.00	3,000
	8.25	29,000

a/Includes functional coordination time.

b/Does not include the 1,900 seasonal employees at the Service Center.

The types of individuals represented by the staff-year column above vary greatly. For IRS it shows the accumulation of estimated time of 21 different people. For Ft. Harrison, one of the 1.25 staff-years was the time of a clerk, not a professional administrator. About half of the 1.7 staff-years at Wright-Patterson Air Force Base was the time of the system manager. All time spent on the program at the VA Center in Dayton was that of one clerk.

By way of contrast, one of the private firms we visited had 35 centrally located full-time employees, including 4 managers and 22 specialists and analysts, administering the program for about 60,000 eligible employees Nationwide. The analysts, selected from the rank of hourly workers, have high potential for management positions.

CSC's Office of Incentive Systems officials provided us with data from several analyses of suggestion staffing. The earliest of these was made by the Navy in 1952, before the suggestion system became part of the incentive awards program, and is interesting primarily because it identifies and discusses some of the same basic issues that exist today.

More recent analyses have been made by the Office of Incentive Systems. At the 1975 National Association of Suggestion Systems Conference, the Office polled the Federal delegates to obtain data on the types of people administering suggestion systems. This survey showed that about 70 percent of the 64 delegates who responded were below grade GS-12. About half of the 56 delegates responding to the survey question concerning GS job series were in personnel series jobs. The remainder were in general clerical and administrative or other series.

CSC has also attempted to gather data on the number of individuals involved in the incentive awards program on several occasions. A fiscal year 1971 report showed that 27 agencies used about 817 staff-years on incentive awards. A 1974 analysis of 12 non-Defense agencies with about one-half million employees showed use of 155 staff-years on the program.

Although these analyses produced some interesting data, the data could not be considered generally useful in analyzing overall Government suggestion systems because

--not all agencies were included;

--in some cases, the data included the time of people who were not on the program staff (e.g., committee members and evaluators), and in some cases it did not; and

--the data always addressed the incentive awards program of which the suggestion system is only a part.

Annual reports from various activities to the Commission highlight the problem of staffing. A report for fiscal year 1977 said that:

"Operating problems reported by agencies are mainly those which are of a continuing nature, e.g., lack of adequate or qualified incentive awards personnel."

The Air Force narrative said of the problem of type of staff:

"Our proposal continues to be the same as years past. We continue to urge that the CSC develop guidance to agencies on the importance of professional, full-time suggestion program administrators through a separate job classification series."

A suggestion system administrator, who is a former President of the National Association of Suggestion Systems, said the key element in a suggestion system is its administrator. The administrator must give the system its vitality and attractiveness. This opinion on the importance of staffing obviously is not universally shared in the Federal Government, as shown by the staffing of the program at the field activities we visited.

CONSTRUCTIVE ACTION ON SUGGESTIONS SUBMITTED

One consideration which contributes to poor participation by employees is their belief that their suggestions will not be fairly evaluated. In addition to fair evaluations, agencies should assure suggesters that their ideas are wanted by promptly evaluating them and contacting the suggesters during the processing period. Extensive delays in processing suggestions can be fatal to a suggestion system.

Evaluating suggestions

Employees we interviewed expressed their concern about the fairness of suggestion evaluations. One suggester said he felt deceived because he thought the activity wanted his ideas; but the evaluation and subsequent rejection proved to the contrary. Others said their agency stole ideas by rejecting suggestions and subsequently using the ideas suggested. The employees who believed their agencies provided unfair evaluations expressed reluctance to submit suggestions in the future.

System administrators, functional coordinators, and functional managers also expressed concern about the fairness of evaluations. One administrator said that evaluators generally seem too concerned about amounts awarded or giving awards at all. The administrator advised us that this tight-fisted attitude hurt employee confidence in the system.

Delays in processing suggestions were evident at several activities. Interestingly, the agency whose policy established the most restrictive time limits with specified control measures now experiences virtually no delays. On the other hand, the agency which has the least restrictive regulations experienced the largest problem with delays.

Appendix VII summarizes data on agencies' processing time policies and average processing time in fiscal year 1977.

Contacting suggesters

Another consideration in promptly and fairly evaluating suggestions is the interaction between management and the suggester. Suggesters should be kept informed of the status of their suggestions. Acknowledging receipt of a suggestion is a common practice in private industry and in most of the agencies we visited. One agency that does not acknowledge receipt of suggestions is the Postal Service.

Delays should be explained to suggesters to avoid loss of their confidence in the system. Suggesters will not offer ideas freely if they believe their suggestions are not appropriately considered. For example, IRS has a procedure which provides for periodic revision of forms. Any suggestions concerning a form change are put into the "forms bank" and are not considered until it is time to revise the applicable form. Currently, suggestions dealing with a particular form are put into that form's bank and screened when the form is

reviewed. One individual advised us he did not put in a suggestion because he felt it would just get lost in the forms bank.

Changes being made

Changes in the procedures for evaluating suggestions are being made at three agencies we visited.

--HUD program officials said they are establishing a priority system for processing the most significant suggestions first, while assuring that all suggestions are processed within set time goals.

--IRS is revising the "forms bank" process. Under the new draft procedure, all suggestions sent to the forms bank will be reviewed and, if original, put in the forms bank and acknowledged. Suggestions which are not original will be returned to the suggester.

--Postal Service proposals include submitting suggestions to a suggestion office rather than through a supervisor. The official responsible for suggestion policy said this change hopefully will build employee confidence by eliminating possible local prejudice. Another proposal is a changed procedure for expediting processing of suggestions with a potential for bigger savings.

REALISTIC EVALUATION OF THE SYSTEM'S OPERATIONS AND RESULTS

Generally, the agencies have evaluated their suggestion system as part of the evaluation of the incentive awards program. At the request of the Base Vice-Commander, the Wright-Patterson Air Force Base system received a more direct evaluation. None of the evaluations related benefits to cost because none of the agencies knew the cost of their system.

In a 1973 report, we recommended that CSC revise agency reporting requirements to obtain complete program administration costs, including the cost of time spent evaluating employee contributions, and include these costs in its annual report. This recommendation has not been adopted. Responding to our report, CSC said that:

"We agree that program administration costs should be obtained and included within the Commission's annual program report. We will study the costs and benefits of obtaining program administrative costs. If, following consultation with agencies, it is determined that this can be accomplished economically, guidance will be incorporated in our reporting instructions and these cost figures will be included in our annual report."

In December 1974, CSC's Office of Incentive Systems informed us that it had:

- Surveyed agencies that had attempted to determine program administration cost, and requested cost information and forms used to collect costs of evaluating suggestions.
- Discussed the feasibility of cost determination with a number of incentive awards administrators.
- Developed a proposed format.
- Solicited agency comments with a view to issuing instructions and incorporating these costs in the annual report.
- Reviewed level of experience of department and agency awards program personnel (e.g., grade, level, and series) to obtain a profile on incentive awards administrators, and dollar value on personnel costs.

CSC's Office of Incentive Systems officials said their efforts to identify, collect, and report administrative costs had met with little success. For example, in 1974 a proposed format to be used in tracking the cost of processing suggestions was sent to three program administrators. None formally responded, but informally they said that they did not have sufficient staff for the effort. Because many individuals with responsibilities for the suggestion system are also responsible for the remainder of the incentive awards program, it may be difficult to distinguish the cost of one from the other.

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

Federal agencies are not fully realizing the benefits that may be achieved through an effective employee suggestion system.

- Employees long have been encouraged to serve beyond their job requirements by suggesting ideas contributing to increased productivity, efficiency, economy, or other improvement of Government operations.
- Under its statutory authority (5 U.S.C. 4506), CSC has issued extensive regulations and guidelines and regularly publicized achievements to encourage agencies to implement the system effectively.
- Agency heads have voiced their support of the system.
- The President personally has presented awards to suggesters of ideas considered particularly significant.

But pronounced support of a suggestion system does not guarantee its effectiveness; managers at all levels and employees must participate. Yet, many managers and employees lack enthusiasm for the system; relatively few employees contribute suggestions; and in some agency activities, the system is practically lifeless. Why?

This is attributable, in our opinion, to common problems that are well known. The system lacks:

- Active management commitment and support.
- Clearly defined goals.
- Adequate organization and staffing.
- Aggressive implementation.
- Constructive action on suggestions submitted.

--Realistic evaluation of the system's operations and results.

We believe these persistent problems continue because no single office with the authority to act has directed agencies to aggressively implement the system. Title 5 U.S.C. 45 authorizes heads of agencies to grant awards and CSC to issue regulations and instructions for administration of agencies' systems. Although CSC has provided guidance and disseminated information in accordance with its statutory responsibilities, it has not had the authority to direct agencies to translate its guidance into effective program action.

Commenting on another of our reports on improving productivity, in April 1978 the Associate Director for Management and Regulatory Policy, Office of Management and Budget, said that the President had:

"* * * determined that responsibility for productivity improvement within the executive agencies would be most appropriately assigned to the Civil Service Commission (or the Office of Personnel Management if Civil Service reorganization is adopted)." 1/

To discharge this responsibility, CSC and its successor, the Office of Personnel Management, must hold agencies accountable for effectively implementing the suggestion system to encourage employees to share their creative thinking. This seems reasonable in view of the potential for improved productivity, cost savings, and other benefits; and the civil service reform objective of increasing Government performance by establishing greater incentives for Federal employees.

RECOMMENDATIONS

We recommend that the Chairman, Civil Service Commission, and his successor, the Director, Office of Personnel Management, direct agency heads to develop plans for and aggressively implement an effective employee suggestion system through:

--Active management commitment and support. Senior executives must provide leadership in motivating

1/"The Federal Role in Improving Productivity--Is The National Center for Productivity and Quality of Working Life the Proper Mechanism?" (FGMSD-78-26, May 23, 1978.)

managers at all levels and employees to participate in proposing and evaluating practical suggestions for improving productivity or increasing operating efficiency. Improvement in the effectiveness of this system should be considered in appraising management performance.

- Clearly defined goals. Management should establish realistic goals for employee participation and processing suggestions submitted.
- Adequate organization and staffing. Management should provide trained personnel of sufficiently high level and technical competence to enlist the participation of managers in soliciting and evaluating employee suggestions.
- Constructive action on suggestions submitted. Managers should establish a mechanism for promptly acknowledging suggestions received, evaluating them fairly, and recognizing and rewarding the suggesters of adopted proposals.
- Realistic evaluation of the system's operations and results. Responsible personnel should periodically evaluate the system's operations, internal controls, costs, and claimed benefits.

We also recommend that the Chairman/Director require that agency plans be reviewed by the Commission/Office; and that he suspend an agency's authority to grant awards if the agency's plan is not administered in accordance with the Commission's/Office's guidance.

LOCATIONS VISITED

Defense Logistics Agency:

Defense Electronics Supply Center,
Dayton, Ohio

Defense Logistics Agency,

Training and Incentives Division,
Civilian Personnel,
Cameron Station, Virginia

Department of the Army:

United States Army Finance and Accounting Center,
Indianapolis, Indiana

Department of the Air Force:

2750th Air Base Wing,
Wright-Patterson Air Force Base, Ohio

Department of the Treasury:

Department of the Treasury,
Office of the Assistant Director of
Personnel for Training, Development and Recognition,
Office of Personnel,
Washington, D.C.

Internal Revenue Service,

Employment Branch,
Personnel Division,
Washington, D.C.

Internal Revenue Service,

Office of Regional Commissioner,
Cincinnati, Ohio

Internal Revenue Service,

Cincinnati Service Center,
Covington, Kentucky

Veterans Administration:

Incentive Awards Staff,
Office of Assistant Administrator for Personnel,
Washington, D.C.

Veterans Administration Hospital,

Dayton, Ohio

Department of Housing and Urban Development:

Management Systems and Studies Branch,
Management Systems and Organizations Division,
Office of Organization and Management Information,
Washington, D.C.

Columbus Area Office,
Columbus, Ohio

Environmental Protection Agency:

Personnel Management Divisions,
Deputy Assistant Administrator for Administration,
Assistant Administrator for Planning and Management,
Washington, D.C.

Environmental Protection Agency Offices,
Cincinnati, Ohio

Postal Service:

Cincinnati Management Sectional Center,
Post Office Annex,
Cincinnati, Ohio

Cincinnati Bulk Mail Center,
Cincinnati, Ohio

Environmental Services Division
Employee and Labor Relations Group,
Washington, D.C.

Civil Service Commission:

Office of Incentive Systems,
Washington, D.C.

Private Organizations Visited:

National Association of Suggestion Systems,
Chicago, Illinois

International Business Machines Corp.,
Office Products Division
Lexington, Kentucky

Johnson and Johnson,
Surgical Dressing Division,
Chicago, Illinois

SUGGESTIONS--RESULTS BY AGENCY VISITED15 MONTHS ENDING SEPTEMBER 30, 1977

<u>Department or agency by population</u>	<u>Number received</u>	<u>Receipt rate per 100 employees</u>	<u>Number adopted</u>	<u>First-year measurable benefits</u>
Army	65,004	15.7	15,724	\$40,299,038
Air Force	42,291	15.3	10,801	65,817,060
Postal Service	26,729	4.0	6,119	4,001,840
Defense Logistics Agency	12,670	21.1	3,721	2,377,183
Veterans Administration	11,908	4.7	3,369	3,519,913
Treasury	7,753	5.1	1,737	1,850,235
Health, Education, and Welfare	6,309	3.4	798	1,201,243
Housing and Urban Development	788	3.8	76	303,764
Environmental Protection Agency	178	1.3	36	8,853

Note: We visited only selected components/activities in these agencies.

Source: U.S. Civil Service Commission 1977 annual report on the Federal Incentive Awards Program.

SUGGESTION SYSTEM OPERATIONAT AGENCY ACTIVITIES VISITEDDEFENSE ELECTRONICS SUPPLY CENTER,
DEFENSE LOGISTICS AGENCY

The Defense Electronics Supply Center has had high rates of employee participation and adopted suggestions. DLA headquarters has actively supported the Center by setting numerical goals for adoption of suggestions, reviewing and following up suggestions submitted by the Center, and providing staffing.

One technique DLA headquarters uses to maintain a high level of activity at its field locations is active response to reported statistics. These responses are of two basic types--prodding letters to those locations failing to achieve at a satisfactory level, and congratulatory letters to those locations with superior achievements. The congratulatory letters are signed by the Commander, Defense Logistics Agency.

DLA headquarters officials told us that the organization we observed at the Center is typical of the way activities are organized to carry out the program. This organization included program personnel in the Office of Employee Development and Incentives and coordinators at each functional entity at the Centers.

DLA suggestion program personnel have written that:

"The basic premise underlying any suggestion program is that individual personnel, regardless of position or grade level, can be creative and apply it to improving the organization's effectiveness and productivity. DLA managers and supervisors have accepted as one of their basic responsibilities the stimulation of this type of employee creativity."

Although DLA's stated orientation of its suggestion program is toward increasing productivity, DLA has no formal processes for determining whether claimed improvements and productivity gains actually have occurred. Headquarters officials stressed, however, that the program has some built-in controls.

- Individuals authorized to adopt ideas must certify that the ideas were adopted before awards can be made.
- Internal audits are made of all savings resulting in awards over \$1,000.
- All suggestion evaluations require two signatures.

ARMY ACCOUNTING AND FINANCE CENTER,
FT. BENJAMIN HARRISON

Suggestion system officials at Ft. Benjamin Harrison acknowledged that employee participation has decreased during the past few years. They said that this is an Army-wide situation.

Ft. Harrison's system does not provide for setting participation goals, but it does provide for setting and closely following time goals for processing suggestions received. Recently, a backlog of suggestions was eliminated when, in staff meetings, the commander emphasized the importance of processing suggestions quickly.

The Army regards involvement and support of supervisors as most important, and supervisory training includes stress on their responsibilities in the suggestion program. Regulations require that supervisors identify areas in which constructive suggestions are desired. Regulations also provide that letters of commendation or other appropriate recognition be given to supervisors demonstrating unusual ability in stimulating participation in the system.

Reviews are not routinely made to determine whether claimed and projected benefits from adopted suggestions actually have been realized. One official said that the internal review group has made periodic post audits of adopted suggestions for which large awards have been paid to determine whether anticipated savings or other benefits have been realized.

WRIGHT-PATTERSON AIR FORCE BASE

Suggestion system officials at Wright-Patterson Air Force Base said they firmly believed their system is cost effective. They said they stress submission of quality suggestions.

Officials said one of the Air Force review or inspection groups reviews aspects of the system about once a year on the average. These reviews generally focus on administration of the program rather than on the validity of claimed savings or other benefits.

In September 1977, management analysis personnel made a special study of the system at the request of the Deputy Commander to evaluate complaints about its operation. After examining the files on 53 suggestions, the study team concluded that the suggestions were sincere attempts to improve operations and that the evaluations of the suggestions generally were well made.

The study team recommended that (1) participation goals be set at 16 percent, (2) program publicity emphasize that quality suggestions be submitted, and (3) the Base foster an atmosphere in which imagination, creativity, and innovation might flourish by not insisting that goals be met through forced participation.

INTERNAL REVENUE SERVICE,
DEPARTMENT OF THE TREASURY

IRS officials said their program was not a healthy ongoing program. They identified several problems, including lack of program credibility among management and employees, delays in suggestion processing, and lack of management support at all levels.

Large numbers of IRS employees spend small amounts of time on the program. Data is centralized and must be developed from discussions with people in each office. This organization is typical for the program in all IRS regions.

Headquarters officials emphasized they could not set numerical goals for the program, but that they probably could negotiate with the regions to do anything. They emphasized the regions' responsibility for evaluating their own programs. They said the program in the Cincinnati Region was typical of IRS.

IRS officials expressed uncertainty about whether the program actually pays for itself. They said no one has actually validated claimed productivity increases.

VETERANS ADMINISTRATION

At VA headquarters, we interviewed three employees who spend major portions of their time on the suggestion program. The program is administered by the various components of VA, with a high degree of freedom. Officials who showed us memorandums stating top-level management's commitment to the suggestion program said that:

- No goals are set.
- The only controls exercised by headquarters are the requirement for semiannual reports and visits by personnel evaluation teams which look at administration of all programs.
- The grade level of actual administrators in the field is too low. The function is delegated to clerical personnel who need additional training for this function.
- Although officials have stated that training for field administrators is needed, no funds have been set aside for travel to acquire this training.

No formal studies have been made to verify the actual increases in productivity resulting from suggestions. However, suggestions which require large investments to implement are tested before awards are granted. Officials feel the \$3 million in tangible benefits derived from the program in fiscal year 1977 has paid for the program's administration and more.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

At the Columbus Area Office we noted:

- Almost no local promotion of the program.
- Responsibilities not clearly defined.
- Very few people involved.
- No suggestions submitted in the last 3 or 4 years.
- A long delay in processing the single suggestion on hand.

HUD headquarters officials said they realized several things were wrong with their program, and they are making changes to correct them.

A key to the implementation of their proposals is a draft handbook which has not been adopted yet because some affected elements of HUD have not concurred in it. Changes have been made in the headquarters unit and in two regions, and observable improvements have occurred in program participation, number of adoptions, and amount of benefits reported.

Headquarters officials said the only mechanisms used at the present time to control the program are the statistical and narrative reports from the regions, personnel management evaluation team visits to the regions, and the regions' evaluations of their offices. Headquarters officials have proposed a report which will furnish additional information on the administrative cost of the program and criteria which the regions can use to evaluate their own programs.

No formal attempt has been made to verify productivity increases resulting from suggestions.

ENVIRONMENTAL PROTECTION AGENCY

The EPA suggestion program is a low-key, low-priority exercise carried out by a division in the personnel office. Headquarters officials said that the little time spent on suggestions by the Cincinnati coordinator was probably consistent throughout the agency.

The only monitoring or control activities by program representatives at EPA headquarters were review and analysis of the annual statistics reports and periodic personnel management evaluations. Personnel officials said they could not direct activities outside the personnel area or require supervisors and managers to promote the program or be receptive to its products. Although their voluntary cooperation is needed, some supervisors and managers do not understand the program or reject it as some kind of "giveaway program."

EPA has not made any studies to measure the actual efficiency or productivity gains from the suggestion program. The individuals with authority to adopt suggestions and make awards are supposed to make sure that improvements are made.

POSTAL SERVICE

Postal Service officials expressed the opinion that program problems are obvious and need correction. Program officials have a number of proposals in process which, they said, could be implemented. The proposals came out of an analysis of the program made several years ago. An official believes changes will be accepted because of increased management support.

Proposed features in the revised program include:

- Submission of suggestions directly to a coordinator in the Management Sectional Center rather than through a local supervisor.
- Changes to the formal policy and program handbook.
- Preparation and distribution of program information to employees.
- Simplification of the intangible award scale.
- Improved procedure for handling bigger savings ideas.
- Campaigns aimed at specific problem areas.

Officials said we had looked at a Management Sectional Center that was below average in terms of participation, adoption, and savings. They said the current system is highly dependent on local support and widely divergent results can occur at the various activities.

Officials said that the potential for efficiency and productivity increases in the Postal Service is great because of the multiplier effect. The substantial standardization in the Postal Service created several areas where suggestions with wide-sweeping effect could be made.

PUBLICITY USED TO PROMOTE THE
SUGGESTION SYSTEM

	<u>Posters</u>	<u>Memo- randums/ flyers (note a)</u>	<u>In-house news- papers</u>
Defense Electronics Supply Center	<u>b</u> /Yes	Yes	Yes
Department of Housing and Urban Development (note c)	No	Yes	No
Environmental Protection Agency--Cincinnati, Oh.	Yes	No	No
Ft. Benjamin Harrison (U.S. Army) Army Accounting and Finance Center	Yes	Yes	Yes
Internal Revenue Service Offices--Cincinnati, Oh., area	Yes	No	Yes
U.S. Postal Service--Cincinnati Management Sectional Center and Cincinnati Bulk Mail Center (note c)	No	Yes	<u>d</u> /Yes
Veterans Administration Hospital--Dayton, Oh.	Yes	Yes	yes
Wright-Patterson Air Force Base	Yes	Yes	Yes

a/Memorandums/flyers distributed to all employees.

b/Defense Electronics Supply Center also publicizes the suggestion system via a large sign at the Center's entrance.

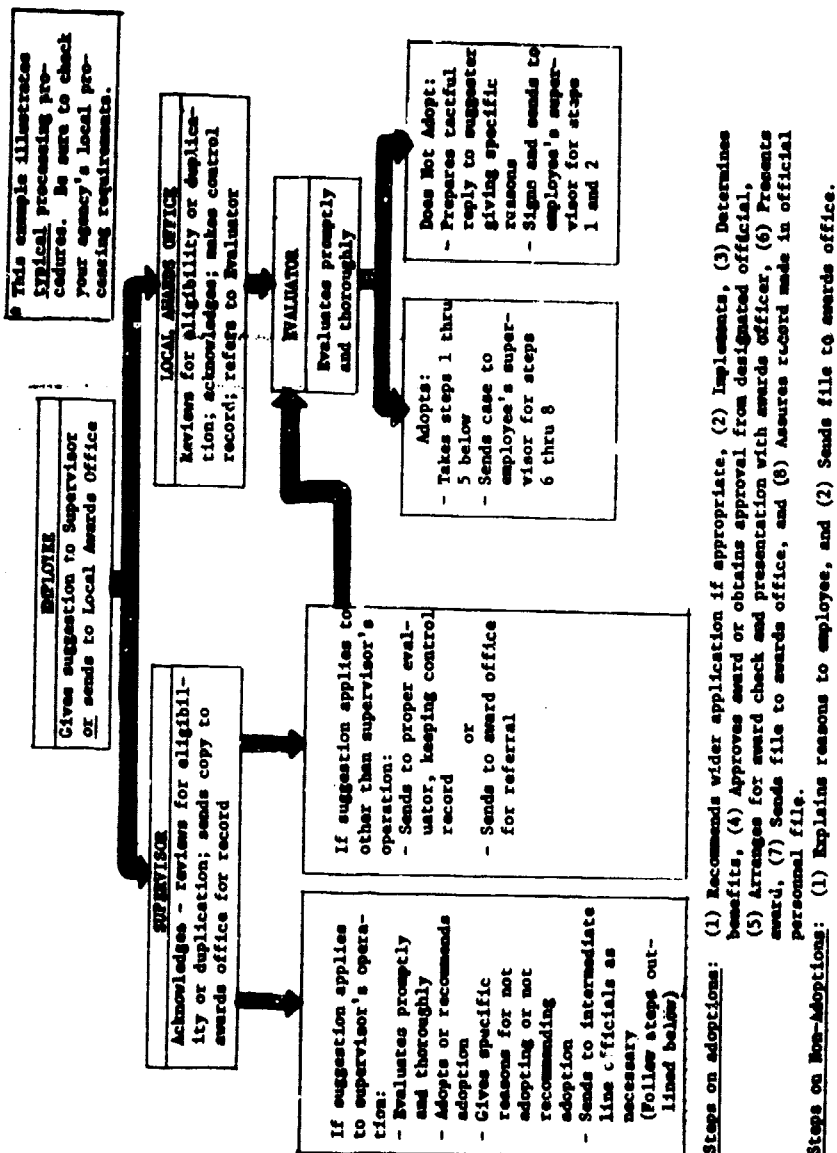
c/A Nationwide promotional campaign has been proposed.

d/Very infrequently--last in 1974.

EMPLOYEES' AND SUPERVISORS' UNDERSTANDING OFTHE SUGGESTION SYSTEM

	<u>Handbooks to</u>		<u>Remarks</u>
	<u>employees</u>	<u>supervisors</u>	
Defense Electronics Supply Center	Yes	Yes	
Department of Housing and Urban Development	No	No	A handbook dated November 1969 was passed out to all employees and covered the whole incentive awards program. This handbook was revised in April 1977. The revision stated a separate handbook covering the suggestion system would be issued. Such handbook is being considered now.
Environmental Protection Agency--Cincinnati, Oh.	No	Yes	One paragraph in employees handbook discusses suggestions.
Ft. Benjamin Harrison (U.S. Army) Army Accounting and Finance Center	No	No	In a handbook for the employees, one paragraph discusses suggestions. Supervisor's handbook devotes one chapter to the suggestion system.
Internal Revenue Service Offices--Cincinnati. Oh., area	No	Yes	A few pamphlets dealing with the system have been sent to employees.
U.S. Postal Service--Cincinnati Management Sectional Center and Cincinnati Bulk Mail Center	No	Yes	An issue of the local newspaper distributed to employees was devoted entirely to the suggestion system in October 1974.
Veterans Administration Hospital--Dayton, Oh.	No	Yes	A two-sheet memorandum consisting mostly of an explanation of the suggestion system has been distributed to employees. Since March 1978, a handbook containing one paragraph discussing suggestions has been issued.
Wright-Patterson Air Force Base	No	Yes	

PROCESSING SUGGESTIONS*



Source: Instructors' Manual on "INCENTIVE AWARDS...."
A POSITIVE FORCE IN PERSONNEL ADMINISTRATION"

PROCESSING TIME POLICY AND STATISTICS

	Policy			Actual average (days) fiscal year 1977	Remarks
	Local	Regional or major command	National office		
Defense Electronics Supply Center	45		a/90	71	Average time based on last two quarters of fiscal year 1977.
Department of Housing and Urban Development Columbus, Oh., area	-	Timely	-	See remarks	Two suggestions being processed since 1974. No others.
Environmental Protection Agency--Cincinnati, Oh.	30	-	-	40 workdays	Logs not sufficient for computation of average.
Ft. Benjamin Harrison (U.S. Army) Army Accounting and Finance Center	10 Normal 30 Maximum	-	-	Administrator's estimate 30 or less	If over 30 days, requests for additional evaluation time will be forwarded through Director of Civilian Personnel to Commanding Officer.
Internal Revenue Service Offices--Cincinnati, Oh., area	30	60	120	See remarks	Average not computed due to decentralization of data.
U.S. Postal Service--Cincinnati Management Sectional Center and Cincinnati Bulk Mail Center	-	-	-	78	Average of completed suggestions, 44 days. Average of uncompleted suggestions as of January 24, 1978, 210 days.
Veterans Administration Hospital--Dayton, Oh.	30 Nominal 60 High	Value	90	96	Average of completed suggestions, 48 days. Average of uncompleted suggestions as of March 20, 1978, 278 days.
Wright-Patterson Air Force Base	30	60	-	30 or less	If over 30 days, incentive awards officer will furnish interim progress reports to suggesters.

a/When suggestion must be referred to another agency.