

# Idea-xchange

## The Challenge

In all organizations, there can be valuable ideas with different people in the organization. A lot of emphasis is placed in organizations on capturing these ideas and different programs are run to this end. Most of them have limited success due to reasons like -

- Complexity in documenting and collecting these ideas.
- Communicating the program to people.
- Having these ideas evaluated by competent people. (This becomes very personality specific and one person's error in judgment can cause the co. quite a bit.)
- Transparency in capturing, evaluating and rewarding these ideas.
- Personality issues inherent in hierarchies.
- Diffidence in people with good ideas - unwillingness to handle limelight.

There is a pressing need for a tool which harnesses the experience and intelligence of individuals in organisations.

## A Novel Paradigm

### *'Wisdom of the crowds'*

As quoted from the wikipedia - '[http://en.wikipedia.org/wiki/The\\_Wisdom\\_of\\_Crowds](http://en.wikipedia.org/wiki/The_Wisdom_of_Crowds)'

***“The Wisdom of Crowds: Why the Many Are Smarter Than the Few and How Collective Wisdom Shapes Business, Economies, Societies and Nations,*** first published in 2004, is a book written by [James Surowiecki](#) about the aggregation of information in groups, resulting in decisions that, he argues, are often better than could have been made by any single member of the group. The book presents numerous case studies and anecdotes to illustrate its argument, and touches on several fields, primarily economics and psychology.”

There are some basic principles associated with this approach and some basic requirements -

Principles of 'Wisdom of the Crowds':

- Statistical sampling theory—a diverse collection of independently-deciding individuals is likely to be more representative of the universe of possible outcomes, thereby producing a better prediction.
- Reasonably large sampling domain of independently-deciding individuals, rather than crowd psychology as traditionally understood.

Requirements for effective results:

- Diversity of opinion
- Independence of decision making
- De-centralisation
- Aggregation of opinions
- Reasonably large sample size

## The Solution

R-Knowsys Technologies presents a web enabled tool which captures this concept effectively.

ideaXchange - a web based tool which harnesses the wisdom of the people in your organisation. This is a tool for knowledge capture and gaming based on 'wisdom of the crowds'. The tool accomplishes the following:

1. Acts as central 'idea' repository
2. Motivates people to impartially evaluate ideas based on a *clear incentive based mechanism*.
3. Removes personality issues from the whole process by *anonymisation* of author of idea/innovation
4. Automatically ensures *wide participation in evaluation*
5. Reduces dependency on specialised 'innovation' committees
6. Automatically filters the 'top' ideas in your organisation
7. Allows people to participate in innovative ideas even if they have been generated by others
8. *Quantitatively determines individual contributions to innovativeness and hence rewarding is easier*

## The Mechanism

1. Any employee publishes his/her ideas using a web based form for improving things in the organisation (related to operational issues, marketing or which ever field he/she chooses to). The user can type in text as well as upload attachments like documents, spreadsheets etc. The user can also provide Internet links as necessary.
2. These ideas are converted to 'ticker symbols' similar to stock market. All approved ideas are initialized with a fixed number of 'shares' which remain constant through the life of the Idea. New ideas are launched as IPOs (after approval by application moderator who need not be a technical person. Usually this will be somebody from management.). After IPO allocation, these 'shares' can be 'traded' in the 'idea exchange' in a mechanism similar to normal shares in

- the stock exchange. Other users can provide public comments to existing ideas and even upload documents to support their view points.
3. All employees in an organisation are given virtual money at the beginning of every cycle. This amount is limited.
  4. All employees can buy/sell shares of a particular idea on the ideaXchange (just like on any stock market like NYSE/Nasdaq) using the virtual money.
  5. The central theme is that good ideas float to the top as many people will start buying into them and push the price up. ***Due to shareholding patterns, we know exactly who has contributed to this idea and hence how much to reward them.***
  6. Ideas within the organisation are reviewed by pretty much everybody and hence the chances of good ideas being accidentally lost due to reviewer limitations(time, effort, expertise) are reduced. ***Every person in an organisation is an innovator and every person in an organisation is an evaluator. There are more 'eyeballs' on ideas.***
  7. The ideas are **anonymized** i.e. once published, the originator of the idea is kept anonymous to prevent biasing of buy/sell decisions. Personality issues are avoided in evaluation.
  8. People are forced to use **limited resources - 'virtual money'** on numerous ideas and will be forced to evaluate ideas in relation to other ideas and hence 'trivial' ideas will automatically sink. ***People have a stake in evaluating each idea thoroughly.***
  9. We can have a 'typical life cycle' of a idea after which the idea is 'retired' and the people with investments in the idea are rewarded based on whether the idea was useful to the organization or not. The 'virtual money' invested by each person can be given back to the investors or 'destroyed' based on the policy of the organization.
  10. 'Virtual money' vs. 'Votes' – Voting is a 'binary' mechanism and the real world conviction of the user is not apparent from voting. A user may consider a particular idea 'reasonably OK' but does not have a mechanism of indicating any opinion other than '100% for' or '100% against'. Also voting mechanism (one vote per person per idea) cannot be leveraged to evaluate between competing ideas. Voting – 'for' or 'against' is possible for only one single idea in isolation and hence is not as effective as a free market mechanism based on shares.
  11. The top management then only has to focus on the top few ideas and consider implementing them.
  12. The tool has inbuilt safety mechanisms to avoid stock manipulations.
  13. The complete application is in Ajax+RoR+MySql/PostGres.
  14. The important part of this application are reports like
    1. Which ideas was most active in a given period – last week, last month, last quarter etc.
    2. Which ideas are growing the fastest.
    3. Which ideas have the maximum user base...

As can be seen this tool fulfills all requirements for effectiveness of the 'wisdom of the crowds' principle:

- Diversity of opinion – all members of the organisation participating irrespective of specialisation

- Independence of decision making – members take decisions individually when deciding to invest in ideas and anonymisation removes personal considerations in decision making
- De-centralisation – no way for employees to collude while taking buy/sell decisions, also inbuilt safe-guards against manipulations
- Aggregation of opinions – Aggregated opinions are reflected in stock price of ideas
- Reasonably large sample size – Works for organisations of more than 100-150 members

## **Obvious benefits**

The benefits of this tool in medium to large organisations are numerous:

1. Top management gets a snapshot on what employees are thinking. Also people are assured of anonymity and hence will be more honest in opinions
2. Easier identification of good ideas - Lesser dependency on 'innovation committees' and associated difficulty in calculating ROI of 'expert committees'
3. Allignment between organisation benefit and personal benefit - Tangible connection between individual contribution and individual reward
4. Incentivised and hence enhanced engagement of members in the organization - Facility for the idea to evolve based on inputs from other employees – *Fosters team work*
5. More transparency in decision making - Lesser dis-satisfaction of unaccepted ideas as they have been transparently tested by the organisation
6. More transparency in rewards

## ***Implementation***

Stakeholders in a typical corporation:

1. HR – Championing this initiative in organisation. Formulating reward strategy in conjunction with top management, incorporate employee contribution in appraisals
2. Top management – harvesting ideas and rewarding people, needs to be involved in pushing this in organisation, clear communication of corporate policies in idea generation
3. Employees – Contribute by participating and has the objectives of maximising individual wealth, publishing original ideas and contributing improvements to published ideas.

Implementation;

1. The tool is available for free download with source code. The tool is licensed under the GPL. Any organisation is welcome to implement the tool without any compensation to R-Knowsys.
2. The tool can be used immediately on installation. It is highly scalable and is designed for almost zero setup/maintenance effort. It has inbuilt support for LDAP and Microsoft Active Directory. Users can register themselves - User accounts are created 'on-the-fly' when users sign up the first time and users can start participating immediately. All users are assigned default privileges and the moderator can elevate some users as required.
3. The tool may need to be customised for organisations. Customisation consists of determining 'idea lifecycle', 'idea categories', amount of virtual money in the system, frequency and kinds of reporting required, 'theming' the site as per corporate policy....

4. After customisation, there needs to be a roll-out plan. The roll-out plan consists of deciding the incentivisation plan, guidelines for submissions for new ideas, clear communication of the same to all people in the organisation.
5. Depending on size of organisation, one or more moderators need to be identified to approve/reject new idea submissions. One moderator(admin) account is provided with the default download/installation – refer installation document for more details.

## **Support from R-Knowsys**

R-Knowsys provides complete support on subscription basis for:

1. Customisation of most aspects of the product
2. Comprehensive consulting in strategy and handholding for roll-out across organisation
3. Backup and Maintenance support
4. Advanced data analysis
5. Upgrade support during subscription period
6. Hosted service option also available where we will host it and take care of all maintenance issues (Software as a service model)
7. For help in customisation and implementation, please contact us. [www.rknowsys.com](http://www.rknowsys.com),  
contact\_us@rknowsys.com