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Draft Indian Standard

**Guidelines for Formulation and Operation of a Suggestion
Scheme in an Organization**

(Third Revision)

ICS No. 03.100

**Management and Productivity Sectional
Committee, MSD 04**

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December 2024**

FOREWORD

Formal clause will be added later.

A Suggestion Scheme is a management driven scheme through which the employees can offer their ideas, voluntarily for improvements leading to better method of work and/ or financial savings, better work culture, safe environment and rectification of deficiencies in the system, if any.

Suggestion Scheme is a total employee involvement programme. The progress of the organization depends upon tapping the creative potential of its employees and this directly contributes to the enrichment of the organization. It is a medium through which the hidden ideas in a person are brought out and put to meaningful and productive use for the betterment of the organization.

This standard was first published in the year 1998 and later revised in the year 2006, 2019. Third revision of this standard has been carried out to incorporate the changes in the light of experience gained and the current practices being followed by organizations for their suggestion schemes and to bring the standard in the latest style and format of the Indian Standard.

It is believed that every individual will find his work more meaningful and challenging when he/ she is provided an opportunity to make continuous improvement and create value to it. The objective of the scheme is to enthuse the employees to come forward voluntarily with suggestions that they have in mind which could contribute to the enhancement of production/ brand image, safe work culture, quality improvement, cost/ waste/ overhead reduction and conservation of environment etc.

Success of the suggestion scheme depends primarily on the participation from the employees and top management's commitment (not mere support). It provides a direct upward communication channel for the employees to put forward their ideas and thus providing an open environment. To give a boost to this scheme, head of unit/ organization recognize and award valuable suggestions.

Indian Standard

**GUIDELINES FOR FORMULATION AND OPERATION OF A
SUGGESTION SCHEME IN AN ORGANIZATION**
(Third Revision)

1 SCOPE

This standard provides guidelines for the formulation and implementation of a Suggestion Scheme in an organization.

2 AIMS OF SUGGESTION SCHEME

2.1 A Suggestion Scheme is a formal mechanism, which encourages employees to contribute constructive ideas for improving their organization including its working environment.

2.2 The main emphasis of the Suggestion Scheme is to motivate the employees to come forward with their ideas and contribute to the management of change for the betterment of the organization. It basically aims to generate better ideas from employees at all levels in order to improve existing system/ procedures for enhancing productivity, enhancing brand image, improving safety, improving quality and cost reduction besides addressing concerns for environment. However, the success of such schemes depends on the participation from the employees as well as commitment of the top management (not mere support).

2.3 In the context of employee involvement process, suggestion scheme fulfils a variety of purposes. It can:

- a) Drive both, employee involvement and work improvement;
- b) Improve organizational performance;
- c) Embrace both the team and the individual;
- d) Look at the strategic value of an idea yielding tangible and/or intangible benefits;
- e) Help in identifying ways for design & development of knowledge management systems; and
- f) Help in identifying & encouraging creative talent in the organization.

2.4 The critical success factors for any suggestion scheme will be:

- a) Employee creativity, innovativeness and his/her participation;
- b) Top management's continued support for providing a conducive work environment;
- c) Periodic review by the top management for effective functioning of suggestion scheme;
- d) Prompt, fair and transparent evaluation of the suggestions based on merit; and
- e) Management's encouragement to employees by way of proper reward/ recognition.

2.5 The major indices of success of such a scheme are evaluated normally annually and are:

- a) Participation Rate – Percentage of employees participating in the scheme;
- b) Suggestion Rate – Percentage of suggestions accepted;
- c) Implementation Rate – Number of suggestions implemented out of accepted suggestions;
- d) Benefit Rate – Tangible savings accrued per suggestion per year;
- e) Intangible gains; and
- f) Average time taken for evaluation of suggestions

Note - With a view to enhance inter unit competitiveness, data's are to be worked out Unit-wise.

3 DEVELOPMENT/ AREAS OF SUGGESTIONS

3.1 The progress of an organization comes through well implemented good ideas. Any idea to improve upon an existing condition can be turned into a suggestion. For evolving effective suggestions, some of the questions that can be asked are given as follows:

- a) Is this activity/ process necessary?
 - i) Can it be eliminated?
 - ii) Can it be combined with some other activity?
 - iii) Can it be simplified?
 - iv) Can the activity be split for benefit?
 - v) Can the effort and time be reduced?
 - vi) Can the sequence of activity be changed for the better?
- b) Is there any wastage of resources?
 - i) Can it be reduced/ eliminated?
 - ii) Can these resources be optimally utilized?
 - iii) Can the waste including electronic waste be reduced?
 - iv) Can there be safer disposal of waste?
- c) Are there any unsafe equipments or practices?
 - i) Can suggestions be made regarding safety aspects?
- d) Can it improve the services/ product quality/service standards/ service time?
- e) Can it improve process efficiency?
- f) Is there any scope for improvement in housekeeping or environment?
- g) Is there any reduction in the amount of paper handling/ consumption/ movement?
 - i) Can the number of copies be reduced?
 - ii) Can the size of paper be reduced?
 - iii) Can there be printing on both sides?
 - iv) Can the font size be reduced (without straining eyes for reading)?
 - v) Does everyone receiving copies really require that information?
 - vi) Is there any duplication of information?
 - vii) Can the information provided in different forms/ fields be combined/ clubbed in one?

- viii) Whether all the information relevant?
 - ix) Can the paper work be reduced or eliminated through use of alternate mode like electronic media, etc.?
 - x) Can paper usage/ movement be avoided/ bypassed for printing at desired place to save time & postage?
- h) Can the processing of documents be made faster?
- j) Does your organization have a formal mechanism for
- i) assessing customer satisfaction level?
 - ii) enhancing the customer satisfaction?
 - iii) utilizing the feedback received from customers for continual improvement?
 - iv) taking follow-up action on complaints & dissatisfaction of customers?

Note - The answer to above questions will lead to generation of a number of effective suggestions.

3.2 Some of the areas in which suggestions can be made are as follows:

- a) Image Building of the organization;
- b) Achieving organizational goals more efficiently and effectively;
- c) Quality issues;
- d) Improving productivity;
- e) Improving working processes and procedures, including communications;
- f) Reduction in input cost, wasteful expenditure and wastages;
- g) Development of Human Resources and increasing morale, motivation and job satisfaction;
- h) Standardization and variety reduction/enhancement within the organization;
- j) Economic indigenization;
- k) Improving environment both at workplace and surroundings;
- m) Improving satisfaction of stakeholders;
- n) Improvement in service level;
- p) Improvement in product design and development;
- q) Improving health and safety;
- r) Improvement in supply chain management including materials handling;
- s) Improvement of layout of the work area;
- t) Proper disposal of waste;
- u) Reduction in use of paper.

3.3 The following areas are excluded from being considered as an eligible suggestion:

- a) Organization's/ Government policies, etc.;
- b) Personal grievances or complaints regarding wage, promotion, transfer or any other such matter;
- c) Company's Personnel Policies, regarding collective bargaining, requiring negotiation with unions, Government authorities or any external agencies;
- d) A criticism directed at other staff/ employee;
- e) Suggestions already received/ adopted/ implemented;
- f) Missed actions converted to suggestions;

- g) A proposal which draws attention to a problem but offers no solution;
- h) Matters which are already under consideration by the Management;
- j) Suggestions discussed in any of the company's forums as a result of referred assignment; and
- k) Any assigned work, task under any programme.

4 SUGGESTION EVALUATION COMMITTEE

4.1 A Suggestion Evaluation Committee should be constituted by the organization comprising approximately 5 senior level persons from various disciplines/ functions who should be assigned the task of assessing the practicability including accrued savings, one time or recurring, from the suggestions and recommend awards based on the merit. One of the members of this Committee should be designated as Member Secretary of Suggestion Evaluation Committee. All the suggestions received should be forwarded to the Member Secretary, who will be assigned the task of operating the Suggestion Scheme within the organization. The senior most member should Chair the meeting. The departmental head of the area in which the suggestion is given should be invited in the meeting where suggestion is to be considered. **Every year One or Two members to be replaced with new members.**

4.2 In case of large organizations, department-wise coordinator should be designated for better handling of the suggestion scheme.

4.3 The responsibilities of the Member Secretary should be as follows:

- a) Interaction with the Suggestion Evaluation Committee and, wherever needed, with the suggestor;
- b) To receive all suggestions and promptly acknowledge in the prescribed format along with the serial number allotted. A single suggestion proposed by two or more people jointly should also be admissible and a single acknowledgement should be issued to the first person;
- c) To scrutinize these suggestions for their eligibility as per clause 3.3 and forward only eligible suggestions to the concerned Department(s) for their views regarding implementability of the suggestions;
- d) To arrange to obtain from the suggestor, if required, further details/ clarifications about his suggestion;
- e) To put up eligible suggestions along with the comments of the departments, wherever received;
- f) To maintain records of all suggestions received/ scrutinized;
- g) To compile the suggestions received and organize meeting of the Suggestion Evaluation Committee for assessment of the suggestions and recommendations;
- h) To invite suggestor(s) to the Suggestion Evaluation Committee meeting, if required;
- j) To inform the suggestor about the result of the evaluation;
- k) To carry out all such acts that calls for smooth functioning of the scheme;
- m) To periodically provide feedback of the Scheme to the top management for ensuring its continued effectiveness, suitability and also for continual improvement;
- n) To notify the suggestor whose suggestion is not-accepted, with a Thanks Letter (note of encouragement) to the suggestor(s) to look for their continued participation. This should be done within a stipulated time period - say within 15 to 30 days after receiving of suggestion;

4.4 The responsibility of Suggestion Evaluation Committee should be:

- a) To meet at periodic intervals for evaluating suggestions;
- b) To co-opt experts for assessing certain suggestions requiring specialized knowledge;
- c) To have a positive approach to all the suggestions and recommend awards on merits;
- d) To advise the concerned departments for implementation of the accepted suggestion at the earliest;
- e) To get feedback on suggestions already implemented and recommend necessary changes, if needed;
- f) To review the suggestions received requiring substantial cost involvement and/or longer time frame for recommending or otherwise to the top management for its implementation;
- g) To review the suggestions which though feasible but not immediately implementable, such suggestions may be approved for consideration at a later date;
- h) To make final recommendation of the award; and
- j) To maintain confidentiality till such time the awards are announced.

5 RECEIPT OF SUGGESTIONS

5.1 Suggestions can be given by individual/ group of employees of the organization. The organization may decide to consider suggestions received from their retired employees. The organization may also think of receiving suggestions from business partners like – suppliers/ vendors.

5.2 The suggestion forms may be printed in Hindi, English and/or local language which may be used for receiving suggestions from the employees. A typical form is given in Annexure 'A'.

5.3 Each suggestion is to be submitted separately in the prescribed form.

5.4 Suggestions could be placed in the suggestion box installed by the organization at prominent locations. Suggestions can also be forwarded by any other mode including electronic.

5.5 The suggestions may be given in simple Hindi or English/ local language. It should describe the existing method, the proposed method and an explanation as to why this suggestion is better. If necessary, sketches/flow diagrams may be made to explain the ideas.

5.6 While suggestions necessarily mean employees coming forward with a solution to a perceived problem, at times, an employee may perceive a problem for which he may not have a direct solution to offer but the organization may be benefited once the problem is solved. The suggestor may have only some sketchy idea regarding the solution. In such cases, an official of that department may help the suggestor in crystallizing his thoughts and giving the suggestion to the Member Secretary.

5.7 The information regarding previous suggestions should be readily available to employees for guidance and to avoid duplication of efforts.

6 CRITERIA FOR EVALUATION

6.1 As a first step, an employee should be made aware about this scheme and its benefits. A conducive environment must be created and the employee must be enthused to participate wholeheartedly. Suggestor(s) should be encouraged by suitable recognition/ reward.

6.2 The basis for selecting the suggestions for award should be improvements proposed in any areas of suggestions given under **3.2**. The Committee should not make comparative evaluation of the suggestions received but each suggestion should be evaluated on its own merit. Various criteria could be used for giving consideration for selection of suggestion like,

- i) Reduction in input cost in areas like men, material, machine and money leading to
 - Cost Savings per annum
 - Foreign Exchange Savings (recurring/ non recurring)
 - Cost reduction
 - Quality improvement
 - Productivity improvement
 - Improvement in Service Levels
- ii) Ingenuity of Suggestion (depth of study)
- iii) Applicability (in work area/ entire plant)
- iv) Improved Productivity by way of reduction in wastage, wasteful expenditure, improved systems including for marketing, etc.

6.3 Similar type of suggestion received from two or more individuals/team should be decided on first come first serve basis for evaluation of suggestions.

6.4 The suggestion could not be considered for any of the following reasons:

- a) The suggestion is not presently feasible and/or implementable;
- b) The new method may be a safety/ health/ environmental hazard; and
- c) The cost of implementation outweighs the benefits.

NOTE – There may be cases where suggestion though may not be presently feasible but considered for review at a later date, these suggestions be kept for review subsequently.

6.5 The Suggestion Evaluation Committee constituted above, will be empowered to judge and select the suggestions for the reward/ recognition. In case there is a need to modify the suggestion for its effective implementation, the Suggestion Evaluation Committee may do so in consultation with the respective Departmental Head.

6.6 Specified time norms should be laid down for evaluation of suggestions received.

7 REWARD AND RECOGNITION

7.1 The type of reward/ recognition should be decided by the committee depending on the merit of the suggestion.

7.2 The employee, whose suggestion has been accepted for implementation by the Suggestion Evaluation Committee, should be suitably rewarded/ recognized. If, the suggestions given by a team are accepted for implementation, equal credit should be given to each team member for reward etc.

7.3 The names of the employees, along with their photographs, whose suggestions are accepted, may be prominently displayed on the notice board for a specified period. They may be suitably recognized through in-house magazines, newsletters, etc, and the same should also be reflected in their annual appraisal report.

7.4 A financial incentive may also be considered for accepted/ implemented suggestion appropriately.

7.5 Lunch/Dinner/High Tea may be organised for the suggestion by the head of organization.

8 IMPLEMENTATION

8.1 The suggestions accepted for implementation should be forwarded by the Member Secretary to the concerned department(s) preferably, along with the specified time period for its implementation.

8.2 The concerned departmental head, dealing with the activity relating to the suggestion which has been accepted, should take necessary steps to get the suggestion implemented and apprise **the** status of implementation to the Member Secretary.

8.3 If the concerned departmental head is of the opinion that it would take some more time to implement the suggestion, the same may be conveyed to the Member Secretary. If there is need for modification, he may do so under intimation to Member Secretary.

8.4 The Member Secretary should submit a report on the progress of implementation of ~~the~~ accepted suggestions to the Suggestion Evaluation Committee during its meetings. If considered necessary, on review of position of implementation, the Suggestion Evaluation Committee may request the respective activity heads for expediting the implementation of suggestion. The Member Secretary should receive feedback on **the** suggestions implemented and review for changes, if required. He will also ensure horizontal deployment of implemented suggestions across the organisation.

9 FLOW CHART FOR SUGGESTION SCHEME

A typical flow chart for the scheme is given in Annex B

ANNEX A
(Clause 5.2)

An Example of a typical form for receiving suggestions from employees

Name and Designation	
Employee ID No.	
Department	
Office address for communication	
Address for communication (in case of retired employee/ others)	
Email-id	
Telephone No./ Mobile No./Intercom	
Phone/ Mobile No. (in case of retired employee/ others)	
Area of suggestion	
Suggestion Details (Enclose details & analysis/ sketch/ justification etc. on separate sheets, if required)	
Existing	
Suggested	
Direct Benefit (financial, time etc.):	
Indirect Benefit / Advantage:	

(Signature)

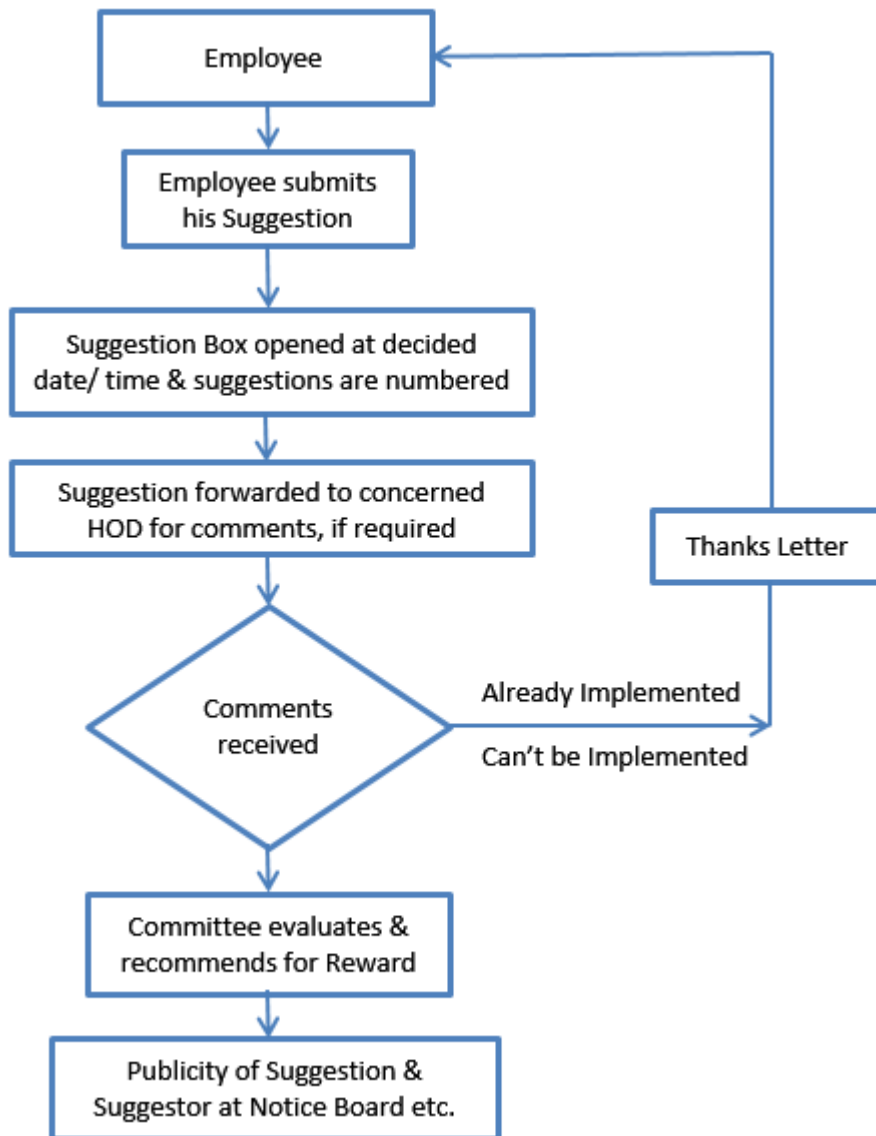
Date:

For Official Use Only

Suggestion Serial No.	
Acknowledgement Reference	Letter dated

ANNEX B
(Clause 9)

FLOW CHART FOR SUGGESTION SCHEME



ANNEX A

COMMITTEE COMPOSITION
Management and Productivity, MSD 04

<i>Organization(s)</i>	<i>Representative(s)</i>
International Management Institute, Nagpur	Prof Rajeev Aggarwal (<i>Chairperson</i>)
International Management Institute, Nagpur	Dr. B. A. Metri
Indian School of Business, Hyderabad	Prof. Chandan Chowdhary Prof. Pratap Sunder (<i>Alt.</i>)
Asper School of Business/ISB	Prof. Kiran Pedada
Centre for reliability and Diagnostics, Mumbai	Dr. Tarapada Pyne
Cubic Turnkey Private Limited	Shri Tejas Sura
Directorate General, Factory Advice and Labour Institutes (DGFASLI), Mumbai	Shri Satyendra Singh
Indian Institute of Materials Management, New Delhi	Shri V. K. Jain
International Institution of Technology and Management, New Delhi	Shri V. K. Gupta
Indian Institute of Management, Mumbai	Prof. Milind Akarte Prof. Ruchita Gupta (<i>Alt.</i>)
Microsoft Corporation India Pvt. Ltd., New Delhi	Shri Samik Roy Shri Dhiraj Gyani (<i>Alt.</i>)
National Productivity Council, New Delhi	Shri N. K. Chanji Shri Kumud Jacob Lugun
Ordnance Factory Board, Kolkata	Dr. Onkar. S. Mondhe, IOFS (PM) Dr. H. S. Negi (<i>Alt.</i>)
Paramount Dataware Pvt. Ltd., Chennai	Ms. Manjula Subramanian Shri Govind Srinivasan (<i>Alt.</i>)
Perstorp India	Shri Divakaran P. Kaiprath
Siemens Ltd., Mumbai	Shri S. Venkatesh Shri Manoj Belgaonkar (<i>Alt.</i>)
IIM Shillong	Dr. Naliniprava Tripathy
In personal capacity, New Delhi	Prof. Ved Prakash
In personal capacity, (187, (RPS) DDA Flats, Sheikh Sarai Phase-I, New Delhi 110007)	Ms. Renu Sharma
In personal capacity, (Osimo Tower, Mahagum Moderne, Sector 78, Noida – 201301)	Shri Anupam Kaul
In personal capacity, (Sector B/5, Rohini, New Delhi)	Shri Jagdish Prasad
BIS Directorate General	Mr. Anuj Swarup Bhatnagar , Scientist 'G' and Head (MSD) [Representing Director General (<i>Ex-officio</i>)]

Member Secretary

Shri Ashish V Urewar,
Scientist 'D' (Management and Systems), BIS