Case Study

OSRAM

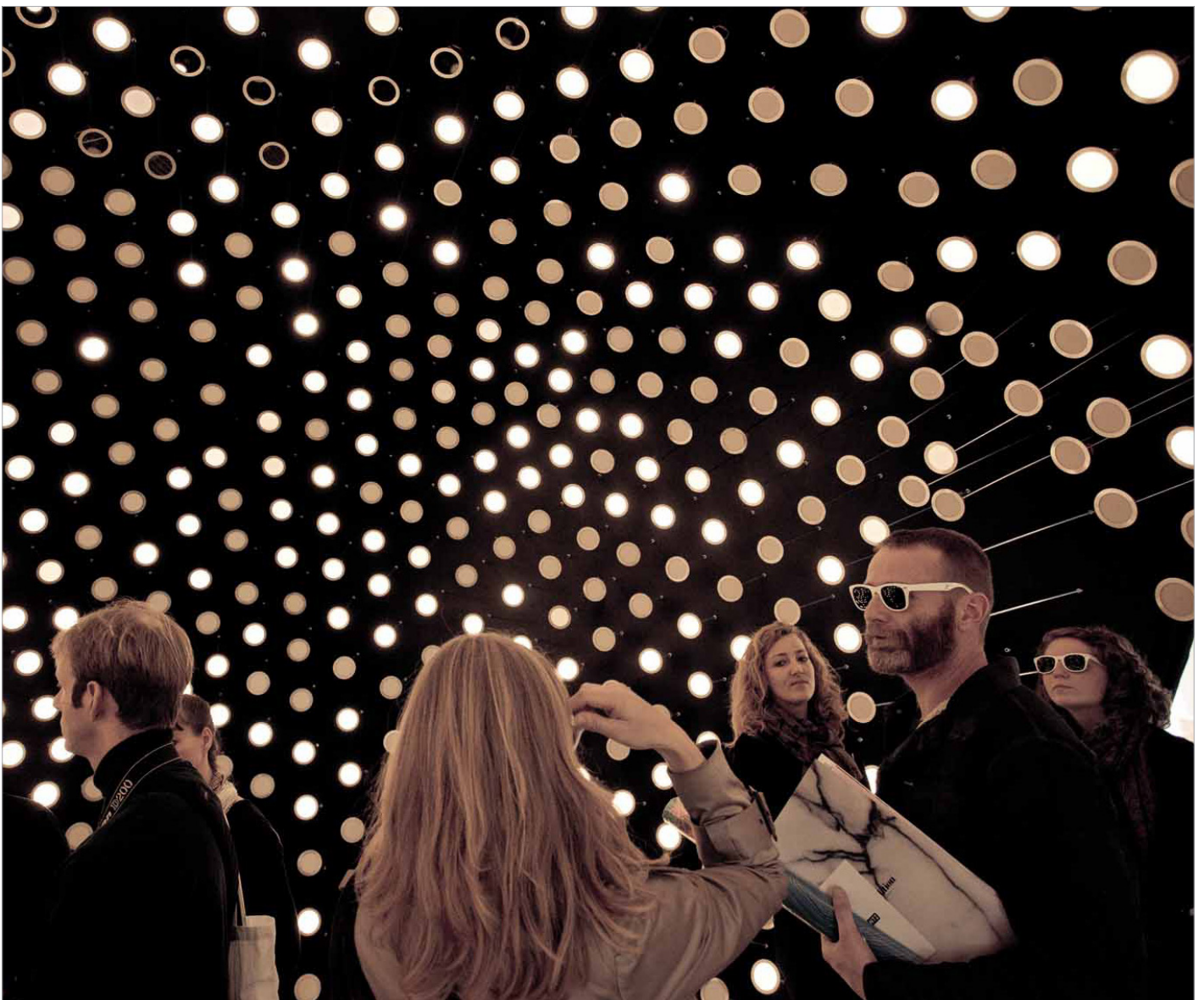## OSRAM

Boosting engagement and morale with an idea management platform

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OSRAM

The company

- OSRAM is a world leading lighting manufacturer
- since 1906 OSRAM is a registered brand name
- 34,000 employees worldwide
- 1919: AEG, Siemens & Halske AG and Deutsche Gasglühlicht AG merged their light bulb production activities
- 2013: listed on the stock exchanges in Frankfurt and Munich
- 2014: revenue of almost 5.1 billion €

The challenge

- Existing idea tool lacked transparency, and received low participation
- Existing tool was not able to support collaboration around ideas
- High participation and engagement was critical to achieve cost saving outcomes

The outcome

- A central platform where all business units can collaborate together
- Increased participation and engagement rates
- Reduced time to review and evaluate ideas
- 34% increase in cost savings within five months

The Business Need

OSRAM has a long tradition of collecting and managing employee ideas: for over 85 years they've had a systematic process in place to solicit, gather, and evaluate submissions. In recent years OSRAM developed a home-grown system to manage the idea process online and allow for searching of cost saving opportunities across the company. However, the system did not support adequate collaboration between employees, and only the idea managers were privy to all of the contributions. This level of transparency was not high enough to motivate participants or to create a collaborative culture. OSRAM also found that it took too long to process ideas with the review tools available. Therefore, they set out to find an improved solution and take the company-wide idea management platform to the next level.

The Solution

OSRAM chose HYPE for several reasons. Firstly, the user interface was modern and intuitive, which was important to ensure employees needed no training to start. Secondly, the KPI reports enabled OSRAM to drill down into the important details of their cost saving programs; this capability of HYPE's was a key differentiator. And thirdly, HYPE was being used by one particular area of OSRAM already, with a focus on breakthrough innovation ideas, so it was a natural choice to adopt HYPE as the company-wide platform. The in-house system was replaced by Idea Works 2.0, the branded version of the HYPE Improve platform for OSRAM.

The Idea Works 2.0 rollout started with 6,200 employees from divisions across the company, including Administration and R&D. OSRAM and HYPE worked together on a go-live plan, which included workshops to explain the purpose and the process to key employee groups. A leaflet was sent around to all employees to explain the fundamentals of the approach. The modern design and intuitive interface was well received and was adopted quickly with frequent use.

The New Approach in Detail

Ideas and suggestions for improvement are now made visible to all participants, which has encouraged discussion across business units. Idea managers regularly provide feedback about the status of ideas. This feedback is seen as a key factor in sustaining motivation, and to keep discussions going within the online community. Employees who do not have regular access to a computer also gained access to the system: information terminals were established around the company, so that nobody was excluded from adding an idea.

There are several ways to contribute ideas to the platform. Employees can post ideas to campaigns which are focused around either particular topics or particular site locations of the company. Alternatively, ideas which don't match any given campaign can be submitted to the idea pool. The idea pool allows all employees to collaborate around off-topic ideas and see if they can develop the ideas into a solution ready for implementation.
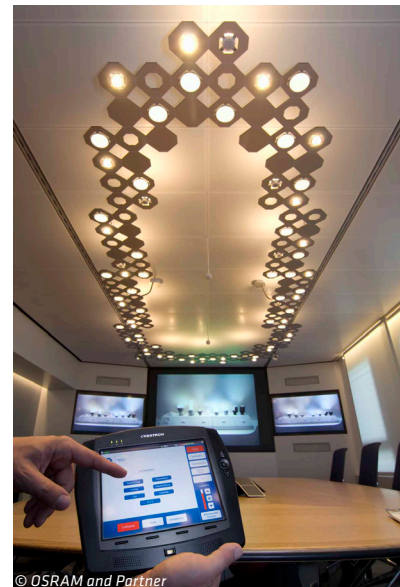
Incentives were used to promote the new platform, with employees receiving €25 vouchers for being among the first 100 users of the idea pool space. Upon launch of the topic-based campaigns, idea authors could win generous travel gift certificates. With a later campaign which focused on reducing energy consumption, OSRAM raffled iPhones for the winning contributors.

Additionally, idea contributors who delivered hard savings would receive one-off rewards, typically 15% of the actual saving amount. If the idea delivered savings over multiple years, the contributors would receive a bonus of 25%. This sustained approach to rewards helped to generate motivation among employees, and ensures frequent use of the platform.

Idea managers at OSRAM are able to analyze detailed KPI reports, which track the participation and results from every organizational unit and location. The HYPE platform comes with predefined KPI reports, but the KPI Wizard also enables companies to define more specific and customized reports. Being able to see detailed figures for cost savings, both over time and across different business units, was critically important and a key reason why OSRAM chose HYPE.

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OSRAM offers flicker-free dimming – an important requirement for video-conferences like in this meeting room at TÜV Süd.

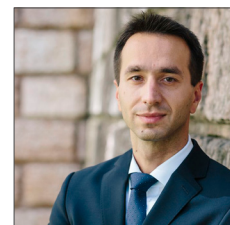Hakan Tansel, Deputy Director, OSRAM Idea Management

The Outcome

A primary goal for OSRAM was also to keep the time it takes to review and evaluate ideas within an average of 48 days after submission. The chart on the following page shows that with HYPE's Idea Works 2.0 platform, the processing time of an idea was already reduced by 17% within the first five months.

"HYPE Improve is the perfect combination of a wonderful design and user friendliness. Our employees understood intuitively how to use the platform and were highly motivated to work with it in their day-to-day job. This speaks for the tool but even more for the employees, who see the advantages of the HYPE software for the future of OSRAM."
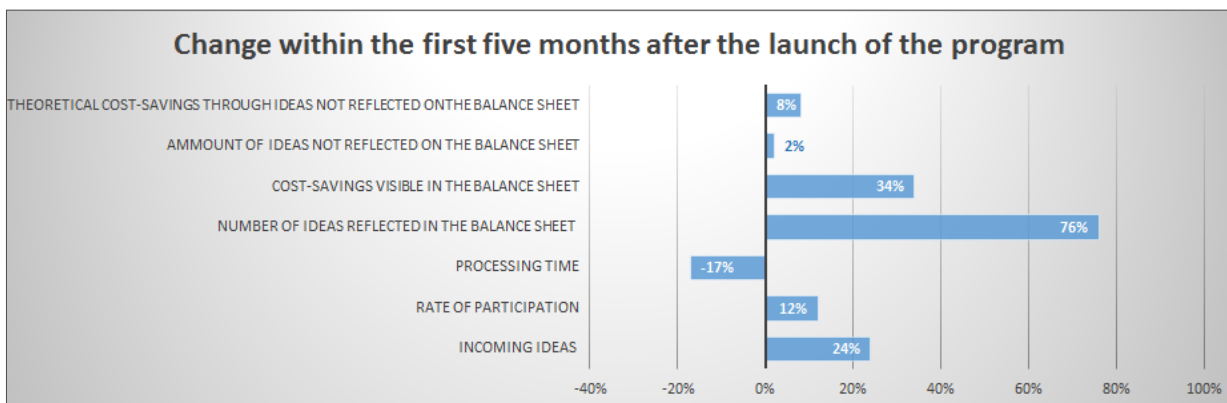
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OSRAM presents a fascinating lighting scenario at the Qubique design fair at Tempelhof airport in Berlin.

OSRAM was able to dramatically increase the number of ideas with a direct impact on cost savings by 76%, which resulted into an 34% increase in actual savings. Ideas without tangible savings, e.g., workplace safety improvements, were increased by almost 10%.

Combining the cost saving initiatives and the non-tangible improvements in a single platform, while adding greater transparency, was a key factor for employee willingness to participate. Employees consider the new idea management platform as an integral part of their everyday work, and OSRAM can now rely upon the ideas of their workforce to help transform the company and keep up with the pace of change.

Change within the first five months after the launch of the program

THEORETICAL COST-SAVINGS THROUGH IDEAS NOT REFLECTED ON THE BALANCE SHEET	8%
AMMOUNT OF IDEAS NOT REFLECTED ON THE BALANCE SHEET	2%
COST-SAVINGS VISIBLE IN THE BALANCE SHEET	34%
NUMBER OF IDEAS REFLECTED IN THE BALANCE SHEET	76%
PROCESSING TIME	-17%
RATE OF PARTICIPATION	12%
INCOMING IDEAS	24%

The next step for OSRAM is to ensure every business unit in the company is using the idea management platform and has the necessary tools to do so, such as KPI reports and review processes. They hope to see further rises in employee participation, and to hit the target of 50% engagement on a sustained basis.

HYPE

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