

Re: Vision of the three Rs: Regular, Reliable and Reusable

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- *From:* "Michael Turner" <leap@xxxxxxx>
 - *Date:* 25 Feb 2007 20:57:03 -0800
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On Feb 25, 7:53 am, Monte Davis <monte.da...@xxxxxxxxxxxxx> wrote:

"Michael Turner" <l...@xxxxxxx> wrote:

(I was once told that IBM kept offering employees incentives for improving the process for making Selectric typewriters, down to the point where they were shaving 1 cent off the cost per unit. Given the sales volume, it was actually worth an engineer's time to think for a few weeks about cost savings that low.)

I wrote the award citations for IBM's technical achievement awards for some years. Instead of a plaque and a handshake, they used formulas that gave TA winners a defined fraction of what their ideas had made (or saved) for IBM.

Having been involved in many corporate recognition events, I can say confidently that nothing gives the recipients — or their peers in the audience — quite the same warm, fuzzy feeling of being appreciated as a six-figure check.

Monte Davis <http://montedavis.livejournal.com>

It's a good incentive system, but it can have perverse effects. I've heard of cases where engineers designing a new production line would come up with some cost-saving innovations that they would hold in reserve until after the line was in production, then pass along to collusive partners on the line, who would then announce the improvement, collect the prize, and kick most of it back to their buddies in the design bureau. Obviously it's more expensive to introduce an innovation on an existing production line than it is to design it in from the beginning. I doubt the practice was rife; maybe it's even urban legend. It's not really an argument against this kind of incentive system, it's more an argument for extending equity back to the production designers as well, and maybe IBM responded constructively in that way.

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–michael turner