

Gamification of the enterprise

How to successfully add game features to corporate processes

By Maria Korolov, Network World
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Can badges and scoreboards really make employees work harder, for no extra pay? Or will IT departments be stuck spending time and money "gamifying" work processes - only to have to undo everything once the fad has run its course?

According to Gartner analyst Elise Olding, 25% of all redesigned processes will include some form of gamification by 2015.

[Top 4 gamification apps](#)

And the size of the gamification market - estimated at around \$100 million last fall - will grow to more than \$2.8 billion by 2016, according to M2 Research. The company also predicts that the enterprise segment will account for a quarter of that total, the single largest market segment.

But companies need to make sure they avoid the pitfalls of corporate gamification.

Badges? We don't need no stinkin' badges!

Seattle-based Slalom Consulting had 2,000 employees in offices around the United States. To improve internal communications, the company decided to create a mobile application that would help employees learn the names and faces of their colleagues. To encourage participation, the application included a "leaderboard" showing who had the highest scores, says CEO Brad Jackson.

The tactic backfired. "We found that only 5% of the people truly cared about being at the top of the leaderboard," he says. The prizes - gift cards - weren't enough, either.

"What changed for us is when we transformed to teams," he says. "Whether by organization, or randomly assigned teams, there was a dramatic shift in the engagement of the game. People didn't want to let their team down."

Participation grew from 5% to 90%, he says, and recognition scores went up from around 45% accuracy to 89%.

"In an environment where collaboration is so key, we saw some great wins come out of it," Jackson says. "I saw people getting on more projects they were excited about. Our new employees were called by name. And it's so wonderful when you are recognized when you walk into a company event - it increases career satisfaction."

Depending on the gamification project, badges, leaderboards and other rewards might not be needed at all.

Insurance giant Allstate solicits innovative ideas from employees with the help of a gamified social innovation tool from Pleasanton, Calif.-based Spigit two to three times a month.

"We don't necessarily use the reward system in the tool," says Matt Manzella, Allstate's director of technology innovation. "We have in the past, but people just want to participate." The key, he says, is to pick challenges that resonate with employees.

"We do turn away concepts," he says. "If we feel that a challenge statement is not compelling enough for the crowd to get excited about, we'll turn it down or ask them [the company's business units] to come up with better challenges."

One successful blitz resulted in changing the process of how claims are scheduled in an office.

"It sounds like a mundane process, but leadership didn't recognize how complex it was and how much stress it was causing employees," he says. Changing the process saved the company \$18 million a year in adjusters' time.

Another successful blitz involved suggestions for features that should go into the company's mobile app. "It just comes down to the problem," he says. "People want to contribute to something that's outside their normal scope of work, but they don't want to contribute to improve some boring process. Mobile apps are low-hanging fruit - they participate like crazy."

It's also important to have buy-in from senior management, and a commitment to doing something with the results, he says.

Allstate has been running blitzes for four years, and has generated more than 5,000 ideas and more than a million visits to the tool. In addition to coming up with the ideas, participating employees can vote other ideas up or down, or add their own comments to existing ideas.

Their only reward is the personal satisfaction of solving an interesting problem. However, Manzella is considering adding some recognition features as well. "I would like to use more of the reputation management and point system" in Spigit, he says.

The bottom line? Rewards need to be aligned correctly with the gamification project, as well as the company's culture.

Points of failure

Choosing the wrong rewards for a gamification project is one way to lead a project to failure.

Another is letting a project get stale. Video game companies know that they need to release updates, expansion packs and brand-new games to keep their players interested. Enterprise gamification programs also need to change and evolve.

"If you don't keep systems like this vibrant and current, if you don't continuously evolve your gamification approach, it will become boring," says Gabe Zichermann, chair of the Gamification Summit and CEO of Gamification.co. "Nothing is interesting forever."

Companies should also be careful not to try to use virtual rewards in place of reasonable compensation, he adds. While companies can save money by awarding badges and reputation points instead of cash bonuses, employees will see right through it if a company tries to use gamification as a substitute for being paid appropriate amounts and having good working environments, healthcare and management relations.

For some companies, it's the word "gamification" that causes problems. "Traditional managers are used to the idea that work is not supposed to be enjoyable," says James Gardner, chief strategy officer at Spigit. "I used to be the CTO of one of the largest government departments in Britain. I used to have middle managers say, 'My people are not here to play games at work, they're here to do their jobs.'"

Gardner suggests using the phrase "psychological dynamics" when approaching managers. "The word 'gamification' is guaranteed to cause enormous headaches."

Another trap to watch out for is that of unintended consequences. "When people first put sales contests into place, there were some people who quit as a result," says Arun Sundararajan, a professor at the NYU Stern School of Business who specializes in digital economics. "It causes salespeople to undercut each other, steal each other's business. But we've had these contests for 50 years, and have refined them over time, and understand what the unintended consequences might be."

With the new crop of gamification programs, that level of experience isn't there. As a result, he says, companies should start out slowly and carefully.

"It's a good idea for companies to start by using them in non-mission-critical scenarios, and get a sense of how employees are reacting to the new kind of competition, instead of just pulling it off the shelf and sticking it in," he says.

Finally, any gamification project needs to provide value to participants, and not just meaningless badges.

"People use Foursquare, it's very exciting," says Rajat Paharia, founder and chief product officer of gamification vendor Bunchball. "They play with it for a couple of weeks, and a month, and then they're like, 'Why am I doing this?' There needs to be something else there that's meaningful. There needs to be some core intrinsic value to the service. Empty points and meaningless badges are not sustainable."

That value can take different forms at different companies. It could come in the form of helping employees do their jobs better, or in seeing their ideas making a difference.

And value can take other manifestations as well, Paharia says. "You can get an [iPad](#) or golf clubs. You can get early access to content. And people want power, moderation ability, ability to join secret or exclusive groups."

Will it last?

It's too early to tell whether the gamification trend has long-term potential, Sundararajan says. "But there are a couple of reasons why I think it's promising."

The first is that employees are increasingly expecting to have technology at work that resembles what they use at home.

"They want the stuff that they see at work to be like Facebook, like Foursquare, like the [iPhone](#)," he says. "This is very different from 10 or 15 years ago, when there wasn't much technology developed just for the consumer."

And the trend is only accelerating, he adds.

"In five years, every new employee would have grown up with Facebook and mobile devices," he says. "This is certainly something that is working in favor of gamification of the enterprise as a promising [long-term] trend."

In addition, some of the individual techniques used as part of gamification strategies have been used by companies in more limited contexts for many years, Sundararajan says. Sales contests, for example, are something that salespeople enjoy and are motivated by, and are very common.

"Everyone who's ever walked into a call center or sales center has used a leaderboard," says Gamification.co's Zichermann. "Those have been used for 50 years or longer to motivate people. We know a lot about leaderboards, and that's just one example."

Another example is employee-of-the-month programs, which are common in many companies.

"Businesses have known for a long time that recognition can be used in place of cash rewards," he says. "What's new is that we have new language to describe it, and new technology to make it easier to do."

However, he would like to see more research into how well these new technologies work, he adds.

"There aren't any long-term studies that support the kind of current, broad, context-based solutions because this discussion didn't start until 2010," Zichermann says.

But gamification is about more than just badges and scoreboards. Those are just the start of the process of applying game techniques to work in order to make it more fun and engaging.

"We've done surveys at companies and the passion levels are very low - and the larger the company the lower the levels of passion," says John Hagel, co-chair of Deloitte's Center for the Edge. "If you believe, like we do, that passion drives extreme performance improvement, that's a real problem."

To find examples of passionate engagement, Deloitte looked to World of Warcraft, a massively multi-player online role-playing game.

"You get into the game in early stages and you're given very modest kinds of challenges that you can do yourself without any help," Hagel says. "And it draws you in further and the challenges get harder and harder and you're given an environment where you can connect to others and create teams to address those challenges."

However, he warns companies against trying to create a complex World of Warcraft-style game right from the start.

"In my experience, relatively few of those are successful," he says. Instead, he suggests that companies start with small projects, see how employees actually use them, and build from there.

Video games, after all, have been evolving for decades. Corporate gamification systems can take time to build, as well.

Virtual rewards fuel gamification success

When employees are rewarded with cash bonuses, the bonuses can quickly become an expected part of the compensation package.

Virtual rewards, however, don't cost the companies a lot of additional money, allowing companies to easily create new rewards to motivate new behaviors.

Here are some examples of how virtual rewards can be used:

› **Badges:** A badge is a kind of honorific that can be used to recognize employees within gamification programs or more broadly through a company's social network, newsletters, and other communication channels. Common badges include "employee of the month" but can really be anything - "mayor of the password reset process," "social network maven" or "files firefly." That last one is a badge participants get for sharing more than 30 files in ISW Development Pty Ltd's Kudos Badges, designed to be used as part of the IBM Connections platform.

› **Status symbols:** Prime parking spaces, choice of offices, first pick of vacation days, access to the best conference rooms, lunches with senior management, or membership in exclusive networking or leadership groups.

› **Virtual currencies:** Company script, or points, can be used in place of real money to reward employees in order to create psychological distance between actions and their rewards. Increasing the number of points it takes to gain a particular reward is easier for employees to adjust to than a decrease in the size of the reward.

› **Virtual goods:** If a company uses virtual meeting environments and avatars, those avatars need stuff - clothes, shoes, hair, furniture. Employees can be rewarded by having a greater variety of items to choose from to outfit their avatars and virtual environments.

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