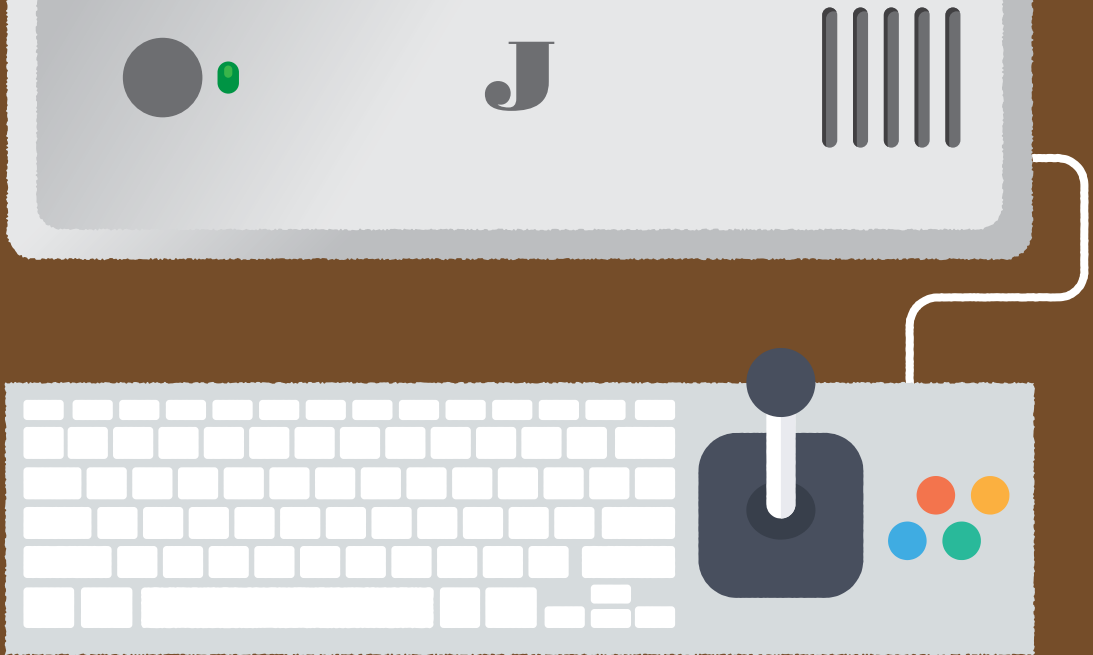# Why Some Companies Win: Gamification

BY CHAD MCCLOUD AND MIMI HALL

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Lots of kids hate math. You might have been one of them. It can be overwhelming, confusing, and mundane. It might have been the one thing between (finally!) completing your homework and playing outside.

Yet most of us memorized 144 combinations of multiplication problems in grade school and we can still recall them without thinking. Timed tests measured how many multiplication problems you could complete. You knew your best time, and you wanted to beat it in the next round. Teachers didn't let kids work on the 7-tables until they mastered the 6s. You may still be able to recall that feeling of accomplishment or recognition for moving from one level to the next. Schools have figured out how to motivate kids to master what they don't enjoy. In short, they gamify the lessons.

Many adults don't enjoy some parts of their job and thus are not engaged throughout the day. In a 2013 study, Gallup reported that only 13 percent of employees worldwide are engaged at work. Yet studies have proven a strong correlation between employee engagement and company performance. If employees are not engaged, or worse, actively disengaged, what does that mean for the accuracy of your finances, or your ability to create inspiring products, or the way your business treats customers?

For the same reason you wanted to beat your best score in third-grade math, the key to professional engagement is motivation. Gamification provides a model to tap into internal and external customers' motivators. Merriam-Webster's dictionary defines the slightly cumbersome term as "the process of adding games or gamelike elements to something (as a task) so as to encourage participation."

World-class organizations are embracing gamification to turn the passive into the passionate. Companies such as Appirio have motivated more than 650,000 developers all over the world through Topcoder challenges to bid on software development tasks, receive merit badges (and often cash), and fight to move up the developer rankings. Research groups using tools like FoldIt have turned science problems into puzzles. Thousands of people are bending proteins for fun and solving complex biochemical problems in the process. Companies who aren't motivating through gamification may be risking employee engagement, and all of the talent and focus that comes with it. Meanwhile, bold organizations are embracing it.

'Shall we play a game?'
– Joshua, the Military Supercomputer, War Games

Many employees are likely to naturally avoid working harder unless incentives are in place, particularly incentives that touch them personally. Designing the right incentives through gamification requires a clear understanding of both the strategic objective of the organization and the motivations of the participants. A clear strategy turns a random game into a gamified work experience with positive business results.

To create a gamified work experience, an organization must understand what motivates employees. Rajat Paharia, in his book, "Loyalty 3.0: How to

Revolutionize Customer and Employee Engagement with Big Data and Gamification," notes that personal motivations for employees come in all shapes and flavors, but discrete categories exist: gaining autonomy on the job; achieving mastery of a subject; showing relevance to work objectives; finding more meaning in the work; or progressing toward a goal. The most engaging incentives are those that match the culture of the organization and speak to those who need to be engaged. For instance:

- **"Achievement"** or **"Bonus"** rewards provide a cumulative incentive that's meaningful, whether they come in the form of cash, freebies, or milestones against progress.
- **"Points"** rewards add up to something redeemable, such as hotel or airline incentives, an extra day off or branded merchandise.
- **"Exclusive access"** rewards provide something others don't have, such as priority seating at a concert, a beta version of new software, or a private audience with an executive.
- **"Ability to customize"** rewards empower people with choices, such as the ability to choose between redeemable points rewards, specific prizes, or cash.
- **"Fame"** or **"Recognition"** rewards grant recipients a chance to be discovered, or to be recognized by their peers.

Organizations can tie several types of motivators and rewards together, depending on the company culture, the target audience, and the goals of the gamification effort. A key to engagement is motivation; gamification provides a model to tap into your internal and external customers' motivators to drive engagement.

'That will only make someone work just hard enough not to get fired.'
- Peter Gibbons, Office Space

Fortunately for us (and to the chagrin of our third-grade math teachers), creating and executing gamification concepts are within the grasp of even the most cash-strapped organizations. An organization can develop simple incentives using technology and processes in a matter of hours. One firm launched a health challenge, posting a leaderboard for participants to check their progress against their peers. And the barriers to participation have never been lower. With the popularity of products such as the Jawbone and Fitbit fitness trackers, people have empowered themselves to track activity and compete against friends in self-made leaderboards. Additionally, the audience for gamification has never been easier to reach. Doritos used a technology service to crowd-source Super Bowl commercial ideas and received concepts from around the globe, offering the reward of being shown during the Super Bowl. Finally, companies can test and learn more rapidly than ever by starting small and experimenting with concepts to see which best resonate with their employees.

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'The Force will be with you, always.'

– Obi-Wan Kenobi, Star Wars Episode IV: A New Hope

Gamification offers companies a way to create a culture in which people are motivated to make the company better. Whether they are trying to motivate employees to fill out their time sheets, to reach a global audience, or to brainstorm ideas for the "next big thing," in the process of designing a gamification effort, companies must devise metrics to chart engagement and prove success. Determining effective motivators, appropriate metrics, and designing an easy-to-execute game are keys to motivating the largest audience possible toward a singular business objective. Companies that continually find innovative ways to motivate their employees will further distance themselves from competitors; we'll be tracking their progress on the leaderboard.

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