

GAMIFYING INNOVATION:

**How to engage your people in key
business challenges**





Exago is a global pioneer in innovation management software and services, which uses collective intelligence to solve key business challenges. From cost reduction and customer engagement to behavioural change, we help companies unleash their people's hidden potential to achieve real results.

Our solutions are based on an idea market software and expert services that mobilise people and harness their collective intelligence, their wisdom and voices. Our model is highly engaging and efficient and sustainable over time.

Exago was founded in 2008, in Lisbon, Portugal. We've grown with our clients and partners worldwide. With them, we've reached 19 countries on 4 continents (Europe, North and South America and Asia), spanning a variety of industries from telecom operators and major retailers to health organisations and energy suppliers.

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How to engage your people in key business challenges

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A co-founder of Exago, he's had a clear passion for innovation since he began a career in researching robotics. He later worked as a consultant and business manager in firms focused on information technology and management consulting. He's been involved in creatively applying technology and developing progressive corporate ventures throughout a career spanning multiple countries and industries.



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INTRODUCTION

INNOVATION IS NO GAME

More than ever, companies need to engage their employees to assure long-term viability. Yet, overwhelmed with information, people's attention spans have become shorter and shorter. Their willingness to contribute to lateral activities has shrunk, particularly if these are boring or create anxiety. And innovation is often no fun...or can it be?

Innovation is at the top of every organisation's leadership agenda these days. A recent [McKinsey Global Survey](#) found that 84 percent of executives recognise innovation is very or extremely important to their companies' growth strategy.

Worldwide, businesses and organisations realise they may be doomed to compete in a 'red ocean' where prices and margins sink downward. To prevent this downward spiral, new ideas and outside the box thinking are essential – to create differentiated business models, products and services, as well as competitive cost structures. This is no time to roll the dice and leave it all to luck.

But again, how can you draw your people's attention to key business challenges? Gamification has proved to be a powerful way to close this focus gap. Below, we take you through gamification's definition and main features, presenting a model that efficiently adopts gamification mechanics – making innovation initiatives appealing and successful.



GAMI... WHAT?

1. WHAT IS IT ALL ABOUT?

Since the dawn of civilisation, generations have learned through games. From learning basic numbers and letters to eating and caring for others, games help transform boring activities.

There's nothing wrong with fun. In fact, in modern society – including the corporate world – interacting and 'playing' with the Internet and mobile apps are part of our daily routine. You may not notice it, but most apps are actually productivity tools, with gamification to make them more attractive.

Gamification is the use of game elements and design techniques in non-game contexts. These **elements** (also called 'game mechanics') include:

Points | Quests | Avatars | Social Graphs (interaction) | Levels | Progression | Badges

Design techniques are used to make participation fun, while non-game contexts entail that the participant's goal is other than success in the game.

Anyway, a game is only a game when it's voluntary. A handful of gamification characteristics make the process fun, attractive and engaging:

// Feedback (immediate and constant)

// Transparency (clear rules and visibility in the process and progression)

// Progression (sense of moving forward)

// Social interaction (knowledge sharing, competition and collaboration)

// Recognition (badges, points and leaderboards)

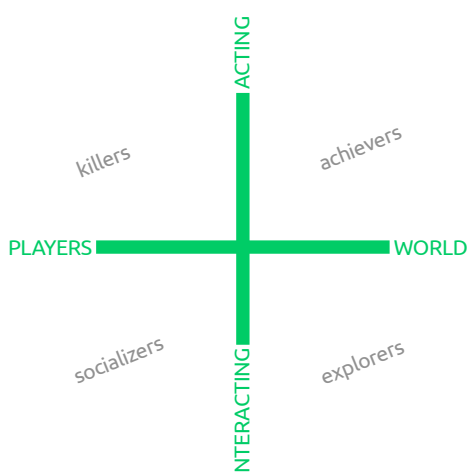
2. WHO'S IN?

Gamification aims at making an activity enjoyable for participants, and this pleasure is achieved when the participant is 'in the flow'. Mihaly Csikszentmihalyi, an expert on the topic of happiness, describes 'being in the flow' as '*being completely involved in an activity for its own sake. The ego falls away. Time flies. Every action, movement and thought follows inevitably from the precious one...*'

The 'flow' needs to fall between boredom (too easy) and anxiety (too hard/confusing). The difficulty lies in making people feel in the flow. And this becomes even more complex when the community isn't necessarily homogeneous – people sharing interests.

World of Warcraft players have a common interest – enjoying the game – but the same doesn't always happen for employees of Company X. The challenge is how to construct the process so that everyone, or at least the majority of people, will feel in the flow.

To engage as many players as possible, the designer must first understand their different profiles. The Bartle Test of Gamer Psychology classifies players of multiplayer online games into categories according to their gaming preferences. This framework works for most gamified situations.



The four quadrants classify players using the profiles below.

Achievers

Players who prefer to get points, levels, equipment and other concrete measurements of success in a game. They're looking for rewards in the status and prestige that comes with these items.

Explorers

Players that want to dig around within the environment. They don't like timeframes requiring them to proceed because they enjoy exploring and discovering at their own pace (sometimes even more than progressing).

Socializers

Those who participate and play for the social aspect rather than the actual game/challenge itself. These players are known as 'hearts'. They like to interact with other people, and the game is just a tool or means to this.

Killers

They want to compete for the sake of competition, so they seek to vanquish and destroy other players. Showing everyone they are in control of the situation is their biggest motivation for participation. Killers are usually only 1% of the population, but they are the ones who participate the most intensively.

All of us tend to be in all quadrants depending on the project at hand and time in our lives. But identifying different players' profiles helps when designing a gamified process and more effectively reaching target participants.

In a second step while shaping a process that is appealing and sustainably engaging for the targeted participants, the designer identifies the engines that will guide them. This means understanding which game mechanics are more relevant to players' specific desires (see the table below).

		HUMAN DESIRES					
		REWARD	STATUS	ACHIEVEMENT	SELF EXPRESSION	COMPETITION	ALTRUISM
GAME MECHANICS	POINTS	●	○	○		○	○
	LEVELS		●	○		○	
	CHALLENGES	○	○	●	○	○	○
	VIRTUAL GOODS	○	○	○	●	○	
	LEADERBOARDS		○	○		●	○
	GIFTING & CHARITY		○	○		○	●

Source: *Bunchball*

The green dots refer to the most impactful game mechanics for each human desire. The grey ones show other mechanics that also have some relevance to specific desires.

All mechanics relate to the desire for status, achievement and competition. These are essential to reinforcing the engagement potential of gamified processes, so that people feel fulfilled by their activities.

3. GAMIFYING INNOVATION

The **benefits** collected from appropriately outlining gamified processes are varied and very significant: Gamification develops more loyalty in participants (whether they are customers, employees or others) and more use. It can make a process go viral, radically increasing the number of participants, and it creates a sense of identification with the brand, activity, product or other elements of the process.

These benefits are of extreme value within innovation initiatives, as any innovation manager well knows. In other words, gamification can play a leading role in motivating people and compelling them to participate and bring value to these initiatives – as leaders in innovation and management, such as Stefan Lindegaard, Paul Sloane, Matthew May and Michael Allen, have consistently pointed out.

When James Surowiecki wrote the bestseller *The Wisdom of Crowds* in 2005, he also highlighted the importance of gamification mechanisms to develop participation and sustainability in ideation processes. The benefits of gamifying innovation are also detailed by Gary Hamel (ranked as the world's most influential business thinker by *The Wall Street Journal*):

“Try to imagine what a democracy of ideas would look like. Employees would feel free to share their thoughts and opinions, however politically charged they might be. No single gatekeeper would be allowed to quash an idea or set the boundaries on its dissemination. New ideas would be given the chance to garner support before being voted up or down by senior execs. The internal debate about strategy, direction and policy would be open, vigorous and uncensored.”



GAMIFICATION IN ACTION

1. ALL CAN PLAY, ALL CAN WIN

A recurring misconception to overcome in innovation management is that only experts can innovate. In a sense, this means it's someone else's job, not mine. This makes it difficult to bring people into the process and keep them motivated throughout the journey.

Typical innovation processes also too often fail in their communication strategy. This can compromise the process and the trust between organisers and participants (along with the possibility of efficiently using a bidirectional mechanism to reinforce an alliance between these parties), as well as the value of the incentives offered.

A weak communication plan or a misalignment with participants' desires tends to make incentives less efficient – more than any tight budget ever could. Processes that aren't inclusive (where only creative people can participate) and weak recognition and rewards systems (only the best X number of ideas get a prize) are likewise the frequent culprits of failure.

How can you gamify the innovation process to make it more inclusive, attractive, enjoyable, efficient, transparent and sustainable? That's exactly what we've done.

2. MAKING IT WORK

Exago's innovation management software and services use collective intelligence to solve key business challenges. Our model uses gamification mechanisms to sustainably engage participants –

harnessing their knowledge. From cost reduction and customer engagement to behavioural change, we help companies unleash their people's hidden potential to achieve real results.

Step by step, we prepare the organisation for the process, by defining a governance model, a communication plan and an incentives plan, as well as assuring the alignment and commitment of leadership in the process. And we make sure this preparation has an impact in the mid to long run.

The best governance models or a great communication plan attracts people to participate, and a vast portfolio of incentives is a strong driver for engaging people, but if the process doesn't meet expectations and desires, participants will soon quit. The dynamic energy fades away.

Our solutions, as a result, are carefully thought out to:

// Fulfil people's desires;

// Be inclusive, motivating different types of players (remember the Bartle Test framework?);

// Be transparent, so that participants understand the rules and constraints;

// Provide (immediate) feedback for people to remain engaged and understand how they can improve their participation;

// Provide social interaction, since sharing, competition and collaboration are decisive stimuli motivating people to contribute;

// Have clear incentives and recognition mechanisms;

// And, finally, be entertaining.

Our solutions also welcome all kinds of people. The most typical behaviours remind us of the four gamer profiles:

// The *achievers* are the ones who participate the most with ideas and comments to gather as many points as possible. They become huge contributors;

// The *explorers*, who love to look around, are great at helping the community discover other potential contributions. They submit insights and diversify overall participation by doing everything;

// The *socialisers* stimulate others to enhance their contributions. They submit many suggestions for improvement and love to check out what is going on, as well as watch the leaderboards;

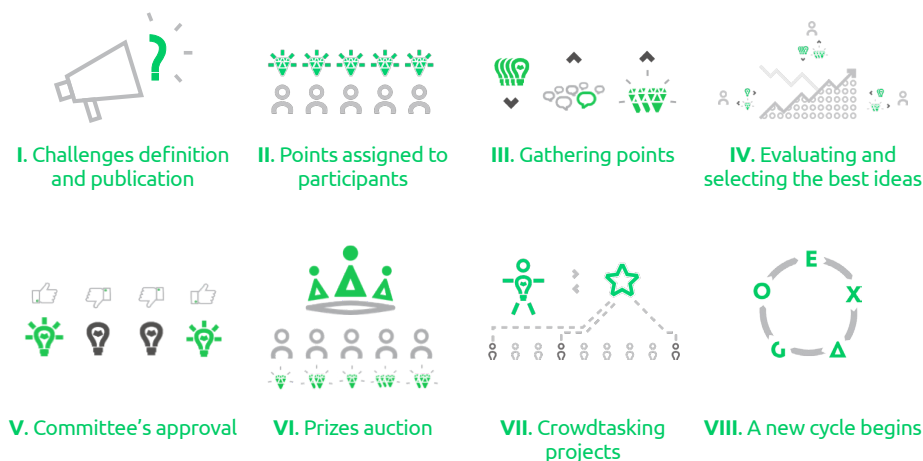
// Last, the *killers* love to compete for the sake of competition and are very active in the selection and evaluation process of ideas. They are great at differentiating what is good from what is less good, and even greater at clarifying those ideas that are no good at all.

3. THE ULTIMATE GOAL

Exago's model applies game design techniques and covers most game elements we've identified: quests (challenges), points, avatars, badges (opinion leader, etc.) and social interaction with the sharing of knowledge and information. It also promotes collaboration (co-creation, commenting and peer evaluation) and competition (the best ideas are chosen by the crowd) – including a system to reinforce a sense of progression and levelling up among participants.

All participants (investors) have access to the same amount and quality of information. Everyone has the power to influence the evaluation and selection process. The ideation management process becomes democratic and has no hierarchical limitations.

Specifically, our solutions are based on expert services and a software platform that mimics a stock market – an incentive-driven and engaging corporate network that rewards and recognises participants. This market mechanism is supported by a sophisticated algorithm, providing infinite liquidity to the market at any given time. But it's quite simple and intuitive to participate. It's inclusive and dynamic. Here's how it works globally.



Let's go through it, in more detail:

I. The challenges. The business challenges are defined and communicated to participants. The challenges have to be adjusted to fit the organisation's needs and participants' motivations and aspirations.

II. Initial points assigned. All participants start with the same amount of credits (a kind of entry bonus, like in a frequent flyer programme), that

they can use in the platform.

III. Gathering points. Everyone can participate by submitting valid ideas and co-creating and adding value to other participants' ideas. They can also invest in the ideas they believe are the best for the organisation. The more they participate and the more they create value, the higher they score.

IV. Evaluating and selecting the best ideas. It's a perfectly gamified mechanism. People are driven to be truthful in their choices because if they invest in a bad idea, they lose credits. The collective intelligence of the community is gathered in this way, not only for idea generation but also in co-creation and, above all, through evaluation and selection. The wisdom of the crowd acts to handpick top ideas via participants' investments.

V. Committee's approval. At the end of the cycle, the ideas that the crowd believes to be the best are taken for a closing evaluation by the steering committee. The committee decides on their implementation or non-implementation based on the feedback provided to the crowd.

VI. Time to auction. Participants can then redeem the credits they previously earned for real incentives. The redemption process is based on an auction mechanism – again, a gamified system – that recognises those who truly brought more value to the process.

Since people have different needs, the 'incentives' available can address different motivations: from simple Amazon vouchers and charity donations to training in specific areas.

VII. Crowd tasking. After the final evaluation (V), implementation is ready to start. All are invited to join in and be recognised for their added-value participation. Ideas become projects, and successful projects can mean a higher return on investment.

VIII. A new game. A new cycle can begin.

The gamification mechanisms implemented by Exago's solutions are a demonstrated way to boost management of innovation initiatives within a company or outside of it, delivering real results – be it increasing staff motivation, conquering customer loyalty or crafting new and innovative solutions.



WRAP UP

SO, INNOVATION CAN BE FUN AND SUSTAINABLE

Exago's model proves that gamification can successfully be applied to innovation. As a result, the ideation process becomes highly engaging, highly efficient and sustainable over time.

These are precisely the main benefits gamification brings to innovation initiatives. They become entertaining and inclusive to all types of players, appealing to specific aspirations and motivations. Prediction markets make decision-making more effective, harnessing the collective intelligence of all participants. Periodic cycles of challenges and incentives assure users want to improve their participation and remain involved over time.

Still, if you are ready to gamify the way you innovate – using a collaborative model for the participation of a large and diversified group of people – always make sure you have the right process and tools in place (communication, appropriate system of awards and recognition, etc.).

Remember also that the challenges themselves, the positive incentives provided, have to be aligned with a common and clear purpose that is publicly communicated. The process has to be transparent and democratic. It has to turn the best ideas into projects.

At the end of the day, compelling results are only achieved when you succeed in engaging your people and multiplying that engagement through a strong and shared sense of purpose. When making the future happen, this much seems sure: Companies that take on gamification in their innovation efforts are ahead of the game.

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