



# CONCEPT DOCUMENT



**Filene** \*



**EARLY CONCEPT DOCUMENT**

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## THE OPPORTUNITY

Employees are a credit union's greatest asset and ultimately how they perform impacts the success of the credit union and its members. The 2011 Gallup Research Group Survey of Employee Engagement revealed that 52% of employees are disengaged in their work and 19% say they are actively disengaged. Why is this concerning? Research by Gallup and others note that engaged employees are more *productive*, drive more *profit*, are more *customer-focused*, and are more likely to *withstand temptation to leave*. Employees that aren't engaged are therefore not contributing fully to the success of the credit union and are instead negatively impacting the credit union's mission to meet the financial needs of its members.

Engagement, development and retention of quality employees is always important but even more so in the current economic times with challenges related to top line revenue and continued pressure on net interest margins. The largest operating expense for a typical credit union is compensation and benefits, so retaining employees that are engaged, fully contributing and that are prepared to respond to the changing environment is critical. Studies show employee turnover is costly to a company's bottom line due to productivity losses, the cost of hiring and training a new employee, and the slower productivity until the new employee gets up to speed. The direct costs of employee turnover, such as separation, replacement and training, are estimated to average 21% of an employee's annual salary. These costs therefore represent a significant expense at a time when income is hard to come by. Further, these costs do not take into consideration the impact of lost productivity and poor morale associated with high turnover.

An opportunity exists for credit unions to actively seek ways to engage, develop and retain employees taking into consideration changing workforce expectations.

## THE SOLUTION

The solution, in a word, is gaming. Why utilize game principles and mechanics? Games are engaging and fun and can be used to engage audiences and solve problems. In the Filene Innovation Brief titled *Get in the Game: How Credit Unions Can Engage Members, Solve Problems, and Improve Skills with Game Thinking* the following facts are quoted:

- Worldwide, three billion hours are spent playing video games each week.
- Active gamers in the United States, a staggering 183 million people of all ages, play video games for more than 56 hours per month.
- Gaming is no longer done by just young males, instead the Entertainment Software Association quotes the following statistics:
  - The average game player is 37 years old and has been playing games for 12 years.
  - The most frequent game purchaser is on average 41 years old.
  - 42% of all game players are women.
  - 29% of Americans over the age of 50 play video games, an increase from 9% in 1999.

When gaming mechanics are put together properly they can have a dramatic impact on human behavior and development by driving intrinsic motivation and fulfilling the fundamental human desires of recognition and reward, status, achievement, competition and collaboration. Productive work can be exhilarating and gaming mechanics can help drive engagement, happiness and productivity.

### The Product

Interplay is a website that can be viewed via a tablet. The usability and playfulness of tablets, which are being deployed across a large number of credit unions and businesses, makes it a natural delivery channel for the gamification concept. Interplay utilizes the principles that inspire people to play games to increase employee engagement, develop employee sales and service skills and motivate employees to increase productivity and performance in support of the credit union's goals. Interplay is not about turning work and training into a game, it's about reframing training and work using game mechanics to satisfy some of the most fundamental human desires: recognition and reward, status, achievement, competition and collaboration. Interplay bridges the gap between what is learned in training and the application of those skills through serving members – Learn, Play, Serve.

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Interplay, in its basic design, utilizes the following components of gaming to engage employees:

- Points are awarded for accomplishments such as participation in training, completing tests/certifications, using sales collateral to facilitate member discussions, and achieving related sales and/or service goals. The awarding of points provides ongoing performance feedback and supports one gaining a sense of accomplishment.
- A leaderboard provides a visual representation of performance to compare results of colleagues, providing a sense of achievement, status and motivation.
- A chat area allows participants to share and discuss successes and best practices or to respond to a “Question of the Day” to display knowledge.
- A store to redeem points for job-related rewards such as a “jeans day”, a PTO day or gift cards.

## TARGET MARKET

The target market for Interplay is credit unions that are looking for ways to deliver training in an engaging and unique manner. These credit unions are looking to bridge the gap between training and sales/service results by engaging staff at a new level, resulting in better service to members, decreased costs related to turnover, and ultimately achievement of the institution’s goals. Credit Union employees who like to engage with their peers and learn new skills to position themselves to grow their careers and provide better service to members will benefit from Interplay. Another target market for Interplay is vendor partners that are looking to increase engagement, use and application of their training programs in credit unions. Integrating their training program(s) in Interplay will achieve those desired results.

## CONSUMER BENEFITS

- Members benefit from more engaged and knowledgeable staff that are able to connect credit union products and services with their individual needs.

## CREDIT UNION BENEFITS

- Engaged employees create loyal members who drive sustained profitability and growth.
- Retention of high performing and high potential employees.
- Reduced costs related to turnover and training.
- Attract new high quality talent due to being seen as an employer of choice that is tuned into the needs of its employees.
- Improved sales and service results.

## PILOT RESULTS

In order to test the effectiveness of the gamification concept within a credit union setting, we selected a group of Member Service Representatives at one of our credit unions. We chose a group of six employees to participate in our pilot and over a three week period, awarded points based on three categories: individual cross-service ratios (the number of products sold to new members), the frequency in which the credit union’s sales tool for new members was used, and proactive sharing of best practices among the pilot group. Updated rankings were sent out each week to ensure participants saw their total scores in relation to their fellow participants. For the sake of comparison, we also kept score of those employees who were not included in the game. Our findings were not only fascinating but confirmed that gamification is an effective method of engaging staff and improving performance:

- Employees who participated in the pilot (the ‘gamers’) had an average cross-sell ratio of 4.39 products per new member. This was 7% higher than the average cross-service ratio of those employees who were not included in our pilot (the non-gamers), which was 3.11.

- The gamers' average cross-service ratio was 9% higher during the pilot than the previous 3-week period, which indicates increased focus and performance as a result of the game.
- While the gamers used the sales tool for new members less than the non-gamers (approximately 5% less often), usage of this tool was an impressive 23% higher during the pilot for the gamers when compared to the preceding 3-week period.
- The average total score of the gamers during the pilot period was 8% higher than the average total score of the non-gamers. Additionally, the gamers' scores were 25% higher during the pilot period when compared with the preceding 3-week period.
- Best practices were shared frequently over the 3-week pilot period, which showed a willingness to trade ideas with fellow participants within the context of a game, particularly if it resulted in points that could be added to their total score.

## OPERATIONAL AND OTHER CONSIDERATIONS

The complexity of the website will depend on several factors including content, the audience, business goals and the gaming mechanics to be used. Like any good program this can't be put in place and forgotten about. It will be important to track and monitor results to see if they are achieving desired business goals and where they are not, making adjustments to optimize the program. With reduced turnover, the need for introductory training should be reduced, allowing the training team to support the ongoing tracking, monitoring and adjustments to the program.

Although the initial prototype and design of Interplay is basic we envision the concept having bigger possibilities. We see multiple vendors integrating their online training systems into Interplay and the flexibility for credit unions to integrate their internal training programs and branding. In addition we envision Interplay being able to connect multiple credit unions, allowing employees across the industry to motivate, engage and share information together.

## FINANCIAL PRO-FORMA/ROI

Designing and developing the basic Interplay website is estimated to cost \$25,000. Turnover costs are conservatively estimated at \$7,000 per employee. Simply reducing turnover by four (4) employees would cover the development costs for an individual credit union. In addition, increased sales would be anticipated resulting in a quicker return on investment.

If Interplay is developed by a third party a possible pricing model would be to charge vendors wishing to have their training programs integrated a \$2,500 set-up and integration fee per training program. Both parties would then promote both Interplay and the training programs that are integrated. A tiered pricing structure for credit unions could be established based on asset size and/or number of users. For example, a set-up fee of \$5,000 per credit union with a tiered annual subscription/maintenance fee of \$1,500 for up to 10 users and \$2,500 for up to 30 users. Assuming the development cost is \$25,000 and annual expenses are approximately \$75,000 (to update and maintain the website, facilitate credit union and vendor onboarding and integration, as well as sales and promotion expenses), twelve (12) credit unions with 10 – 30 users would be needed in the first year as well as five (5) vendors to cover the first year expenses of \$100,000. To break-even on an annual basis going forward, assuming no additional vendors were to participate, 30 credit unions at an annual subscription/maintenance fee of \$2,500 would be needed.

## RESOURCES

- Turnkey gamification platforms are available from firms like Bunchball, Badgeville and RedCritic
- Filene Innovation Brief: Get in the Game: How Credit Unions Can Engage Members, Solve Problems, and Improve Skills with Game Thinking
- Whitepaper: Winning with Gamification; Tips from the Expert's Playbook by Bunchball

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## GETTING STARTED

1. Consider starting small. Identify training program(s) to gamify and identify a scoring system to drive desired results.
2. Do simple and easy testing among staff to validate that gamification fits your credit union's culture and provides value and results.
3. Develop leaderboards and feedback mechanisms.
4. Identify additional areas of training that would benefit from the gamification model.
5. Contact us at [innovation@filene.org](mailto:innovation@filene.org) if interested in developing a turnkey solution that would integrate multiple vendor training systems and connect the credit union industry.
6. Work with website developer or a turnkey gamification platform provider to develop system/program.

# SUPPLEMENTAL INFORMATION

## Sample Interplay website homepage

