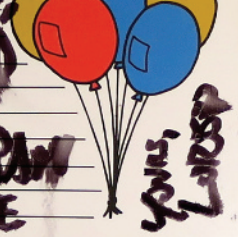


Exchange at the beginning
about our
personal
maps. FLO



I'M IMPRESSED
WITH WHAT
A COOL GUY
YOU HAVE



You brought a lot of
drive into the group,
organized the group work,
took responsibility.



I am
That w
will sho
in the Ti

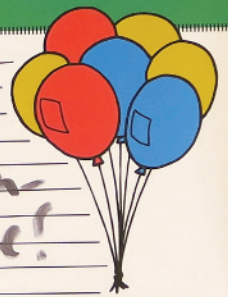
THANK YOU!
TOBI: FACILITATING
THE
OUR
DISCUSSION!



VERY HAPPY!
~Kudo~
To my whole Team
Marion, Willi, Andre,
Jürgen, Monika, Dirk
we have great Discussions



CONGRATULATIONS!
Thanks for
Lead the
Team-
table!



MA
to the funny
Florian, Tobias
for sharing ex
tips and work

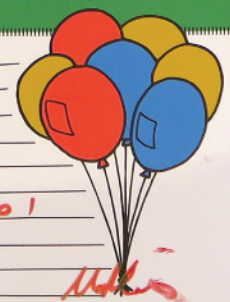
WELL DONE!
gute Fragen
v. guten Zuhören
Integrative Be-
trage



THANK YOU!
TOBIAS, THANKS FOR
THE GREAT
ATTENTION
TODAY!

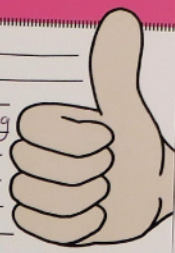


CONGRATULATIONS!
to: Mirko
for many
3 kids, a job,
and a PhD.

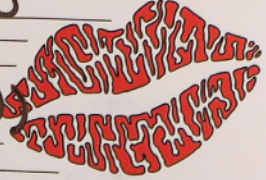


TH
Jürgen
your great
support,
sharing
knowledge
& experience

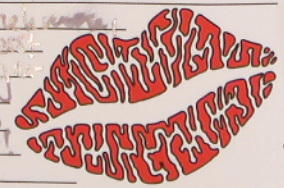
GREAT JOB!
Jürgen,
Thank you for supporting
all people in our group
and helping us
understand it as better
and guiding us through the
tasks!
Jlba



MANY THANKS!
to: flo for his
good suggestions
especially
for recruiting
(Jürgen Carols)



MANY THANKS!
Georg!
Für das mitbringen
obwohl ich
nicht so
sehr war
Doch nicht so
schlecht wie!

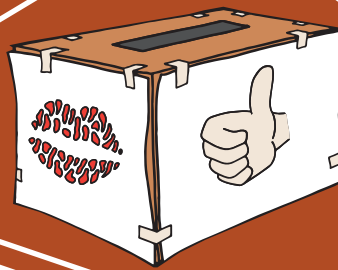


TOTAL
Marion
thanks for
of the fee
exercise

1

kudo box and kudo cards

Motivate People with Better Rewards



Anything that has
real and lasting value
is always a gift from
within.

Franz Kafka,
Austro-Hungarian author
(1883–1924)

There are many wrong ways to reward employees. A simple but effective approach is to install a kudo box, which enables people to give each other a small reward. The kudo box fulfills the six rules for rewards and works much better than bonuses and other forms of financial motivation.

It may come as a shock to many to learn that a large and growing body of evidence suggests that in many circumstances, paying for results can actually make people perform badly, and that the more you pay, the worse they perform.


Nic Fleming, "The Bonus Myth"³

In 2001, Enron, an American energy and services company, collapsed into bankruptcy because its managers liked their bonuses more than they liked the truth. They incentivized themselves to maximize their own paychecks, not the success of the organization. Similar creative financial practices occurred at Parmalat, WorldCom, Bernard L. Madoff, AIG, Barings, and many other companies. Corporate history is littered with the remains of organizations that allowed individual greed and egos to outgrow the solvency of the company. And bonus systems are still implemented all around the world "to incentivize performance," despite the fact that experts have known for decades that there's no proven correlation between bonuses and performance.¹

Indeed, excessive greed might be the biggest problem in free markets. Bankers in the United States and Europe have been so focused on their personal results that they collectively plunged the world into one of the deepest recessions we have ever seen.²

Excessive greed
might be the biggest problem
in free markets.

Extrinsic Motivation

Extrinsic motivation is defined as behavior that is driven by external rewards (given by others), such as money, grades, and praise. Rewards are among the trickiest and least understood tools in management. When applied in the right way they can generate significant results. Unfortunately, a common assumption among managers is that nothing works like money when you want to make people work harder, longer, or more effectively. Also, it is often assumed that extrinsic motivation works quite well when implemented as a financial bonus.  These assumptions are both wrong.

Money is as important to knowledge workers as to anybody else, but they do not accept it as the ultimate yardstick, nor do they consider money as a substitute for professional performance and achievement. In sharp contrast to yesterday's workers, to whom a job was first of all a living, most knowledge workers see their job as a life.

Peter F. Drucker, *Management*.⁴

Scientific research has revealed that incentives for performance actually work the other way around.⁵ The anticipation of a reward (either money or something else) works counterproductively, since it

kills people's intrinsic motivation. The incentives ensure that people stop doing things just for the joy of the work. It is called the **overjustification effect**.⁶ Instead of expecting and feeling enjoyment, people expect a reward.

Incentives ensure
that people stop doing things
just for the joy of the work.

Another problem is that rewards based on outcomes increase the risk of cheating, since people's focus is on getting a reward instead of doing a good job. When you reward employees based on outcome, they will take the shortest path to that outcome.⁷ Bad behaviors with dysfunctional side effects undermine the organization's performance, while the employees walk away with a bonus or with their colleagues' pension fund.

Extrinsic motivation, with big incentives based on outcomes, is like a hot air balloon with a basket of gold. It's expensive, and it's hard to make it fly.

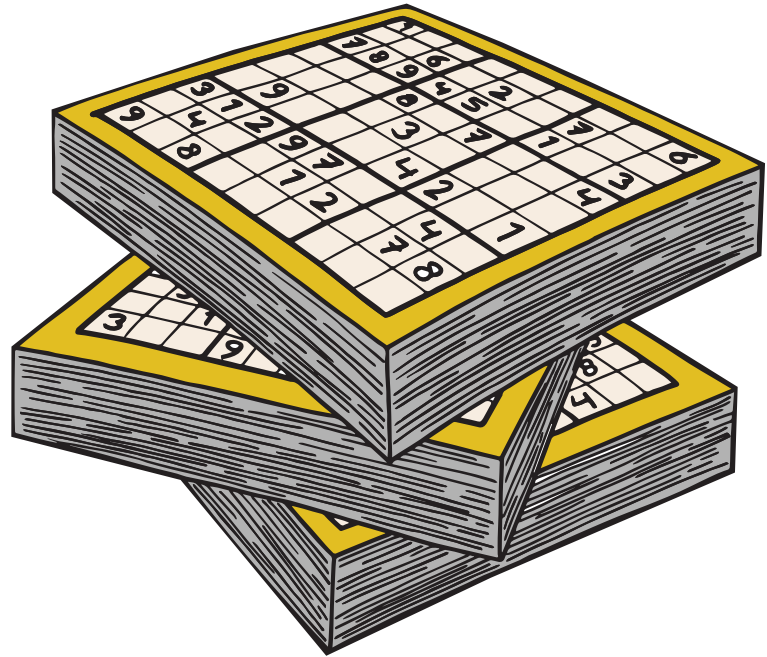


Intrinsic Motivation

Fortunately, there is some good news as well. Rewards that trigger *intrinsic motivation* are more effective, more sustainable, and usually cost less money. 📖 Intrinsic motivation is defined as behavior that is triggered from within a person. In other words, the people are rewarding themselves.

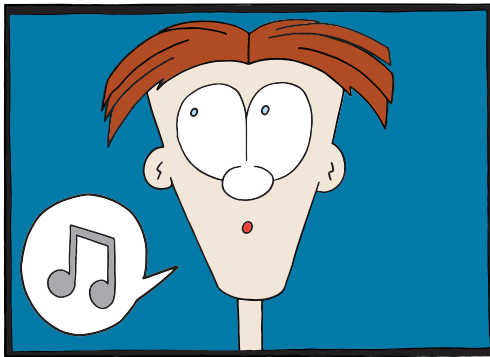
Influence masters first ensure that vital behaviors connect to intrinsic satisfaction. Next, they line up social support. They double check both of these areas before they finally choose extrinsic rewards to motivate behavior.

Kerry Patterson⁸



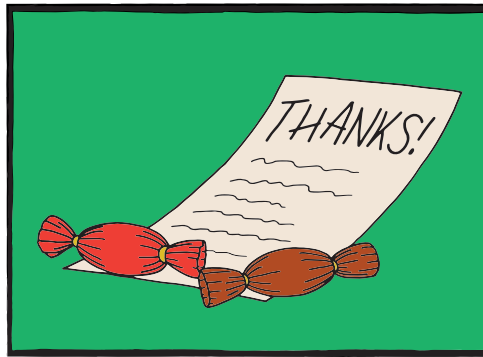
Rewards can work *for* your organization, and not *against* it, when you take the following six rules into account:

Don't promise rewards in advance.



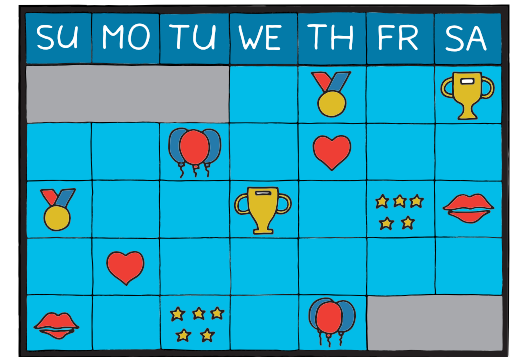
Give rewards at unexpected times so that people don't change their intentions and focus on the reward. Research shows that, when acknowledgment of good work comes as a surprise, intrinsic motivation will not be undermined.⁹

Keep anticipated rewards small.



Sometimes, you cannot prevent people from anticipating a potential reward. In such cases, according to research, big rewards are likely to *decrease* performance. But with small rewards, the risk of hurting performance is negligible.¹⁰

Reward continuously, not once.



Do not look for something to celebrate just once per month or once per year. Every day can be a day to celebrate something. Every day is an opportunity for a reward.¹¹

1

2

3

These six rules for rewards give you the best chance at increasing people's performance and their enjoyment of work, while *encouraging* intrinsic motivation instead of *destroying* it. Notice that an incidental compliment addressed to a colleague in a meeting for a job well done

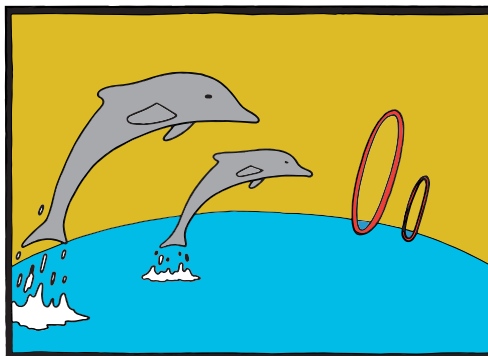
satisfies almost all six criteria. A well-aimed kiss, blown carefully across a conference table, can also do wonders, I've noticed. (Just kidding!) It's not that difficult to implement rewards well.

Reward publicly, not privately.



Everyone should understand what is being rewarded and why. The goal of giving rewards is to acknowledge good practices and have people enjoy the work, too. To achieve this, a regular public reminder works better than a private one.¹²

Reward behavior, not outcome.



Outcomes can often be achieved through shortcuts, while behavior is about hard work and effort. When you focus on good behavior, people learn how to behave. When you focus on desired outcomes, people may learn how to cheat.¹³

Reward peers, not subordinates.



Rewards should not come just from the manager. Create an environment in which people reward each other because peers often know better than managers which of their colleagues deserve a compliment.

4

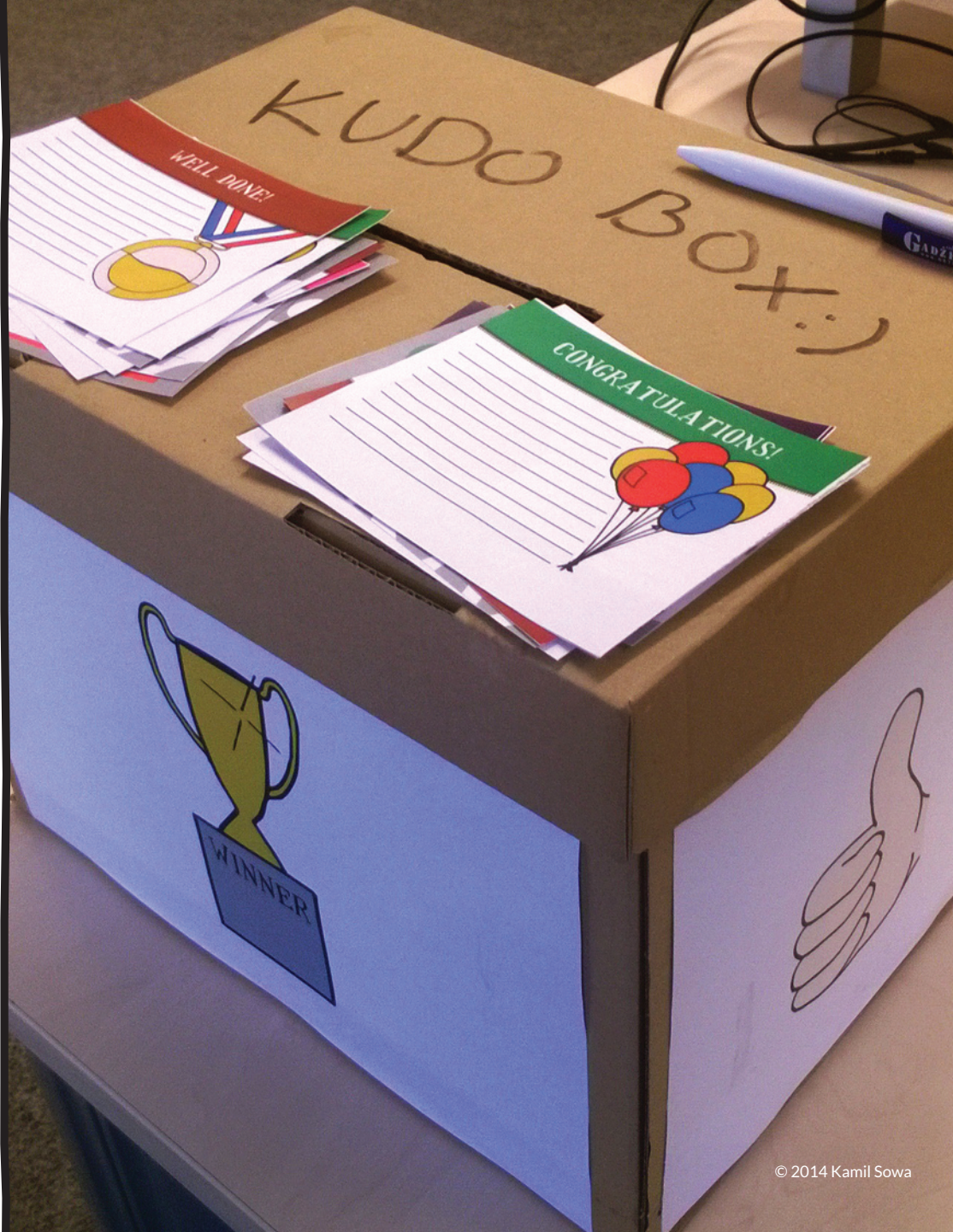
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6

Kudos

Money is only advised as a reward when you need to motivate people to do an uninteresting or repetitive job.¹⁴ And even in the case of creative work, it's OK for rewards to cost a little bit of money, as long as you don't overdo it.

In one of my workshops, Paul Klipp, former president at Lunar Logic Polska in Poland, told me how he created a reward system.¹⁵ He explained that his employees could give anyone a gift worth 20 euro. They called it **kudos** and it could be implemented as an e-mail to a central mailbox, or by slipping a note into a cardboard box. 📧 The management team never questioned why someone was rewarded. When anybody in the company felt someone deserved a reward, the person received it. Paul would personally bring a handwritten kudo note and a tray of gifts from which the receiver could pick one item. And everyone would hear about it on Facebook and on the internal chat system. Paul told me these gifts worked extremely well, and he loved the fact that all employees were involved in recognizing people doing good things. It was a low-cost reward system, and trust was never abused.



but, **kudo**
is not a word!

Some readers have suggested that *kudos* is a singular word and therefore using the word *kudo* is wrong. But *kudo* is simply a back-formation from the Greek *kydos*, meaning “glory” or “fame,” which is misunderstood as being plural. The words *kudo* and *kudos* were introduced into the English language in the previous century. Sure, the singular and plural forms began as a misunderstanding, but the same applies to many other words we now take for granted.



A similar system was implemented by Philip Rosedale, former CEO of Linden Lab, which created the virtual reality platform Second Life. Rosedale called it the *LoveMachine*.¹⁶ It was a tool that enabled employees to send notes of appreciation to their colleagues. According to Rosedale, recognizing each other’s hard work makes everyone feel great. And because everything is transparent, managers gained useful insight into which people were appreciated often and which people never received a compliment.

There are many other names in use for the same system. For example, at Zappos they call them *HERO awards*.¹⁷ But no matter what you call it, a public system that enables people to give each other small, unexpected tokens of appreciation for doing a good job meets all six basic principles of good rewards. A gift attached to the compliment is of course optional. It is the intention that counts. However, experience suggests that a tangible gift helps a compliment to have a bigger impact on the receiver. The gift enables the person to touch, hold, and cherish the compliment. And that has value, too.

should the kudos be anonymous? Should they be private?

I remember one occasion when I received a nice message from someone anonymously. Even now, after 20 years, it still bothers me not knowing who gave me that compliment.

Maybe you are different. Maybe you love the mystery of giving or receiving an anonymous reward. My advice here is simply to leave this decision to the givers and receivers in the company. They can decide best, given the context of the compliment and the culture of the organization, whether they want the identity of the giver to be known or not.

Whether kudos should be given publicly or privately is also a matter for discussion. The generic rule says that public rewards usually work better to improve an organization's culture. Some people, however, shy away from public praise. Again, it is best to investigate your organization's culture and people's preferences to see what works best for you and them.



But What If...?

I noticed there is always somebody who asks, “What if?”

“What if our workers don’t play fair?”

“What if two people abuse the kudo box system to get free movie tickets?”

“What if someone just wants to gain the boss’s favor with a kudo card?”

To these questions I have just one reply: “What if you see such risks because you have a low level of trust in others? What if this low level of trust is a result of your company’s culture? What if the kudo box is exactly the kind of practice that is needed to *change* this culture of distrust in a relatively harmless way?” Yes, there is always a risk that unexpected behaviors will occur. When I give away free books at a conference, some people might use them as paperweights or doorstops. Should this hold me back from doing a good thing?

When cheating *does* occur, it is probably best to let this behavior emerge and evolve naturally, in a transparent way, so others can respond. Let the community decide what to do about cheating. Try not to delegate such matters to upper management, because management is like government. When you expect team members to reward *good* behaviors and you prefer that management deal with *bad* behaviors, you increase the gap between managers and nonmanagers. This gap makes the organization’s culture worse, not better! In the end, everyone will be gaming the system, and management will have a full-time job making rules for “proper” rewards, creating elaborate forms for rewards, and depleting the rewards budget for their own benefit. We all know how governments work. :-)

Let the community decide
what to do about cheating.

Another question I sometimes get is, “What if people *expect* to be rewarded? When one person gets a compliment for doing X, his colleagues might then also expect to get a reward for doing X. Ultimately, everyone will feel entitled to a reward for doing the same thing.”

I understand the problem. Most workers have a good sense of fairness. When they give a reward to one colleague, they might feel bad about not giving a reward to another who has done the same good thing. And before you know it, you have a situation where everyone automatically gets a reward for doing X. Obviously, this should be prevented.

The first rule for rewards says that they should come as a surprise. When people expect to be rewarded, the rewards system has gone off track. That’s why I suggest that you frequently emphasize that praise doesn’t work when it is required or demanded. You might also want to phrase your kudos in such a way that stresses the fact that this is the first time somebody did something or the unique nature of the contribution or the effort beyond expectation that went into the job. That would make it less likely that the next person will expect praise for the same thing. After all, it wouldn’t be the first time, it wouldn’t be unique, and it wouldn’t be beyond expectation.

Finally, some readers have asked me, “Shouldn’t we reward teams instead of individuals? Don’t we want people to work collaboratively, instead of going at it alone?”

Well, yes, of course. But teamwork can only emerge as an outcome of people's individual contributions to that team. You could give a reward *because* of what an individual did for the whole team. Obviously, sometimes it could be worth praising a whole team, a whole department, or even a whole organization. Quite often, however, people's individual contributions to the whole have to be recognized first, *before* the whole unit performs in a way that deserves praise as well.

The kudo box not only adheres to the six rules for rewards; it also satisfies the three principles for Management 3.0 practices: The rewards are handed out for improving the work and delighting clients, and they engage people through intrinsic motivation. And as a bonus, the practice helps you get rid of bonuses!

Teamwork can only emerge
as an outcome of
people's individual contributions
to that team.

About our “shout-out shoebox”

“Since the launch of our ‘shout-out shoebox’ at Brightside Group, we have had 19 cards put in the box, including a thank-you from one team to another. The whole team signed the card and it was proudly stuck up in the receiving team’s area. Another great card was for a new starter who has been with us for just a few weeks but has impressed her team with her ability to ‘hit the ground sprinting.’ She was very touched with the gesture.

The manager, who was skeptical at first, has been surprised by the positive reaction to the scheme, and he now asked if the practice can be rolled out to his own teams. In fact someone has already left a card for one of his teams so it has already crossed over.”

Gary Shepherd, *United Kingdom*





About our Rippas

“Here at Virgin Mobile we have a thing called a Rippa (an Australian colloquialism for good work) which is given to people as a thank-you for a job well done, a token of appreciation, or just for the fun of it. Every person in the company gets a book of Rippas to give out, which are in carbon paper triplicate: One goes to the individual; one is for the manager; and the third goes in the Rippa Box.

Every three months there is a draw and about 10 people win shopping vouchers. Similar to kudos, our system is about giving instant feedback to someone who has helped you out in some way.”

Paul Bowler, Australia



How to Get Started

Now it is time for you to start implementing your own kudo box.

1. Secure commitment from upper management to spend a small sum each month on a new rewards system. If management is fearful of the costs, you can agree temporarily on a maximum amount that will be spent per month. (And make it available through a draw of winners.) If management doesn't cooperate (yet), simply introduce the system without the gifts.
2. Implement the practice at a high level, throughout either the whole company or the whole department. If this is not possible, experiment with one team, but aim to expand it as soon as the practice shows good results.
3. Create a central mailbox, or place a colorful cardboard box in a central location, and name it the "kudo box" or choose your own local terminology. Print kudo cards and posters to support the new initiative, and give someone responsibility for the kudo box. (If you want, you can download our free kudo card designs from m30.me/kudo-cards.)
4. Let everyone know that any employee is allowed to reward any other person with a small reward, by slipping a note or kudo card in the box. Tell them explicitly that you trust everyone not to abuse the system, or else ... the employees should self-organize and take action.
5. Define the upper limit of the value of the gifts, and give some useful examples (movie tickets, flowers, lunches, gift certificates, cash, copies of this book, etc.). But allow people to be creative.
6. Check the box every day, and announce publicly who received a compliment and why. You might have to bootstrap the practice by handing out plenty of kudo cards yourself.

Tips and Variations

I use kudobox.co to send nice-looking kudos to remote workers. We printed our corporate values on the kudo cards to connect rewards to our organization's culture.

We safely tried the practice in one team and, after it was successful, we broadened the scope.

We give the cards personally. It makes a lot of difference when you look a person in the eye and say, "Thank you."

The design of the kudos can make a lot of difference. Make sure the cards themselves look happy!

New kudo cards should be easily accessible. Place them near the coffee machine or the water cooler.

I started with a team that had the worst communication patterns, just to show the practice works for everyone.

Have people pin the cards to a dedicated Kudo Wall, preferably in an area with heavy traffic.

Remove all barriers to finding the cards. Even bending over and opening a drawer can be too much work for some!

Print the company's purpose on the cards. It reminds people why they are giving each other compliments.

We organize a weekly roundup of new kudo cards; we read them out loud and we celebrate.

Download the free kudo card designs from m30.me/kudo-cards. Find more ideas at m30.me/kudo-box.