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Social Recognition: The Kudos Solution

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Abstract

Recognizing employees is a crucial aspect of any employee engagement strategy. But it is easily overlooked amidst the business of running organizations. Kudos is a Calgary-based technology company and provides a simple solution to a cumbersome problem: how to encourage recognition of employees. Using two case studies of Kudos customers as primary evidence, this article describes how Kudos provides solutions to organizations looking to bolster their employee recognition and engagement.

Say thank you. It is advice we give to our kids to teach them manners. But what about when we get to the working world? Do we continue to say thank you? Or do we somehow minimize the importance of doing so? In our business, do we forget to say those words when we should simply stop and take the couple of seconds or minutes it would take to say to someone “Good job!” We have apps for all kinds of things in our life. Most simply save us time but provide few other benefits. This article outlines the technological

solution one company has developed to ensure employees have every opportunity (and no excuse), to say “thank you” and recognize each other. Kudos is a Calgary, Alberta based company with operations around the world. To gain further insight into Kudos, I met with the company's president (Tom Short) and spoke with senior leaders from two companies that have utilized the Kudos platform for at least two years. Their insights are integrated throughout this paper and reveal that even a simple “thank you” can have a significant impact on employee morale.

Engagement

A number of researchers have found that saying “thank you” is a foundational building block of communication and building connections. For example, Gallup’s engagement survey (Q12) includes the question “in the last seven days, have you received recognition or praise for doing good work?” This question drives home the point that recognition is not an annual event, and needs to be given frequently (i.e. every week). Recognition is considered to be a component of employee engagement, but the causal impact is somewhat debated. A study in Malaysia found that mutual recognition respect (leader and follower mutually respecting each other) was demonstrated to predict follower job performance and well-being, while appraisal respect was only found to predict follower job performance (and not well-being).¹ In other words, mutual recognition of leaders and employees affected the well-being of employees.

Employee engagement also impacts results. Gallup conducted a meta-analysis of 82,000 teams in 230 organizations, comprising a total of 1.8 million employees. Gallup found that teams that were in the top quartile of Gallup’s engagement survey were 21% more profitable than those in the bottom quartile. Across a variety of metrics, engaged teams outperformed their disengaged counterparts.²

Grant and Gino found that when helpers are thanked for their efforts, they experience stronger feelings of self-efficacy and social worth. This then motivates them to engage in prosocial behavior. These expressions of gratitude increase prosocial behavior by enabling individuals to feel socially valued.³ Ashkensas makes a similar assertion and states that:

“Interpersonal appreciation is the day-to-day ability to genuinely and graciously thank other people for what they do. This may sound like Etiquette 101, and we assume it’s the basis for most of our interactions in organizations. Unfortunately, it’s a behavior that’s too often forgotten in the heat of battle, the tension of deadlines, or the routine performance of repetitive tasks. In fact, many managers seem to think that a salary and a steady job are the only thanks that subordinates need.”⁴

As Ashkensas notes, saying “thank you” does seem like Etiquette 101. Likewise, in a perfect world, with perfect managers and perfect employee interactions, Kudos (the company) would not be needed. Managers would find ways to give kudos to their employees throughout the day. They would send emails, cards, notes and use a plethora of other media to say thank you (or just stop by the person’s desk and express their appreciation). Unfortunately, it is not a perfect world, and sometimes team members need reminders, encouragement, and tools to say what might be the two most important words they could say that day: “Thank you.” In management literature, there is an old saying whereby “if you leave culture to happen on its own, you will get what you deserve.” Likewise, if an organization leaves recognition to happen on its own, it likely will not happen. And the implications of passivity are huge. Kudos fills this gap and helps organizations put recognition at the top of mind for managers.

Kudos emphasizes that the specific definitions of terms are important. In a company white paper, Kudos notes that “for our purposes, recognition is the term used to acknowledge positive behaviour and

performance, while feedback is what a manager provides in response to negative behaviour and performance.”⁵ These definitions are important to note for the rest of this article.

The Kudos Solution

Kudos is an employee recognition system and corporate social hub, changing the world one ‘thank-you’ at a time. It gives organizations a branded, online environment for celebrating value-based employee achievements – allowing organizations to emphasize the value the company puts on the problem solving process and behaviours, not just the final outcome. It allows organizations to publicly celebrate losses that occur in the spirit of innovation as if they were wins ⁶ and recognize and reinforce all behaviors that lead to success. Kudos is founded on the premise that social interactions form a primary foundation of innovation and engagement.

Kudos was founded by Tom Short and Muni Boga.⁷ Short originally developed a simple app for use in his marketing and advertising company, to help recognize and connect his team members. Some of their clients saw this app however and were intrigued, as they had dealt with the same issues. They asked if they could use the app, and Kudos the company was born. Today, Kudos operates in 81 countries around the world.

In essence, Kudos operates like an internal micro social network. An organization will setup an account with Kudos, and Kudos will create a closed network for that company on its cloud-based SaaS platform. The platform can then be accessed via desktop computers, a variety of integrations, and/or mobile apps. The employees in that company are then encouraged to give recognition (“kudos”) to other employees and can see the recognition given to others by their peers. Over time, sending these kudos becomes a norm in the organization and can become embedded in the culture as much as any other norm. All kudos notes sent are stored and can be accessed at any time by the employee or supervisor, then becoming a rich repository of what the employee has done, both large and small, at the organization.

For example, an IT representative might give an internal presentation to the management team about a new piece of software that is being implemented in the organization. In a traditional company, the person might never know how they did in the presentation. If they are lucky, their supervisor was in the room and he or she might talk about it at the next meeting. At their annual performance review, their supervisor might note that presentation. More likely, he or she might have forgotten about it. In addition, being given recognition for something you did months after you did it can feel rather shallow.

Kudos solves this dilemma by providing a simple way for the supervisor (or really anyone in the presentation) to recognize good work within moments of it being done. That immediacy is the biggest benefit. Most performance systems are so cumbersome that Managers do not have immediate access to them. The process for recognizing someone requires nominations, forms, reviews and approvals - defeating the purpose (and motivation) to recognize a direct report or team member. When it comes to traditional performance reviews, managers dread them as much as the employees do. But clicking on an app and entering a note as easily as sending a Tweet or Facebook message comes naturally to managers and employees today. And most importantly, it can be done right in the moment.

If desired by the organization, the accumulated kudos received can be converted into a product of monetary value (i.e. gift card to a restaurant or similar). These serve as a nice reminder but are not necessary. Unfortunately for many organizations, the employees crave recognition so much that the recognition itself is a reward that no monetary bonus or gift card could top. Traditional rewards programs often put too

much emphasis on the material reward itself. The system of generating those rewards often leads to inequities and entitlements that just cost the organization money, without improving outcomes.

Customer Discussions

The concept behind Kudos is intriguing and is grounded in research on recognition. But the actual usage and effectiveness of Kudos has never been independently reviewed beyond anecdotal discussions between the Kudos team and Kudos' customers. To gain further insight into "how" organizations were utilizing Kudos, I met with a senior leader at two companies currently utilizing Kudos. A summary of the lessons learned from these organizations is noted below.

Calgary Parking Authority

Calgary Parking Authority (CPA) is a Calgary, Alberta based organization that oversees parking lots, garages and parking enforcement in Calgary.⁸ CPA has 270 employees in Calgary and is a wholly owned division of the City of Calgary (any profits generated by CPA go directly back to the City of Calgary). I met with Kathy Lidbury, Human Resources Manager of CPA, to discuss their utilization of Kudos.⁹

CPA integrated Kudos in September 2015 to replace their performance management system. They had just doubled their total workforce that summer by bringing a number of formerly outsourced positions back in-house and were looking at ways to grow employee engagement. The management team was a little hesitant at first, as some managers thought that employees would take advantage of the monetized components of Kudos. This is an optional feature that allows organizations to reward employees for certain thresholds of kudos they receive, with kudos points. They can then cash those kudos points rewarded with gift cards, monetary bonuses and/or physical gifts. Initial utilization was slow at first, but 80% of CPA employees now utilize Kudos.

CPA sees especially high engagement with their enforcement group and with teleworkers (who spend 95% of their time working from a home office). The enforcement group typically shows up at the main office for a short morning meeting and then work out of the office for the rest of the day. Their main connection point to other team members are via Kudos, utilizing their CPA smartphones or tablets. This allows supervisors to touch base with their team members throughout the day, not just first thing in the morning.

CPA is a unionized employer, and most of their staff are unionized with a large public-sector union. I asked Lidbury what the union's response was to the roll-out of Kudos and if there was pushback from the union. Lidbury stated there was none at all. The union representatives were mostly just curious to see how it would be utilized and really had no frame of reference to this software; it was new to everyone. To date, CPA has not received a single grievance or engaged in any labour relations issues over the use of Kudos. In the 2+ years of utilization, Lidbury only recalled one relatively minor incident. A staff member posted a joking comment in Kudos that offended someone. A CPA Manager simply removed the comment and then spoke with the employee. Lidbury emphasized that one minor incident in two years—and one that was easily rectified—was a really good track record.

CPA has experimented with other uses of Kudos, beyond what CPA initially intended with their utilization of Kudos. The Kudos developers have evolved their software over time to allow for this individualized experimentation. For example, a common problem with large employers is determining "how" to communicate important information. CPA Managers use Kudos to communicate general announcements,

in addition to sending out organization-wide emails. The previous CPA General Manager would ask staff to send him questions. If they did, he would respond in a short (maximum 3 minute) video response and would post that response on Kudos. I interviewed Lidbury in December 2017 and CPA was in the midst of a holiday decorating contest in their office. Staff posted pictures of their office décor into Kudos, and engaged in conversations, and friendly competitive banter, about the various entries. Kudos has evolved into a de facto social intranet for CPA's employees, and one that continues to evolve and grow for their team.

In summary, Lidbury emphasized that Kudos has been an effective tool for CPA. While hesitant to draw exact causation inferences, Lidbury believes that the social recognition encouraged by Kudos has been effective. It has helped them think holistically about employee engagement and has generated many interesting conversations about “how” best to recognize and thank their team members for their great work. She also believes Kudos has helped their employee satisfaction scores increase steadily over the past two years.

SureCall

SureCall is a Calgary based multimedia call centre that provides outsourced global Business, Processing & Outsourcing (BPO) services for small and large organizations.¹⁰ In operation for more than 35 years, SureCall has 100 employees, 60% of whom work remotely from home offices across Canada (this will grow to 80% in 2018). They operate solely in Canada as of the date of this article but are looking to expand internationally. I met with Desiree Bombenon (CEO of SureCall) to discuss their utilization of Kudos over the past three years and what SureCall has learned.¹¹

SureCall was looking for software that would help stimulate their employee engagement and provide an open platform for their team to communicate with each other. They did not feel their culture was broken but did want to ensure they maintained a thriving culture as they looked to expand and grow.

Working from home is a topic that is often debated in terms of merit and “how” to setup an effective work from home program.¹² Grenny and Maxfield recently studied 1,100 remote workers and found that they feel disconnected from the office and often feel shunned and/or left out of the organizational culture. While cautioning Managers to not end all remote work programs, Grenny and Maxfield wrote:

“While managers may be tempted to respond to these findings by ending remote work programs and bringing everyone back to the office, we don't recommend that. Instead, they should encourage habits that lead to feelings of trust, connection, and shared purpose.”¹³

This creates a dilemma for Managers: how do you encourage those feelings of trust, connection, and shared purpose? Bombenon believes that Kudos gives her and the SureCall management team the exact tool they need to stay connected with their team. Bombenon believes that this daily, ongoing connection is an important aspect of why SureCall's turnover rate remains well below the industry average (6% versus 30%). It is also partly why they have a number of employees that have been with the organization for more than 10 years, with an average duration of 5 years; tenure unheard of in the call centre industry.

A common theme in management literature is the importance of communication, and specifically, soliciting communication from the frontlines. Hewlett Packard's 1970's Management by Walking Around (MBWA) strategy and General Electric's Work Out program are two examples of this. While seemingly effective, these programs seem geared towards extraverted, confident employees, who will speak up to Executives. The problem is, many employees are not extraverted, and may not be confident enough to speak up to a CEO (or other Executive) face to face. A CEO will always have some form of power distance

in his/her interactions with employees. Bombenon acknowledged this is something she wrestles with as a CEO. She wants the feedback, but also acknowledges that she may still intimidate some employees, simply because of her job title. She believes that Kudos gives a platform for the quieter and more introverted employees to speak up. They have time to formulate their thoughts and will provide Bombenon with feedback they might not have given her face to face. Their feedback has proven to be invaluable to SureCall's sustainability and growth.

Recent viral events, such as the April 2017 United Airlines abuse of a passenger incident, showcase how fast an incident can spread via social media channels. Quite simply, the speed of communication has increase exponentially. Customers demand immediate responses to complaints and will jump to social media to complain when they do not hear a response. Investors demand to see immediate turnarounds on improvements, before the next quarterly earnings are released.

Likewise, the traditional "once per year" performance year model is regarded by many organizations as being completely outdated.¹⁴ Employees (especially Millennials) seem to crave immediate feedback and instant communication. But it is extremely tough to provide that immediate feedback logistically. Bombenon noted that many executives do not have the mindset to handle immediate and ongoing feedback internally, and especially not externally. This coincides with Jay Baer's research on customer service. Baer notes that "Not responding is a response. A response that says "I don't care about you."¹⁵ Likewise, not saying anything to an employee is a type of response, and it isn't a very good one. Bombenon believes that Kudos has helped her and her executive team to practice receiving feedback, not get offended by the feedback, grow from it, and respond to the feedback in a professional and timely manner. They feel well prepared to respond to criticisms of SureCall on social media platforms, if an issue ever arose, because they have been practicing with Kudos for the past three years.

In summary, Bombenon emphasized that Kudos has been a key tool for SureCall. It is not the only tool they have, nor is it the panacea to solve their organizational problems. But it is, and remains, an important tool to their success. Bombenon intends to grow SureCall internationally over the next few years, and it remains to be seen as to whether Kudos will continue to be an effective tool for SureCall as their customers, and employees, transcend different cultures and geographies. But Bombenon intends to keep using Kudos moving forward and is thoroughly impressed with the software.

Summary of Customer Discussions

Overall, the two organizations I met with seemed extremely happy with their use of Kudos. Kudos does seem to have generated a 21st Century version of the Hawthorne Effect. Simply by enabling their team members to recognize each other, these two organizations have found ways to bolster productivity, engagement and results. Lidbury and Bombenon do not have issues with the software itself but do caution other organizations to not see Kudos as a panacea solution to organizational problems. It is a valuable tool, but cannot replace effective management and strong, authentic leadership. They also cautioned the author that organizations who attempt to utilize Kudos in a culture that is severely struggling, may see it backfire on them. At risk of simplification, Kudos could actually be a detriment to a culture that is a "one or two out of ten" but could prove to be invaluable to a culture that is a "five or six out of ten" and wants to grow to be a high performing culture. They cautioned that the culture needs to be ready for Kudos, and suspect it would be misused by disgruntled teams to voice concerns, if that culture was not ready. Leaders must perform a self-assessment before implementation, to ensure their culture is ready.

In addition, these two organizations have found ways to “enhance” Kudos and utilize it in ways that the clients did not initially envision. For instance, SureCall posts its employee forms and policies (i.e. vacation request forms) in Kudos and scrapped its company intranet. While not originally seen as primary purpose of implementing Kudos, these other attributes might intrigue an organization that is skeptical of adding *another* system to their work. It seems that organizations still wrestle with how they can best communicate with each other internally. Kudos may not have been built as a communication or process management tool, but it could replace some poorly used systems and cumbersome manual processes.

Conclusion

This article provided two case studies into companies utilizing Kudos. While important, these case studies are still insufficient to provide hard and fast conclusions on the exact benefits of Kudos. It seems that Kudos is helping to grow these organization’s employee engagement, but I cannot draw an exact cause/effect inference from two anecdotal case studies. In the future, additional research could be done to see the direct before/after effect of utilizing Kudos and the exact utilization by employees in organizations. It would also be valuable to speak with more Kudos customers as well. I simply lacked the time to do so for the purposes of this article but remain intrigued at its potential.

Kudos provides a simple solution to a cumbersome problem: how to encourage recognition of employees. Saying “thank you” is a simple, but often overlooked managerial tool. Kudos makes it easy for all employees (not just managers) to thank each other for the work they do every day. The company has a bright future as it expands internationally and really is a Western Canadian success story of innovation and determination.

Disclaimer

The research for this article was conducted independently by the author. Tom Short (President of Kudos) assisted the author with setting up meetings with the two aforementioned organizations. He also provided background information to the author on Kudos. A draft was given to Mr. Short for review before publication to ensure accuracy. WTIR or the author did not receive any monetary gain from anyone or any organization associated with Kudos in return for publishing this article.

About the Author

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Endnotes

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