LiveWatch Security

Midwest Small to Medium-Sized Enterprise Leader
Filling the ranks of a fast-growing company with young workers through game-based training

Based in the small community of St. Marys, Kansas, roughly 20 miles west of Topeka, LiveWatch Security saw demand for its wireless alarm systems skyrocket. Revenue for the company, founded in 2002, shot up 56 percent to $9.5 million in 2012 from $6.1 million in 2009. But LiveWatch had a problem finding skilled talent in a rural town of about 2,600. Cofounders Chris Johnson, the president, and CEO Brad Morehead needed a pipeline of trainable, tech-savvy employees. So, inspired by the love of gaming that they saw in young people, the company developed an innovative recruiting and training program that uses a gaming approach to score and pay players based on their performance.

The program launched in December 2012. Meanwhile, LiveWatch has grown its ranks fivefold—to just over 100 employees in 2014 from about 20 in 2010. The company has won awards for its customer service; its growing list of clients includes the U.S. State Department and the Department of Justice. It has also established itself as one of the best employers in a tiny community by providing living wages to young people, who often rely on minimum-wage jobs to get by. About 64 percent of its workforce (up from 28 percent in 2010) are youth, the majority of whom are upskilled through the company’s novel “gamification” training program. In total, LiveWatch has hired 151 young men and women since 2010 in a region where 20 percent of those under 19 are unemployed. Many of the young adults stay permanently, but some, such as college students, move on to other pursuits.

Games as training tool
To attract and motivate young people, LiveWatch’s tech team created a game-based training system that records trainees’ progress as they successfully complete modules for specific jobs in the company. Trainees earn points based on their performance and their willingness to try new tasks. The company has an intense focus on customer service—and the scoreboard system underlines its approach.

Johnson and Morehead didn’t create the system solely to attract trainable young workers; they were also passionate about giving back to the community by breathing life into the sleepy local economy. Johnson’s background was as a paramedic; Morehead had been involved in leading start-ups and private equity and now teaches entrepreneurship classes at Northwestern University’s Kellogg School of Management in Evanston, Illinois, about 25 miles from LiveWatch’s Chicago office. “By offering a tech-focused position to young people here, you get them excited about the position,” says Morehead. “It’s one of the best options in the area.

Tapping talent
About 75 percent of current entry-level employees are between the ages of 16 and 24. Many were recruited by word-of-mouth: LiveWatch’s location in a small community means everyone generally knows one another, so existing employees often tap family members and friends for employment opportunities.
Morehead also speaks at local schools, including high schools, about LiveWatch. A persuasive speaker, his enthusiasm has attracted many young recruits. “We have found that embedding ourselves in the local high schools is pretty important,” he observes.

The company also works closely with local area colleges, including St. Mary’s Academy & College in St. Marys, Kansas, and Oakton Community College. At Oakton’s main campus in Des Plaines, Illinois, a professor’s enthusiasm for the company’s training program has attracted new recruits.

Making a difference in the local economy
Aldries Tompkins, 18, a young tech support team worker, is one success story. Tompkins was held back twice in school and is two years shy of graduating from high school. Before LiveWatch, he worked locally at Froggy’s Restaurant, but felt the job held no future. He applied for a job in LiveWatch’s shipping department and was later promoted to the tech team because he had expressed an interest.

Tompkins, who works 40 hours a week at LiveWatch, loves the atmosphere at the company and is intrigued by its focus on selling and monitoring alarms. He ultimately hopes to attend a seminary to become a priest but is also considering studying mechanical engineering and programming at college after he earns his high school diploma.

It’s all in the game
Here’s how upskilling at LiveWatch works: In an initial two-week formal training program, new hires learn the basics of their jobs from managers. LiveWatch offers training in six key areas: technology development, business development, marketing, accounting, billing and customer service. Trainees are assigned to real work with customers; those in customer-facing roles earn points based on how well they perform and their willingness to try new tasks. Trainees in technology and accounting help operate and monitor the system and do not initially earn points.

Trainees also participate in ongoing training through one or two weekly modules on topics ranging from new technology tools to soft skills like empathizing with customers. “We encourage everyone to get cross-trained in every area,” Morehead says.

All participants earn points during workweeks for tasks like renewing a customer account. Points are recorded on a dashboard in the online/electronic system and are translated into dollars. “It’s almost like a video-game approach,” Morehead says. Young hires can greatly increase their weekly pay this way.

LiveWatch has eliminated performance reviews—it believes they are less useful than its gamification system, which tracks the daily performance of employees.

Training and recruiting costs per new hire run from $1,500 to $1,800. So far, 50 individuals have been trained using the new gamification system.

Morehead says that even a company without technical knowledge could create a similar system:
“We used a pen and paper to figure out how we wanted it to work.” He says another company could create an entirely manual baseball-scoreboard type system using whiteboards to track employees’ performance and motivate them. “You can score this the old-fashioned way and turn it into a game,” he says.

**More than a living wage**

LiveWatch employees start at more than double the minimum wage ($7.25/hour in Kansas) and get all benefits. Because of the point system, some earn quite a bit more.

Among trainees, 12 percent have been promoted to managers or supervisors. About 25 percent have been promoted into other positions. After a year on the job, roughly 90 percent of new hires are still with the company.

Dr. Andrew Childs, associate dean and the humanities chair at St. Mary’s College, says LiveWatch is very supportive of the trainees it hires from the college, making every effort to ensure that students keep up with their coursework. The company often recruits students for part-time work while they are in college and allows them to leave midday for classes.

“I honestly can’t recall an employer in any field or at any place as considerate or flexible with its employees as LiveWatch,” Dr. Childs says. “When my students tell me about the accommodations the company has made to keep them as part-time workers—it’s as if the company works for them.”

**Scalability and costs**

Morehead is confident that the program can be easily scaled up or down. Training youth is an investment in growth, helping LiveWatch pursue new business and hold onto its current accounts.

“They’re not doing busy work,” says Morehead. “This is one of the keys: We’ve set it up so they can generate value as quickly as possible for the organization. If it’s strictly a cost center, it’s not going to be something really productive for the company. These young people are very computer-literate and provide value in ways you would not expect.” For instance, some have developed apps and YouTube marketing for the company.

Morehead is confident that, given the simplicity of LiveWatch’s training program and the trainees’ contribution to the company’s growth, the program could be attractive to a company like his, with rapid growth.
### LiveWatch Security: Highlights

#### Why hire youth?
LiveWatch needed a pipeline of tech-savvy, trainable talent; it wanted to contribute to the local economy in its rural town in Kansas so young people would stay.

#### Innovation:
LiveWatch’s game-based training program incentivizes youth to master new skills so they can earn more through better performance.

#### Investment:
$1,500 to $1,800 per trainee; the popularity of the program helps keep LiveWatch’s pipeline full and keen to improve one’s performance.

#### Investment sources:
Operating revenue

#### Social impact:
New skills, a living wage and a career trajectory for youth in a small rural town with few employment options

#### Youth employed:
In 2010, 28% of the team was a young adult; today it is 64%. The company has hired 151 youths since 2010.

#### Retention rate:
93% after one year

#### Future plans:
LiveWatch plans to continue recruiting trainees to take advantage of opportunities for further growth

Sources: [The Economist Intelligence Unit](https://www.economist.com/) and [The Rockefeller Foundation](https://www Hữu Rockefeller Foundation.org/), 2015.