

# Engaging Employees in Open Book Management

BY HELENA O'CONNOR



ILLUSTRATION BY MELECK DAVIS

*A few staff members crowded the back of the small room. Latecomers straggled in until most chairs were full. A huge white board with a crosshatch of lines and columns, numbers and spaces stood at the front. The general manager called everyone to order. The weekly huddle had begun.*

*One by one, department managers posted their weekly sales and explained results. A new hire excitedly asked a few questions. But as numbers went up and the hour dragged on, eyes started to glaze over and interest waned. Some people pecked at their phones. To close, the store manager took the floor imploring staff to increase customer basket size.*

—a recent Open Book Management huddle

**T**he Open Book Management model (OBM) first realized success in the manufacturing industry when Jack Stack created the “Great Game of Business.” The goal was to increase profitability by engaging staff more fully in achieving economic success. Years later, Ari Weinzweig adapted the Game to the retail food environment in his implementation of Open Book Management at Zingerman’s Deli in Ann Arbor, Mich. Co-ops across the nation have embraced this business model as a way to increase staff satisfaction and improve profitability while promoting co-op values of transparency, democracy, and inclusion.

In the previous issue of *Cooperative Grocer*, Jeanie Wells described the mixed results that co-ops report from implementing Open Book Management. Data from CDS Consulting Cooperative staff opinion surveys confirms that some co-ops, such as Wheatsville in Austin, Texas, and Just Food in Northfield, Minn. (see sidebar, page 24), have realized the dream of workers who behave like business owners. However, at many other co-ops, despite large investments in training, Open Book functions more like a communication tool than an engagement model.

Upon implementation, employees are often excited, but over time many lose interest. Attendance drops at the “huddle,” the meeting

where weekly financial outcomes are discussed, and management is left wondering what went wrong.

Employees tell us that the reasons behind their diminished interest include feeling intimidated by the model's emphasis on numbers; scheduling barriers to huddle attendance; and failing to see how OBM fulfills co-op Ends. As one staff member asked, "Am I working for profits and 7 percent growth, or am I working for my community? I don't understand how the growth is going to help us be a better co-op." Instead of engaging co-op staff, Open Book Management seems to be turning some off.

At CDS Consulting Co-op, we believe that the model as presented by Jack Stack and then revised for retail by Zingerman's is not enough to engage co-op employees. It must be adapted to our unique culture. The Open Book purpose must be explained in terms co-op employees care about. Finally, the model itself must be structured to reflect co-op concern for community and the environment. This article will explore concrete ways to overcome participation barriers, engage employees more effectively, and unleash the power of investing everyone in co-op success.

Much management research indicates that successful motivation comes down to the "me" factor. People do things for their own reasons, not those imposed by others. This is important to remember, because many of our employees are idealistic and are motivated by more than the promise of a bigger paycheck. They want to express their values through their work. Some believe in promoting more healthful living, others want to support sustainable farming practices, or strengthen the local community. Still others seek workplace democracy, while many are happiest hanging out with like-minded friends.

Considering this, to enlist employee support for OBM, co-op management must present the model in the following ways.

### Link to the BIG PICTURE

More than ever, co-ops have become an economic and social community development movement that is cool and hip to support. To make participation compelling, leaders must tap into this rhetoric and use it to advantage.

**Connect to human values.** A purpose of OBM is to give employees the information they need in order to know where the business stands. Taking this further, employees respond to the idea that management is sharing information because they seek transparency. This transparency connects the OBM purpose to human values such as "honesty" and "trustworthiness." It is critical to explain why the co-op is

## Open Book must be adapted to our unique culture and must be explained in terms co-op employees care about.

pursuing Open Book in terms that the employees respect.

**Tap into the co-op movement.** The ultimate promise of Open Book is increased revenue and profitability. However, to appeal to co-op staff, increasing revenues must be placed in the context of becoming a larger, stronger, alternative economic force in the community. Economic power is a means to achieving larger Ends, not the end. Rather than asking staff to sell more, urge them to introduce customers to a new, helpful or enjoyable product. Communication about increasing sales should never be only about "making more money."

**Introduce lines that relate to non-financial co-op Ends.** Along with standard financial indicators, Open Book should track the percent of products bought locally, materials recycled, memberships sold, and customer satisfaction levels. For example, schedule a front-end person at peak shopping times to ask customers one key question, such as whether they would recommend the co-op to a friend. Then, turn that into another line to track.

Engagement in Open Book depends on management ability to connect the dots between meeting financial goals and making the world a better place. Without this, staff will become cynical and interpret practicing Open Book as "going corporate."

### Link to PEOPLE WORKING TOGETHER

Overwhelmingly, co-op staff members report that they value their close relationships with co-workers. To engage staff in Open Book Management, "increasing cooperation" should be one of its articulated goals.

**Sell participation as a way to help departments know each other.** Concrete steps to facilitate cooperation include sending "visitors" from one department to the huddle of others. When Open Book brings operational problems to light, assign them to short-term, task-specific staff teams. Finally, playing the "games" that are cornerstone to Open Book brings staff members together. Participating in Open Book is more appealing to staff when it is cast as a way to build a warmer internal community.

### Link to HAVING FUN

When co-op employees work together, they also want to have fun. If, as one co-op employee put

it, "Store huddles seem dry and rehearsed and not a good environment to stimulate new conversations," they won't attend. Use the following strategies to infuse Open Book with a spirit of fun and playfulness. Having fun will also help make following the numbers less intimidating.

**Enlist the wackiest, most creative employees** to serve on an OBM team. Their goal should be to make the program fun in ways their co-workers would enjoy. Pay for their time, and give them a budget.

**Use music and symbols.** Weaver Street Market, in Chapel Hill, N.C., used a song by the Talking Heads, "Stop Making Sense," as the OBM theme song, calling their program "Start Making Cents." When it was time to review the numbers, the song was played across the store to call employees to the huddle.

**Celebrate often and make noise.** Be positive, cheer often, use noisemakers of all kinds. Throw things in the air when numbers are up. When they are down, play a battle cry. When milestones are reached, plan something celebratory.

**Partner with the marketing department.** Ask them to make creative, colorful signage and boards, or silly trophies to display for departments that make their weekly forecast. If nectarines are the Product of the Week, make something fun for staff to wear that features the fruit.

### Link to BUILDING SKILLS

Co-ops, especially in college towns, employ a disproportionate number of highly educated young people. Furthermore, co-op jobs are often tedious. Open Book offers staff the opportunity to learn about business finance. However, in order to interest staff, training should start with managing personal finances, not with reading a balance sheet.

After understanding the relationship between income and expenses, employees will be more ready to embrace terms such as margin and net profit. Ultimately, staff should work through real-life department scenarios: manipulating buying and pricing decisions, evaluating shrink, and setting labor in order to achieve key measures. Finally, staff should be told that one of the reasons the co-op is teaching financial literacy is to improve *their* futures.

### Develop DEPARTMENT BOARDS and GAMES

Practicing Open Book in the departments is key to capturing staff interest. It is easier for workers to relate the events on their shift to their weekly department numbers. If a baker burns \$200 worth of product, or grocery section prematurely runs out of a sale item because ▶

# Bringing Open Book Management to Life at Just Food Co-op

BY MELANIE REID

Just Food Co-op in Northfield, Minn., opened its doors in 2004. Once the co-op had successfully navigated the initial challenges that every startup faces and began to experience stable finances and sales growth, management felt it was time to engage the staff in the continued success of the business. A training session during a National Cooperative Grocers Association meeting provided the impetus to roll out Open Book Management (OBM) in the fall of 2011.

Two things that happened during the training session strongly impacted the decision to bring OBM to life at Just Food. First, a diverse group of general managers came together around a shared vision and shared goals, in a matter of hours; and second, they were all having FUN! People were laughing and engaging and learning together. It felt like exactly what Just Food needed at the time.

## Education

When implementation began, teaching the co-op's 50 staff members about key financial indicators and how their work impacts the financial condition of the business was one of the key success factors. Management went beyond just posting sales figures on the wall or showing labor numbers on the schedule. Instead, they designed work sessions where staff members were invited to walk through the income statement and balance sheet and ask questions about what they saw. The financial manager played a vital role in literally "opening the books" to staff members and encouraging them to question the numbers.

## Rewards

Incorporating one or more financial "games" alongside the educational component is another important aspect of OBM. Providing an opportunity for staff members to earn bonus money by meeting certain goals creates a powerful incentive and helps to gain and keep employee engagement. Since margin and labor are key controllable expenses, at Just Food they made a game of the margin-minus-labor (MML) equation. Put simply, if the MML figure is better than was budgeted, bonus money is paid out to staff. Additionally, management found that OBM breathed new life into the traditional profit-sharing structure



The big board at Just Food Co-op in Northfield, Minn.

that was in place but had rarely paid out.

## Fun!

At Just Food, the numbers come to life at the weekly Open Book meeting (called the "Swarm"), where all staff members are invited to check in on progress and share ideas. The "story" of the previous week is told, figures are posted, and forecasts are created for the coming week. Announcements are made, news is shared, recognition is offered, and everyone leaves feeling well-informed, energized, and ready for another successful week.

In the early days, various methods were employed to create energy and excitement at the meetings. People wore costumes, toys and snacks were distributed, and people yelled and cheered and hugged each other and, in general, acted a little crazy. It was awesome, and people wanted to come to the meeting and talk about the numbers! How great is that?

Just Food General Manager Patrick Neily points out the impact of staff taking ownership of the program. He says, "As a manager, there's nothing better to me than staff engaging each other in the numbers and telling the story behind

them, leading discussions and giving feedback." Throughout the implementation process and evolution of the program, a cornerstone has been the belief that if staff are invested and engaged in the process, they'll be better able to understand and meet store financial goals. Right from the start, management at Just Food encouraged grocery stockers and cashiers to take ownership of the lines on the big board and negotiated scheduling conflicts to get as many people as possible to attend. Now, two years into OBM, Patrick says that 25–35 percent of staff attend the meeting each week.

Implementing an Open Book program takes a lot of time, energy, and hard work. It doesn't happen overnight. However, the rewards can be BIG! There is power in transparency. When staff members are informed and participate in improving the financial success of the co-op, there are countless benefits: more employee satisfaction, great ideas being implemented, better customer service, and improved financial results. Neily says it best: "Knowing that one-third of your staff are all moving in the same direction and are all more informed each week—absolutely priceless."

PHOTO COURTESY OF JUST FOOD CO-OP

## STAKEHOLDER SOLIDARITY

To engage non-management staff in Open Book, managers must adjust their traditional leadership role from telling and directing to asking and facilitating.

◀ of poor ordering, their weekly numbers will reflect this story. Understanding this cause-and-effect relationship is essential to motivating participation.

To engage non-management staff in Open Book, managers must transfer control for making some decisions to their staff. To do this, managers must adjust their traditional leadership role from telling and directing to asking and facilitating. Supporting staff to truly own department lines can feel risky, because as managers are releasing control, their numbers are being publicly scrutinized. As a result, it is common to find managers giving Open Book lip service at the store level, but not implementing the model in their departments.

To remedy this problem, practicing Open Book successfully must be an explicit performance goal for each department manager. Second, managers should receive training in communication and group process skills. Third, a financial bonus program should be established to reward their success. Think of the “me” factor. Open Book requires that managers work harder and take risks, so participation must be worth it.

### Ensure INFRASTRUCTURE support

If staff members perceive barriers to improvement that are beyond their control, they will stop trying. Slow computers waste time, so measuring sales per labor hour isn't taken seriously. Overcrowded coolers, an inadequate Hobart scale, or malfunctioning credit card machines stand in the way of productivity. If financial reporting can't track product movement, or if sales reports arrive late, buying decisions are hard to evaluate. Use a staff team to identify these challenges. Necessary tools can make all the difference in empowering staff to engage with Open Book.

### Involve everyone and LEAD UP

**Be inclusive.** Make sure everyone gets information, gets trained, and goes to meetings. If some employees are left out, they will become the naysayers and work against Open Book. Be fair regarding participation by rotating staff ▶



**Northcountry Cooperative  
Development Fund**

- Cooperatively owned and governed
- Providing loans for expansions, relocations, and more
- More than \$35 million invested in cooperatives

612-767-2100

[info@ncdf.coop](mailto:info@ncdf.coop)

[www.ncdf.coop](http://www.ncdf.coop)

**35 Years of Investing  
in Cooperation**

**Advertise in the  
Cooperative Grocer**

To advertise, contact Dan at **612/436-9177**  
or email [dan@cooperativegrocer.coop](mailto:dan@cooperativegrocer.coop)

**ORGANIC**

**ICE CREAM SANDWICHES**

**17 FLAVORS**  
**3 SIZES**

**three twins**  
ice cream

**Inconceivably delicious organic ice cream**

**Introducing:  
Ice Cream Sandwiches  
and 5 New Pint Flavors!**

**USDA ORGANIC**

**1% FOR THE PLANET MEMBER**

ice cream for acres

◀ coverage. Require Open Book training at the end of the probationary period so that everyone understands and uses a common language.

**Communicate huddle information.** You cannot over-communicate Open Book. Community Merc in Lawrence, Kans., created the “Super Six,” a list of things from their store huddle that everyone needs to know. The co-op emails the six points and also posts them in the break room. Whole Foods Co-op in Duluth, Minn., places its whiteboard in a central hallway called the “the Super Highway.” Staff newsletters can communicate progress and tell Open Book stories.

**Look forward, not back.** Successful Open Book is about staff forecasting the future and then making it reality. Zingerman’s calls this the 80/20 rule—80 percent of time spent looking forward and 20 percent looking back. It’s not engaging to hear managers talking about last week, because the past can’t be changed. Rather, excitement builds in imagining what next week could bring.

Spread out decisions. In order for this model to succeed, non-management staff must own

**Practicing Open Book successfully must be an explicit performance goal for each department manager.**

lines and be able to influence their outcome. If merchandisers buy without consulting those closest to customers, floor staff won’t own the sales results. Leaders must be facilitators, not directors.

**Make it pay: COMPENSATION**

Jack Stack urges Open Book practitioners to “provide a stake in the outcome.” Think back to the “me” factor. If staff are successful and meet their forecasts, everyone should benefit. Values inspire employees to act, but sharing in financial success will make their enthusiasm endure. A prize for winning a game is fun to receive, but it won’t help pay back student loans. The most successful Open Book Management programs include some gain-sharing component along

with a manager bonus. Sharing financial gains among stakeholders is consistent with co-op values.

**Finally**

In conclusion, the following employee statement sums up the promise of Open Book Management: “I like to see the numbers and know how our department’s decisions affect the co-op. It’s great for us workers to get feedback on our actions. OBM demystifies economics. It’s an improvement over the system where the manager makes all the decisions and we do as we’re told.”

Successful co-ops say the financial payoff of OBM is great also. But co-ops are quirky, and their cultures are unique. Open Book Management was created for traditional businesses staffed by people with limited corporate expectations. To engage your employees, you must make this model speak “co-op.” Finding the right ways to adjust and adapt Open Book Management will unleash the power of many people working together to change the world. ■

Facilitating Investment in Food Co-ops Since 1975.



To discuss investing or borrowing, call 1-800-818-7833 or visit [www.coopfund.coop](http://www.coopfund.coop)

**List your job opening in Cooperative Grocer**

Listings are \$75 for 175 words, and can include your logo.

Extend your reach with a display ad on [cooperativegrocer.coop](http://cooperativegrocer.coop):  
225 x 225 pixel ads are \$50/month plus a \$25 setup fee.

To advertise, email [dan@cooperativegrocer.coop](mailto:dan@cooperativegrocer.coop)

**ADVERTISING INDEX**

- Bolzano Artisan Meats ..... page 11
- CDS Consulting Co-op..... pages 7 and 19
- Cooperative Fund of New England ..... page 26
- Down to Earth Distributors ..... page 9
- Equal Exchange..... page 5
- Green Valley Organics..... page 2
- Living Downstream ..... page 28
- Nancy’s/Springfield Creamery ..... page 21
- NCB ..... page 9
- NCBA ..... page 15
- NCDF ..... page 25
- Once Again Nut Butter ..... page 20
- Pachamama ..... page 20
- Peace Coffee ..... page 14
- Silver Hills Bakery ..... page 27
- Sno-Pac ..... page 26
- Three Twins Ice Cream ..... page 25
- Triangle Park Creative..... page 15
- Zingerman’s..... page 10

FAMILY OWNED AND OPERATED



FROZEN ORGANIC FRUITS AND VEGETABLES!

Growers and Processors  
Caledonia, MN 55921  
[www.snopac.com](http://www.snopac.com) or email: [snopac@snopac.com](mailto:snopac@snopac.com)

**GO CO-OP!**