

Open Book Management: Now is the Time!

BY MELANIE REID

Co-ops continue to face an increasingly tough marketplace. Competition for employees is as tough as it is for food dollars. One strategy for attracting and retaining talented and passionate staff members is to build a culture of strong employee engagement. Open Book Management (OBM) has the potential to contribute to higher staff satisfaction, improved engagement, increased accountability, and strong communication.

Inviting staff members to learn about the basic financial workings of the co-op creates a foundation on which to build a culture of inclusion. In this article I will review the potential benefits of Open Book Management and the elements needed for its successful adaptation.

Many co-ops have implemented OBM in recent years. Wheatsville Co-op in Austin, Texas began practicing OBM in 2011. They were the first to dive in, and others followed; still more co-ops are just starting the journey. There have been many successes, and a few missteps, along the way. As a result, much has been learned about the benefits of building an Open Book culture.

Open Book is about culture change

The impetus for introducing OBM is often to bring more transparency and achieve improved financial performance. While these goals are important, OBM is so much more. Implementing an OBM philosophy is about changing the culture of your business. It's about management letting go of some of the control, opening up a dialogue, and drawing employees into decisions that can bring about lasting change.

OBM is about numbers and finances, but it's also about operationalizing the organizational Ends. It's a way to help every member of the staff recognize how the work they do every day connects to the larger, long-term goals of the co-op.

In case you missed it, many aspects of running a grocery store can be pretty dull. Stocking shelves, prepping produce, and ringing up rice can be monotonous tasks. They are essential to operations and important to business success, to be sure, but monotonous nonetheless. Giving employees the chance to engage in thoughtful conversation, participate in decision-making, and be part of setting goals offers them something in addition to their daily tasks.

More importantly, understanding how those tasks impact the bottom-line can ignite people's enthusiasm to do an excellent job every day. Within OBM culture, the conversation returns time and again to the ways in which everybody's actions impact sales, margin, labor, and the long-term success of the co-op.

Open Book requires ongoing commitment

Implementing and maintaining Open Book culture takes a lot of time, energy, and work. Dan Gillotte, general manager at Wheatsville Co-op, thinks ongoing commitment at the top is critical. The general manager must empower staff members to take ownership of OBM while at the same time being actively engaged themselves, but from a back seat. Dan says, "As GM, an important part of your role is coaching line-owners and even the facilitator. You'll need to regularly give feedback to the presenters on everything—from coming to the meeting prepared, to speaking loudly and with confidence and bringing energy to the front of the room." He adds that maintaining a willingness to assess and adapt is vitally important.

OBM is less a system than an approach and a philosophy. As such, each co-op defines and brings OBM to life in a way that reflects its unique organizational culture. OBM must also change and adapt with your business. What works this month may not work later. Metrics that you're tracking now may not be relevant down the road. The lines on the board should change from time to time, along with the ways in which you measure and track. The general manager should always be watching for opportunities for Open Book to evolve.

Education and training make a difference

At the core of OBM culture, there must be a strong commitment to education and training. Since one desired outcome is that employees act like owners, they need to understand how the business works. Teaching staff members about key financial indicators and how the staff's work impacts the financial condition of the business is one of the key success factors with Open Book. A lack of commitment to education and training is one reason some co-ops have failed to achieve all the benefits.

Inviting staff members to learn about the basic financial workings of the co-op creates a foundation. To that end, part of the OBM implementation process should be building a program that includes strong financial literacy training for all staff members. This training also should be included in orientation for new staff members. Teach them how to read an income statement and balance sheet as well as margin and labor calculation. Ensure all members of staff know the goal for sales and how it compares to last year. Explain where the goals come from and the ways in which staff can help to achieve them. Include plenty of time to answer questions.

By teaching staff members about the finances, co-op managers are inviting them into conversations about strengthening the

financial bottom line. This is really at the heart of engagement.

Oryana Food Co-op in Traverse City, Michigan, recently began their Open Book Management journey. “It’s time,” says General Manager Steve Nance. He believes that when staff members understand the basics of the financials, they are better able to make significant contributions. And when everyone is able to contribute, the business has a better chance of continued success. And, Steve adds, “We can have fun with it.”

Empowerment

OBM is most impactful when staff at various levels of the organization work together to bring it to life and take ownership of key roles in the weekly forecasting meetings. Right from the start, encourage anyone who is interested to take the role of a line owner and present numbers at the weekly meetings. Members of management should strive to sit back and allow staff members to tell the stories and strategize how they will meet forecasts.

Certainly, managers should participate—just try not to overpower the discussion. This letting go can be a challenge. However, it’s important to keep in mind that managers have plenty of opportunities to deliver information and to have their voice heard. Taking a step back can allow staff members to feel more ownership and create a space for dialogue between management and staff. Welcome everyone into the dialogue by creating a safe place where all questions are encouraged, where all voices are heard, and where everyone’s opinion is respected.

Keep the meetings fun

The best Open Book Management meetings are a blast to attend. When attendees are relaxed and comfortable, conversations seem to flow more freely and be more productive. Often there is food and drink to be shared, and there might be candy or swag tossed to those who participate. Prizes are awarded from time to time, and words of praise, encouragement and thanks are prevalent. Don’t forget the clapping, cheering, and occasional high-fives! There’s nothing worse than a boring OBM meeting where nobody is smiling, no laughter is heard, and people are not engaged in an active dialogue.

In order to keep up the energy and excitement in the meetings, everyone needs to contribute. Don’t leave it up to the facilitator and line owners to bring all the energy. It’s everyone’s job to be a good participant and contribute positively to the meeting by offering ideas, suggestions, feedback, and good vibes. When everyone brings 100 percent to the meeting, everyone gets to leave with even more.

Remember, work doesn't need to stop to have Open Book

Be flexible and be creative. Set a tone that invites people to be at the meetings. Assist with negotiation of scheduling conflicts to ensure as many people as possible attend. Hold meetings in the kitchen, backroom, produce prep room—wherever people are. Location is less important than the conversations that take place. When Open Book Management culture is at its best, it is spectacular and life changing. At its worst, it’s a bore and a waste of

time. Whether you’re considering taking the first steps on an OBM journey or think it’s time to breathe new life into a waning OBM culture, take a moment to reflect on a vision. Consider what you hope to achieve and what a successful OBM culture will look like a year down the road. Then dive in and begin bringing that vision to life. It’s time! •

10 Rules of Finance

1. Begin with a plan
2. Profit is good
3. Cash is king
4. Building value is essential
5. The big board is the scorecard
6. It’s gotta tie out
7. A dollar today is worth more than a dollar tomorrow
8. Follow the 80/20 rule
9. We speak the same language
10. Success starts with each of us

Developed by ZingTrain to unpack guiding principles of Open Book Management

You’ll find many additional resources about Open Book Management in the CGN archive at grocer.coop: just use the Search function to explore. CGN member co-ops have access to the CCMA 2017 Presentations Collection, which includes a PDF slidedeck from Melanie Reid and Dan Gillotte. Look for “Open Book Management in Real Life.” You’ll also find profiles for both Melanie and Dan, and can continue the conversation with them and others around this topic.