OPEN BOOK MANAGEMENT

"Employees today are just not like they used to be." "No one is loyal to their company anymore." "What happened to dedication from employees?" Statements similar to these are commonly heard from business owners and managers these days. The fact is, expectations of the American worker **have** changed. With media attention focused on our current recession, corporate reorganizations, mergers, and sales and the resulting downsizings and layoffs, the American worker has good reason to wonder whether his or her job will be around for long. Facing such an uncertain job future, it is no wonder that workers often don't get too committed to their current employer. Not surprising, since commitment is a two way street.

There is no doubt that a dedicated, loyal employee is a more productive, pleasant employee. Many employers, realizing the "two-way street" mentality, have adopted a different approach to managing their workers. Called open book management, this approach focuses on shifting employee attention beyond the parameters of their own jobs and toward the overall performance of the business. The objective of open book management is to get employees to think like owners of the company. This objective is reached by sharing information about the company's direction and financial performance, as well as sharing the financial rewards of the company's success with employees.

The implications of managing employees in an open book environment are many. "Hire for attitude, not aptitude" is a buzzword these days and is particularly good advice for an open book company. The hiring process must be modified to help open book employers find people who want to pitch in, learn new things, and take on new challenges. Many companies have adopted personality profiles and/or structured interview formats in their selection processes to help uncover these traits in potential new hires.

Training is of key importance to an open book company. In order for employees to focus on business performance, they must first understand business basics, such as what those numbers on their company's financial statements mean. The most effective training, of course, includes not only classroom lessons, but real life experience as well. Repeated exposure to and emphasis on the company's financial performance helps employees clearly grasp the concepts and their importance. A scoreboard in the lunch room showing sales and net profit on a month-to-date and year-to-date basis helps keep these figures at the front of everyone's mind.

Incentive compensation plans involving bonuses, profit sharing, and distributing company stock have become increasingly popular in recent years. The goal of such plans is obviously to encourage employee retention and improve productivity, which is pretty tough to argue with. What has been more controversial, however, is how effectively such plans realize that goal. Some incentive plans are paid out at the discretion of senior management, leading to employee claims of favoritism and unfairness. Others are paid out based on complicated formulas that no one understands. Further, plans that have been in place for a few years often become viewed by employees as an entitlement, not as a performance motivator. As mentioned earlier, however, sharing the financial rewards of the company's success is a key component of open book management. What sets successful plans of open book companies apart is three primary factors. First, pay outs are tied to attainment of clear performance goals. Second, the workings of the incentive plan - the numbers that determine the bonus and when and how it will be paid out - are an important part of the company's training program. Finally, progress toward these performance goals is tracked in a highly visible manner on an ongoing (weekly or monthly) basis.

As with most changes undertaken by management, when adopting an open book approach care must be taken not to overwhelm employees. Changing too much too fast generally results in employee skepticism and confusion. Managers who expect instant behavior changes from open book management will be disappointed. Rather, an incremental approach involving small changes that build on each other should be pursued.

Are all employees cut out for an open book environment? Surely not, but chances are those employees who want to take responsibility for ensuring your company's success are those that you want to keep. On the other hand, those employees not so willing to get "on board" in an open book environment can go to work somewhere else without too much of a detrimental effect on your company.