

How do I...?

Implement Open Book Management

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What is open book management (OBM)?

Open book management (OBM) is a form of management in which financial information about a business is shared freely with its employees. Not only is this information shared, but employees are encouraged to understand the information and use it to make the business better. (Gilbert, n.d.)

Why use OBM?

There are many good reasons for businesses to use OBM.

- Understanding a business's finances is important for people at all levels. At many companies, it tends to be accountants and executives who focus on the financial information, but the people with the most ability to make an impact on finances are the frontline employees--waitstaff, cashiers, cooks, etc. (Gilbert, n.d.)
- Understanding the business makes workers more engaged, causing them to be more proactive and creative in addressing issues.(Fotsch, 2017)
- OBM improves relationships between customers and employees. In traditional businesses, frontline workers have no control over the policies they enforce, which can be frustrating for customers if there is an issue with the policy. In OBM, workers are more likely to try to change and improve policies when issues arise. (Fotsch, 2017)

- OBM makes businesses seem more trustworthy, making other companies and customers more interested in doing business with them, as well as making potential employees more interested in working for them. (Fotsch, 2017)
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Step

1

Think about whether OBM is right for you.

There are a number of questions to consider when thinking about whether OBM is right for you and your business.

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- Do you want your employees to be able to help you with financial issues?
- Are you alright with your employees having access to financial information?
- Do you want your employees to have a better understanding of your business and improve their financial literacy?
- Do you want your employees to be more engaged at work? (Gilbert, n.d.)

If you answered "Yes" to these questions, OBM could be for you!



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Step

2

Develop your OBM policy.

What do you want the
OBM policy at your
business to look like?

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- How can you present your business's financial information in a clear way to your employees?
 - When is a good time to meet with employees to go over this information?
 - What information is alright to share with your employees?
 - What information is not alright to share?
 - What areas of the business are you unwilling to change?
 - What are your expectations for how you want your employees to engage with your policy? (Gilbert, n.d.)
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3

Teach the policy to managers.

Managers need to understand the new policies so that they can use OBM to help the company.
(Stettner)

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Step

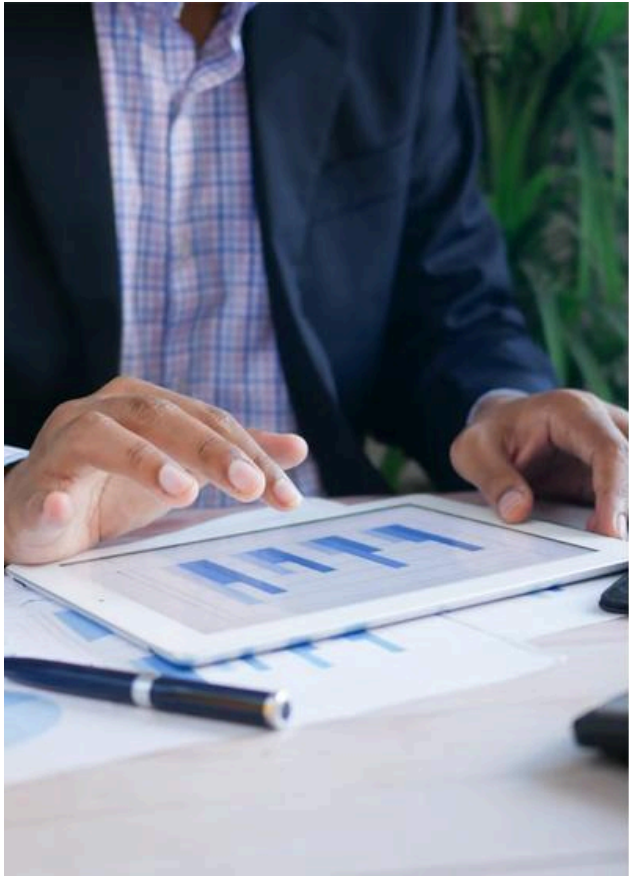
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Have managers teach their employees.

Once managers have a good understanding of your policy, they should teach the people under them so that those employees can also engage with OBM. (Stettner)

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Step

5

Provide clear, up-to-date information.

Distribute updated financial information regularly. Present key data in a clear, accessible format. (Stettner)

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6

Consider incentives for employees.

Think of ways you can reward employees who participate in OBM and find ways to improve the business. (Stettner)

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Step

7

Hold regular meetings.

Meet with your employees on a regular basis to discuss the business's finances, progress, and areas for improvement.
(Stettner)

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Sources

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