

STUDY GUIDE



The Great Game of Business

STUDY GUIDE

The Great Game of Business is all about promoting clear, effective, and open communication in a company. That communication has to begin somewhere, and a number of companies have found this book to be a good starting point. If you want to try using it that way, we strongly recommend that you first ask your coworkers to tell you what parts of the book are relevant to them and the business, and then focus your discussion around the issues they identify. In case you need to stimulate their thinking, here are some questions you might suggest they mull over.

CHAPTER 1 WHY WE TEACH PEOPLE HOW TO MAKE MONEY

On Profit in General

- Is profit good or bad?
- Where does profit come from?
- What happens to the profit we earn?
- Is there such a thing as too much profit? Too little profit?
- How much profit should we be trying to make?
- How does profit affect us?

On Your Company's Profits

- How do we make money in this business?
- Who are our customers, and why do they buy from us?
- How much profit do we make on a typical unit that we make or sell (or a typical account that we service)?

On Making Money and Generating Cash

- What is the difference between making money and generating cash?
- How can a company go out of business if it's making a profit?
- How can a company go out of business if it has money in the bank?

On Jobs and Job Security

- Do the people who work here have the attitude that “it’s just a job”?
- If so, is that a problem?
- What’s the difference between a job and a profession?
- How important is job security to people here?
- How can a person be sure of having a secure income?
- Would we be willing to sacrifice compensation or benefits in order to have more security?
- Is there such a thing as *complete* job security?

On Wealth and Wealth Creation

- Where does wealth come from?
- Is it good or bad? How do people get rich in America?
- How should a company share the wealth with the people who create it?
- Should people who take the greatest risks get the greatest rewards?
- What factors should determine how much people make?

Notes

CHAPTER 2 MYTHS OF MANAGEMENT

On the Danger of Telling the Truth

- Are there situations when managers should *not* tell the truth to the people they work with?
- Can we come up with an example from our company?
- Under what circumstances, if any, would you want your boss or your colleague to deceive you or keep you in the dark?
- Do people in our company tell one another the truth?
- Why or why not?

On the Danger of Being a “Nice Guy”

- Are people here afraid of their managers?
- If so, what are they afraid of?
- Are there things people *should* fear in a manager?
- Can fear have positive effects?
- Can it be a motivator?
- Should a manager use fear or try to get rid of it?
- How can a manager be effective without being feared?

On the Role of the Manager

- What is a manager’s responsibility?
- What do you want from *your* manager?
- What do you think your manager believes you want from him or her?
- Do our managers know what’s expected of them?

On Motivation

- What is motivation, anyway?
- Where does it come from?
- What is the best way to motivate someone else?
- How can you get people to do unpleasant or boring jobs?
- Is money the best motivator?
- What motivates people in our company?
- What are the potential motivators that we aren't taking advantage of?

Notes

CHAPTER 3 THE FEELING OF A WINNER

On the Credibility of Management

- Do people here believe what management tells them?
- Do they think that management talks straight to them?
- If not, why not?
- What can we do about it?

On the Attitude of Employees

- Are people afraid of winning?
- Do they believe they are capable of winning?
- Do they make excuses when they come up short?
- If so, why?
- What responsibility do employees have for their own attitude?

On Pride and Ownership

- Do people here feel proud of the company?
- Of what they do?
- What could we do to cultivate feelings of pride and ownership?
- How much do our families know about the business and what we do?

On Starting Games

- Are there any simple business games we can set up right away?
- What problems can we solve right away if we get everyone focused on them?
- How can we quantify the problem and the solution?
- How can we keep score?
- What's our target?
- When do we declare victory?

Key Point: This one is worth spending some time on. Most companies start playing the Game by playing a series of little games. It helps to build teamwork and a winning attitude.

On Celebrating Wins

- Are we missing opportunities to build a winning attitude?
- Do we tell people when we set a record or hit a target?
- Do we need to set more targets?
- Do we go out and look for new victories to celebrate?

Notes

CHAPTER 4 THE BIG PICTURE

On Defining the Big Picture

- What's the larger purpose behind this business?
- Why is it worth spending a substantial portion of our lives coming here and doing whatever it is we do?

On Sharing the Big Picture

- Do people here understand how the company works?
- Do they know what the different departments do?
- Do they know why we need so many functions, what they contribute, how we depend on one another?
- What can we do to make people more aware?

On Moving People Around the Company

- Have people here been doing the same work for too long?
- Would we work better as a team if people had experiences in different roles?
- Should we introduce job rotation, or cross-utilization?
- How long should people stay in the same job?

On Sending Mixed Messages

- Are people here getting mixed messages about our priorities?
- If so, how do those messages come across?
- What are we doing to promote confusion?
- Is there something wrong with our compensation system?
- With our performance evaluations?
- What can we do to eliminate the problem?

On Connecting with Communities Outside the Company

- How can we tie our work into the world beyond our walls?
- Do people here think we care?
- Should the company play a role in the community?
- What should we do?
- How should we involve the people who work here?

Notes

CHAPTER 5 OPEN-BOOK MANAGEMENT

On Taking the Emotions out of the Business

- What are the emotions people here feel most often about the business?
- Do their emotions ever get in the way of doing the right thing?
- How can emotions lead to bad decisions?
- Can you give an example from your own experience?

On Being the Least-Cost Producer

- Are we the least-cost producer in our industry?
- If not, who is? Does that represent a threat to us?
- From the customers' point of view, are we offering anything they can't buy elsewhere?
- If so, how much are they willing to pay for it?
- Do people here know whether or not we're the least-cost producer?
- How can we get them involved in reducing our costs?

On the Fear of Competitors

- What is the worst that could happen if our competitors got hold of our numbers?
- What would we do with our competitors' numbers if we had them?
- How hard would it be to get our competitors' numbers?

On the Fear of Employees

- Will people here use the numbers against the company?
- Do they know enough to understand what the numbers mean?
- Are they willing to learn?
- Can they handle the bad numbers as well as the good ones?
- Will they look at the Big Picture behind the numbers, or will they focus on getting a larger piece of the pie?
- How should we handle people who use the numbers to foment problems?

On Sharing Compensation Figures

- Is it a good idea to share information on individual compensation?
- Why or why not?
- When is it a motivator to know what your colleagues are making?
- When is it a demotivator?
- Why do you think SRC and most other open-book companies do not share information about individual compensation?

Notes

CHAPTER 6 SETTING STANDARDS

On Critical Numbers

- What is our Critical Number?
- Do we have more than one?
- Are there different Critical Numbers in different parts of the organization?
- Should we all be focusing on the same Critical Number?

Key Point: This is another common starting point for a Game. If you know your Critical Number and can come up with a Game to go after it, you can develop a lot of momentum very quickly.

On the Purpose of Standard Costs

- Why is it important to know your standard costs?
- Are our standard costs lower than our competitors'?
- Should they be lower than our competitors'?
- How important is it to keep reducing our standard costs?
- What should be the relationship between our standard costs and the prices we charge in the market?

On Setting Up a Standard Cost System

- How much do we already know about our standard costs?
- How can we make them more accurate?
- How often should we change them?
- How can we turn standard costs into tools that people can use in their jobs?
- How can we encourage a positive attitude toward standard costs?

On Absorbing Overhead

- What is our overhead absorption rate?
- Why is it important?
- How often does it change?
- How can we explain it to the people who work here?
- Why is it important for them to know the overhead absorption rate?

Notes

CHAPTER 7 SKIP THE PRAISE—GIVE US THE RAISE

On Designing the Bonus Program

- What are the differences between Stop-Gooter and our company's bonus program?
- What features of Stop-Gooter are worth adapting to our situation?

On the Effectiveness of the Bonus Program

- Why do so many bonus programs fail to motivate people?
- How often should there be payouts?
- How many goals should there be?
- Should everybody be going after the same goals?

On the Size of the Potential Bonuses

- How important is the size of the financial reward provided by a bonus program?
- Does the amount have an effect on the way people play the Game?

On the Issue of Equal Payouts

- Should everyone's bonus be the same in dollar value, regardless of the individual's position in the company?
- Or should the size of the bonus reflect the individual's position and level of responsibility?
- How many distinctions can you make without erecting barriers between people?

On Educating with Bonuses

- What do people learn from our bonus program?
- Does the program help them understand the numbers better?
- Does it help them understand how the business works?
- Does it lead them to the Big Picture?

Notes

CHAPTER 8 COMING UP WITH THE GAME PLAN

On Budgets and Game Plans

- What's the difference between a budget and an annual game plan?
- How can we get all our people involved in the planning process?
- What should we include in our game plan?
- What are the logical steps of the process?
- How much time do we need?
- When should we start putting together next year's plan?

On the Sales Forecast

- How can we make our salespeople understand the importance of providing accurate, stable projections?
- How do we avoid the problem of lowballing and sandbagging?
- What should our response be to people who set their targets too low?
- If we're going to send them back to revise their forecasts, how much time will we have to add to the planning process?

On Getting People to Buy In

- What can we do to make sure everyone accepts the game plan?
- How can we get people involved in setting the targets?
- Do we know what people think our goals should be next year?
- How can we find out? How can we make the connection between goals and performance?
- Should we ask individuals to sign off on the plan?
- Should we get departments to sign off?

On Changing the Plan as the Year Goes Along

- What should we do if something unexpected happens in the course of the year?
- What if the sales forecasts turn out to be way out of line?
- What if we lose a major account? Or gain a major account?
- What if our cost of materials rises unexpectedly?
- Can we change the rules without undermining the Game?

Notes

CHAPTER 9 THE GREAT HUDDLE

On Staff Meetings

- How do people feel about our staff meetings? (Do we know for sure, or do we need to do a survey?)
- Do people feel they're a waste of time?
- What's good about them?
- How could we use the ideas behind the Great Huddle to make our meetings more productive?

On Putting Names on the Numbers

- Can we assign people to the different lines in our income statement?
- Do we need to change the statements so as to spread out responsibility for the numbers?
- How many people can we bring in as active participants?

On the Timing of Meetings

- How often should we hold our staff meetings?
- How can we make sure they begin and end on time?

On the Role of the Leader

- How do people relate to the person who runs the meeting?
- Do people look to you for all the answers?
- Do they act as if they're reporting to you?
- Are you spending most of your time talking or listening?
- Do you feel you have to comment on everything that's said?
- How can you avoid dominating the meeting without abdicating your role as the leader?

On Writing the Numbers Down

- Do people understand the numbers well enough that they don't have to write them down?
- Are they so familiar with the math that they can do it in their heads?

Notes

CHAPTER 10 A COMPANY OF OWNERS

On Equity in General

- Do people here know how wealth is created?
- Do they understand the balance sheet as well as the income statement?
- Could they identify our assets?
- Our liabilities?
- Do they know what our net worth is, or why it's important?
- Do they understand what happens when a company is sold?

On Long-Term Thinking

- Why is it important to have a long-term perspective?
- Would people here willingly give up a bonus to protect the security of the business?
- How can we promote long-term thinking?

On Playing the Game in Employee-Owned Companies

- Do people here know how to increase the value of their stock?
- Do they understand how the share value is calculated?
- Do they know what a price/earnings multiple is?
- Can they compare this company's stock value with that of other companies?
- Do they know what factors might cause their stock value to be discounted in a public market?

On Playing the Game Without the Equity Tool

- What do we lose by not having stock as an educational tool?
- Can people think and act like owners if they don't own stock?
- Is there a danger that they will focus excessively on short-term objectives?
- Are there tools other than equity that we can use to promote long-term thinking?

On Participation Versus Democracy in Business

- What is the difference between participation and democracy?
- What issues, if any, should people be allowed to vote on?
- What conditions must exist before people should be allowed to vote on an issue?

Notes

[illegible]

CHAPTER 11 THE HIGHEST LEVEL OF THINKING

On the Cost of Health Care and Other Benefits

- Do people here know how much the company pays for their health care and other benefits?
- Have we asked for their help in controlling benefit costs?
- Do we know what they'd do if they had to make choices between benefits?
- How can we find out?

On Creating New Opportunities for People

- Are there business opportunities around that we're overlooking?
- Would people here welcome a new business opportunity if it were offered?
- Why or why not?

On Cash-Flow Generators and Overhead Absorbers

- What are the cash-flow generators in our business?
- What are the overhead absorbers?
- What is the value, if any, of looking at a company in these terms?
- What do they tell us about our business?

On the Hunger for Ownership

- Do people here dream of having their own business?
- Should we do a survey to find out?
- What is the appeal of ownership?
- Is it financial independence?
- Is it the opportunity to be your own boss?
- To come and go as you please?
- To be in control?
- To have a piece of the action?
- Are there ways to satisfy the hunger within the company?

CHAPTER 12 THE ULTIMATE HIGHER LAW: A MESSAGE TO MIDDLE MANAGERS

On Getting Your Boss to Play the Game

- What would it take to get the boss to buy into this stuff?
- Do we need his or her participation, or permission, or just tacit approval?
- Can we honestly say that the boss is an obstacle, or are we using him, or her, as an excuse?

On Playing the Game Without the Boss

- Are we open with the information we have?
- Are there barriers we can break down by ourselves?
- How can we create a game right here?
- What would it be?

On Having Fun

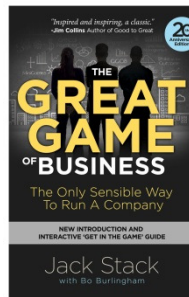
- Is it important to have fun at work?
- Why, or why not?
- What makes one day more interesting than another?
- How well do we know one another?
- What do we really want out of our work, and how can we get it?

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

About *The Great Game of Business*

The Great Game of Business, Inc. provides affordable training and coaching services on the best practices of open-book management and business literacy. We offer publications, products, tools, and sponsor an international conference and recognition program to identify and celebrate exceptional open-book companies. The Great Game's chief visionary, Jack Stack, is the co-author with Bo Burlingham of two best-selling books: *The Great Game of Business* and *A Stake in the Outcome* (Doubleday, 2002).

The Great Game of Business and our parent company SRC Holdings has hosted more than 4,000 companies from around the world --including Southwest Airlines, Harley-Davidson and Whole Foods Market --prompting BusinessWeek to label SRC Holdings as a "Management Mecca." The Great Game of Business and open-book management have been profiled in numerous publications, most recently *Forbes*, *The Wall Street Journal* & *New York Times*, on television on MSNBC and PBS News Hour, selected as one of the "100 Best Business Books" and chosen as the #1 Most Innovative Business Practice by *Inc. Magazine*.



"The whole concept of The Great Game of Business is beautiful –consistency, alignment, and transparency, infused with core values and brought to life with powerful mechanisms. It is inspired and inspiring, a classic."

- Jim Collins, Author of *Good to Great*

"The Great Game of Business is one of the top 10 most important business books for all growth-minded company leaders to read. Why? It details how to create the critically important "line of sight" every employee needs to be fully engaged and driving toward a common goal. And Jack's book details how to get everyone in your company focused with one eye on the financial impact of their decisions. Then watch profits and cash soar."

- Verne Harnish, CEO Gazelles, Author of *Scaling Up* and *The Rockefeller Habits*