

Paul Mueller latest Springfield company to adopt open-book approach to management

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Mueller Component Products first shift employee Cory Renner uses a calculator to crush numbers during an employee huddle on Tuesday, Oct. 15, 2013.

After 15 months of weekly meetings, employees on the first shift in Paul Mueller's component products unit expect craftsman Gail Boyd to ask the pivotal question.

Supervisor Nick Bricker writes the latest number on the "scoreboard" — a balance sheet that takes up an entire wall in the conference room.

"Our labor variance jumped up slightly," he notes.

Thirty employees — clad in jeans and T-shirts after a day on the floor, protective glasses perched on top of their baseball caps — dutifully take notes in

white binders. And their heads turn to look at Boyd.

"Why?" she asks.

Boyd's role speaks to the routine that has developed at Springfield-based Paul Mueller Company, which in July 2012 became the latest of a host of Springfield companies — and one of the largest — to adopt open-book management, sharing key revenue and profit figures to all employees on a weekly basis.

A year later, the company attributes improved financial performance and employee morale to the business practice popularized by Springfield's Jack Stack — whose classic business book on the topic returned to the presses earlier this year.

The recession affected manufacturers across the country, including Mueller, which specializes in the design and production of tanks, processing systems and other equipment for the food, dairy, beverage, pharmaceutical and other industries.

Russ Copeland was two weeks out of high school when he started washing the inside of dairy coolers for Mueller. Twenty-six years later, he's the general manager of the component products unit.

"Much like the rest of the United States, 2008 hit and we were in a ditch," he said.

The company is comprised of 10 business units, which include facilities in Iowa and the Netherlands, in addition to Springfield.

Mueller President and CEO David Moore had an eye on implementing open-book management when he was tapped to head the company in August 2011, Copeland said.

While open-book management is a generic term, the system was popularized by and is most associated with Stack's bestseller titled "The Great Game of Business." The book, first published in 1992, details the turnaround of the Springfield company now known as SRC Holdings and provides a model for companies following suit.

At the heart of the Great Game is "a very simple proposition," according to the first chapter.

"The best, most efficient, most profitable way to operate a business is to give everybody in the company a voice in saying how the company is run and a stake in the financial outcome, good or bad," it reads.

The core of the practice is essentially opening up a company's balance sheet to employees. And so, at Mueller's component products unit, Monday brings the small huddle, in which about 15 people responsible for reporting financial information input their respective numbers from the previous week.

On Tuesday, there are three huddles — at 6:30 a.m., 3 p.m. and 3:30 p.m., one for each shift. Employees who spend most of the day welding or shining tank ends take a seat, calculators in hand, and work through how their unit did financially the previous week.

The schedule might vary somewhat, but the same process repeats itself in Mueller's nine other business units.

While Copeland is at ease with the process now, the idea of opening the books seemed a bit risky when the company first started doing it, he said — especially given that many of the employees know people who work for competitors.

"It was difficult to share some of these numbers," he said.

But opening up the books, he said, has made him a better manager and improved employee morale. Instead of a manager barking about how shipments need to go out on time, employees can figure out for themselves the costs they'll incur if they don't.

"There's a lot of pride back in the company," he said.

It likely doesn't hurt that the company's first bonus checks in recent history went out to employees about three weeks ago — a 30 percent advance of what they can expect if the company hits targets for the year.

Games, after all, are best played when there's an incentive to win.

There was a definite learning curve when it came to familiarizing employees with financial information at first, according to Project Manager Taryn Belcher, and new employees are assigned a partner to help them get up to speed. But Boyd's insistent queries are representative of a recent shift in how employees approach the meeting, she said. It used to be enough to just hear the numbers.

"Now they want to learn where the numbers are coming from," she said.

Boyd, a craftsman who has worked at Mueller for 22 years, said she liked the new approach.

"You know more about the company," she said. "You know how much of a profit they're making."

After a safety briefing to start Tuesday's 3 p.m. huddle, Bricker turns to the scoreboard, which is only half-filled out — employees have to calculate things like net income and profit themselves.

"Has anybody added that up yet?" he asks. "Our direct cost of sales?"

Someone pipes up with the correct figure.

"That's a good number," he says.

Along with "Why?", it's the most-used phrase of the half-hour meeting. In its second quarter this year, Mueller posted overall net income of \$3.2 million, a 128 percent improvement on the \$1.4 million from the same quarter in 2012.

As of this spring, [according to the Springfield Area Chamber of Commerce](#), Mueller employed 580 employees locally, making it the 31st-largest employer in the area. That's down significantly from pre-recession levels, but an increase of more than 100 from several years ago.

In September, the company was awarded the "Rookie of the Year" award from Springfield-based The Great Game of Business, Inc. — the company spawned by Stack's book — "for achieving outstanding financial and cultural results." And it wasn't the only area entity up for the award; Greene County — [which has turned to the approach during a tough stretch](#) — also was nominated.

Despite the home field advantage, Great Game Vice President Patrick Carpenter cited St. Louis and Chicago as two areas that have most embraced the practice.

"We're stronger outside of Springfield, ironically," he said.

Over 6,000 companies have come to Springfield for Great Game workshops, Carpenter said, and an annual "Gathering of the Games Conference" is held each year. He cited New Belgium Brewing Company and 1-800-GOT-JUNK as two high-profile Great Game employers, and said Great Game estimates 3 million people work in companies that utilize the system worldwide.

Earlier this year, a 20th-anniversary edition of "The Great Game of Business" was released after Great Game President Rich Armstrong and Vice President Steve Baker approached Stack with the idea in order to "pull our legacy forward," Carpenter said.

A third of the book is devoted to new material offering additional resources on how the practice can be implemented in organizations, and the book debuted on best-seller lists.

"Over 20 years, you learn what exactly works," Carpenter said.

Copeland said everyone at Mueller "is on the same page now."

"Our whole company is now proactive in regards to its financials. We were reactive before."