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Open Book Finance

Introduction

Open Book Finance is a philosophy of management developed by Jack Stack, CEO of Springfield Remanufacturing Corporation in Springfield, Missouri. Open Book Finance is based on the premise that business is essentially a game—one that almost anyone can learn to play. As with most games, people must understand the rules; they must receive enough information to follow the action and keep score; and they must have the opportunity to win or lose (have a stake in the outcome).

In 1992, Stack described this philosophy in his book *The Great Game of Business* (co-authored with Bo Burlingham). The philosophy spawned a movement of like-minded companies, many of whom have regularly attended a “Gathering of Games” conference in St. Louis, Missouri, each spring since 1993. The following case outlines the origins of Open Book Finance, its core elements, and its implementation at Zingerman’s Community of Businesses in Ann Arbor, Michigan.

Origins of Open Book Finance

In 1975, at the age of 26, Stack was named superintendent of the machining division of International Harvester’s (IH) Melrose Park, Illinois, plant. There he found himself in charge of five general foremen, 400 employees, and a division that ranked last in productivity out of seven divisions in the plant.¹

Hoping to stimulate competition at the plant, Stack decided to give each foreman a copy of the division’s daily productivity figures, broken down by foreman and then compared with the other six divisions. “Productivity began to soar. The first time the foremen beat the previous high score, Stack bought them coffee; the second time, he bought them coffee and doughnuts; the third time, he invited them all to his house for poker, pizza, and beer. Within three months, Stack’s division went from last to first place in the plant’s productivity rankings.”² The ideas of transparency, sharing the numbers in real-time, competition, and rewards for winning would become the foundation of *The Great Game of Business*.

Stack refined these ideas after taking over in 1979 as plant manager of Springfield Remanufacturing Corp (SRC), one of IH’s businesses. SRC, a rebuilder of engines and engine components, was losing



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