

By the (Open) Book

What happens when employees have access to all a company's financial information over an intranet?

The company grows • *By Ken Anderson*

THERE WAS WIDESPREAD fear and consternation in our company when we decided to put all our financial information, including salaries, on our wide area network (WAN) in 1987 and then on our intranet in the early '90s. People feared our competitors would get the numbers and use them against us—scare our clients, steal our employees, force a buyout, or attempt some other unimaginably horrible maneuver. But that just hasn't happened. And I don't believe it will.

Back in 1968, when I started Anderson & Associates Inc., now an \$11-million engineering-design firm, out of my house in Blacksburg, Va., my wife did the books. Later an employee took them over. As we added employees here and there, we saw no reason to keep any secrets. We just left the books open wherever they were last used. It wasn't until a business writer told me, "Oh, that's what we call open-book management," that I knew there was a name for what we did and that it was anything unusual.

As we grew and opened five branch offices—three in Virginia, one in Tennessee, and one in North Carolina—this casual system was no longer possible. But we knew we wanted to continue the open style. I can't say we're more profitable because of OBM; we have the same ups and downs as our competitors. And I can't say we're always happier; we

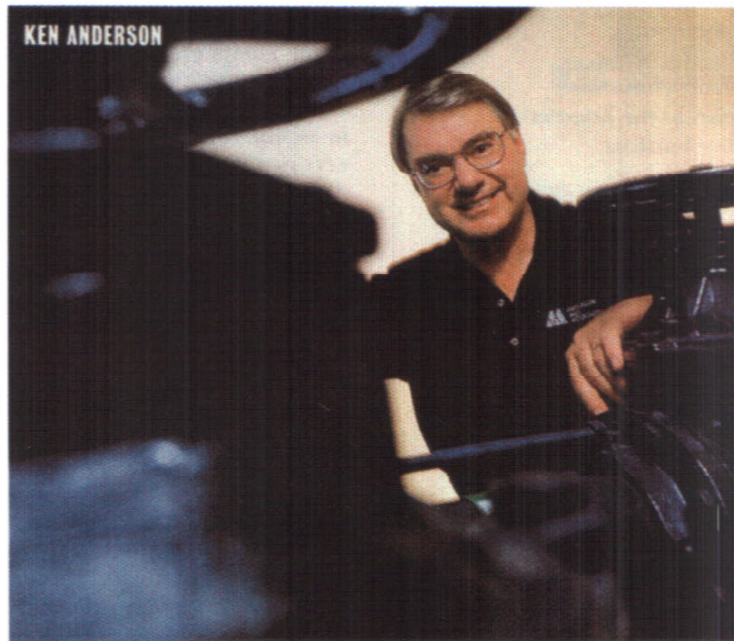
have the same squabbles as other workplaces. But we do have a great deal of trust here, and our employees stick with us. When we have tough financial times, our 170 employees know that nobody's siphoning off money from the company and that they've got to make the pie bigger if they're going to get a bigger piece.

Anderson & Associates designs roads, water and sewer lines, and water-treatment facilities for state and local governments and private developers. A large percentage of the people we hire are highly intelligent engineers. They can see as easily as any manager how business downturns can

usually be traced to decisions made years before, and they know what has to be done. I'd rather give them the raw data and let them figure it out than have to motivate or influence them. When employees understand the financial situation, good or bad, misconceptions are greatly reduced.

Keeping our books open fits in with our entire company philosophy. Our employees are our owners and are entitled to understand the business. Anyone who is 21 or over and has worked at least 1,000 hours in one year qualifies for our employee stock ownership plan. We don't believe in a two-caste system of hourly and salaried employees—all employees are hourly.

Our hiring strategy has been to take on high school drafting students or college engineering students as interns, hire them full-time when they graduate, and bring them through the ranks, until one day they decide to start a new branch office—and a new income stream—for the company. In fact, that is exactly what happened with three of our five



From the Front Lines

branch offices; three of our senior managers started with us as technical students as well. We believe in training all our employees to help expand the company. To do that they need to understand both the engineering and financial ends of the business.

Still, putting the financial numbers on the WAN was pretty scary to just about everybody. About that time I saw a comic strip about a bumbling high school coach who loses his playbook, and he and his team are panicked that their rivals will find it. The closing panel showed the rival team laughing so hard over the stolen playbook that they hurt themselves. That cartoon exemplified my feeling, and I distributed it to those who were most concerned. I think it helped them think through their fears and imagine what, exactly, the competi-

use browser technology, which makes searching for historical numbers easier. And rather than constantly circulating E-mails about new information, we can all just look at the site for the details.

Every month we post our income statement, backlog, accounts receivable, and several measures of our 25 project teams (such as profitability and revenues) on the intranet. We store our employee newsletter, training schedule, policy documents, and drafting and design standards on it. We also have a "faces" page, with photos of all our employees, which helps bridge the distance among offices. Our Web master maintains the intranet, and all employees are expected to suggest additions and updates to it.

Right now I'm advocating putting most of the intranet information on

Putting the financial numbers on the intranet was pretty scary, until we realized what the competition could do with them: not a whole lot.

tion could do with our numbers. We all quickly realized: not a whole lot. We operate so differently from most other companies, our numbers would most likely just confuse them.

Moving our books from the WAN to an intranet was, for us, a logical next step. Because we'd already designed a comprehensive Web site in-house, we were equipped with a Web master who could design all the intranet's pages. (In fact, we began offering Internet services as well as our engineering expertise to clients after we set up our own communications system.) The intranet resides on a Dell 166MHz dual-processor server with 128MB of memory, which also contains marketing and support data. The server is part of our internal network and is not directly accessible through the Internet.

The advantages of the intranet over a WAN, however, are not hugely significant. With the intranet, we can

our Web site so that we can maintain just one site. Of course, we'd have to secure some data, such as accounts receivable, with passwords. Once again we're experiencing fear and consternation. But I believe our clients—or even potential employees—may benefit from data such as our governmental funding resources and our employee expertise chart, which tells, for example, who can design a water-treatment plant and who is expert at geographic information systems.

You can get a glimpse of what's on our intranet by looking at the directory on our Web site at www.andassoc.com. Send me an E-mail at anderson@andassoc.com with your reaction. Just don't hurt yourself laughing at our deepest internal secrets! ■

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