

Assessment

Open-Book Management

First Edition

The objectives of this book are:

- To explain the Open-Book Management process
- To show how to introduce employees to company financials
- To discuss principles and techniques of adult education
- To provide insights into a reward system

■ CRISP_{series}

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Assessment Questions for Open-Book Management, First Edition

Select the best response.

1. Open-book management:
 - A. Teaches employees how their companies make money
 - B. Is a complicated but interesting science
 - C. Must be of a unique design for any business culture
 - D. A and B
 - E. A and C

2. Successful open-book management requires the design of a reward system that reinforces making business improvements.
 - A. True
 - B. False

3. Open-book management requires:
 - A. Turning everyone into accountants
 - B. Sharing good and bad news
 - C. Sharing all information
 - D. Group voting on all business issues

4. Good reasons for a company to open its books are:
 - A. To empower employee teamwork
 - B. To build trust
 - C. To focus employees' actions on business challenges
 - D. To increase shareholder value
 - E. All of the above

5. The best way to provide employees with essential information for open-book management is to:
 - A. Give frequent lectures on company financials
 - B. Share audited financials that go to shareholders
 - C. Send key employees to college-level accounting courses
 - D. Show how critical numbers affect employee work areas

6. It is better to:
 - A. Share all financial information at the beginning of the open-book management process
 - B. Move from limited to total information as skills develop

7. Critical numbers to share in open-book management are:
 - A. The same in all businesses
 - B. All company-wide critical numbers
 - C. Two or three numbers that represent company goals
 - D. Numbers that employees monitor in their work
 - E. C and D

8. As business changes, it is possible for critical numbers to change.
 - A. True
 - B. False

9. Having a *line of sight* to company financials helps employees:
 - A. Make wise decisions about the use of supplies
 - B. Make informed decisions about job practices
 - C. See critical links between their work and the company's critical numbers
 - D. All of the above

10. Providing the *real time* information needed for open-book management should be the responsibility of:
 - A. The Accounting Department
 - B. Computer-based financials
 - C. People working in their jobs
 - D. Management

11. The job of creating a company vision should rest in the sphere of management.
 - A. True
 - B. False

12. At the heart of the open-book management concept is (are):
 - A. Communication
 - B. Financial analysis
 - C. Leadership skills
 - D. Detailed numbers

13. To encourage employee involvement in the open-book management process, you should:
 - A. Present financial results in reports suitable for stockholders
 - B. Find ways to make it fun
 - C. Develop competition between co-workers
 - D. Interpret developments for employees
 - E. All of the above

14. Most anyone can understand business numbers if they can:
 - A. Manage a household
 - B. Understand sports statistics
 - C. Plan a balanced diet
 - D. Any of the above

15. A company profit and loss statement can be compared to personal:
 - A. Assets and liabilities
 - B. Cash flow
 - C. Income and expenses
 - D. Equity

16. The most important training for open-book management is in:
 - A. Reading financial statements
 - B. A line of sight from self to company performance
 - C. Understanding accounting principles
 - D. Keeping the complexity out of business

17. People learn most effectively through:

- A. Skilled lecturers
- B. Interactive activities
- C. Insider training
- D. Outsider training

18. A large glass jar full of jelly beans is a good way to show:

- A. Inventory related to sales
- B. Losses due to absenteeism
- C. The difference between sales and profits
- D. The difference between estimated profit and real profit

19. Adults learn best when:

- A. They receive excellent lectures
- B. Learning relates to application
- C. The lecturer assumes their sophisticated skills
- D. They can dialogue and challenge ideas
- E. B and D

20. In a successful open-book company:

- A. Employees act like business people
- B. Leaders solve problems
- C. Traditional survival skills are retained
- D. All of the above

21. Essential leadership skills in open-book management include:

- A. Coaching
- B. Mentoring
- C. Rule enforcement
- D. All of the above
- E. A and B

22. Rewards:

- A. Are not necessary in a true open-book environment
- B. Declare a genuine partnership
- C. Focus efforts in common directions
- D. Make motivation too materialistic
- E. B and C

23. Rewards that should be set at market rates are:

- A. Medical benefits and retirement plans
- B. Bonuses and profit sharing

24. The strength of an equity ownership incentive is:

- A. Frequent feedback on performance
- B. The variability of stock value
- C. Emphasis on the long-term perspective
- D. All of the above

25. Monetary rewards:

- A. Are only one part of effective open-book management
- B. Alone can make open-book management successful

Answer Key for Open-Book Management, First Edition

Recommended response (Corresponding workbook page)

1. E (ix)	6. B (15)	11. B (32)	16. B (61)	21. E (78)
2. A (3)	7. E (22)	12. A (41)	17. B (64)	22. E (85)
3. B (4)	8. A (23)	13. B (46)	18. C (64)	23. A (89)
4. E (6)	9. D (27)	14. D (54)	19. E (66)	24. C (93)
5. D (11)	10. C (29)	15. C (59)	20. A (71)	25. A (102)