

# BUSINESS ACTION GUIDE

Leading at the Intersection of People & Profits

## GET TO HIGH PERFORMANCE

### Structuring and Playing Mini-Games: Tasty Catering

What if every single employee in your business understood exactly how the business made money? What if each individual were just as driven as the CEO to manage key metrics, solve business challenges, generate more profits, and share in the results of better business performance? Open-book management is designed to achieve just that. An important component is using “mini-games” (challenges over 60-90 days that focus employees on certain metrics and reward them for achieving those metrics) to help drive results and get everyone in the habit of thinking about the numbers. To learn more about structuring and playing mini-games, we spoke with Kevin Walter, Chief Procurement Officer of Tasty Catering, a catering company located in Elk Grove Village, IL. Tasty Catering has several sister companies, including a marketing agency for the catering industry, a gift basket company that donates weekend meals to children for every purchase, a wholesale contract manufacturer of baked goods, and an investment firm. Between them, the companies employ 73 people, although this increases to 150 during the busy seasons.



KEVIN WALTER, CHIEF PROCUREMENT OFFICER

## Tasty Catering

My brothers Tom and Larry and I have been in the food service business since 1971, starting with a family-run hot dog stand and expanding into restaurants and then catering, which is our focus today. We’ve learned a lot over the years, but the missing piece that has really helped fuel our success has been open-book management. In a nutshell, open-book management consists of teaching employees how money flows through the business. It involves everyone tracking the financials – particularly the “critical number,” which is the number that will have the most impact on the business at any given time – and rewarding employees with bonuses tied to that number. Our critical number is the cumulative year-to-date profit before tax (PBT). We introduced open-book management at Tasty Catering in stages, starting with a series of mini-games in late 2011. Mini-games contain all the elements of open-book management (a goal, rules, scoreboards, regular check-in meetings, and rewards), but on a smaller scale and over a shorter time frame. They are often limited to one department and are usually geared around an operational or financial number that contributes to the company-wide critical number. These are some key lessons we have learned in the process:

#### TASTY CATERING’S FORMULA FOR STRUCTURING AND PLAYING MINI-GAMES

1. Structure games around distinct business challenges
2. Keep score and take ownership
3. Use games to collect and act on business data
4. Get buy-in by having employees design the games

#### 1. Structure games around distinct business challenges

Because our critical number is profit before tax, we wanted to find ways to focus employees on profitability. The first mini-game we played was around increasing the profitability of one part of our business – corporate events. When we started, we were averaging \$10.75 per guest for corporate events. The mini-game included three levels, \$11.50 per guest, \$12.25 per guest, and \$13.00 per guest. The five team members on this mini-game chose their own rewards, which included a “dress casual day” when they reached the first level, lunch of their choice when they reached the second level, and a \$50 gift card for everyone

when they reached the third level. We achieved – and even exceeded – all three levels by the end of the six weeks. The game cost the company less than \$500 and returned more than 30 times that. Most importantly, after the mini-game ended, everyone’s behavior was different because they understood the factors that went into our critical number of profitability.

#### 2. Keep score and take ownership

Tracking our progress daily and weekly on mini-games and on our longer-term goals is very important in open-book management (see practice on Open-Book Management: Follow the Action and Keep Score: SRC Electrical). With mini-games, there are scoreboards that are prominently posted near the people partici-

pating in the game, and it's exciting and motivating to watch the numbers steadily improve. As a result of the mini-games, people have really taken ownership of lowering our costs and increasing our profitability. For example, a team member named Brian was focused on managing our fuel costs. He figured out that gas is more expensive Thursday through Sunday than Monday through Wednesday, so now we make sure to fill up earlier in the week. People also used to leave their trucks running for 30 minutes – now Brian enforces 10 minutes. He educated himself to control this one line item so that we have achieved a \$10,000 to \$20,000 savings on fuel costs. This is much more effective than management issuing a command.

### 3. Use games to collect and act on business data

In our industry, waste is money, and waste minimization is an important driver of our critical number of profitability. To address this, our culinary team developed a mini-game to help us track and minimize food waste. They separated organic waste for six weeks and determined that for every \$100 in sales, we threw out 1.66 pounds in food scraps. They set targets of improvements at 10 percent, 20 percent, and 25 percent levels. As they achieved each goal, they got a reward of their own choosing. The result was a two percent

improvement in our food costs. Now they examine every piece of fruit and every vegetable that's delivered here and they reject the ones that don't meet their standard. Open-book management really makes the employees think like owners – they don't want to see any waste or loss of efficiency. They strive to hit our numbers, and if they do they're rewarded the same way the owners are.

### 4. Get buy-in by having employees design the games

Initially, five people from Tasty Catering went to the Great Game of Business training to learn about open-book management. We came back and set up the weekly huddle, the scoreboards – the whole thing. But something was missing – most people just were not engaged, and we didn't make bonus the first year. Then we realized the problem was that the process did not fully belong to the employees. Now Chef Alfredo leads the weekly huddle, and the three owners are not even in the room. Once we made sure the process belonged to the people, everything clicked and we made bonus the second year. This is a powerful lesson for mini-games as well – when the people playing the game are fully engaged in creating the theme, the scoreboard, and the prizes, they are almost certain to meet and exceed their targets.

## FINAL WORDS OF WISDOM

Mini-games have been a very effective tool at Tasty Catering to get employees thinking about ways to decrease costs and increase profitability. In the last quarter of 2011 when we just played mini-games, we saw a 10 percent sales increase and a 142 percent increase in profits. Our people had fun while learning on a very practical level how the decisions they make affect profitability – and their rewards.

## HOW DO WE LEARN MORE?

[Video: Great Game of Business: Using Mini-Games for Motivation](#)

[Benedictine Center for Values-Driven Leadership Video: Better Bottom Lines Through Open-Book Management – Tasty Catering](#)

[Spark Business IQ: Open-Book Management: How Employees are Helping Improve Profits](#)

[Slate Magazine: We Spent What on Paperclips? Open-Book Management Lets Every Employee Look at the Company's Accounts](#)

[Jack Stack and Bo Burlingham: The Great Game of Business: The Only Sensible Way to Run a Company](#)

[John Case: The Open-Book Experience: Lessons From Over 100 Companies Who Successfully Transformed Themselves](#)

*Other companies that excel at structuring and playing mini-games include SRC Electrical and Zingerman's.*

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