The Power of Listening

How does an old-line manufacturer in a stagnant industry manage to grow 25% a year for 10 years? By taking its employees seriously.

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Cover Story

In the beginning was the Dream, as is the case with most entrepreneurial ventures, only at that stage it wasn't too grandiose. "Seven years and out," says Paul Centenari. Buy the company, fatten it up, sell it.

Not long after came the nightmare. What had been a tidy, profitable little business when Centenari and his brother Peter bought it was suddenly a charter member of its bank's workout group, one step this side of bankruptcy. The Centenaris were on the hook personally, big time. "I'd come home and look at my house and wonder, 'Will they take my house?'" says Paul. "I'd look at my wife and wonder, 'Will they take my wife?'" He smiles wanly at the feeble joke. It wasn't a funny time.

But when they woke up from the nightmare, the company finally back on its financial feet, the Centenaris had a revelation, which is to say that they began to dream a different kind of dream altogether. *Wait a minute,* they told each other. *We can do this. We can start with a tiny company in a hardscrabble nickel-and-dime industry and build it into a billion-dollar business. We'll expand our existing plants. We'll scarf up competitors. We'll learn to do things that nobody else can do.*

If this were a movie trailer, the music would be swelling. *Oh, and one more thing. We'll show the world there's a different way of running a company -- a better way. We'll open the books. We'll share ownership and help everybody get rich. Hell, we'll build a democracy! We'll have our people vote on how to spend the company's money.*

Okay, so it wasn't exactly an all-at-once epiphany. Life is not the movies. But however it evolved, the Centenaris today do have that dream, and they do have a nickel-and-dime manufacturing business that has grown almost 25% a year for 10 years, is now up to nearly $70 million, and shows few signs of slowing despite a dismal economic environment. And, yes, the business, Atlas Container Corp., is indeed a company that operates like no other company most of us are likely to bump into -- votes and all.

Which is probably a good thing, because if you don't do something different from what everybody else is doing, how on earth can you hope to succeed in a down-and-dirty industry like cardboard boxes?

If a person just sort of stumbled across Atlas Container, the first question he or she would no doubt ask is, what were a couple of good-looking, well-connected Harvard Business School graduates even doing in a place like this, "this" in the first instance being a sprawling early-1960s-vintage corrugated box plant on a two-lane blacktop in Severn, Md., and "this" in the second instance being the box business itself, as brutal an industry as you'll find anywhere. It's a market in which a few big dogs (such as Weyerhaeuser and International Paper) and a kennel full of smaller ones scrap over a $2,500 order, and if you consistently make 5 cents on your sales dollar, you're doing very, very well. "It's a bottom-feeding business," says one of Atlas's customers bluntly.

BREAKING OUT OF THE BOX: Paul and Peter Centenari have built a culture most companies would kill for by giving workers extraordinary input into business decisions.

But it turns out, of course, that those onetime Harvard kids are pretty tough themselves. And that something like the box business is exactly what they wanted.

Peter and Paul Centenari grew up in the tony Boston suburb of Wellesley. The two are only 13 months apart in age. (Peter is the elder, though it's Paul who serves as the company's CEO.) They went to fancy New England colleges -- Tufts and Dartmouth -- before getting business degrees at Harvard. Still, we're not exactly talking the tea-party set here. In college Paul took up boxing, eventually joining the Golden Gloves circuit. In 1981 he flattened one Jim Fox in the first round of a Massachusetts 178-pound tournament, a scene captured in a *Lowell Sun* newspaper photograph and thoughtfully captioned "Bye, bye, Jimmy." Enlarged, it hangs for posterity on Atlas's conference-room wall.

The box business is as brutal an industry as any you'll find. "It's a bottom-feeding business," says one customer.

The brothers' first excursion into entrepreneurship, a boutique investment bank in Colorado, was, well, unsatisfying. "We wanted to get into an honest business," says Paul, leaving the implication about the ethics of investment bankers hanging in the air. More specifically, they wanted a business that was low tech and off the beaten track -- in other words, one that was undercapitalized and undermanaged, where a couple of bright M.B.A.'s could add large amounts of value and then sell out for a bundle. Cardboard boxes? Perfect. They wrote to 450 box company owners to see who was interested in selling. They visited 23 and made an offer on one. Atlas was "beautiful," says Paul, a profitable, debt-free business. The brothers bought it for $3 million. Paul was about to turn 32; Peter was just 33. The year was 1988.

From then until 1993 or so, those clever young M.B.A.'s got a taste of what Jim Fox must have felt as he hit the mat.

The first problem was simply inexperience, compounded by boneheadedness. "We were acting like investment bankers," says Paul with a shrug. "We weren't watching costs. It was out of control." Then came the workout group and a plan to rescue the company from its near bankruptcy, which the brothers somehow managed to pull off. By 1992 they had two small acquisitions under their belts and were ready to buy a larger plant -- the one that the company now occupies -- from a big player named MacMillan Bloedel (which is now part of Weyerhaeuser). After they did, those earlier problems looked trivial. The new employees they hired to replace departing workers didn't have a clue as to what they were doing. Nobody could work the new information system. Just as things were turning around, a pounding snowstorm shut down the local economy for three weeks. Six months later, the paper market tightened. Suddenly, nobody wanted to sell paper to an upstart little company with a lousy credit rating. Peter and Paul "put on the kneepads" and went begging for paper, eventually finding a supplier in Puerto Rico. For a while, it was touch and go. Paul Snider, a customer-service rep for Atlas both then and now, remembers a stark time: "Every night we walked out of here, we were discussing whether we were coming back the next day."

But most nightmares come to an end, and when the Centenaris woke up from this bad dream, they realized that not only had they survived, they could even catch a glimpse of prosperity. In a year or two, they were growing again. Better yet, they were beginning to make consistent money.

Sometime after that awakening, in 1995 or so, the new dream began to emerge. Hey, they told each other, this is fun. Forget selling out. Let's build a big company, one that keeps acquiring competitors, just the way we've been doing, and keeps on swiping market share from the stodgy inhabitants of this low-rent industry. Figure on 20% annual growth for 10 or 20 years, the brothers realized, and you eventually wind up with some very large numbers on the top line. "Billion-dollar business" began to be a phrase that you heard around Atlas.

Then there was that idea of building a different company, one founded on what the Centenaris liked to feel was their basic philosophy of business -- namely, that you should treat employees like human beings rather than like interchangeable parts. In cultural terms, Atlas would be Southwest Airlines, a hotbed of enthusiasm and cooperation in an industry characterized by lethargy or contention on the shop floor. "We believed that people should have stock," says Peter. "They should have ownership. And we thought if we were going to sell people stock, they'd have to have education." They'd also have to have access to all the financials -- open books. Maybe they should even have a voice in the decisions that affect their lives.

It wasn't as if they absolutely had to change their culture; the company was already turned around, and the Centenaris could have gone on their merry way with conventional managerial ideas. In fact, when a consultant, over lunch in a delicatessen across from the plant, first broached the idea of opening Atlas's books, Paul nearly gagged. ("'You gotta be kidding me.' That was my word-for-word reaction," he confesses.) But he did read the guide to open-book management that the consultant recommended. Paul talked things over with Peter. They read more books. One of them was the mid-1990s hit *Maverick: The Success Story Behind the World's Most Unusual Workplace* by Ricardo Semler, in which the author, a Brazilian CEO, describes running a democratic, open-book company in which people set their own salaries. Before too long, they were sold. We gotta do this, the brothers said. "The whole idea -- it was not only challenging, it was exhilarating," Paul says now. "We also looked at it as a strategy to help us achieve our goals, to build this thing and become a major force. It made the business much more interesting, much more exciting."

What is this company -- this force -- today, eight years later? As a business, Atlas is undoubtedly successful, its sales up from $5.8 million in 1990 to $45 million in 2000 and an estimated $69 million in 2002, its net profit positive every year for nearly a decade. Not too shabby for a manufacturing company in major growth mode. And is it truly a different kind of company? Well, you wouldn't want to exaggerate. The work on the shop floor, as in any box company, is hard, blistering hot in summertime, and occasionally dangerous (the number of lost-time accidents last year: five). People screw up, the way people do everywhere. (A major accounting error last summer forced the company to take big write-offs in the fourth quarter, eating into profits.) Still, what you see in the old plant outside Baltimore really is different from most other companies, on at least three counts. And what you get from those differences is a bunch of reasons to think that, like Southwest, Atlas Container may indeed be capable of growing and growing and growing some more, just as the Centenari brothers are imagining.

Difference No. 1, if you were to put the differences into categories, would include a bunch of little things -- little, that is, only to people who have spent their working lives in white collars and well-lit offices. The bathrooms are spotless. There's a big room dubbed the Learning Center, where employees can take classes or pursue self-directed training programs on company computers, and another room equipped with Nautilus machines. Employees and spouses alike can pursue high school equivalency degrees (G.E.D.'s) and other educational goals at the company's expense; children and grandchildren who need help for supplementary tutoring get it at a Sylvan or Huntington Learning Center. "My wife got her G.E.D.," says Bruce Foster, the lead man in the press department and die cut area, "and it ended up costing me 10 grand -- because then she went back to get a college degree."

Another "little" thing: The door that separates the shop floor from the office and the doors that lead into the Centenaris' offices are open both in theory and in fact, a small revolution in itself. During the old regime, "you didn't even talk to management," says Tim Blevins, a press operator who has worked at the plant for 15 years, under the previous ownership and the present one. "You weren't allowed past the door." Blevins and several other employees say that today they really do go talk to Paul or Peter if they have a problem -- or, in fact, pretty much anytime they feel like it. In a factory, that's no small matter.

Difference No. 2 revolves around ownership and open books. Atlas is an S corporation, so the Centenaris can't issue stock directly to employees. Instead, they've created a legal device called stock appreciation rights (SARs), a kind of phantom stock that can be bought through payroll deductions and that pays off, according to a formula, when the employee retires or if the company is sold. About 100 of 150 eligible employees joined the plan when it was offered three years ago; 90 of those 100 are still with the company. Another round of SARs is likely to be offered to employees in the near future, so that newer employees can buy in as well.

Atlas employees vote on disciplinary policies, whether to keep managers in their jobs, and what equipment to buy.

As for opening the books, that caught employees by surprise. "We were like, hey, this ain't gonna work," remembers Blevins. "This is unreal. People don't do this kind of stuff. And so we figured it was a fake deal." But Paul and Peter persisted in the tools and techniques associated with open-book management. Employees took in-house classes to learn basic financial concepts. The company began showing them the real numbers -- sales, costs, profits, and so on -- along with virtually every other piece of information they might want to know. Atlas today pays monthly bonuses whenever a month's EBITDA, the company's preferred measure of profitability, exceeds a certain level. At regular employee meetings -- monthly for the whole plant, weekly for most departments -- the numbers are reviewed and results are forecast. "We get to where if things slow down, we pull up the financials to see how're we doing in the middle of the month instead of at the end of the month. And we see what we gotta do to make our goals," says Foster.

So far, Atlas is much like a few thousand other small companies with imaginative, employee-oriented cultures. But then there's difference No. 3, which is that people actually do vote on stuff. In some small way, Atlas Container is what you might call a democratic workplace.

Since this is a notion freighted with fears and fantasies, it's worth spelling out what Atlas is not as well as what it is. It is not a constitutional democracy. It's a closely held business that is 80% owned and wholly controlled by two people. Some things don't get voted on, such as buying other companies. "We have never and probably never will vote on an acquisition," says Peter. It's not, he adds, because he believes employees aren't qualified to have an opinion, but because any acquisition opportunity demands secrecy and speedy action. Nor is there any set of rules for what gets voted on or who may cast a ballot. Typically, a vote takes place when Paul decides it should. The voters include everyone who will be directly affected by the outcome.

All that said, it's sort of amazing the things Atlas employees have voted on. They chose between competing health insurance plans. (See "Anatomy of a Vote," below.) They voted on whether to take a bonus when the company came within an inch of hitting its profitability targets. They vote on disciplinary policies, whether to retain managers in their jobs, and what equipment to buy. A couple of years ago, the Centenaris decided to invest roughly $1 million in the corrugator, the giant machine that turns big rolls of brown paper into the corrugated sheets that will eventually become boxes. They asked shop-floor employees first to vote on which part of the multistep machine should get the investment, and then to choose between two competing suppliers for what they had collectively decided on, a robotic slitter-scorer. As it happened, Paul and Peter favored an Italian vendor, while a majority of the employees voted for the American competitor. Atlas bought the American equipment. To say that that pretty much blew the employees' minds is to put the matter mildly.

"Paul went ahead and said, 'Okay, that's what you people want, we'll get that' -- and Paul didn't want that!" remembers Foster, shaking his head in incredulity. "But he took it to a vote, and that's what the people wanted, and that's what the people got."

Of course, the Centenaris and Atlas may have marched boldly into a minefield here: Democracy, as countless political leaders have discovered to their chagrin, is a costly and unpredictable process, notoriously hard to control. In a business, it has some obvious downsides.

One problem is simply the unfamiliarity of the terrain. "People are more used to the command-and-control model, where decisions are made for them," says Peter. The Centenaris -- usually Paul, both acknowledge -- have had to push voting, and at first had to convince the employees that they were serious about it. Nobody was too sure, either, exactly what could and could not be put to a plebiscite. Can you vote on reinstating an employee who violates a drug policy, for instance, as Atlas once did? Oops! To make an informed decision, you'd want to know whether he had used drugs since, whether he was in a rehab program, and so on. Ask those questions in public, the Centenaris have learned, and you violate confidentiality laws.

A second problem: Nobody wants decisions made by people who don't understand what they're voting on. "We weren't about to empower dummies," Paul told a reporter a few years ago. His choice of words may not have endeared him to Atlas's work force, but his point was valid: Somebody needs to spend time researching alternatives and communicating them intelligibly to the voters. In the case of the corrugator, the competing vendors made elaborate presentations to the workers who would make the decision. More often, the preparation is done by someone on staff. The process takes time, so it costs money.

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Given such obstacles, what's striking about democracy at Atlas isn't how far it has progressed -- we're talking baby steps here -- but how much the concept has already become part of the cultural woodwork. Paul has pushed votes on big things, like the corrugator, and on little things, like the colors used when the office was redecorated. Most recently, he held an election for the new team leader of the customer service department. Amazingly, that didn't faze anybody.

"Anything we're going to do, we put up for a vote," says customer service rep Snider, as if it were the most logical thing in the world. "We don't just have someone say, 'Well, this is the way we're going to do it, and you guys follow us.' That's the way we work it. The whole plant works that way."

A skeptic might want to ask a couple of questions -- maybe starting with, Why bother? -- about all these breaches of managerial convention. Niceness and open doors may come cheap, but education benefits are expensive, and open-book management and internal democracy both require serious commitments of time and training. And then there's the issue of how far you're willing to trust your employees. Suppose someone betrays your confidence? Suppose the group makes stupid decisions?

Leaving aside the counterargument that CEOs and managers aren't immune to either of those vices, a fan of Atlas's we're-all-in-this-together culture -- and there are many in the Severn plant -- might respond by pointing to the hard realities of the cardboard box business. It's an industry in which the opportunities for screwing up are legion. (Atlas may ship as many as 200 separate orders a day, each one a different kind of box, from the same plant.) It's a price-competitive industry in which the difference between profit and loss is tiny. (Let paper waste creep up a few percentage points, and suddenly, your business is in the red.) Everybody has to pay attention to details in such an environment, and the company that saves a nickel earns a nickel. Quick, now: Who is more likely to be paying attention and worrying about those nickels, employees who trust management and feel like owners or employees who are only putting in time? "It isn't just about being nice," says Paul. The open books and democracy are ways to shape a company that can do things that its competitors can't. "When people feel they're part of an organization, they feel the passion. And if they feel the passion, you're going to be dangerous in the marketplace."

Though passion isn't something that can be measured, it has clear-cut benefits. Whatever the up-front costs, for example, the Atlas culture is dramatically cheaper in the long run, simply because it obviates the need for an army of frontline managers. "I'm the only supervisor on the East Coast running a box plant that has 35 people under him without assistance," says Charles Kilgore, one of Atlas's printing managers, who has spent 39 years in the industry. "At another plant, I might have a general foreman, training supervisor, die-cut supervisor, and two lead men. But we don't need supervisors in this place. We have people here that run the plant themselves." Another cost saver: the fact that employee retention averages around 85%, compared with an estimated 50% elsewhere in the industry. Atlas isn't spending a lot of money to replace and train people who don't stay because most do stay.

The culture also promotes employees buying in to tough decisions, instead of the kind of grousing that undermines morale and performance at a lot of companies. Health insurance costs are going up? Both company and employees are going to have to pay more? Okay, let's put it to a vote: Do we want to change the coverage, or keep it the same and dig deeper into our pockets? It's the employees' call, not management's. The decision to buy the new machinery for the corrugator wasn't so different. Installing and learning a complex piece of equipment is always costly and difficult. But once they voted on it, it was the employees' machine, and they had a lot invested in making it work. The installation took three days when it might easily have taken a week -- the smoothest in the company's history, says Paul. Sure, people continue to grouse at Atlas. They just don't do it much, because there's no "them" to grouse at.

If the devil is in the details, the details reveal a company in which people take ownership of problems because they can understand and see -- and know everybody else can understand and see -- exactly how the problem shows up in the financials. Take Ralph Layman, the corrugator superintendent. He watched the line for inks and starch, under cost of goods sold, creep up. Maybe he could change the formula for the starch used in corrugation, he figured, using fewer solids, and thus save money. The first try didn't work -- too much warped board. Eventually, he found the right mix: "More quality boards with less starch dollars," says Paul approvingly.

Shipping manager Russell Jones was coming under fire because the shipping cost line was high. The problem, he realized, was that he couldn't use full truckloads for shipping, because the right combination of orders wasn't coming off the production line. So he talked to the production crews and learned that the job scheduling needed to be changed. A group met with the scheduler to explain the problem and work out a solution. The result: lower shipping costs and less work-in-process inventory.

Customer service is just one more department in which employees go out of their way to reduce costs. Everyone there knows the department has to monitor one key number: credits issued to a customer because an order was entered wrong. "You have to watch your own orders when you're booking them and when you print them off," says Paul Snider, "and double-check your orders before you put them in." If customer service keeps credits below $2,000 a month, everyone gets a small gift certificate. "That's the 'game' in our department," says Snider.

"We'll jump on a problem with a lot less resentment and foot dragging than you would find in another company," says chief financial officer Thomas Downing, who spent most of his career working for other companies. The culture "creates an organization that's more responsive and more malleable," which is a nice way of saying that what we have, a lot of companies would kill for.

Of course, the proof of Altas's cultural pudding comes when the company buys another business. In a mature industry like boxes, acquisitions are the surest and fastest -- maybe the only -- route to rapid growth, and hence to the Centenaris' dream. But what happens when you try to impose the togetherness approach on a company that may have a quite different set of expectations and practices?

The question, it turns out, is being answered even as we speak in Meriden, Conn., where in October 2001, Atlas bought a 200,000-square-foot box plant from Weyerhaeuser. The plant was by all accounts a microcosm of corporate America -- a facility that was well equipped but had a toxic atmosphere, the kind of place where managers perpetually told employees what they were doing wrong and union workers retaliated by finding excuses not to work. "We had monthly reports, but they were always negative," says Walter Vazquez, now a supervisor but then a union steward. "There was always finger-pointing." When Atlas bought the plant, its on-time delivery stood at about 60%. It was losing between $150,000 and $250,000 a month.

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By year-end 2002, however, a turnaround was in full swing. The union was history, decertified in a formal National Labor Relations Boardsupervised vote by a whopping 40 to 17. Average monthly sales were up 30%; on-time delivery was up to 97%; labor costs had dropped. New customers were being courted for higher-value projects such as complex point-of-sale display boxes. The bottom line -- net profit -- turned positive in about a month and a half, and at the end of 2002, it stood at more than $500,000. The adversaryism was drying up as well: Rather than working on only one machine, for instance, shop-floor employees moved from one to another to help jobs get out the door more quickly. "When Atlas came in, it was, 'Everybody's equal,'" says Vazquez. "Everybody works together."

It's been just a little more than a year since Atlas bought the plant, so it's wise to withhold final judgment. But there's no doubt that the Centenaris had learned something in Maryland, something they could put to work in Meriden. Paul hired Shaun Teevens, a college friend and "open-book nut," to manage the plant. Teevens promptly began doing things like learning everybody's name, listening to complaints, asking for suggestions, and spending days out on the shop floor getting to know how to run the machinery. He showed people the plant's numbers. He had them vote on matters like which forklift to buy. Along the way, he cleaned what had become a top-heavy house, ridding the company of several well-paid managers. ("We probably took out $300,000 or $400,000 worth of salary," he says.) He also began paying bonuses connected to profitability, a practice that in the first year put an average of roughly $1,000 in every worker's pocket.

He says there are still miles to go. "We're not anywhere near there yet," says Teevens. "We're not even as good as we think we are." But neither does he minimize the accomplishments. Where the employees are concerned, "It's no longer, 'This is my job, and I don't do that.' It's more, 'Okay, this job is more important. It creates more revenue. I'll go over and help these people get the product out the door.'"

The thing about dreams, of course, is that they multiply.

Plenty of the people at the Severn plant have come to share the Centenaris' dream of building a big company -- particularly when Paul predicts, as he did at one recent meeting, how much their stock appreciation rights will rise in value if Atlas keeps growing at its current pace. Now Teevens and his charges at Meriden are no doubt coming to share in the dream, as will future acquirees. There's something in this for everybody.

But sometimes the most powerful dreams are those of a single individual, maybe of an individual like Bruce Foster. Foster, 37, has worked at Atlas's facility for 15 years. He ran the three-color die-cut press for 10 years; recently, he was promoted to lead man in that area. He took immediately to the business training that the company offered when it opened its books, and now he can talk SG&A or EBITDA with the authority of an accountant. "Open-book management has bettered me as a person," he says frankly. Foster also began to realize that there might be alternatives to working on the shop floor, even though he had no college education. So recently, in his off-hours, he started selling boxes. He recalls how he began: "On Saturday I went to EZ Storage. I talked to the person and looked at their boxes. I said, 'I'm trying to get into sales. How would you like to get better quality boxes? And better on-time delivery?' They said, 'Yeah.' So I talked to the vice president."

Foster beams. "It was all downhill after that." One of his accounts will generate an estimated $450,000 in revenue for Atlas this year.

That, of course, is the attitude that Paul and Peter Centenari have been dreaming about and building their business around. And who knows? What they've done in Maryland and what they're doing in Connecticut and what they hope to do soon in Virginia and other locations up and down the East Coast may turn out to be the foundation of an iconic, visionary company -- one that really does work differently from most companies, and better.

Are Your Meetings Like This?

It's 2 in the afternoon, and about 150 people, most of Atlas Container Corp.'s Maryland employees, are filing noisily into the big room off the shop floor known as the Learning Center. As the room fills up, there's a scramble for seats: Managers and sales reps plop down beside first-shift machine operators coming off nine hours of work and second-shift people who've come in early, still yawning. Pretty soon a five-line financial statement for the month is on the screen at the front, and CEO Paul Centenari is deep into a discussion of Atlas's recent performance.

"Look at this number," he yells, his tone carrying that elusive mix of "Isn't this cool?" and "Pay attention!" found in the voices of the best teachers. "Look at this! Is this high or low?" The audience members whoop. They know the answer to this one: Several people shout out, "High!" Grinning, Centenari chucks a pack of M&Ms in the direction of the first person to answer. "High? How high? Where should it be?" More shouted answers, more M&Ms sailing across the room. If he loses his class for a moment, he says, "Hey, are you with me?" and waits until he has everyone's attention, which he invariably gets, and not only because of his engaging manner. People know that their monthly bonuses, not to mention the health of their employer, depend on these financials.

The number of the moment is sales, general, and administrative expenses, or SG&A, which at 14.2% of sales is higher than Centenari wants it to be. ("We're gonna cut two points off that. We've got a team working on it," he says.) But it could be operating profits, monthly shipments, or indeed pretty much anything that will determine whether Atlas makes its financial goals. The point of the meeting isn't to solve problems, rather just to make sure everybody knows the score. Some employees will be asked to join that SG&A team or perhaps a team working on reducing paper waste. Others might be asked to work Saturdays to make a production goal or to postpone some elective maintenance on the machinery. Centenari wants them to know the reasons for all those moves. And the reasons, he has taught them, lie in the financials.

A side benefit: The monthly meetings are one helluva sales tool. Sitting in on one, two representatives from Timberlane Woodcrafters, a customer, couldn't quite believe the energy and enthusiasm of Atlas's employees. "We said, 'We need to find out what they're doing,'" says Timberlane's Dave Seelig. "It wasn't just their salespeople or managers; it was everybody. They were cheering and shouting out answers to questions."

Anatomy of a Vote

The problem: A sharp, sudden rise in health care costs at Atlas Container Corp.

The touchy issue: Should both the company and employees pay more to maintain the same coverage as before? Or were there cheaper alternatives that employees would view as preferable?

How to resolve it: In traditional Atlas fashion: Let the people decide. "We'll vote on it," said Atlas CEO Paul Centenari.

Preparing the ground: First came an announcement, at the company's regular monthly meeting, that the cost of health care was on the way up and that management was looking for solutions. Later, insurance broker Tom Benney met with purchasing agent Kim Hall and a small group of Atlas staff members to review the plans of competing insurers and winnow the field. All agreed that Blue Cross Blue Shield (known in Atlas's region as CareFirst of Maryland Inc.) offered the best value. But the group didn't know which of Blue Cross's alphabet soup of plans -- HMO, PPO, and so on -- was best for the employees.

Informing the voters: Benney kicked off a long all-hands meeting with a PowerPoint presentation. Costs and coverage for each plan. Deductibles. Cost per week -- taken out of the paycheck -- for individual, parent-child, family plan, and so on. The biggest concern: Is my doctor on the plan? "We had computers set up right there so people could check the Blue Cross website [to see the answer]," says HR director Sherri Renner.

The vote: Employees got a couple of days to talk it over with their families. Then they selected two plans, an HMO and a PPO, for the company to offer. The savings: substantial, both for the company (which pays two-thirds of the premium) and the employees. People buying individual plans, for instance, would see only $2 more a week taken out of their paychecks, compared with an extra $11 if Atlas had stayed on its previous plan.

The payoff: "I was coming out of the parking lot one day, and there was a guy who's been with us for a long time," says Centenari. "I said, 'Hi, Larry. How're you doing?' He said, 'Not that well.' I walk over. 'What are you talking about?' He said, 'Well, my doctor is not in the new insurance.' I said I was sorry to hear about that. He said, 'Yeah. But I'll tell you what, Paul. I understand why we moved from this insurance plan to the other plan. It saves us and the company a lot of money. It's a pain in the butt to me, because I don't have my doctor. But I understand.' That's exactly why we do it. You present the options, and they make their own decisions. The voting itself creates such a valuable learning experience."

Contributor John Case is a nationally known writer on entrepreneurship and management. He is the author of five books, including *Open-Book Management: The Coming Business Revolution* and *The Open-Book Experience: Lessons From Over 100 Companies Who Successfully Transformed Themselves.*

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