

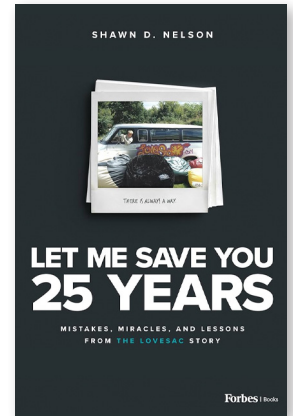


Executive Book Summaries[®]

Let Me Save You 25 Years

Mistakes, Miracles, and Lessons from the Lovesac Story

by **Shawn D. Nelson**



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THE SUMMARY IN BRIEF

Let Me Save You 25 Years: Mistakes, Miracles, and Lessons from the Lovesac Story compresses the twenty-five-year history to date of Lovesac, a company set in motion when author and Lovesac founder Shawn D. Nelson was just eighteen years old. Over many years, The Lovesac Company would grow into a billion-dollar publicly traded corporation able to employ thousands. In taking in the stories and lessons he learned along the way, readers will learn many of the mistakes and miracles that have added up to success.

These principles can apply to anyone, engaged in anything in very practical ways. If you can learn from his mistakes, then perhaps your ambitions, big or small, can be realized in less than the twenty-five-plus years it took him to finally learn something and get somewhere with his. With an open mind, an honest heart, some ambition, time, help, and a little bit of luck—all things are possible—and you may just save yourself twenty-five years.

IN THIS SUMMARY, YOU WILL LEARN:

- The importance of simply making something happen.
- How to make your own luck.
- Why it comes down to this choice: quit or keep going.
- The value in hiring people better than you.

The Story: The First

June 1995, Shawn is sitting on his parent's couch one morning shortly after graduating from high school. A thought enters his brain from wherever thoughts like this come from: "It would be funny to make a really big bean bag—like big enough to fill the whole living room floor." He gets off the couch and drives down to the JoAnn Fabrics store. The clearance table has a remnant of black vinyl and tan vinyl that should be just enough.

He races home, rolls out and cuts the fabric by eye, and starts sewing it together. After jamming his mom's sewing machine, a friend's mom finishes the job, installing a zipper for stuffing. After three weeks of chopping up old blankets, packing peanuts, and camping mattresses in the basement he finished stuffing it. The Sac is born.

The very first Sac is out and about, riding along in the back of his truck as an accomplice to every mindless summer night adventure. Camping. Drive-in movies. Fireworks at the park—everybody loves it and everybody wants one.

To flop into it is immediately shocking—it's not a bean bag at all. It is an eight-foot-in-diameter comfort cloud that involuntarily puts a smile on anyone's face just to behold its ridiculousness—let alone on contact. But it would be three years until someone finally convinces him to go through the trouble of making another one.

The Lesson: Just Do Something

Do *something* to take whatever wild idea is nagging at you and move it forward—even an inch. Take that first step. Immediately, if you can. Why not? It is amazing what can be learned from actually doing *anything* versus just thinking or talking about it forever.

Don't think too hard. It may take a thousand starts before one of these ideas takes root and turns into something lasting. It is shocking where even the silliest ideas can lead. Lovesac is living proof of this. The world is full of people with good ideas. The thing that separates the champions from the rest is *action*—and then sustained action.

Simply *do* the things you think of! Develop a bias for action. Don't wait. Err on the side of *trying* the things that come to your mind without putting them off. Pick up and go. Sign up for the class. Take the risk. Prototype it. Don't just talk—*do*. Go make something happen. *Right now*.

The Story: The Lawn

May 1999, Shawn has officially made a second Lovesac for a friend. Now their friends want one, and *their* friends want one. The first formal sales event is on the lawn outside of the student union building at his university.

They set up a folding table, photocopied brochures, a three-ring binder full of blank order forms, toss one of each size Sac on the lawn, and see what happens. It's a party. Everybody loves it. That same reliable Lovesac effect—love at first sit.

Registration, preparation, sample-making, load-in, setup, all-day demonstrating. Tear down, take home, order process, draw-out, cut-out, drop-off at the seamstress's house. Pick up, shred, stuff, deliver, collect, deposit, repeat. That is the work required for every boat show, car show, beer fest, and Christmas Expo that drives their silly side hustle called Lovesac in year number one.

Christian, Shawn's best friend since junior high, is already involved and recommends James, who is "studying marketing" in school, to join the team. There's *three* of them now, willing to sweep floors, unload, pick up, or do whatever needs doing for *free*...alongside school, social lives, and "real jobs" that actually pay money. They have no idea it will be years before they see a dime from any of this.

The Lesson: Be Willing to Sweep Floors

There is nothing too hard, too long, too complicated, or too low for you. It doesn't matter how big the organization gets or how long you've been at it. You are *always* willing to do whatever it takes. You are even willing to sweep the floors if that's what needs doing.

This "willing to sweep floors attitude" doesn't mean that you always *will* sweep floors. The principle is a matter of never losing the sincere *willingness* to do it—and, when your back's against the wall, do it with a smile.

Preserving this attitude is critical to maintaining your edge, bolstering your credibility, and keeping a finger on the pulse of what's *really* going on in an organization.

And what of getting ahead? How is this achieved? First, make sure you are on the right bus. If your ambitions greatly exceed the size or scope of the organization you've chosen to ride on, then your opportunities there will be limited out of the gate. Consider a different bus.

They may not know a lot about finance, planning, accounting, visual merchandising, or inbound freight, but they know how to cause a ruckus.

Second, make sure the people you report to and those above them are good people with honest intentions. If they are, then they will recognize and reward strong talent. Merit will guide their decisions. If they are not good, then their decisions will reek of politics, nepotism, ego, or fear. You're on the wrong bus with the wrong people.

The third piece is simple: Be *amazing*. Be an A-player. Exceed expectations. If you are truly awesome at whatever it is you're doing, you will be noticed, you will be recognized, and eventually granted more pay, responsibility, and opportunity. On the *right* bus with good people, you can ultimately climb as high as your capabilities and attitude will allow.

The Story: The Mayhem

August 2003, Lovesac franchises are opening in malls at a breakneck pace. The marketing team has them involved in every buzzworthy event possible by now.

Not just another fashion brand, the Sacs can hold their own in celebrity venues at the Oscars, Emmys, and X Games. One friend leads to another, and suddenly all kinds of celebrities, musicians, athletes, and Hollywood superstars are reaching out to get their hands on one. The brand is really starting to boil.

They may not know a lot about finance, planning, accounting, visual merchandising, or inbound freight, but they do know how to cause a ruckus. Fans are coming out and camping overnight, dressing up on-theme, and queuing up through the mall, stretching out into the parking lot.

The lines block the entrances of fifteen neighboring stores and generally piss off everyone along the way. Customers love it! They pay the Laker Girls to come out and take photos with the line of LA super-fans. They just have fun with it—with *all* of it. They make work *play*.

The Lesson: Play Along the Way

Take the time you need to keep yourself relaxed and sharp. Use up all of your paid time off if your job offers that.

You're no good to anyone as a miserable, uptight, workaholic anyway. You won't perform well that way either.

Work as hard as possible while cramming some good times into all the seams and cracks of life. You may have to make sacrifices along the way. You may have to skip *some* things and live without others for years. You may take shorter vacations or chase different kinds of hobbies than others do because of your ambitions.

However you do it, push yourself to *play along the way*...or twenty-five years will race by accidentally, and you'll just have gotten old.

The Story: The Million

April 2004, Richard Branson is spinning up a business competition reality TV show, and they want Shawn to audition for it. It's for business-owner-entrepreneurs to compete for what will be the "biggest prize in reality TV history." He fills out their forms, shoots their on-camera interviews, and then forgets all about it.

Three months later he receives a phone call: "Can you be ready to travel to London and begin filming next week? You'll need to leave your company behind for two months, and you'll have no contact with *anyone* during filming." No phones. No email. He's nervous. His business partners are nervous. His new wife is nervous. But the exposure could be life-changing, not even knowing yet what the prize may be.

They risk it!

Two months of filming, eleven episodes, and fourteen people eliminated, it's down to Shawn and Sara Blakely, founder of Spanx. She, of course, is amazing but Richard names Shawn the winner.

He gives him one last test for high drama. He presents a check for \$1 million, a gift for Shawn to invest in Lovesac. He can take this million dollars, or flip a coin. If he guesses the coin toss correctly, they will "go on an even greater adventure together."

This is gut-wrenching. After thirty minutes of deliberation, he takes the check for a million. Richard reveals that *had* he flipped the coin, he would have been ruled foolhardy, and he would have left the show with nothing!

The cameras are finally put away after two solid months of filming. They're lying on the roof of Branson's main house at Necker Island looking at the stars. The whole thing feels surreal. Their conversation under the night sky gets deep and philosophical. Richard asks him about his beliefs and Shawn shares his faith in God and his gratitude for blessings and miracles like this one. He asks Richard about his.

Richard tells him, in that distinct English accent, "I believe we make our own luck." Shawn nods and smiles. He's not sure how he feels about assigning all the credit to luck.

The Lesson: Make Your Own Luck

It's all too easy to correlate our successes with our own efforts, intelligence, charisma, and capabilities. The faithful choose to thank God as well. The undying optimist in all entrepreneurs will accept the inevitable rough patches as necessary stumbling blocks meant to be conquered.

But *really* tough times—the incredibly painful kind of hard times that stack up in layers and conspire with rotten timing to wreak havoc on our physical, mental, and financial viability—*these* experiences can cause us to finally capitulate and admit: *only terribly bad luck can possibly explain my plight*.

Making an effort daily to openly express gratitude is one of the healthiest things we can do. It keeps us humble and grounded. Even if we don't choose to look at things as "blessings," good luck is okay too. Even the ricochet of random events in this life are part of the cosmic landscape God expects us to navigate anyway. Because of this, life is *not* "fair," and it never will be. You just have to play it where it lies.

By striving for excellence and developing various talents all his life, Shawn had unknowingly prepared for a fast-paced trip to foreign lands with a billionaire that would somehow lead to victory. He didn't choose to recognize it at the time. But certainly, winning "one million dollars on prime-time national TV," just in time to save his fledgling business from the debilitating debt they had already amassed, can *only* be attributed to some cocktail of good luck and blessings.

Call it faith. Call it "the secret." Call it a coincidence if you like. But we *do*, in fact, make our own luck.

The Story: The Bankruptcy

January 2006, Shawn is standing outside of an auditorium between sessions on some paid speaking gig where he's expected to motivate entrepreneurs and business owners to get bigger, better, faster. The phone rings and it's a call he's been dreading. Their lead venture capital investor tells him, "The board is voting to file Chapter 11 tomorrow in Delaware."

The investors' point of view is: After a disappointing holiday season fraught with various operational issues, Lovesac needs more growth capital and runway to reach profitability. Rather than reinvest, however, they could file for Chapter 11 bankruptcy, and through the reorganization process, cancel their worst debts, purge their worst lease locations, dissolve the worst-performing franchise relationships, and buy back the best ones at fair market value to make them all company-owned stores afterward. They would need to eliminate most of their HQ staff and repurchase the company out of Chapter 11 in about six months' time for less than it would cost them to reinvest now.

Talk about humiliation.

Exactly one year ago, Shawn was the winner of the "biggest prize in reality show history" and viewed broadly as Branson's protégé. Now, he would have to walk back into this venue of cheering onlookers to rile them up with his thrilling origin story and entrepreneurial epithets. By this time next week he'll be sitting at a table across from opposing counsel who will be grilling him and drilling down into every contract and document the business has. He put on a smile and delivered his speech to much applause.

It was mortifying. The reorganization process leaves him physically, mentally, emotionally, and financially destroyed.

The Lesson: Quit or Keep Going

The reason Shawn was in this predicament is because he "just *did* the next thing," opening stores haphazardly. This was a mistake. He didn't pause to consider that it might be the *wrong* next thing. He should have hired an extra staffer in that first store, stopped selling, and taken his hands *out* of the business and worked *on* the business—for as long as it might take to understand exactly *why* it was working so well—then turn *that* into a replicable playbook.

Investors *want* to give you their money if you have something scalable and reliable—you don't have to bootstrap it forever, scale it yourself on pure grit, or self-fund it with

They charged off to just “make it happen,” using brute force and determination, modeling the classic business school blunder: grow too fast, go out of business.

wanton franchise fees like they did. At that time they knew none of this and Shawn’s chosen partners knew little more. They charged off to just “make it happen,” using brute force and determination, modeling that classic business school blunder: grow too fast, go out of business.

The best part about dealing with the worst kind of outcomes, however, is that they greatly simplify your choices. You can either quit or keep going. That’s all there is when it comes down to it. It is a choice, and that’s *all* it is. It is a choice we all must make each and every day, regarding each and every endeavor.

You either quit, or you keep going. Shawn decided to keep going.

The Story: The Bold Brand

June 2010, it’s time to be bold again. They’re unable to afford the PR teams and product-placement budgets they blew through in their first come-up, but they can pretend. Shawn is brashly vocal in interviews and articles, proclaiming that “someday there will be Lovesac Theaters, Lovesac Buses, Lovesac Limos, and Lovesac Hotels...on our way to building a lifestyle brand.”

Marc Cuban gets wind of all his big talk and gives them a shot at reviving one of his dated movie theater locations on “Lover’s Lane” in Dallas. They’ll be outfitting it with Sactionals and Sacs, front to back. The Lovesac Theater quickly becomes the most popular auditorium in town. It’s a big sale for Lovesac at a most critical moment. Miracle.

Meanwhile, the remaining Lovesac stores need a facelift in order to escape the retro college-kid vibe to become a furniture brand worthy of Sactionals’ five- or ten-thousand-dollar price tags. But they have tight budgets—keeping the business incredibly lean until they have enough scale to begin generating cash from operations.

They’re installing new artwork, rewiring sound systems, spray-painting makeshift cash-wrap-expansion legs in the parking lot—one location at a time. Then it’s on to the next

one, with countless more needing similar upgrades. He’s only thirty-three, but he’s exhausted.

The Lesson: Talk Big, Work Small

Any leader should be constantly talking big and with words, pictures, presentations, and conversations to bring people along with their vision. It’s too easy for employees, partners, investors, and suppliers to lose sight of the vision you are working toward, if it is not constantly reinforced.

Tell your team what to expect, and what is coming. Get out ahead of everything you can and eliminate surprises wherever possible. Overshare. Set internal goals high and beat them reliably. It is the leader’s job to speak with boldness and transparency, including some of the bad news too. Keep it real. Be honest and candid. Don’t sugarcoat everything—this weakens believability overall.

Get to know people at *all* levels of your organization, whatever your position is. Seek out mentors and be humble enough to learn from everyone. Be customer-centric. Speak to individual customers. Listen to them. Many of the best answers and ideas are found there—but you need to be in touch.

Be willing to meet deadlines and achieve your basic KPIs and goals with operational excellence. Even majestic visions, ideas, and plans can’t excuse the baseline requirement to deliver solid performance week after week. Talk big, even as you work small.

The Story: The Showroom

August 2015, having scraped their way back to more than fifty locations, it’s time for a change in direction. Shawn can see the emerging digital-first and direct-to-consumer brands out there that are focused on an e-commerce-led strategy, supported by small-format mall stores just like theirs, but driven by advertising. They take a risk on TV advertising, supported by digital and social media, focused intently on measurable return-on-ad-spend.

The numbers don’t lie.

From here on out, they won't operate "stores" anymore. They will focus on "showrooms," places to touch, feel, and experience the products seen on TV or online.

These showrooms are reimagined with new branding. They will carry no inventory. Customers can make their purchase however they want, virtually or in-person. Everything will be shipped to them direct-to-consumer regardless of where they purchase.

It works.

The Lesson: Hire Better Than You, and Let Them Own It

Top talent and top teams, operating without too much dysfunction, deliver top results. End of story. It is always in any leader's benefit, therefore, to hire the absolute best people they can possibly afford. Be brave enough to hire people that are *even better than you*—at least in some capacity, if not overall.

You must also be courageous enough to let them hold the reins. Trust them. Let them call the shots. Let them make *every decision you possibly can*. Let *them* take the credit for success.

Make "we" your default language. Make it a habit. Top talent may go on to achieve positions or titles to the side, above, or beyond that leader who initially brought them on. This too reflects most favorably on the leader who hired them or coached them up. Be that person.

Hire *better* than you, and let them own it.

The Story: The IPO

June 2018, it's another Lovesac miracle at the eleventh hour. They somehow close on the necessary funding to keep the lights on and bridge Lovesac to a potential IPO. It's been twenty years since Shawn founded the company in his mother's basement and it's hard to believe what it has become.

Like an oak tree through a crack in the concrete, it has grown into a \$100 million enterprise about to be listed on NASDAQ. His parents really don't know what to make of it. Lovesac will be the first stock they've ever owned in their life. Shawn's too.

The IPO is successful. Shawn is a multimillionaire overnight. The hundreds of other long-time Lovesac family members who've earned ownership in the company can monetize their stock. After many years struggling together,

their suppliers, too, now have a more stable future indeed. It was a great day—for all of them.

The Lesson: We Can All Win, Together

Firms have many stakeholders to consider whether they realize it or not. So besides doing well by yourself and your investors or partners, consider the employees, the customers, the suppliers, the community you operate in, and the environment, just to name a few.

Become aware of as many stakeholders as you can, consider them, plan for them, make the effort to build it for them steadily, over time, and we can all win together. As they say, the best time to plant an oak tree is twenty years ago. The second best-time is *now*.

Lovesac's winding path has afforded Shawn valuable lessons along the way. He is wiser for it. He knows who he is. He sees what he can become. He's found purpose. He's found love. He's been humbled to become teachable yet stayed *just dumb enough* to believe he can do almost anything with the right team.

He's grateful for this twenty-five-year adventure as it has forced upon him the pragmatic perspective that he has today: Things usually take way longer, and they're way harder than we ever think they will be. But he genuinely believes, as the cliché goes, if only he had known then what he knows now, he could have shaved at least a decade off.

Perhaps you can.



Shawn D. Nelson is the founder and CEO of Lovesac, repeatedly recognized as the fastest growing furniture brand in the US for over a decade. Lovesac is publicly traded on Nasdaq, ticker “LOVE” leveraging its rapidly growing fleet of more than 270 Lovesac branded retail locations. From humble beginnings, Shawn founded Lovesac in 1998 making Sacs by hand for neighbors and friends while in college. He graduated from the University of Utah in 2001 with a BA in Mandarin Chinese before opening Lovesac’s first retail location in his hometown of Salt Lake City shortly after graduation.

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