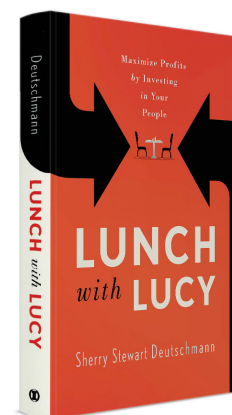


Lunch with Lucy

Maximize Profits by Investing in Your People

by **Sherry Stewart Deutschmann**



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THE SUMMARY IN BRIEF

According to a 2018 Gallup poll, 53 percent of employees in US companies are “not engaged”—they’re doing the bare minimum. Worse, another 13 percent are “actively disengaged” and trying to influence their coworkers to be just as discontent as they are. This is a problem largely caused by uncaring, misguided employers and it’s bad for the employees, the employers, and, more broadly, society.

For company leaders, *Lunch with Lucy: Maximize Profits by Investing in Your People* describes how and why a company with an employee-first, empathetic leadership business model is not only a place where people are happy to work but also more profitable than it would have been otherwise. Numerous real-life examples are clarifying and enlivening.

Author Sherry Stewart Deutschmann, with a high school education and grit, determination, and a heavy (at first) sprinkle of delusion, started a company on a shoestring in her basement and grew it to a \$40 million enterprise. She attributes this success to the company’s culture. The key ingredient of her secret sauce was leadership through empathy.

IN THIS SUMMARY, YOU WILL LEARN:

- Why you should put your employees, not your customers, first.
- How generosity to your employees results in greater profits.
- The benefits of getting to know your employees.
- Things to say “no” to.

First Course - Appetizers

Sherry Deutschmann's philosophy is that customers don't come first. Employees do. If you take great care of your employees, you will create a team of happy people working together to take great care of the customers. Explain this concept to your customers. They'll get it! In fact, they'll love it.

Before she started the company that you'll read about in this book, Sherry worked in sales for a business that grew much too fast, failed to address internal issues, made constant mistakes, and had a CEO who failed to empathize with the effects of these problems on customers or employees. Sherry tried to figure out what the problem was, and it hit her: the employees didn't care about the company because no one cared about the employees.

The leadership team was not interacting with the employees. But it was the employees who had the knowledge, the answers. She made suggestions to improve morale and get everyone in sync, but her boss was dismissive. Eventually, she decided to start her own business and resigned. Her new business, LetterLogic, had caring as its cornerstone.

Second Course – Shared Plates

Lunch with Lucy: Getting to the Heart of the Matter

The title of the book, *Lunch with Lucy*, stems from one of many innovations at LetterLogic. To lead a true "people first" organization based on an empathetic leadership business model, Sherry had to know her employees better. By this time LetterLogic had grown to over 30 full-time employees. She began scheduling one-on-one lunches with all the employees, giving herself the alter-ego name "Lucy" to remove the anxiety they might feel about having lunch with the CEO. These lunches were not only beneficial to company culture, they also added to the bottom line because they helped retain great employees.

There are many advantages of really getting to know your employees. Employees who are happy and feel connected to you produce better work. Better work leads to happy customers. Happy customers are loyal and willing to pay more for your services and products. They are willing to weather a few difficult storms and stick with you when things don't go as planned.

Get to know your employees and you'll get a better under-

standing of your company's inner workings. You'll learn when your leaders are truly leading and developing their teams.

Once you really engage with your team members, you'll find that each one of them becomes part of the sales team. They are the ones who make or break the company's reputation in the community.

Fair Pay Is Every Entrepreneur's Privilege. . . and Responsibility

The reality of living on minimum wage is unsustainable. Minimum-wage work forces people to work two or more jobs and struggle to keep food on the table. How can an employee be expected to come to work with a great attitude and focus and produce high-quality goods and services when they're constantly exhausted and all they can think about is whether the electricity will be cut off at home? If you find good employees and pay them a fair living wage, you'll be rewarded with better products and services. When your products and services are superior, people will pay more for them. When people pay more, you'll take more to the bottom line. How dedicated would you be to an employer who paid minimum wage?

Paying employees low wages results in all taxpayers subsidizing their pay through food stamps and other programs. And the employers themselves pay the price too. So few of their employees are truly engaged that it takes two or three times as many employees to get basic tasks completed. Instead of paying one employee \$15 an hour, they have to pay two or three people minimum wage.

A Profit-sharing Plan that Generates Even Greater Profits

At LetterLogic, Sherry developed a profit-sharing plan to not just reward but guarantee good results—a plan that would drive engagement and affect behavior. Profits were distributed monthly rather than annually, which made it easier for employees to remember the events that led to a profit or loss. The distribution was tangible. Paper checks were handed out at monthly company meetings. And everyone in the company shared in the profits equally. This showed every single person that their job was just as important as any other.

Don't be afraid of giving some of your profits (LetterLogic gave 10 percent) to your employees. Your company will grow faster because you're investing in your greatest asset, your people.

Empathy Is Contagious

The culture that thrived at LetterLogic was about more than fair wages, profit sharing, and empathetic communication. Everyone truly cared for one another. The positive environment it nurtured made its employees' personal lives better. Sherry wanted to inspire her work family to look out for one another and be quietly alert to challenges or problems that others may face. And they did. Time and time again.

Third Course – Entrees: The House Specials

Major in the Majors

Focus on your company's strengths. Experts may tell you to diversify, to add multiple products and service lines. This might be good advice in some industries or circumstances, but often it's the very reason a company fails. Know who you want to attract as loyal clients. Spend the bulk of your times on things that make the biggest impact to your business. Do one thing. Do it really, really well, and you'll succeed.

Direct, Empathetic Communication

If you want to make any message more palatable or meaningful to an individual, you must start by knowing that person well—and having that person know you well too. It's only then that you can put yourself in the other person's shoes (and them in yours) and be able to speak with directness and kindness as you deliver your message.

The most effective and compassionate way to deliver criticism or tell a customer about a mistake is to be direct. Calling a mistake an “inconvenience” or blaming it on a “glitch” or a “bug” is a total cop-out. Be direct and take full responsibility for a mistake. It will help diffuse the customer's anger and frustration. It's disrespectful to BS your way through a difficult conversation. Be kind. Be honest.

Transparency

LetterLogic had monthly company meetings over lunch. They started with the same announcements you'd expect at a typical family reunion—engagements, weddings, etc. They welcomed new employees. Each department then provided an update on the challenges and triumphs they'd experienced in the last 30 days. They talked about what-ever might impact the daily lives of team members and answered any questions.

Then the CFO presented all the key financial figures. The factors that led to any disappointing month were discussed. When people understand how their actions (or inactions) positively (or negatively) affect profitability, they pay more attention. They care more.

This level of transparency fostered trust and confidence in the leadership team that could not have been achieved otherwise. The information they shared helped everyone make better decisions.

Fourth Course – The Sides

Profit Sharing and Living Wages Aren't Enough

On top of fair living wages and equal-distribution profit sharing, Sherry wanted to offer benefits that addressed the real day-to-day needs of her work family and made a real impact on their lives. The company offered tuition reimbursement and paid leave for new moms and dads.

Health insurance. LetterLogic offered excellent health insurance benefits: 100 percent of the healthcare, medical, dental, and disability insurance for all employees.

Home-buying assistance. Sherry encouraged employees to save money to buy their first homes and LetterLogic helped with a cash gift toward the down payment or closing costs.

Bring your kids to work. LetterLogic instituted a policy that allowed all employees to bring their kids to work whenever they needed to (when their usual daycare facility was closed, for example).

Personal loans. Employees who found themselves in a financial pinch had the option to borrow money from the company.

Entrepreneurship assistance. LetterLogic encouraged employees to be open about if they wanted to own their side businesses, and offered advice, mentoring, and financial assistance.

Trucks. The company allowed employees to borrow its company trucks on weekends if they needed them.

Some things didn't work out. On-site gyms, after the novelty wore off. Healthy snacks that almost no one ate. Paying for smoking cessation programs, which didn't have lasting results in most cases.

The biggest lesson was to get to know employees better to understand what matters to them. The company saw mea-

asurable positive results from its benefits program because happy, well-cared-for employees are more loyal to the company, produce better products and services that customers are willing to pay more for, and keep customers happy and loyal.

The Power of Saying “No”

Saying no not only opens more doors; it opens better doors. When you say no to business that isn't right for you, you'll get more respect and more opportunities. And you'll close more business and it will be better business.

Salespeople are the lifeblood of a business, but don't say “yes” to every new product or service they ask for because a customer wants it. LetterLogic required salespeople make a business case to show why what they were asking for was financially viable. And since the company's financials were available to them, they could see for themselves the cost of expanding the scope of the business and were more likely to assign themselves with what was best for the company long term. They began to think like entrepreneurs and understand that all opportunities have costs to weigh.

Say no to some new business. All customers and all business are not of equal value to your company. Some accounts will never be profitable. Taking on new clients at the wrong time can create serious problems. And sometimes saying no to business means firing customers.

“Opportunities” to avoid:

- Taking business at a loss, just to get your foot in the door.
- Doing business with friends and family.
- Taking on business that does not fit your business model.

Say no to unnecessary networking events. Too much networking will kill you.

Say no to serving on a nonprofit board or committee until later, when your company is running smoothly. Your experience will be more valuable to the organization you're serving by then.

Say no to lunches, meetings, and lunch meetings. If you're doing well, eventually everyone will want time with you. The best way to handle endless requests for your invaluable time is to ask for an agenda.

Mentors and Coaches

Even the humblest founders have a stubborn streak that makes it difficult for them to see potential pitfalls that are right in front of them. They need a pool of advisors to keep them in check. Start building yours before you really need it. Knowledge and experience from folks who've been where you are can help you avoid the cliffs and pitfalls. And if you end up in a ditch anyway, they'll give you a hand up.

Dessert

It doesn't matter how big your company is. An employee-centric, empathetic culture will make a better company. There are many great examples of big companies, even public companies, that employ this strategy.

Your business will absolutely be more successful if you take better care of your people. Put people first. The profit and peace of mind will follow!



Sherry Stewart Deutschmann is a serial entrepreneur. Her first venture was LetterLogic, Inc., a company she founded in her basement and grew to \$40 million before selling it in 2016. Sherry was honored by President Barack Obama as a White House Champion of Change in 2016. Sherry's passion is helping women-owned businesses get better access to networks, capital, and markets, and in 2015, she was appointed to the National Women's Business Council, a small group of women who advise Congress, the SBA, and the president on issues related to entrepreneurship for women.

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