Sweet Treats and Engaged Employees

Dancing Deer Bakery

The Story | The recession that began in 2008 was hard for many firms, especially those dealing in high-end consumer products, and all-natural baked goods purveyor Dancing Deer Bakery was no exception. The company sells directly to consumers via mail-order and the Internet and wholesale to high-end grocers. But founder and former CEO Trish Karter says there is one thing that she can point to that made the difference in the company’s ability to weather the downturn: employee engagement.

Engagement Strategies | Dancing Deer Bakery has been lauded as a Boston Business Journal Innovator of the Year, a Forbes “Best Boss” company, and – for four different years before it moved to its current location – was ranked on the Inner City 100 list. An aspect of the business that is consistently recognized in these awards is its triple bottom line approach and fierce commitment to the bedrock principles of the company.

How does the bakery keep employees engaged? Karter ticks off a list: broad based stock options, open-book management and “communication, communication, communication.” Karter says the corporate culture is one of “commonality and community” and includes a policy of promotion from within as well as being very open to ideas from any and all employees, which often has resulted in efficiency improvements.

Karter has taken some risks with her hiring practices, including adding former convicts to the payroll. But she says that because she and the supervisory team really get to know employees personally, they have moved up the ladder. One ex-convict is now a high performing supervisor. Many current supervisors once worked on the line. Karter says accommodating employees’ after-hours pursuits, such as night school, engenders loyalty and lower employee turnover.

Other benefits available to the mostly entry-level employees include health and disability insurance – including insurance for part time workers (24 hours per week or more) – education reimbursements,
and matching IRA plans. Many of the company’s 75 employees live in neighborhoods accessible by bus to the bakery in Hyde Park, MA.

The Human Resources director is part of the executive management team, and Karter says that HR has always been core to the operation of the business. The company practices open book management, which is both challenging when people see the numbers during a downturn but also key to all employees understanding the critical importance of meeting and beating metrics.

The company’s open server allows all financial documents to be shared, with the exception of the CFO’s budget spreadsheets, and management and supervisors discuss the numbers in depth at weekly meetings. These meetings are an open forum where employees are encouraged to ask questions.

One of Dancing Deer’s well known charitable initiatives is the Sweet Home project, in which 35% of the revenues from certain products are donated to local initiatives to help homeless families establish stable lives and move into homes of their own.

Karter says the company’s initiatives – from its charitable donations to equity-sharing activities – have been possible because employees understand the company’s financial position. “People know where we are on everything,” she says.
Shared Ownership | The company started offering broad based stock options as early as 1996. “We see options as not only a financial reward for good work but also a tool to help people understand and manage financial assets long term,” Karter told Business Week in 2007. This is particularly significant for those entry level employees who do not yet have checking or savings accounts. “And we believe that everyone having a stake in the outcome truly makes us a better company,” she says.

About 13-15% of the company’s options are owned by employees other than management. Options are usually awarded based on a formula that is tied to sales rather than an external valuation of the company unless there is a market transaction. If there is growth, employees can cash in their options upon their departure. In some instances when capital has been raised, Karter and other shareholders took a dilution in order to share more with employees. In the event of a company sale or other liquidity event, employees will benefit alongside management and investors.

Business Results | Karter says that Dancing Deer’s all-natural products, community involvement, and fully engaged employees are core to the company’s branding and lead to greater customer loyalty and sales. In addition, practices such as open book management helped employees pull their weight in hard times. “We had a rough couple of years during the recession,” she said. “We survived because of engagement.”

LESSONS LEARNED:

- Ensuring that all employees clearly understand key financial metrics and how to influence them can make the difference between surviving and failing in an economic downturn.

- A brand that reflects employee engagement, community involvement, and environmental stewardship can engender customer loyalty.