Dal LaMagna, founder and former CEO of the Tweezerman Company, a beauty products maker best known for its namesake tweezers, saw his company scale to a global brand. But he never let employee engagement or, as he calls it, “responsible capitalism,” go by the wayside.

LaMagna designed his company to share 20% of ownership with his employees through stock bonuses and an ESOP. “I decided to not exploit my workers, but to make them my partners,” he explains. His motivation for doing so was informed by his belief that his employees should share in the profits and the value that they built together over time. Instead of salaries, employees at Tweezerman were paid for hours worked – even if that included overtime – which LaMagna saw as more equitable.

Tweezerman actively worked to maintain its employee engagement practices as the company grew. One strategy to do this was to keep its policies consistent, such as paying employees a living wage. Another was to engage Verité, a nonprofit that conducts social audits, to help assess its practices. The process included random interviews with employees, customers, and vendors. LaMagna says the firm quickly corrected any problems it found during the course of these audits.

When the beauty tool giant was sold to privately held Zwilling J.A. Henckels Company of Germany in 2004, 250 employees made millions in the deal. LaMagna described many happy employees including one maintenance worker who earned $50,000 as his share of the capital gain – and kept his job. He said that the company sold for more than it would have because of its strong brand and the competent, engaged employees there to help continue its growth.

While building the firm, LaMagna adopted many open book management strategies including showing his co-owner employees how the financials worked. “As a result, they worked harder,” he says. Employees understood that 20% of revenues were budgeted for salaries and benefits, and that increased sales could either go to raises or hiring new people to handle the increased work.
For example, the shipping department managed for some time to continually increase their productivity, receiving hefty raises as a result. Eventually the amount of product needing to be shipped necessitated hiring additional employees. “But the members of the department were empowered – they decided when more employees were needed, not the management,” LaMagna explained.

To award the credit managers for dropping the amount of past due receivables LaMagna shared with them the interest cost savings the company realized because it borrowed less from the bank. When this program was instigated past due receivables dropped from 25% to 13%. “It wasn’t a whole lot of money – $900 to two people in a quarter – but they directly benefited from their increased effectiveness,” he said.

Tweezerman is a quality driven business, not a price driven one, unlike its competitors, according to LaMagna, allowing him to focus on building a socially responsible company. And when selling the firm, LaMagna was careful to choose a buyer that would uphold this philosophy. After the sale, wages and benefits stayed in place for American workers and employees at a plant in India received bonuses equal to a half year’s salary and kept their jobs.

While triple bottom line practices are now gaining headway among companies large and small, Tweezerman was warm to the business approach from the beginning. One of social entrepreneurship’s earliest champions, LaMagna truly understands what a great company culture means in practice. “Take care of your employees and they will take care of you. Take care of your vendors and they will take care of you. Take care of your customers, and they will take care of you. Take care of your community and they will take care of you. That’s it – quadruple bottom line.”

More information on Tweezerman is available in LaMagna’s recent book, Raising Eyebrows, A Failed Entrepreneur Finally Gets It Right.