Low Minimum Wage Is Bad For Women, Families And Business

BY SHERRY STEWART DEUTSCHMANN

As a small business owner myself, I don’t see the logic in business people arguing against increasing the minimum wage. It’s just not logical to pay people a wage that doesn’t even cover basics like food, housing, utilities and transportation needed to get to work.

At $7.25 an hour, the minimum wage comes to just $15,080 a year for full-time employees. Think about cashiers or health aides, childcare workers or fast food servers trying to make ends meet on $15,080.

How can you keep people fully engaged in the success of your business when they are distracted with worry about how they are going to pay rent or keep the lights on? How can they provide the best customer service when they are struggling to feed their family?

I know firsthand, you don’t need to pay poverty wages to succeed. In fact, paying higher wages is truly beneficial for business.

Since opening our doors in 2002, LetterLogic has grown fast. We have no debt, have annual revenues approaching $30 million, and occupy a large processing center in downtown Nashville with 50 employees. The Women’s Presidents Organization named us one of the “Top 50” Female-Led Businesses in North America for three years running and we made the INC 5000 list for seven consecutive years.

I know we would not have had this success if we paid minimum wage. Paying better wages has helped our bottom line, not hurt it.

My company has been successful because of our employee-centric culture. We believe that if we take good care of our employees, they will in turn take great care of the customer. It works.

Our starting pay is $12 an hour, not $7.25. And we increase wages by an average of 20 percent as soon as the probationary period is over. We also pay 100 percent of our employees’ medical, dental, disability and life insurance. We give them 10 percent of our profits monthly, distributed evenly regardless of job or title. We help them buy their first homes with grants toward down-payments. We allow them to bring their children to work when they need to. We reimburse tuition. And these aren’t all of our employee benefits.

It’s very good for our business. We can count on dedicated employees and higher productivity and morale. We save money with lower turnover and training costs and reduced mistakes. We have better customer service and satisfaction.

We don’t count on other businesses and taxpayers to subsidize our profits by underwriting food stamps and other safety net assistance for our employees.

Why should I be subsidizing the profits of companies that pay wages their employees can’t live on?

When I pay a starting wage of $12 plus benefit my employees have more money to spend at other businesses.

The very least other businesses can do is pay a wage that allows their employees to afford the basics.

But today’s minimum wage locks workers into a nightmare of poverty. It isn’t a building block of the American Dream. Adjusted for inflation, the current minimum wage of $7.25 is worth less than it was in the 1950s.

The typical minimum wage worker is an adult woman. As Margot Dorfman, CEO of the U.S. Women’s Chamber of Commerce, has said, “Keeping the minimum wage low keeps women and families down.”
Last increased in 2009 to the inadequate level of $7.25, the minimum wage is overdue for a raise.

The proposal to increase the minimum wage in three annual steps to $10.10, and then adjust it yearly after that for the rising cost of living is very reasonable.

After all, the minimum wage would already be over $10 now if it had kept up with the cost of living since the 1960s.

Today, women own 30 percent of American businesses.

The success of my company—and my personal success—is proof that the American Dream is still possible. But it's a possibility built on fair wages—not poverty wages.

Public opinion polls show that across the political spectrum, Americans want to raise the minimum wage. President Obama, many members of Congress and many business owners want to "Give America a raise." Let's make 2014 the year we get it done.

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