

## What Happened to the Company That Raised Minimum Wage to \$70k/yr?

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Remember a few years ago when the owner of a credit card payment processing company based in Seattle raised the minimum wage of his employees to \$70,000/yr while taking a huge pay-cut himself and capitalists the world over, afraid of their beloved & apparently suuuuper delicate system collapsing from such madness, flipped out?

The BBC recently checked in with Gravity Payments and its owner Dan Price to see how things were going. Pretty damn well, as it turns out:

The headcount has doubled and the value of payments that the company processes has gone from \$3.8bn a year to \$10.2bn.

But there are other metrics that Price is more proud of.

“Before the \$70,000 minimum wage, we were having between zero and two babies born per year amongst the team,” he says.

“And since the announcement — and it’s been only about four-and-a-half years — we’ve had more than 40 babies.”

More than 10% of the company have been able to buy their own home, in one of the US’s most expensive cities for renters. Before the figure was less than 1%.

“There was a little bit of concern amongst pontificators out there that people would squander any gains that they would have. And we’ve really seen the opposite,” Price says.

The amount of money that employees are voluntarily putting into their own pension funds has more than doubled and 70% of employees say they’ve paid off debt.

When Price made the announcement about raising wages, two senior employees quit because they thought the junior employees would become lazy and the company would suffer. Spoiler alert: didn’t happen.

Rosita Barlow, director of sales at Gravity, says that since salaries were raised junior colleagues have been pulling more weight.

“When money is not at the forefront of your mind when you’re doing your job, it allows you to be more passionate about what motivates you,” she says.

Senior staff have found their workload reduced. They’re under less pressure and can do things like take all of the holiday leave to which they are entitled.

The thing about the increased number of babies is *astounding*. Some of that has to be demographic (employees getting older and entering prime family-starting years) but having a baby in the United States is expensive and that has to factor into many people's decision on whether to have a child, especially if it's a second kid or if you're a single parent.

But the most interesting observation is this one by Price equating the freedom of his employees to their capability:

“We saw, every day, the effects of giving somebody freedom,” Price says.

He thinks it is why Gravity is making more money than ever.

Raising salaries didn't change people's motivation — he says staff were already motivated to work hard — but it increased what he calls their capability.

Employees that worry less about debt, healthcare, or where their next meal is coming from are happier, more productive employees. Imagine that.

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