Returning to Profitability: Buffer’s 2024 Profit Share & Formula

Last year was Buffer’s first profitable year after two years of losses. This turnaround has been a huge accomplishment for our team. Given our focus on long-term sustainability and growing through revenue from customers rather than funding, it was a symbolic achievement in service of the path we’ve chosen.

We closed 2024 with a net profit of $202,459. But perhaps the most exciting part for me of achieving a profit is that we

were able to distribute our profit share bonus again.

Read on to learn more about our philosophy as it relates to profitability and profit sharing.

Looking at how we achieved profitability in 2024 tells an interesting story. While we ended the year with over $200,000 in net profit, this journey wasn’t a straight line. We entered 2024 with monthly losses, including our highest expense month in March with a loss of over $250,000; largely resulting from the costs of our company retreat. What followed was remarkable: nine consecutive months of profitability, steadily clawing our way back to break even and then profit.

What’s particularly noteworthy is that the bulk of our profitability was achieved in the final two months of the

year. The first ten months essentially balanced out to break even, but then November and December each brought in over $100,000 in profit, pushing us to that final $200,000 figure for the year. This gives us a strong indication of what 2025 might look like, starting the year with this kind of monthly profitability as our baseline.

Being profitable is really a fundamental part of what I like to call being a “real business” – a term I first heard from Bryce of indie.vc. For Buffer, choosing to operate long-term means dealing with all aspects of actually making the business run. Without relying on funding (which is generally the approach for tech businesses), we need to be profitable.

This profitability is vital for us to maintain our independence long-term, especially when we want to have equity and stock options working in the mix of things and provide liquidity through buybacks. But beyond the practical aspects, profitability gives us conviction and helps us to be really ambitious about our future.

We’ve carried out profit sharing at Buffer since 2017, and we see it as a component of building a long-term, sustainable, thriving business. We’ve issued profit share bonuses five times since then, however, the past two years were exceptions with no profit share bonuses as we did not achieve profitability.

I deeply believe that as we grow Buffer together as a team, we should collectively benefit. Specifically, all of us working day in, day out, week in, week out, should be benefiting from the success we create together. This stands in contrast to the typical tech company model where investors, who often put in the least time and energy, benefit the most.

For 2024, we distributed 15% of our net profit as profit share bonuses. This is higher than our historical range of 8-12%, reflecting both the exceptional year we’ve had and our move

toward a more consistent approach for the future.

The distribution model is designed to incorporate different factors of our collective success:

- 40% of the pool is distributed equally across the team, representing that this was truly a team effort
- 40% is distributed weighted by salary, reflecting the different levels of responsibility and impact we can have in our roles
- 20% is weighted by tenure at the company, acknowledging the value of long-term commitment and historical context

With our $202,459 in net profit, this created a profit share pool of just over $30,000, distributed among our 73 team members. This works out to an average profit share bonus of

$416 per person.

While these aren’t huge numbers by any means, they represent a significant achievement — turning around a multi-year decline and setting ourselves up for future growth. Starting 2025 with a baseline of $100,000 monthly profit puts us in a strong position to increase both our net profit and these bonuses significantly in the coming year.

This return to profitability and profit sharing represents more than just numbers on a spreadsheet. It’s a testament to our team’s dedication and a reinforcement of our commitment to building a business that succeeds while staying true to its values. As we look ahead to 2025, I’m excited about what the Buffer team is going to achieve together.

I’d love to hear your thoughts or questions related to profitability and profit sharing in the comments.

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