Why You're Hurting Your Bottom Line If You Only Care About the Bottom Line

Fixating unhealthily on profits could backfire, but there is a better way.

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In business, the bottom line matters most. There's no way around it; you need to make money to stay afloat, and so it feels natural to manage employees with money in mind. This may be doing more harm than good, however. According to research from Baylor University, entrepreneurs or supervisors who use a "bottom-line mentality" (BLM) were less effective. They often lost employee loyalty and respect.

The researchers surveyed 866 people, half of them employees and the other half their supervisors, and found that high-BLM supervisors tended to create low-quality relationships with staff members. Workers could feel their supervisors were focused on the bottom line rather than on effectively managing them as individuals. In turn, team members became disengaged and withheld strong performances. It turns out that a bottom-line mentality can actually hurt your bottom line.

If you're stuck in a BLM rut, it's time to find a better way. Here's how.

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Be careful with messaging.

If you’re having a booming second quarter and want to share those results with employees, that’s great. But if your company-wide meetings revolve around profit and loss in the form of graphs, pie charts and dollars and cents, you might be going too far.

When you frame everything around the bottom line, it’s easy for employees to feel expendable or that they’re just a cog in a machine to make you, and the company, more money. Instead, focus at least somewhat on employee performance around client relations, productivity and creativity. If you highlight only the bottom line in your messaging, it becomes clear you value profit over all else. That includes putting money above personal development, and worse yet, ethics in the workplace.

Treat employees like people, not numbers. That starts with messaging.

Practice ethical leadership.

Ethical leadership places values front and center. These values include honesty, trust, communication and fairness, with the goal of prioritizing the dignity and wellbeing of those around you. If you haven’t already, sit down and define you and your company’s set of values. Whether you’re a CEO or in a management position, take a little time to define the kind of leader you want to be. Think about your company’s mission and your vision for its place in the world. Consider how you can prioritize your employees and ethics with those values in mind.

Engage on a personal level.

Employees are people with individual thoughts, traits and goals. Take some time to get to know them through team events

as well as one-on-one or small group meetings. During those meetings, talk about more than money. Better yet, don’t do all of the talking. Don’t just do a yearly performance review. Make a point to touch base with team members at least every few months. Ask questions not just about how the employee is performing at work, but how you can help them excel. And listen to their opinions.

Get to know their strengths beyond making the company money. Are they creative? Good at public speaking? Do they enjoy putting together reports, working with data or generating new ideas? What are their long-term career goals? Don’t be afraid to give them training that may help them advance to a place in their career beyond working for you and your company.

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When you engage with your employees on a personal level, you’ll learn more about how they work best. Moreover, you may find an employee has been waiting to tell you their great ideas. Use an open and welcoming management style to encourage employees to come to you with suggestions and ideas. That will help drive the kind of high-level performance every entrepreneur wants. Your bottom line may just be better for it.

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