

Employee Relations and Your Bottom Line

By Susan Caldwell

Recently a client and I discussed his bottom line and why sales were higher than the previous year, yet he made less money. A closer look at the numbers revealed problems associated with staffing were primarily the cause for decreased profits. Our conversation made me think of a book, *Contented Cows*, written by Bill Catlette and Richard Hadden. The book makes the connection between a firm's employee relations practices and its bottom line. The authors note that firms that make the list of "The Best Places to Work" are also some of the most profitable; this is no surprise. Studies show that a person's degree of satisfaction with his/her work situation is directly related to output.

The book notes that the "Best Places to Work" firms have differentiated themselves as employers of choice, enabling them to hire and retain quality employees and also differentiate their products and services in the marketplace. These firms had three major things in common: their employees were committed, knew they were cared about, and were enabled to perform. These firms found what is meaningful to employees, tied it into what is meaningful to the firm, and created an environment that motivated employees to function at a higher level than competitors. As the authors note, products, services, technology, and tools can

all be copied, but a focused, caring workforce cannot easily be duplicated. If you fine tune employee relations, you have the opportunity to create a fully engaged and satisfied workforce – a competitive advantage.

As my client and others have learned, increased wages do not always motivate. So what does? Being empowered to make decisions may be a motivator. For others, knowing that performance is measured independent of co-workers and people will be held accountable may be a motivating factor. Allowing an employee who is a NASCAR enthusiast to complete the work week by noon Friday and get to the race track early may be the incentive that positively impacts his attitude and output. For some, there may be no incentive that will work – they may never be content or willing to function at an optimal level.

Does your firm have employee incentives? You may, but don't realize it. What do the incentives say? Incentives should tell employees what the firm values and what will be rewarded. If Joe produces quality work and Mark is a slacker but Joe's performance and pay are rewarded the same as Mark, what message have you sent? Will Joe continue to perform at a higher level than Mark? Also, think about business decisions that may not be considered employee relations, yet employees must live with them (i.e., safety, customer service policies).

As I learned from my grandfather, a farmer, years ago and Catlette and Hadden point out, contented cows give better milk. My grandfather knew that a cared for, happier, healthier herd produced more milk and increased the bottom line. When you look at employee relations, you can take a lesson from the dairy farmers. Cared for committed employees can give you a competitive advantage and increase your bottom line.



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