

Employee Financial Education

Category: Communications

Business owners tend to think their employees understand more about finances than they actually do and simply shrug their shoulders when the topic of educating employees comes up. They are nervous about sharing financial information, but what your employees don't know can hurt the company and educating them is very important.

As Brad Hams lays out in *Ownership Thinking*, employees almost always think that you are making more money than you are. In research that Brad did, he found that employees across the whole spectrum of education from shop floor to PhDs thought the company made 50% profit.

As any business owner reading this knows, that is way off the mark, and it is a real problem. As Hams says, "In the absence of information, people make stuff up", and as a result they assume the company is making "wheelbarrows of money". They can become wasteful and end up believing that they are being under-compensated.