

BlissPoint Analytics
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PEOPLE ANALYTICS · FINANCE

How to Measure the ROI of People Analytics

A practical playbook for HR and finance: the formulas, a worked example that matches our free calculator, and how to build a case a CFO can audit.

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Data: Gallup; BLS JOLTS 2025 and September 2026; BLS ECEC June 2026; SHRM 2025 benchmarking
blisspointanalytics.com/resources/whitepapers/people-analytics-roi-playbook

EXECUTIVE SUMMARY

The short answer

Organizations measure the ROI of people analytics the way they measure any investment: they list the decisions the analytics changed, record a baseline before the change, value the difference with their own costs, subtract everything the program costs, and report the result as a range with every assumption written down. The four places the value usually shows up are turnover cost avoided, time saved, quality of hire and productivity.

½× to 2×
the annual salary Gallup estimates it costs to replace one employee, a range it calls conservative
Gallup[1]

2.0%
of U.S. jobs ended in a quit in an average month of 2025: 38.0 million quits over the year
BLS JOLTS[3, 4]

$5,475
average cost per hire for a nonexecutive role, before the cost of lost output while a seat is empty
SHRM 2025[6]

What this playbook gives you

- **Four formulas** for the value levers, with the data each needs and how much a finance team will trust it (Section 1 and 2).
- **A worked example** run through the free HR analytics ROI calculator, so every number here can be reproduced on the tool: $376,400 of benefit a year against $120,000 of cost, 213.7% ROI on the base case, with a low case of 57% (Section 3).
- **An auditable case for a CFO**: the baseline, the attribution, the cost ledger and the sign-offs that make the number defensible (Section 4).
- **The common mistakes** that make ROI claims fall apart in review (Section 5).

> A CFO does not need a big number. A CFO needs a number that survives being checked.
>
> The test this playbook is built around

Read this first

Every result in this paper is arithmetic on stated assumptions, not a forecast. Run your own numbers, report a range, and treat the low case as the one you are willing to defend.

SECTION 1

What ROI means for people analytics

People analytics produces information. Information only has a return when it changes a decision, so the ROI case starts with the decisions, not the dashboards.

```
ROI = (total benefit − program cost) ÷ program cost
Payback (months) = program cost ÷ (total benefit ÷ 12)
Total benefit = turnover cost avoided + time saved + quality-of-hire gains + productivity gains
```

The formula is simple. The work is in deciding what goes on each side of it and proving the benefit came from the analytics rather than from a hot labor market, a new manager or a pay rise. The table sets out the four levers in order of how easily a finance team will accept them.

Lever	Formula (per year)	Data you need	Finance confidence
Turnover cost avoided	leavers avoided × cost per leaver	Baseline voluntary turnover; replacement cost per leaver	High, if the baseline is clean and the change is attributed
Time saved	hours saved a month × 12 × loaded hourly cost	Hours spent on manual reporting before and after	High: easy to observe, small in size
Quality of hire	(early leavers avoided × cost per early leaver) + value of better performance	First-year retention and performance of hires, by source or method	Medium: needs a year of data
Productivity	change in output per FTE × FTEs × value of a unit of output	An output measure finance already reports	Low to medium: hardest to attribute

Formulas for the first two levers are exactly those of the free HR analytics ROI calculator.[7] The last two are extensions for programs with a year or more of data.

Count costs the same way you count benefits

Program cost is everything spent in the same period: software, analyst and HR time, the manager time spent acting on findings, data cleanup, and any outside help. Leaving manager time out is the most common way an ROI case is inflated, and the first thing a careful reviewer looks for.

> **Rule of thumb**
> If a cost would disappear when the program stopped, it belongs in the program cost. If a benefit would continue without the program, it does not belong in the benefit.

SECTION 2

The four levers, one at a time

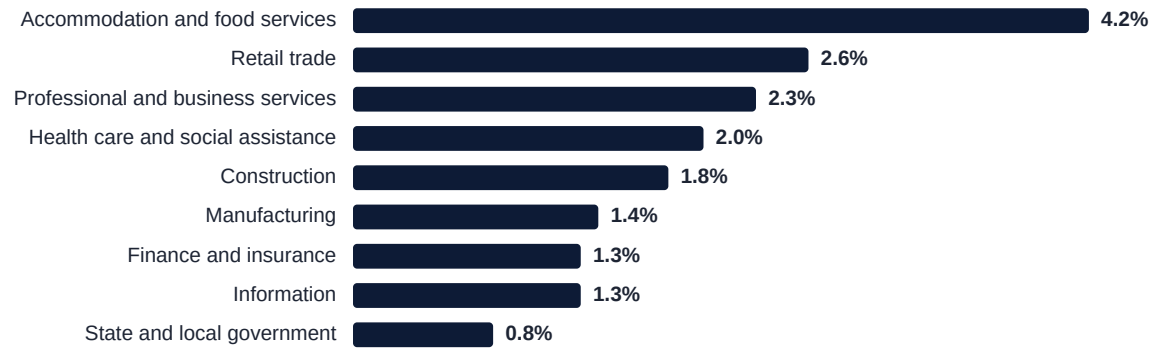
Lever 1: turnover cost avoided

```
Current leavers a year = headcount × voluntary turnover rate
Cost per leaver = average salary × replacement cost %
Leavers avoided = headcount × reduction in turnover (percentage points)
Turnover cost avoided = leavers avoided × cost per leaver
```

Two inputs carry the result. The first is **replacement cost**. Gallup estimates the cost of replacing an employee at one-half to two times the employee's annual salary, and calls that range conservative.[1] The calculator starts at the low end, 50%, and tells you to replace it with your own recruiting, onboarding and ramp-up costs. Build your own figure from parts finance can see: cost per hire (SHRM's 2025 benchmarking puts the nonexecutive average at $5,475 and the executive average at $35,879[6]), the time the seat is empty, and the months a new hire takes to reach full output.

The second is the **baseline turnover rate**. Use your own 12-month voluntary rate, measured the same way before and after. National data tells you whether a change is likely to be the market rather than your program: quits fell from 2.8% of jobs in an average month of 2022 to 2.0% in 2025.[3] A company whose turnover fell over those years was partly riding that tide.

Average monthly quits rate by industry, 2025 (% of employment)



Source: BLS JOLTS, Table 22, annual average quits rates, not seasonally adjusted.[3] Total nonfarm: 2.0%. Twelve months at that rate is roughly 24 quits per 100 jobs in a year; this is an approximation, because one job can see more than one quit. The latest monthly figure is 2.1% for September 2026, seasonally adjusted.[2]

> Lead with the levers you can prove. Put the ones you believe in a separate column.

Turnover reports by department, manager and tenure, such as the turnover dashboard in Organization Viewer, give you that baseline and make the comparison-group design in the ladder below practical: a retention change aimed at some departments can be measured against the rest. See attrition analytics for how it groups data without scoring individuals.

Lever 2: time saved

```
Time saved = reporting hours saved a month × 12 × loaded hourly cost
```

Count only hours that stop: the monthly headcount pull, the turnover spreadsheet, the board-pack charts. Price each hour at loaded cost, meaning pay plus benefits. As a sense check, U.S. private employers spent $46.89 per hour worked on total compensation in June 2026, of which $32.82 was wages and salaries and $14.07 (30.0%) was benefits.[5] Use your own team's figure; analysts usually cost more than the average.

Lever 3: quality of hire

```
Early leavers avoided = hires × (first-year leaver rate before − after)
Quality-of-hire value = early leavers avoided × cost per early leaver
```

When analytics changes how you hire (which sources, which interview questions, which roles to fill first) the cleanest measure is first-year retention of the people hired. It is visible within a year and priced with the same replacement cost as Lever 1. Performance-based measures, such as the share of hires rated fully effective at their first review, can be added once your ratings are consistent enough to compare across cohorts.

> **Keep it separate**
> Do not count an early leaver avoided in both Lever 1 and Lever 3. Decide which lever owns new-hire turnover and keep it there.

Lever 4: productivity

```
Productivity gain = (output per FTE after − before) × FTEs × value of one unit of output
```

Use an output measure finance already reports (orders shipped, cases closed, billable hours) rather than one invented for the business case. Productivity moves for many reasons at once, so this lever needs a comparison group: teams that did not get the change, measured over the same months. Without one, present productivity as a supporting observation, not as part of the ROI.

A simple attribution ladder

Strength	Design	What you can claim
Strongest	Pilot teams against comparable teams, same period	The difference between the groups
Good	Before and after, adjusted for the market (for example, against the JOLTS quits rate for your industry)	The change beyond the market trend
Weak	Before and after only	An association; present as a range with a low case near zero

SECTION 3

A worked example on the ROI calculator



A fictional company of 500 people. Every figure below was entered in the free calculator on blisspointanalytics.com, and the screenshots show its output. Change any input on the tool and you can follow the effect.

Input (each one an assumption)	Value	Why this value
Headcount	500	Fictional company
Average annual salary	$70,000	Fictional; use your payroll average
Current voluntary turnover	15%	Fictional; use your own 12-month rate
Replacement cost	50% of salary	The low end of Gallup's range, the calculator's default
Reduction in turnover assumed	2 points (15% to 13%)	The claim the case must defend
Manual reporting hours a month	60	Fictional; time it for a month
Loaded hourly cost	$55	Fictional; see the ECEC sense check
Hours saved a month	40	Fictional
Program cost a year	$120,000	Software, staff time, outside help

The inputs, as entered

Every field is your own assumption. The calculation runs in your browser, and nothing you enter is stored or sent unless you ask us to email you the summary.

Headcount
500
Your assumption: how many people you employ.

Average annual salary (USD)
70000
Your assumption: average base pay across those people.

Current annual voluntary turnover (%)
15
Your assumption: resignations in a year as a share of headcount.

Replacement cost (% of annual salary)
50
Your assumption. Pre-filled with 50%, the low end of the 50% to 200% range Gallup publishes; replace it with your own recruiting, onboarding and ramp-up cost if you know it. Source: Gallup: This Fixable Problem Costs U.S. Businesses $1 Trillion.

Reduction in voluntary turnover you assume (percentage points)
2
Your assumption. For example, from 15% to 13% is 2 points. It cannot be more than your current rate.

Hours of manual workforce reporting per month
60
Your assumption: time spent pulling and cleaning people data for reports.

Loaded hourly cost of that time (USD)
55
Your assumption: hourly pay plus benefits and overhead.

Reporting hours you expect to save per month
40
Your assumption. It cannot be more than the hours spent.

Program cost per year (USD)
120000
Your assumption: software, staff time and any outside help for one year.

Calculate | Clear

The calculator's result

01

Your result

Retention savings a year	Reporting time savings a year	Total benefit a year
$350,000	$26,400	$376,400
Net benefit a year	**ROI**	**Payback**
$256,400	213.7%	3.8 months

At your current rate, about 75 people leave voluntarily each year, at $35,000 each, or $2,625,000 a year. The reduction you assumed means about 10 fewer leavers.

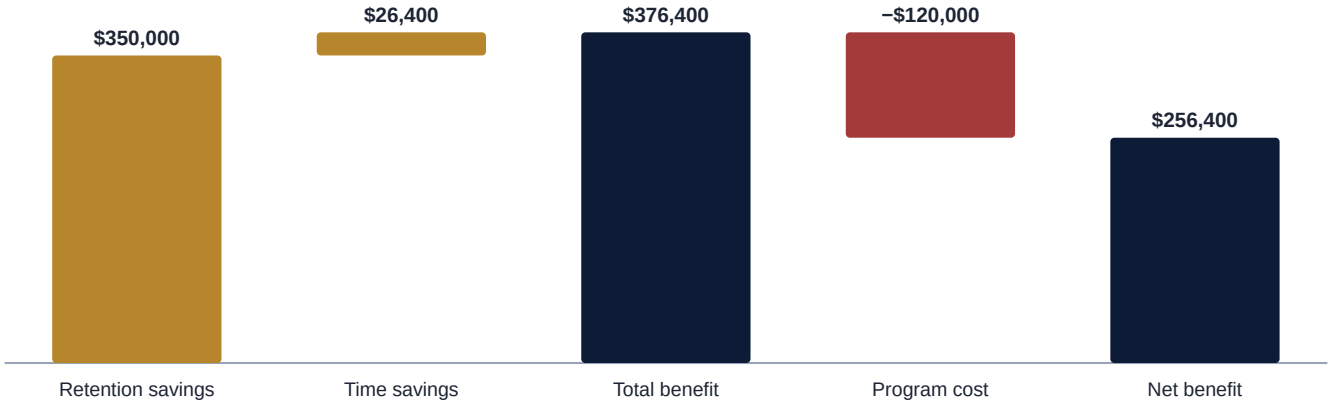
This is arithmetic on your inputs, not a forecast. The result is only as good as the assumptions you entered. Try a low and a high case and report the range.

Screenshots of blisspointanalytics.com/tools/hr-analytics-roi-calculator, November 2026.

Step by step

500 × 15% = **75 leavers** a year, at $70,000 × 50% = **$35,000** each: $2,625,000 a year today.
500 × 2 points = **10 leavers avoided** × $35,000 = **$350,000**.
40 hours × 12 × $55 = **$26,400**.
Total $376,400 − cost $120,000 = **$256,400 net**; ROI **213.7%**; payback **3.8 months**.

From benefit to net benefit, base case (USD a year)



Source: The calculator's formula applied to the inputs above.[7] Arithmetic on assumptions, not a forecast.

Report a range, not a point

The base case rests on one large assumption: that the program cut voluntary turnover by two points. The table runs a low and a high case through the same formula. Present all three, and say which one you would sign.

Case	Assumptions changed	Leavers avoided	Total benefit	Net benefit	ROI	Payback
Low	1-point reduction, 20 hours saved	5	$188,200	$68,200	57%	7.7 mo
Base	as entered in the calculator	10	$376,400	$256,400	214%	3.8 mo
High	3-point reduction, 100% replacement cost	15	$1,076,400	$956,400	797%	1.3 mo

Sensitivity: ROI by replacement cost and turnover reduction

Replacement cost (% of salary)	1-point reduction	2-point reduction	3-point reduction
50% (Gallup low end)	68%	214%	360%
100%	214%	505%	797%
200% (Gallup high end)	505%	1089%	1672%

Source: The calculator's formula, other inputs as in the base case. Replacement cost range: Gallup.[1, 7]

Two lessons fall out of the grid. First, the turnover reduction matters more than any other input: each point is 5 people at $35,000 each in this example. Second, the replacement cost multiplies everything, which is why a CFO will ask where yours came from. A figure built from your own cost per hire, vacancy time and ramp-up survives that question; a borrowed multiplier may not.

> **Break-even is a useful number too**
>
> At the base case's other inputs, the program pays for itself at about 3 fewer leavers a year ($120,000 less $26,400 of time savings, divided by $35,000 per leaver). Asking "is it plausible we avoid 3 resignations?" is often an easier conversation than defending 214%.

SECTION 4

Building an auditable ROI case for a CFO

An auditable case is one another person can rebuild from the same records and reach the same number. Six steps get you there.

1. **Write the decision log.** For each lever, name the decision the analytics changed (for example, "moved retention budget to the two departments with the highest first-year turnover"), who made it and when.
2. **Freeze a baseline.** Record 12 months of the metric before the change, with its definition: voluntary only, headcount method, which leavers are excluded. Keep the extract, not just the chart.
3. **Choose the attribution design up front.** Comparison groups if you can, market-adjusted before-and-after if you cannot. Decide before the results are in.
4. **Keep a cost ledger.** Every cost in the period, including manager and analyst time at loaded rates, with the source of each line.
5. **Get the assumptions signed.** Finance agrees the replacement cost and loaded hourly rate; HR agrees the turnover definitions. Signed inputs end most arguments about outputs.
6. **Re-measure on a schedule.** Recalculate at 6 and 12 months with actuals, and report the variance against the original case, including when it is unfavourable.

The evidence pack

Claim in the case	Evidence finance can check	Owner
Voluntary turnover was 15%	12-month leaver extract and headcount by month, with definitions	HR analytics
A leaver costs 50% of salary	Cost-per-hire ledger, vacancy days, ramp-up assumption	Finance + talent acquisition
The program avoided 10 leavers	Pilot vs comparison groups, or market-adjusted trend	HR analytics
40 reporting hours a month were saved	Time logs before and after; retired reports listed	HR operations
The program cost $120,000	Invoices, time allocation at loaded rates	Finance

SECTION 5

Common mistakes that sink ROI cases

Claiming the market's work

Quits fell nationally from 2.8% to 2.0% a month between 2022 and 2025.[3] A falling rate in that period is not, by itself, evidence the program worked.

Counting all turnover

Retirements, layoffs and dismissals are not voluntary turnover. Mixing them in inflates both the baseline and the savings.

Borrowing the top of a range

Using 200% replacement cost because a study says it can be that high, without your own cost build-up, invites the first cut in review.

Leaving out manager time

The hours managers spend acting on findings are part of the program's cost.

Double counting

An early leaver avoided counted under turnover and quality of hire; hours saved that were also counted as a headcount reduction.

Pricing hours at salary only

Hourly cost should include benefits; private employers' benefits were 30.0% of compensation in June 2026.[5] Then count only hours that truly stop.

Presenting one number

A single ROI figure hides the assumption it rests on. Show low, base and high, and the break-even.

Scoring individuals

Value comes from acting on groups (departments, managers, tenure bands). Individual flight risk scores add legal and trust risk the case then has to carry.

> The fastest way to lose a CFO is a benefit nobody can trace back to a record.

A one-page summary for the CFO

Close the case with one page: the decisions changed, the baseline and its definition, the attribution design, the cost ledger total, the low, base and high results with break-even, the signed assumptions, and the dates you will re-measure. Everything else goes in the appendix.

NEXT STEPS

What to do next

Run your own numbers before anyone else does. These free tools and pages take each step of this playbook:

HR analytics ROI calculator
The formula in this paper, on your own inputs. Runs in your browser; nothing is stored.

Turnover dashboard
A 12-month turnover baseline by department, manager and tenure, from your org chart.

Attrition analytics
Where people are leaving, measured by group, with no individual scores.

Workforce analytics reports
Span of control, succession, turnover, forecast, skills and pay ranges.

Headcount Planning That Finance Trusts
The companion whitepaper: fully loaded cost per head and plans finance can audit.

Workforce analytics consulting
Fixed-fee help from an I-O psychology consultant to build the case with you.

Live demo
Explore Organization Viewer with a fictional sample company. No sign-in.

Pricing
Organization Viewer is free for companies of up to 50 people, with every feature.

Before you present

Check four things: the turnover baseline is voluntary only; the replacement cost is your own build-up or clearly labelled as Gallup's low end; manager time is in the cost; and the low case is on the page.

Disclaimer

This paper is informational, not legal, tax, accounting or financial advice. The worked example is fictional and its results are arithmetic on assumptions, not a forecast.

More from BlissPoint Analytics: What is BlissPoint Analytics? · Occupation Atlas · 2030 skills calculator · Hiring veterans guide

SOURCES

References

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References 1 and 6 were checked through search results quoting the publisher, because gallup.com and shrm.org were not reachable when this paper was built. BLS figures were read on bls.gov. JOLTS annual rates are the sum of 12 monthly quits levels as a percent of the sum of 12 monthly employment levels, as BLS defines them.

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Screenshots are of BlissPoint Analytics tools on blisspointanalytics.com, captured November 2026; Organization Viewer screenshots show a fictional sample company.

About BlissPoint Analytics

BlissPoint Analytics builds workforce analytics tools grounded in industrial and organizational psychology: Organization Viewer for org charts, costs and workforce planning, the free Occupation Atlas, and free calculators for HR and finance leaders. It was founded by Anthony L. Hammock, M.Sc., a 20+ year Industrial and Organizational Psychology consultant, software developer, and Brandeis University graduate studies professor of Talent Insights and Workforce Metrics.

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