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## From Cost Center to ROI: Why Finance Leaders Should Care About HR Data



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*Finance leaders often view employees as a cost bucket, but HR data reveals a more nuanced picture. By integrating workforce analytics into financial decision-making, finance leaders can measure ROI on people, uncover hidden costs like turnover and disengagement, and align investments with long-term business growth.*

Finance leaders know that people are their largest expense line. Salaries, benefits, and overhead represent a significant portion of operating costs. But the real question is this: are you measuring what you're actually getting in return? HR leaders are increasingly turning to analytics to guide decisions, yet finance leaders often see people costs in broad buckets. This perspective risks missing the nuanced insights that HR data can provide: insights that can directly affect financial performance.

At Orange Grove Consulting, we've found that when finance and HR leaders align on how people data translates into ROI, organizations gain a clearer picture of where to invest, where to reduce risk, and how to drive long-term growth.

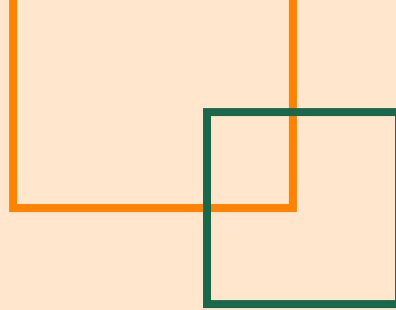
### **People Are Not Just a Cost Bucket**

The traditional finance perspective lumps employees into expense categories, allocated by department or business unit. While useful for accounting, this view obscures differences in how roles and individuals contribute to organizational performance. Some employees generate revenue directly, while others deliver the infrastructure that enables growth. Both create value, however not in the same way.



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When finance leaders adopt an investment mindset, people costs shift from being seen as a liability to being evaluated like a portfolio. Just as you would never assume all assets perform equally, not all roles or individuals create the same ROI. The key is measuring contribution more precisely.

### Measuring ROI on People Decisions

HR data makes this possible. By connecting performance reviews, career progression, and talent pipelines, organizations can evaluate which employees and roles generate outsized impact. For example:

- Who receives developmental assignments, and what are the long-term returns of those opportunities?
- Which individuals consistently outperform peers and warrant accelerated promotion?
- Which teams consistently outperform others and why?
- Where are the gaps in succession planning that put the organization at risk?

These aren't "soft" questions. They're financial ones. [According to McKinsey](#), companies that put talent at the center of their strategy realize higher total shareholder returns than their peers. Finance leaders don't need to master HR metrics, but they do need to ensure people investments are evaluated with the same rigor as capital expenditures.

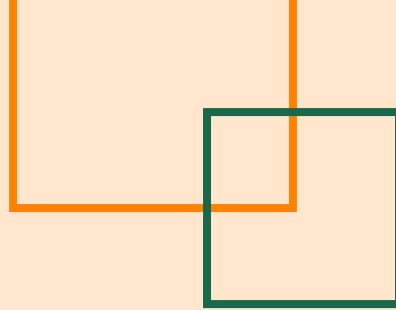
### The Hidden Costs Finance Leaders Should Be Tracking

Turnover is a clear example. When an employee leaves, the financial cost is not limited to recruiting fees or onboarding expenses. Productivity drops, institutional knowledge disappears, and client relationships can be disrupted. [Research from Qualtrics](#) estimates that replacing an employee can cost 1.5 to 2 times their annual salary.



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Low engagement brings another financial drag. Disengaged employees may remain on the payroll, but their productivity and morale can weigh heavily on organizational performance. Left unmeasured, these hidden costs accumulate silently on the balance sheet.

### **The Data Challenge: Silos vs. Integrated Insight**

Most organizations already collect HR data: engagement surveys, performance evaluations, turnover statistics, exit interviews. But these datasets often live in silos. Without integration, finance leaders don't get the full picture.

By partnering with HR to connect data streams, finance leaders can see how employee sentiment links to turnover, how promotion patterns influence leadership readiness, and how engagement impacts profitability. This holistic view turns scattered data into a decision-making tool.

### **Finance Leaders as Strategic Partners**

When finance leaders engage with HR data, they position themselves as strategic partners, not just budget watchdogs. Using HR data, finance leaders can:

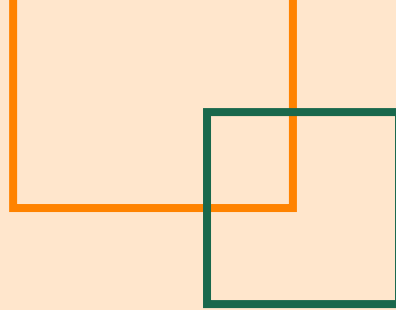
- Identify which investments in people deliver the greatest ROI.
- Forecast more accurately by linking workforce dynamics to financial projections.
- Reduce risk by spotting early indicators of turnover or talent gaps.

HR data doesn't replace financial metrics; it enhances them. For finance leaders, the real opportunity is to bring people analytics into the same conversation as capital allocation, revenue strategy, and risk management.



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## Next Steps

People are the largest investment most organizations make. Treating them as a monolithic cost misses the opportunity to drive stronger financial outcomes. By integrating HR data into financial decision-making, finance leaders can help ensure that every dollar invested in people yields measurable value.

At Orange Grove Consulting, our approach combines both academic and practical expertise. Our Managing Partners are business professors who bring a comprehensive understanding of how financial, operational, and people dynamics intersect, and Dr. Kelly Watson contributes deep expertise in analytics to uncover insights many organizations overlook. This blend of financial acumen and data-driven rigor ensures that HR analytics translate into meaningful ROI for the business.

*For finance leaders:* [reach out to Orange Grove Consulting](#) to explore how HR data can support smarter financial strategy.

*For HR leaders:* share this article with your finance counterparts and start a joint conversation about how HR analytics can strengthen your organization's bottom line. [Contact us](#) for support aligning data sources.

# About Orange Grove Consulting



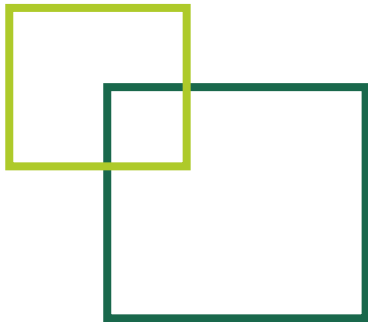
## Learn More

[Thought Leadership](#)

[Our Solutions & Approach](#)

## Focus

We specialize in helping organizations improve culture, engagement & talent management through a set of consulting tools and training programs. Our end goal is to improve talent management systems and operationalize processes that create more innovative, productive and competitive workplaces. Our network of consultants, trainers, and coaches provide a rich skillset, generations of experience, and the highest level of service for our clients. As your talent management and leadership development partner, we have solutions to make your teams more effective and your workplace less divided.



## Services

Searching for new ways to reach your talent management & organizational goals? Let us help! We offer a range of solutions including [Leadership Development Programs](#), [Assessment & Survey tools](#), [Strategy & Planning Options](#), [Compensation & Pay Studies](#), [Facilitation & Process Optimization](#), and [Data Analytics & Reporting Solutions](#).