The ROI of Simplifying People Management for Business Owners

Focus less on payroll and HR and more on revenue generation

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When It's Time for People Management Technology

So you know you need a people management system, but maybe you're torn about what kind of software is right for you. HR? Payroll? A combination of both? Or maybe your worries are more along the lines of budget concerns, implementation challenges, and how new technology will impact day-to-day operations.

No matter what solution you decide on, you need to know that the investment you make will be worth the time and money and help pave the way for business growth.

69% of SMBs prioritize growth, regardless of their size.[1]

60% of SMBs see technology as either important or essential because it offers faster and larger growth.[2]

Before you invest in a people management system, start by thinking about how the system can deliver value to your business. If it can make complex processes easier, improve data accuracy, and reduce your administrative burden, then you're almost certain to see a positive return on investment (ROI).

In this eBook, we'll talk about why small- to medium-size businesses (SMBs) like yours need to invest in people management technology and what's standing in the way. Then we'll discuss how a simple payroll and HR management solution can improve your people operations and data so that you have more time to focus on what matters most: business growth and revenue generation. And once you invest in a solution, we'll share how you can measure your actual ROI using some work-tech SaaS software ROI calculators.

Why SMBs Need to Invest in Technology

During the last couple of years, SMBs had to get creative if they wanted to do more than just stay afloat during the COVID-19 pandemic. That meant adopting modern digital tools that could help them streamline their processes so they could generate more revenue — even in the face of shrinking staff numbers, disrupted supply chains, and other challenges.

For businesses that were lagging behind in digital transformation, the pandemic accelerated it for them.[3] Suddenly, it became urgent to find new ways to serve customers and conduct business operations. Just as urgent was the need to manage employees with much greater efficiency, especially through the upheavals that came with switching to remote work. Digital solutions were the answer.

GLOBALLY 70% of SMBs reported their use of digital technologies intensified during the pandemic.[4]

SMBs that accelerated technology adoption and investments due to the pandemic were around 1.6X more likely to anticipate more revenue in their next fiscal year than those that decelerated or made no changes.[5]

1 Yadav, Sunny. "Microsoft Tech Survey Looks at Small Business Tech Buyers." Channel Insider. July 22, 2022.   2 Ibid.   3The Digital Transformation of SMEs. Organisation for Economic Co-operation and Development (OECD). Feb. 4, 2021.   4 Ibid.   5 SMB Directions for the Future of Work Survey. SMB Group. January 2022

75%

of people who started using digital channels for the first time during the pandemic said they'd continue to use them once things returned to "normal."[6]

Today, with the pandemic in the rearview mirror and a new normal more or less achieved, HR and payroll management technology in particular continues to deliver. These solutions streamline and simplify the back-end, administrative-heavy processes that ordinarily consume way too much time. In doing so, they give people managers, payroll administrators, HR, and business leaders like you hours back in your day to focus on strategic activities, including generating more revenue.

Bottom line: improving processes and achieving administrative efficiency with advanced technology can have a direct impact on business growth and revenue generation. And yet it's not quite as simple as that for some businesses.

What's Standing In the Way?

The reality is, many businesses — maybe yours included — still rely on manual, paper-based processes, or a combination of manual effort and outdated software. There are a variety of reasons for this:

- Familiar systems and processes are just that — familiar; even if they're clunky and inefficient, no one has to learn anything new and deal with confusion or disruption

- Investing in something new and different comes with some big unknowns: how do you know what to choose, and what if it doesn't work out?

- Many businesses fear they don't have the right IT infrastructure or resources to support robust new software and that it'll require additional effort and expense to set up

- Even if you have one or two standalone software products that handle a single task or process, it's hard to know if they'll integrate well with a larger platform — or at all

Moving away from paper processes and outdated software undoubtedly feels risky, but not doing it can have greater consequences in the long run.

What It's Costing You

Continuing to rely on manual processes and old software costs you significant time and money. Consider the study by IDC which found that companies lose 20-30% in revenue every year due to inefficiencies.[7] Or the fact that outdated employee time-tracking technology contributes to more than 50 million lost hours of productivity.[8]

6 Baig, Aamer; Hall, Bryce; Jenkins, Paul; Lamarre, Eric; McCarthy, Brian. "The COVID-19 recovery will be digital: A plan for the first 90 days." McKinsey. May 14, 2020.   7 Kulkarni, Chirag. "How to Ditch the Inefficiencies that Are Eating Your Revenue." Entrepreneur. June 19, 2018.   8 Time Is Money: A revealing study into the cost of today's poor time tracking habits & technology. AffinityLive. 2014.

DUE TO BACK-OFFICE INEFFICIENCY,

30%

of small business owners are stuck working in their own business, instead of on it, which means they can't focus on higher-value activities.[9]

Inaccuracy is a major problem too. Manual payroll processes, for example, are uniquely prone to error. Payroll is complex enough as it is, but keeping track of all the necessary payroll-related information by hand on spreadsheets, or through some other paper-based method, raises the risk that mistakes will be made.

And should you make a payroll mistake, it can cost you everything from good employees who get frustrated with late or wrong payments (and the time and money to replace them if they leave) to penalties for compliance violations.

Two payroll errors can cause 49% of employees to look for a new job.[10]

1 in 10 small businesses are fined for compliance violations, with the average cost of each citation now over $30,000.[11]

When employees and managers have to manually track time and attendance as well, the likelihood of time theft — when employees record their hours incorrectly — goes up, which compounds existing problems with inaccuracy.

Here's the deal: avoiding a technology investment can feel like the safer financial bet. But you may end up spending more anyway — in both time and money — because of the inefficiencies, errors, troubleshooting, lost revenue, and compliance issues that come with manual systems.

A People Management System that Pays Off

The right payroll and people management SaaS technology provider automates and simplifies payroll, HR, and other tasks so that you can stop spending valuable time on administrative work and start doing what you do best: grow the business and generate more revenue.

A simple-yet-comprehensive, cloud-based people management system:

- Helps you stay accurate, maintain compliance, and significantly reduce the amount of time spent on administrative tasks

- Eliminates the need for "paper" systems — such as spreadsheets, Word documents, and PDF scans — and reduces the risk of data errors that impact payroll, taxes, benefits, and even employee satisfaction

- Integrates and keeps all people, time tracking, and payroll data in a single platform, eliminating the need to enter and track data in different systems, and making key data accessible to payroll staff so they can accurately run payroll every time

- Manages all aspects of the employee relationship — from hire to retire — through a single application that's accessible via desktop or mobile devices for greater flexibility

9 Hessinger, Shawn. "30% of Business Owners Are Deluding Themselves." Small Business Trends. May 14, 2020. HR Dive. June 7, 2017.   11 Small Business Regulations Survey. NSBA. January 2017.

10 Bolden-Barrett, Valerie. "Just two payroll errors can cause 49% of employees to start job hunting."

As the market evolves, a digital people management system gives you the tools you need to adapt internally and stay competitive. It streamlines key functions — from payroll, HR, and benefits administration to employee onboarding and performance management — allowing you and your staff to spend less time on these activities and more time on managing the growth and direction of the business itself.

How to Calculate Your ROI

When you do invest in a new system, how do you know for sure it's delivering value as expected? That's where calculating the ROI of your HR software comes in.

At a high level, when you implement a digital people management system, you can define ROI as how well the investment is performing for you. In practical terms, ROI is what you save in time and money or earn in profit, relative to the upfront cost of the system.[12]

You can measure your actual ROI using a couple of different methods:

METHOD #1

Subtract the initial cost of the investment from its current or final value, then divide that number by the cost of the investment. Multiply the final number by 100.[13]

$$ROI = \frac{FVI - IVI}{Cost\ of\ Investment} \times 100\%$$

METHOD #2

Divide the net return on the investment by the cost of the investment. Multiply that number by 100.[14]

$$ROI = \frac{Net\ Return\ on\ Investment}{Cost\ of\ Investment} \times 100\%$$

For either method, the number you get after multiplying by 100 is your ROI expressed as a percentage. If your calculation gives you a positive number, your net return exceeds your total cost. Conversely, if your calculation comes back with a negative number, your net return is less than your total cost.[15]

Understanding your ROI in real numbers can give you the proof you need that people management technology can have a transformative effect on your business.

12 Fernando, Jason. "Return on Investment (ROI): How to Calculate It and What It Means." Investopedia. June 30, 2022.
13 Beattie, Andrew. "How to Calculate Return on Investment (ROI)." Investopedia. Aug. 11, 2022.   14 Ibid.   15 Ibid.

Companies can save 25-40% when they use automation software to streamline business processes.[16]

Cloud technology projects deliver 3.2X the ROI of on-premise ones due to a lower initial cost and faster time to value.[17]

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Simplify Today, See the Rewards Tomorrow

Taking the administrative burden of people management off your plate is one of the best things you can do for your business. When you get rid of complicated manual processes and adopt a simple payroll and HR technology solution instead, you and your staff have a much greater ability to focus on what's next: your next hiring phase, product innovation, or revenue stream.

But without modern people management technology, those bigger goals get lost in a sea of tedious, time-consuming, error-prone tasks that ultimately hold your business back.

Are you ready to take the leap forward and see for yourself what your return on a people management technology investment could be?

16 Global cost survey: Save-to-transform as a catalyst for embracing digital disruption. Deloitte. 2019.
17 Wettemann, Rebecca. "Measuring the ROI of Tech." Human Resource Executive. Feb. 13, 2019.

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Learn how we are uniquely positioned to serve organizations with an employee size under 149.

150-500+ EMPLOYEES?
Learn how we are uniquely positioned to serve organizations with a large employee count.