

4 Ways Business Leaders
**Drive Success
with HCM**



Unlock the Power of HCM Technology for Strategic Growth

Your workforce is the engine that drives your business. Employees design and build your products, deliver your services, and interact with your customers.

How and how much you invest in human capital can have a direct impact on your bottom line. Are your investments translating into better performance and higher productivity? Are you reducing turnover and the costs associated with it? Is your compensation model competitive to attract and keep the best talent?

A modern human capital management (HCM) solution answers these questions and more. This guide discusses four ways business leaders can leverage the latest HCM technology to improve strategic decision making.

1

Harness workforce analytics to maximize profitability.

2

Take a talent-first approach to hiring and retention without sacrificing efficiency.

3

Build change management into your culture with people-centered tools.

4

Increase innovation by preparing your workforce for tomorrow.



Only 15%

of organizations currently practice strategic workforce planning.¹

¹ <https://www.gartner.com/en/human-resources/trends/top-priorities-for-hr-leaders>

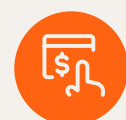
1 Harness Workforce Analytics

You need a clear line of sight into what is likely your biggest cost: labor.

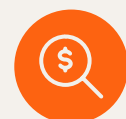
Understanding the costs related to managing your workforce — the total cost of workforce (TCOW) — is critical for both day-to-day operations and long-term strategic planning. It's something you have to calculate on a regular basis. These costs include:

- Salaries and benefits.
- Recruiting, onboarding, and training.
- HR administrative time.
- Employee experience tools.

A comprehensive HCM platform builds from a single employee record and connects key data points throughout the system, from compensation to benefits to performance. With centralized data insights, you can:



View and customize reports to analyze labor-related costs like turnover.



Minimize avoidable expenses like noncompliance.



Forecast overtime and plan headcount.



Optimize your talent strategy with predictive analytics.



Predicting Workforce Trends: A Bird's Eye View


If labor is your biggest cost, it pays to know what motivates your employees to do their best work — and what puts them at risk of leaving.

Using analytics to evaluate **compensation management**, for example, empowers you to make more informed, equity-conscious decisions about pay, especially when today's employees expect transparency and parity.

Dashboards powered by **artificial intelligence (AI)** can also drill down into individual retention risk factors you may not have considered, such as amount of overtime worked or commute time to the office. In turn, this data can inform decisions like scheduling, headcount planning, or the benefits you offer.

Demographic breakdowns help you prepare for changes in your workforce, such as a large population of Baby Boomers nearing retirement age. And **employee feedback analytics** let you track key drivers of engagement and job satisfaction, like career growth opportunities and recognition.

Putting data insights to work for you not only helps manage today's human capital costs. It helps you anticipate the shifts that are coming.



Total employer compensation costs
for private industry workers (including
wages and benefit costs) averaged

\$43.94
per hour worked in June 2024.²

2. <https://www.bls.gov/news.release/pdf/eccec.pdf>

2 Take a Talent-First Approach

There are tangible and intangible costs of employee turnover. Clear-cut costs include sourcing, pre-hire testing and background checks, and orientation. Other costs are harder to measure, like impacts on productivity from position vacancies or a drop in employee morale.

There are also administrative costs associated with hiring, interviewing, and retaining your workforce. The average annual HR spend per employee is \$2,810.³ A higher spend per employee could reveal opportunities to increase efficiencies with automation and AI by streamlining repetitive tasks and reducing manual data entry.

An HCM platform that integrates recruiting and onboarding functionality can save both hours and dollars. With automated workflows, you can speed up time-to-productivity by collecting eligibility documentation and setting new-hire processes in motion the moment an offer is accepted.

Increasing efficiencies lets HR focus on the people side of human capital management — sourcing high-quality talent, creating a positive candidate experience, and building a resilient culture.



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3. <https://emt.gartnerweb.com/ngw/eventassets/en/conferences/2024/chrus24/documents/2024-budget-and-efficiency-benchmarks.pdf>

See Your Company from Your Employees' POV

How potential and current (and even former) employees view your organization is a major factor in attracting, hiring, and keeping top talent.

Your HCM technology plays a significant role in how you connect and communicate with workers, from the time they apply until they exit your company. What kind of first impression does your recruitment software make? Are you reaching the best candidates? How easy is the onboarding process? Would your current employees recommend your company to friends and family?



Consider the benefits of these advanced HCM solution features:



Salary benchmarking to ensure competitive compensation while meeting pay transparency requirements.



Generative AI to help you write more compelling job descriptions.



A robust **mobile app** that lets new hires complete tasks, upload compliance documentation, and set up direct deposit before their start date.



An in-platform **learning management system** (LMS) that automatically assigns and tracks new hire training.



Evidence-based employee engagement **survey tools** that not only measure employee sentiment but also recommend corrective actions.

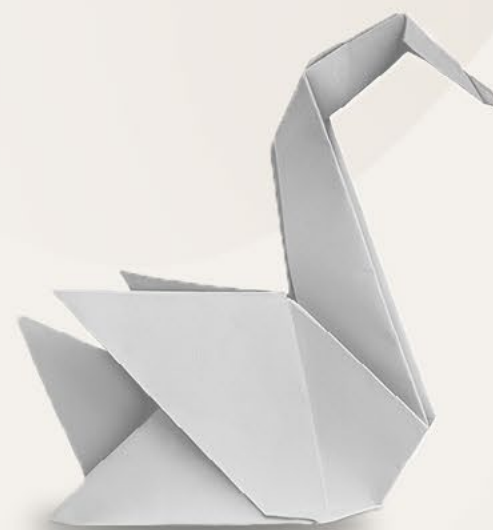
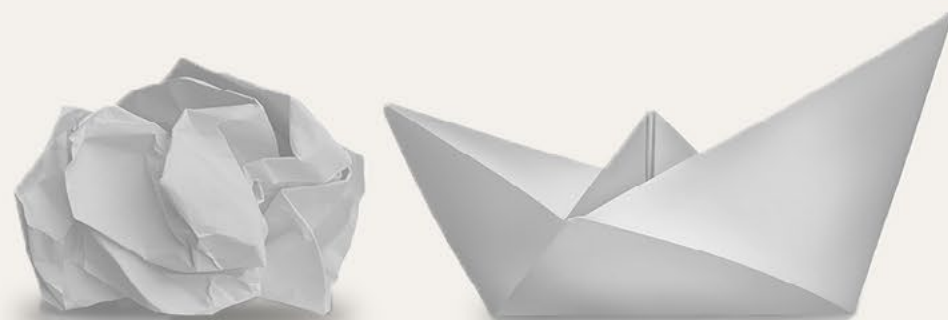
3 Build Change Management into Your Culture

Change isn't just inevitable. It's getting faster and more complex.

The goal of change management is for an organization to transition completely to a new way of doing things. A breakdown in communication with employees is one of the biggest potential pitfalls in the change management process.

You may not have thought about how your HCM system can make change easier. When organizations are highly effective at designing a positive employee experience, they are also 2.5x more likely to be high performing at quickly changing to capitalize on new opportunities.⁴

Putting consumer-grade communication and collaboration tools in the hands of your employees not only helps them navigate change but can also galvanize your whole workforce to embrace it.



73%
of HR leaders agree
that employees have
change fatigue.⁵

4. <https://go.mcleanco.com/hr-trends-2024-sem>

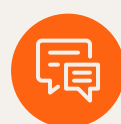
5. <https://www.gartner.com/en/human-resources/trends/top-priorities-for-hr-leaders>

How Technology Makes Change Personal

The success of any change effort starts and ends with people. When people are on board and aligned to the new direction change brings, the better chance you'll collectively reach the desired destination.

For some HCM platforms, employee experience is an afterthought. But when it comes to managing change, it's critical to keep people front and center — and that's especially true of your technology.

Three tools can make the change process smoother when they're designed with employees in mind.



A central communication hub

Employees won't adopt change if they don't know about it, and even more importantly, they won't understand their role in that change. Advanced systems offer tools like generative AI and video so leaders can craft messages that will maximize impact and reach.



Peer recognition for gamification

Engaging employees in fun but purposeful activities not only helps them learn but also gives them a sense of accomplishment. Hold contests to test knowledge or reinforce new behaviors and offer rewards or perks for extra motivation. This also boosts morale, which is important during change.



A powerful mobile app

Make sure employees have easy access to information and training on the same app they use every day to clock in or check their paystub.



4 Increase Innovation

Automation, AI, and the gig economy have caused major workforce disruptions, shifting what companies need from workers. This has led to a huge digital skills gap in today's workforce.

The jobs with the highest security in a future of automation are those that require skills like creativity, strategic thinking, and experience with coding, data, and software. An HCM solution with a built-in learning management system (LMS) keeps organizations moving forward by:

-  Addressing skills gaps and the desire for career growth opportunities, a key factor in preventing turnover.
-  Offering leadership training for career development and improved manager-employee relationships.
-  Increasing engagement with fully mobile and highly relevant training.
-  Enhancing the effectiveness of your training programs with performance analytics.
-  Providing completion data and automating reminders to boost participation while saving HR admin time.



Higher skills proficiency can increase an organization's likelihood to generate and implement new ideas by

2.1x⁶

What Is Learning Worth?

The cost of employee turnover may be higher than you think.

Depending on factors like skill level and experience, replacing an employee can cost as much as 150% of their annual salary.

To be sure, compensation and benefits still rank as top reasons employees leave their current positions. But today's workers are looking for more than a job. Sixty-five percent of workers say that how much a company invests in reskilling or upskilling its workers is something they consider when looking at new opportunities.⁷

When an employee leaves, there are other costs that are harder to quantify, particularly the loss of institutional knowledge. Inefficient knowledge sharing for a company with 1,000 employees can lead to an estimated

\$2.7M in total annual productivity losses.⁸

An LMS can help you harness the knowledge of your employees by letting subject matter experts create custom trainings. You can import coursework files like AICC, SCORM, or CMI-5, as well as share screen recordings and build quizzes. Some systems will then automatically recommend trainings surfaced by job title and function.

By fostering a culture of learning, you engage employees in the future of your organization. It's hard to put a price on that.

7. <https://www.phoenix.edu/content/dam/edu/career-institute/doc/uopx-career-optimism-index-2024-research-findings-dma-snapshots.pdf>

8. <https://www.panopto.com/resource/valuing-workplace-knowledge/>



Choosing a Strategic HCM Partner

Finding the right HCM technology provider is a critical strategic decision that impacts your entire organization. It has to meet your needs today and be scalable for the future of your organization.

Paylocity's cloud-based software suite offers a full range of functionality, with flexible features and modules that grow with you, including:

Deep Data Insights

Dig into meaningful and customizable workforce analytics.

Market Pay

Benchmark salaries and stay competitive for talent.

Recruiting and Onboarding

Automate workflows for more efficient talent acquisition.

Community

Connect employees with an online communication hub.

Rewards & Recognition

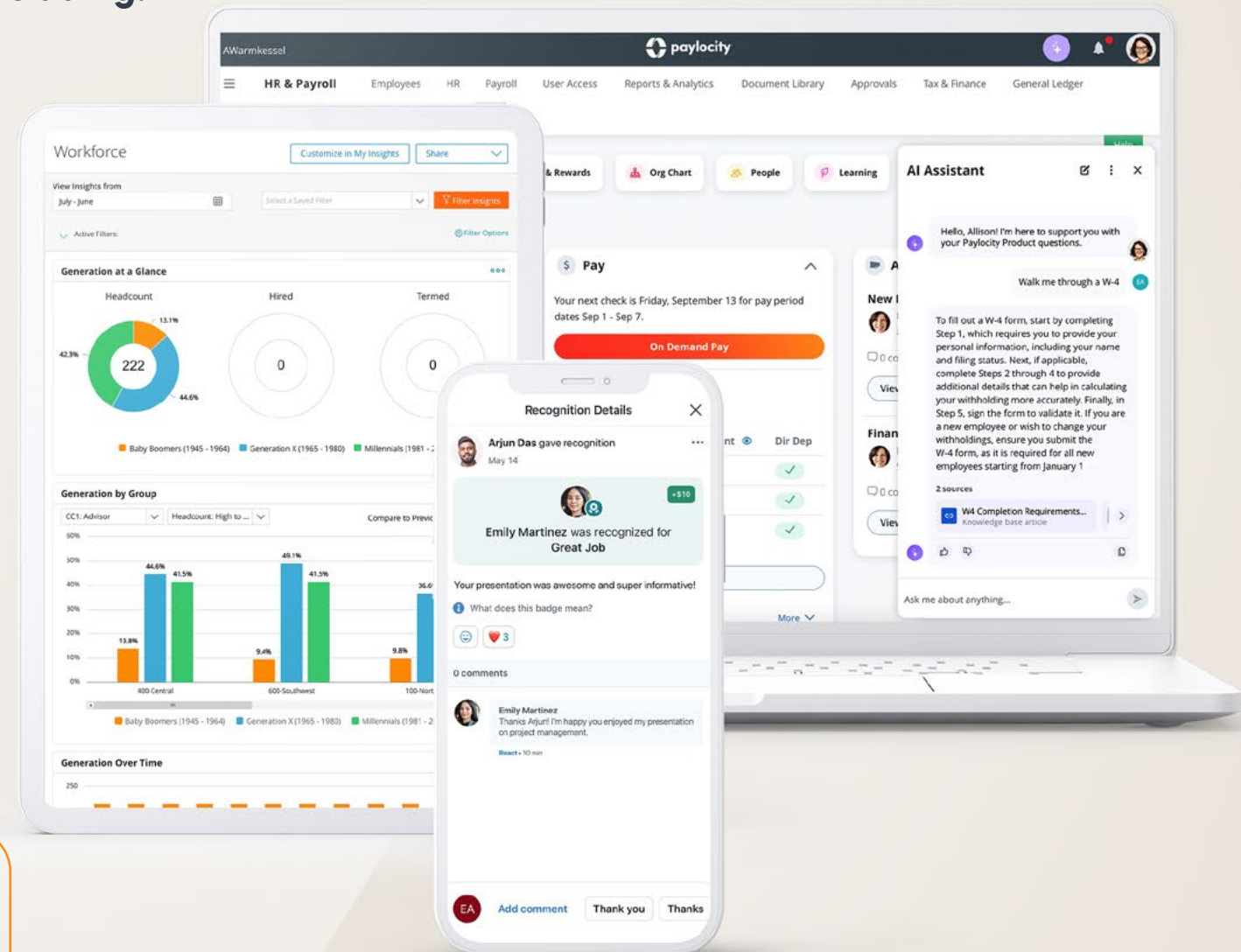
Help workers adapt quickly to change with gamification.

Employee Voice

Make data-driven decisions about engagement and retention.

Learning

Bridge skills gaps, improve retention, and increase innovation.



Discover how Paylocity can help you drive success.

[Request a demo](#)