



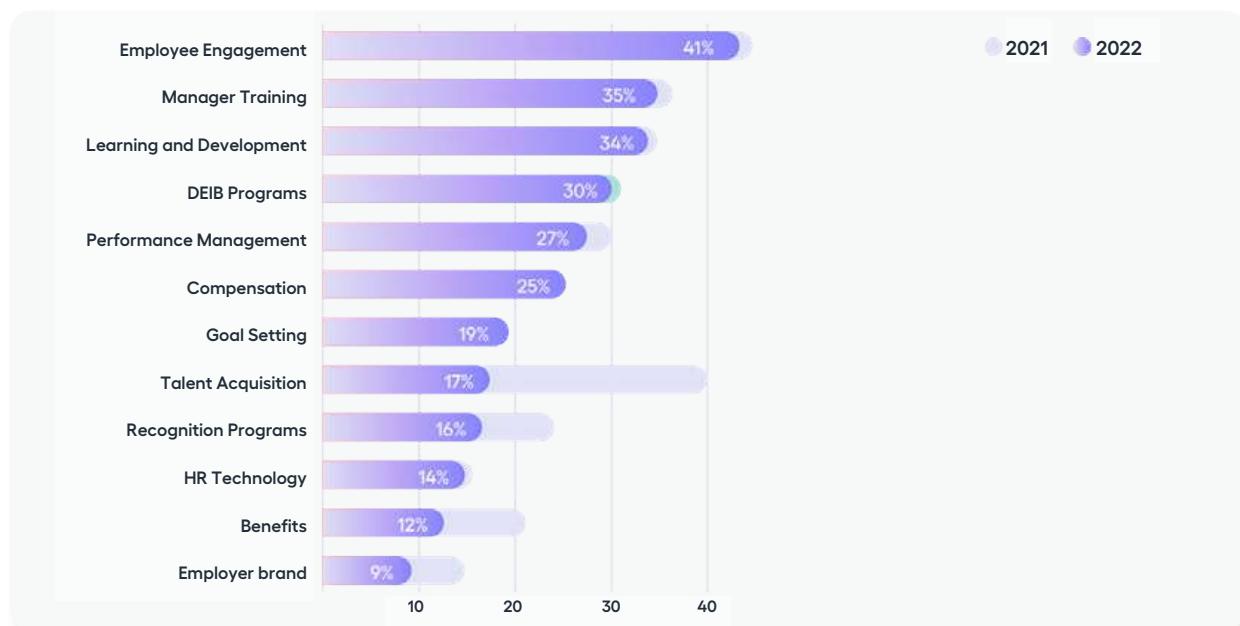
# The ROI of HR Tech

# Introduction

People teams are used to adapting quickly in high-pressure moments. Just as each year since 2020 has dramatically transformed the workplace (and HR's role in it), 2023 is already set to look very different from 2022.

In our [2023 State of People Strategy Report](#), talent acquisition fell from HR's second-highest priority to its eighth, meaning most companies are looking inward to drive performance during an economic downturn. But employee engagement remains the highest priority, seconded by a greater need for manager training — both of which shape an organization's resilience during tough times.

## Highest Priority HR Initiatives



With cost-cutting and efficiency driving executive decisions, these priorities become even more important. Organizational change is one of the biggest drivers of efficiency loss, and keeping employees engaged and productive is one of the most powerful ways to mitigate this risk. **With the right tools, HR leaders are uniquely positioned to transform the chaos of organizational change into constructive change for their companies.**

HR tech can help people teams make significant pivots quickly and effectively, freeing up their time from administrative tasks to focus on building a more strategic partnership with the C-suite — ensuring that organizational change leads to constructive outcomes. The trick is investing in the tools that will make a difference, and can withstand large-scale changes so you're not looking for new HR tech every year.

**You need one platform that delivers the biggest ROI for your company's highest priorities — and a user experience that employees actually enjoy.**

# Rethink How You Measure the ROI of HR

HR leaders are no strangers to a cost-benefit analysis, but traditional methods of measuring ROI oversimplify the impact of people programs:

- **The cost of an HR initiative doesn't account for the cost of inaction.** People leaders have to evaluate how negative outcomes can come from a lack of investment, such as ignoring burnout or assuming it's a manager's responsibility to fix it.
- **Organizational culture is measurable — you just need the right KPIs.** Though many aspects of people programs feel qualitative, culture is directly tied to profitability and comprises several tangible, measurable elements: equitable pay, manager efficiency, and employee motivation are just a few.
- **Big payoffs aren't instantaneous, but they still need to be time-bound.** Even the biggest dreams still need practical prioritization and measurement. How long will it take for a people program to make a measurable difference? In the nearer term, how long will it take you to recoup your initial investment? According to [Forrester Consulting's study of Lattice's impact](#), the payback period was just three months.

Rethinking how you measure ROI requires reimagining the role of HR as a whole. Instead of being relegated to the office annex with mountains of paperwork, people teams must be perceived as integral stakeholders, strategic operators, and key players in the game of surviving economic volatility.

[According to a global survey by UK-based Sage](#), many HR professionals have begun that rebranding journey, but have a ways to go. They've earned a seat at the C-suite table, yet are struggling to execute on everything that now falls under their domain. In the report, 95% of respondents said HR is simply too much work, because strategic operations have been piled onto their already full plates of administrative work. And 83% cited lacking the right HR technology as a challenge heading into 2024.

As a result, 62% said they were considering leaving HR altogether — and when you consider that [replacing an employee can cost you up to twice their salary](#), the cost of doing nothing to support HR professionals with this strategic shift adds up quickly.

People programs are nuanced — people don't always behave as you expect them to, and capturing their motivations, sentiments, and full contributions is a tall order, especially when relying on conventional performance reviews or manually deployed surveys.

In the Sage findings, HR tech adoption rates were remarkably low across the globe, showing significant room for investment:

- Only 59% using HR analytics
- Only 59% using employee self-serve
- Only 54% using automation

Our [2023 State of People Strategy Report](#) found that HR teams achieving or exceeding their goals had more investment in people programs and the technology infrastructure that helps their programs run more efficiently:

Key Points of Difference	High-performing HR	Low-performing HR
Invest more in linking compensation and performance	<b>46%</b>	<b>22%</b>
Ability to link compensation and performance	<b>64%</b>	<b>24%</b>
Implemented software to reduce bias	<b>40%</b>	<b>21%</b>
Invest more in HR analytics	<b>50%</b>	<b>18%</b>
Board pays attention to HR data	<b>36%</b>	<b>19%</b>

In fact, one of the biggest [differentiators that set high-performing HR teams apart](#) isn't that they have tech in the first place, it's how they use it to make better decisions on all of the above. Being data-driven isn't just about deploying tech to collect data about the organization. It requires being intentional with how that data gets used. By setting internal benchmarks to track progress, analyzing qualitative data to reduce bias, and collecting more data as a whole, high performers can make better decisions regarding their HR programming.

Simply put, **the most effective HR teams spend less time collecting data, and more time putting their data to work.**

# 1. Automating review cycles saves time and money.

Whether you rely on annual review cycles or continuous feedback, performance management software saves HR leaders, managers, and employees significant time and effort, so they can focus less on filing paperwork and more time driving business outcomes.

- **Reduce the cost and likelihood of human error.** When managers are left to their own devices for tracking and reviewing each employee's performance, they may rely on personal biases, subjective questions, and inequitable methods for rating employees' contributions. HR tech can automate and calibrate performance reviews by ensuring managers are prompted to answer the same questions for each employee, and evaluate them with the same rating systems.
- **Reduce time spent preparing and implementing reviews.** Performance review season can bring work to a complete standstill when managers have to fill out intensive reviews for several employees at once. [Forrester Consulting's study of Lattice's impact](#) found that using Lattice resulted in the following over three years:



- **Free up time to focus on driving results.** All that time can be better spent on developing training programs for manager enablement, given that's the second-highest priority for HR teams, according to our 2023 State of People Strategy Report. When managers have more capacity and support for supporting employees, they're better enabled to provide meaningful feedback and employee recognition.
- **Keep your top performers engaged and productive.** Performance management software can automatically integrate employees' performance and engagement scores, so HR doesn't have to dig through spreadsheets. A [talent management report from McKinsey & Company](#) found that companies that know who their top performers are and frequently allocate them to strategic projects tend to drive 2.2 times the revenue to shareholders than companies that do not.

Advanced performance management software isn't just automated — it's intelligent, and it's integrated with your other HR tools, such as employee engagement surveys, HR analytics, and compensation management, so you can rely on performance data to allocate investments in your people programs accordingly.

## 2. Compensation software simplifies your pay strategy.

Your compensation strategy should be a collaborative initiative between HR and finance to ensure the company's financial health is based on sustainable and equitable practices. Threading that needle is a complicated task, and requires multiple teams to collaborate on a handful of initiatives throughout the year: regular review cycles for merit raises, pay audits for discrimination, and external benchmarking that keeps employee pay competitive, but within budget.

If you're in the market to consolidate HR tools, you're not alone. Consider one that brings compensation management and benchmarking together alongside HR focus areas like performance, employee surveys, and development.

- **Integrate pay and performance to keep top talent.** Using one tool to make and document compensation and performance decisions reduces bias and ensures high performers are getting incentivized. [Data from the Institute for Corporate Productivity](#) found that three-quarters of the highest-performing organizations leverage pay-for-performance. When asked why they valued that model, respondents cited the following as top reasons:



- **Let software do the benchmarking work for you.** Gathering and analyzing competitive salaries is not only time-consuming, but rife with human error from user-generated data. When compensation software includes [built-in benchmarking data](#), you can reduce the time spent gathering data, and easily compare your pay bands to other similar organizations by location, industry, or company size.
- **Control budget with centralized guidance and documentation.** Help everyone stay within the budget by giving HR teams and managers clarity into compensation guidelines and salary bands (e.g., the maximum merit increase employees are eligible to receive, or creating internal benchmarks for salary ranges that employees can earn within each job level).

- **Reduce cybersecurity risk (and leave spreadsheets behind).** Documenting pay decisions is critical for compliance, but doing so in disjointed files and unsecured spreadsheets puts your company — and its finances — at risk. Pay information is sensitive for employees and the company alike, so you should rely on software that helps you [document pay decisions securely](#), especially when communicating those decisions to employees.

**Create compensation cycle**

**3 Merit raise guidance**  
Provide recommenders with raise guidance for each eligible employee by entering a target percent increase on total pay (including variable if applicable) for each performance score.

PERFORMANCE SCORE	EMPLOYEES	TOTAL SALARY	INCREASE (%)	TOTAL GUIDANCE
<input type="text"/>				
<input type="text"/>				
<input type="text"/>				
<input type="text"/>				
<input type="text"/>				
<input type="text"/>				
<input type="text"/>				

**Projected distribution**

Merit raise guidance	50%	\$50,000.00
Promotion guidance	40%	\$40,000.00
Remaining budget	10%	\$10,000.00
Total budget	100%	\$100,000.00



**Upload CSV** **Skip** **Continue**

*Lattice helps HR teams easily manage every part of the compensation review process in a secure, centralized hub*

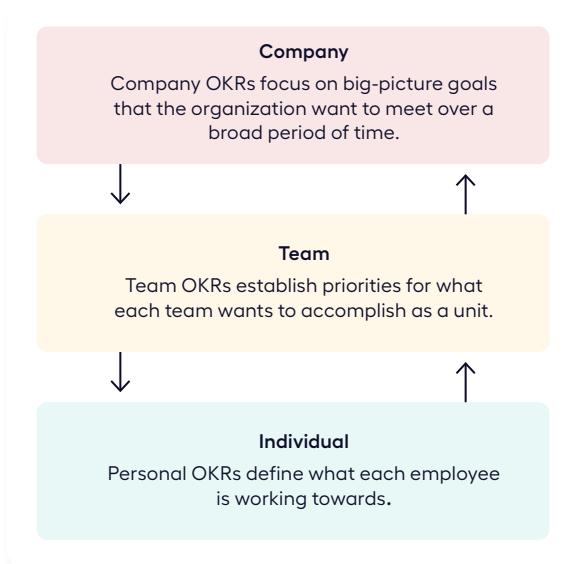
### 3. Cascading goals keep the focus on outcomes.

Having clear goals is crucial for every company that wants to keep employees focused, motivated, and on the same page. But simply having goals isn't enough. Can employees tie their everyday tasks to company goals? Do they understand executives' vision for the next six or 12 months? According to a Robert Half Management Resources study on employee role clarity, only 47% of workers understand how their work connects to the bigger picture.

***Highly aligned companies grow revenue 58% faster and are 72% more profitable than their misaligned counterparts, according to LSA Global's research on alignment.***

Cascading goals align every team, task, and initiative to the same purpose, keeping progress and revenue top of mind. HR tech can help you maintain that alignment across the entire organization, no matter the size.

- **Communicate goals with a click.** HR tech can keep goals centralized, accessible, and easy to update. A goal that everyone can reference regularly is a shared vision that increases accountability and understanding. Team leaders can also share goal progress updates across the whole department via Slack, Microsoft Teams, or email, eliminating the chaos of having five different tabs open to accomplish a simple update.
- **Integrate performance and goals to track progress.** Increased clarity around ongoing work and performance goals makes it easier to give feedback. Managers can easily tie performance feedback to the key initiatives outlined in the goals, leading to data-driven performance management.



- **Increase engagement with a shared sense of purpose.** It's hard for employees to be genuinely engaged when they aren't sure how their contributions impact the organization's success. Alignment on goals is crucial for employees to stay focused on work that actually drives results for the business. It also helps employees understand and take pride in their contributions to the bottom line.
- **Improve collaboration across departments.** Teams can help each other succeed when they have a clear idea of what others are working on. [Forrester Consulting's study of Lattice's impact](#) found that "Instead of spending time establishing their different incentives, employees were able to dive into their work with a better understanding of their colleagues." That increased visibility and insight helps teams work together more effectively and efficiently.

Not updated 0

OBJECTIVE - PRIVATE

INTERNATIONAL: Grow Lattice from 19% to 22.5%; and increase New Customer Bookings in Europe from 8% of total to 15%

Last update: Sep 29

OBJECTIVE - PRIVATE

INTERNATIONAL: Grow Lattice globally by increasing international ARR from 19% to 22.5%; and increasing New Customer Bookings in Europe from 8% of total to 15%

LG

Things are moving and we're testing to see the modal with multiple key results.

*With Lattice, managers and business leaders can view, update, and act on goal progress data in real time to keep the company on track against key objectives.*

## 4. Real-time insights make it easier to take action.

Organizational changes are inevitable, but when they're managed poorly, employees can suffer from change fatigue and lose motivation, trust, and productivity quickly. Engagement tools can help set things right. [Gallup research on engaged employees](#) found they are:



Well-designed HR tech offers engagement surveys that integrate with performance, compensation, and analytics, so people teams can spend less time building and deploying surveys, and more time turning survey results into actions that support employees.

- **Connect performance and engagement data for better insights.** HR leaders can integrate survey results to quickly identify feedback from top performers, identify patterns of disengagement, and make decisions that directly affect company performance. Forrester Consulting's study of Lattice's impact found that "more engaged employees are less likely to leave, thus saving organizations the cost of hiring and training replacements — not to mention the cultural impact of employee departures. This resulted in savings of \$2,033,959 over the course of three years."
- **Leverage the tools you already have to increase participation.** Integrated survey software means employees can answer pulse surveys from wherever they're already working: Slack, Teams, or email. This minimizes task interruption, and means they're better enabled to quickly answer a survey and return to their work. Greater survey participation means HR leaders have a clearer picture of employee morale, productivity, and thoughts about the business.
- **Customize survey experiences seamlessly.** Building surveys manually is tedious, time-consuming, and prevents leaders from gathering information quickly. Plus, poorly built surveys are unlikely to gather sufficient responses, meaning your survey results will be skewed toward employees with the strongest feelings, or those who are most willing to pause work in order to answer them. Survey software lets you choose between anonymization and identifiable answers, pull from a bank of research-backed templates, and create custom surveys for unique business needs.

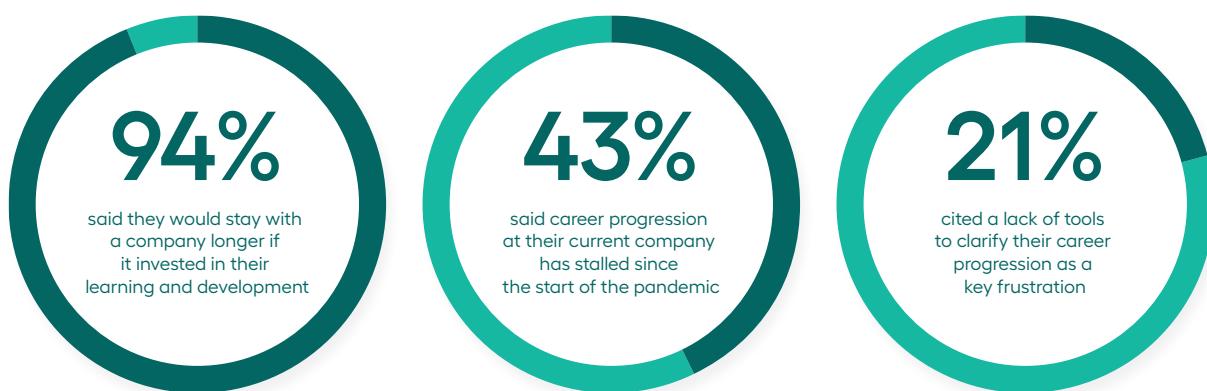
- **Compare results with internal and external benchmarks.** HR analytics help people teams instantly identify sudden drops in engagement and track average employee sentiments over time. Sentiment analysis provides an overview of open-ended questions without having to read every single answer.

Engagement isn't just good for employees, it makes a difference to customers, too. According to [research from Gallup](#), engaged employees are more present, productive, and attuned to the needs of customers, resulting in a 23% difference in profitability.

## 5. Employee development saves on recruiting, onboarding, and succession planning.

Most companies are taking a step back from recruiting, meaning they have to develop existing talent to meet business needs.

Investing in employee growth infrastructure is a win-win for employees and the companies they work for: employees get to learn new skills, build their careers, and realize their potential with support from their workplace. And companies gain loyalty while reaping the benefits of employees with greater skills, productivity, and engagement. Our [2021 career progression survey](#) revealed the following results from employees across the U.S.:



But you can't just promote high-performing employees into management roles — you'll siphon off your most specialized talent. Without the proper infrastructure, employee development programs may fall flat. HR tech can help you get this balance right.

- **Connect growth areas with performance objectives.** Undirected growth without a clear link to performance goals isn't an effective way to improve your bottom line. HR tech can ensure employee growth areas align with skills gaps on your team by connecting individual development plans to company goals within the same platform.
- **Ensure promotion opportunities are fair with DEIB dashboards.** Internal mobility is a key component of career progression for employees, but unchecked bias can lead to unfairly rewarding employees who skew white and male, leaving employees from marginalized backgrounds without a path forward. Analytics dashboards that pull demographic data can connect performance and promotions with the company's DEIB initiatives seamlessly.

- **Empower employees to follow through with automated updates.** Employee growth happens everyday, but manually updating an Individual Development Plan (IDP) every day is unrealistic — without HR tech, growth can take a backseat to timebound business goals, meaning employees are less likely to follow through on their IDPs. Automated reminders via Slack, Teams, or email help employees make quick updates to their progress. Plus, automated integrations with 1:1s empower managers to check in on development regularly, and keep both parties accountable to growth progress.
- **Customize your developmental review schedules.** Whether you run annual or quarterly reviews, or rely on continuous performance feedback, automated and custom scheduling can help you run your review cycles alongside development cycles without sacrificing productivity or overwhelming managers.

### Sample People Programs Calendar

	01			02			03			04		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Performance Reviews						Yellow						Yellow
Compensation/ Promotion Cycles	Red						Red					
Engagement Surveys				Blue						Blue		
Developmental Reviews		Light Blue						Light Blue				
Quarterly Goal Setting	Light Blue			Light Blue			Light Blue		Light Blue			

*Every business has unique performance needs. Custom review cycles can help you pace reviews sustainably, and time them with your HR team's objectives.*

# Conclusion

Cost-efficiency can't happen without HR efficiency. But HR's efficiency must be viewed as a long-term investment that will help the company evolve and innovate for years to come.

[Harvard Business Review's analysis of the 2008 recession](#) found that companies focused on long-term investment in HR innovation during a recession were the ones most likely to beat their competition, compared to companies focused solely on reducing operating budgets. Whether or not you believe history repeats itself, it's impossible to ignore the success stories that shaped resilient companies during economic hardship.

A key difference between then and now is the tech landscape: an abundance of innovative solutions for companies of every size means the options are endless, but that doesn't mean they're all good investments. Whether you're beginning your search for the right HR tech, or evaluating your current investment, these are our best practices when shopping for software.



**Ensure compatibility with your employee record.** The efficiency promised by HR tech isn't worth much if the platform doesn't match accurate employee records that power benefits, payroll, and performance management. HR software should be the backbone of your people programs, making it simpler for people teams to integrate and analyze employee data.



**Prioritize the user experience.** A hallmark of a bad HR platform is that employees hate using it. You'll end up with low adoption rates, hours of work lost to tech issues, and negative attitudes toward your people programs altogether. HR software that's designed for employees first makes it easier to drive participation in ongoing activities like pulse surveys, feedback, one-on-ones, and more.



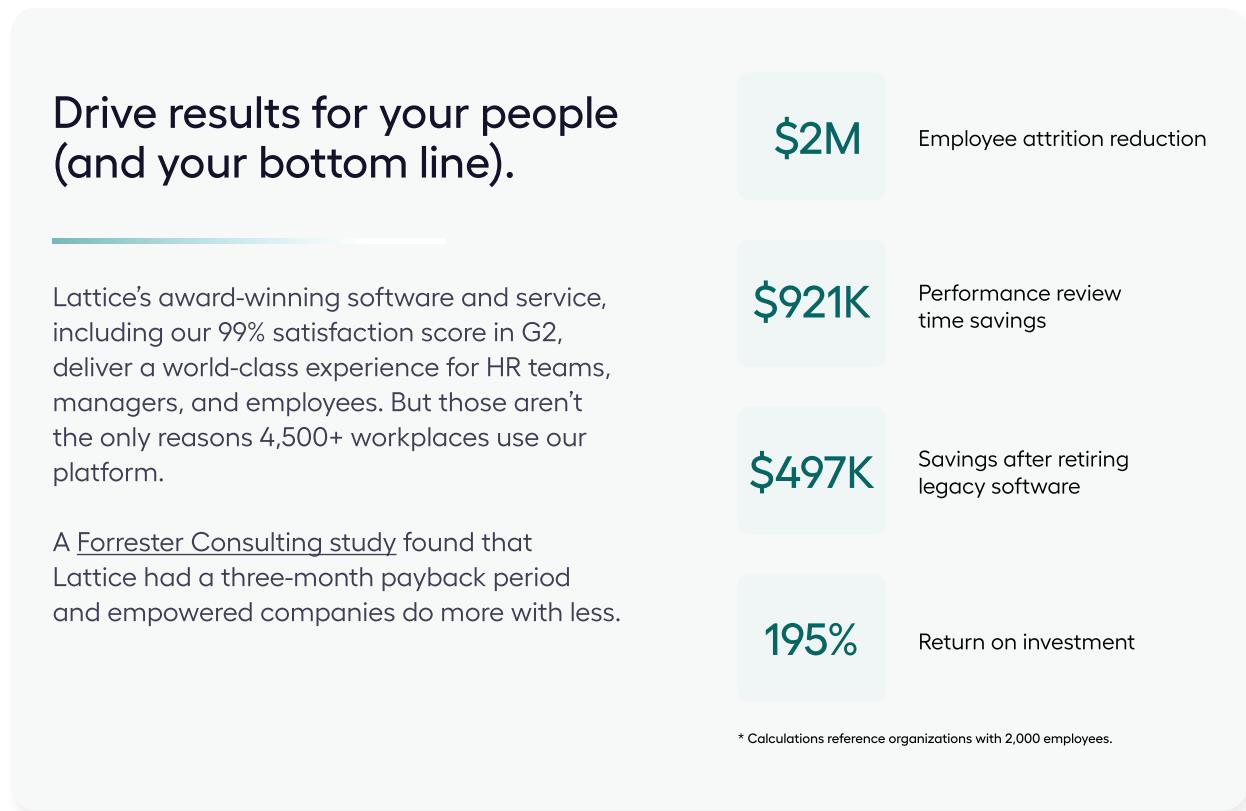
**Identify great software design.** In addition to a pleasant user experience, great software design should fundamentally rewire the way managers and HR leaders manage performance. Bringing feedback, goals, growth plans, and one-on-one agendas together on the same dashboard offers a holistic view of performance. That all-in-one approach makes managers more cognizant of employee needs and better equipped to address them.



**Keep your biggest priorities top of mind.** It's easy to get lost in the weeds — there are so many options out there. We recommend keeping a list of the non-negotiables you need to empower your people programs, both now and in the future. Having a list helps you stay focused on the elements that will drive the highest ROI, and shows due diligence when making your case to the rest of the C-suite.

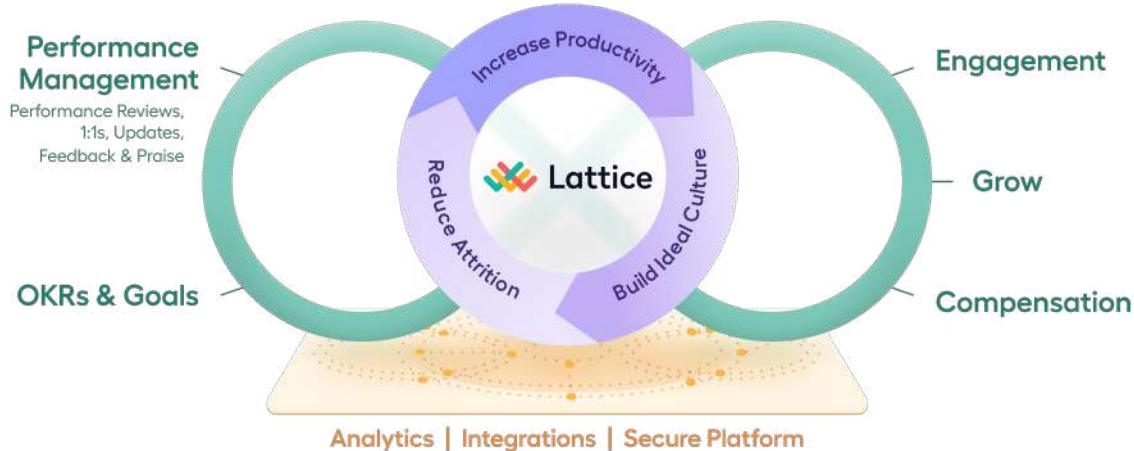
HR tech is a high-stakes purchase — it sets the tone for what kind of organization you want to build. Are you trying to empower employees to achieve more, or simply surveil their activity? The right software can turn managers into leaders, galvanize your people programs, and transform your HR team into champions of business success.

Need help making a case to your executive team about Lattice? Use the numbers below, or download our one-pager, [How Lattice Drives Business Impact When You Need It Most](#).



# About Lattice

Lattice is the people success platform that enables HR leaders to develop engaged, high-performing teams. By combining continuous performance management, employee engagement, development, compensation, and growth in one solution, organizations get powerful, real-time analytics that leads to actionable insights turning managers into leaders, employees into high performers, and companies into the best places to work.



## The Lattice People Success Platform

Lattice works with companies that aspire to put people first. Whether redefining the beauty industry or building self-driving cars, all of our customers have one thing in common: They value their employees and want to invest in the development and success of their people. To see Lattice's platform in action, [schedule a product tour](#).

### Trusted by the best places to work

Discover how Lattice empowers thousands of companies to build award-winning cultures.

[Request a demo](#)

