



# The Boardroom Blindspot Costing Millions

*Why Treating **Talent** Like a Cost Is **Crushing Margins**, and the Metric Every CEO Should Demand*

Labor is the biggest expense on the P&L, yet boards and CEOs rarely demand a serious review of human capital investment and its return. We track ROI on buildings, products, and equipment, but not on people. Why? There's no universal ROIHC metric, and that gap is costing millions.

In most boardrooms, “people” discussions stop at time-to-fill or engagement scores. Maybe revenue per employee if the group is feeling progressive. But let's be honest, those conversations feel light, almost inconsequential. **That must change!**

Human capital is not “headcount” or an expense; it's the driver of sales, profit, and innovation. Businesses are run by people, and investing in them should be as intentional as investing in new products or markets. That means aligning talent strategy with business strategy: **the skills, roles, and leadership needed to win, and measuring their impact.**

That's where ROIHC comes in: Return on Invested Human Capital. It's not about cutting costs, it's about value creation. Imagine this:

- **Leadership Development:** Invest \$1M to retain 15 leaders you'd otherwise lose, preserving their intellectual capital and discretionary effort, generating \$6M in new revenue. ROIHC: 500%, every \$1 invested returns \$5.
- **Customer Service Training:** Invest \$500K in call center or retail teams. Within a year, satisfaction rises 20%, repeat purchases climb, churn drops, driving \$3M in additional revenue. ROIHC: 500%, every \$1 invested returns \$5.
- **Sales Enablement:** Invest \$400K to enhance CRM adoption and closing skills. Higher close rates, stronger pipeline visibility, and shorter sales cycles yield \$2.8M in additional revenue. ROIHC: 600%, every \$1 invested returns \$6.
- **Operations Skills (Lean/Process Training):** Invest \$750K to improve efficiency, reduce waste, and accelerate throughput. Gains include \$4.5M in cost savings plus increased output. ROIHC: 500%, every \$1 invested returns \$5.

ROIHC is not an HR metric; it's a business metric. If you care about ROIC, you should care about ROIHC. If you track customer experience or innovation, you're already watching ROIHC at work.

Companies that treat people like capital, not cost, outperform. Period. Companies that treat people like a cost underperform or fail to reach their full bottom-line potential.

My challenge to leaders:

- CEOs: Deliberately invest in talent with rigor, review results, and request ROIHC next quarter.
- Boards: Demand human capital strategy and metrics tied to business planning.
- HR: Be at the center of delivering value and speak the language of capital returns.

What gets measured drives focus and decisions. What gets valued commands investment. And what gets invested in delivers growth. It's time to place human capital where it truly belongs: at the core of value creation.