FROM COST CENTER TO STRATEGIC ASSET:

How benefits intelligence elevates HR's role

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Executive summary

Most organizations measure benefits in ways that don't reveal whether the investment is actually working. They track enrollment numbers, satisfaction scores, and competitive benchmarks, not outcomes. HR leaders who want a seat at the strategic table need a fundamentally different approach: They must connect benefits to business outcomes like retention, engagement, and productivity. The paper introduces a four-pillar framework (Utilization, Engagement, Retention, Strategic Alignment) for measuring what matters, acknowledges the real barriers that make this difficult, and profiles how forward-looking organizations are breaking through—starting with one compelling case in point.

Introduction: Measuring benefits is a strategic imperative

Finance teams ask. CFOs ask. Even CEOs ask: What do we get in return for our benefits investment?

It's a reasonable question. Employer-sponsored family health coverage now averages nearly $27,000 annually, with costs projected to rise 8% or more in 2026.[1] Retirement plans, paid leave, wellness programs and voluntary benefits inflate the total to the point it often represents the largest discretionary workforce expenditure an organization makes.

Yet most HR leaders struggle to answer. They can report how many employees enrolled. They can share satisfaction scores from the last annual survey. They can confirm that their offerings are competitive with industry benchmarks. What they can't do is prove the link between benefits spending and the outcomes that matter most: retention, engagement, and workforce performance.

If HR was still seen as purely administrative, it wouldn't matter. But pressure to demonstrate HR's strategic value has never been greater. Talent markets remain competitive; engagement is at a 10-year low.[2] When the leadership team is around the table, "employees seem satisfied" is a phrase that will prompt eye rolls, not budget approvals.

CHROs must speak ROI fluently to get those approvals. Benefits can be a strategic tool that shapes who accepts employment, who stays, and how engaged they are on the job. But strategy demands precision: investing in a specific lever to produce a specific result. Precision requires measurement.

Organizations seeking to use benefits as a strategic asset need to fundamentally rethink – and expand – how they measure their benefits expenditure. The approach starts with focusing on business priorities. For example, suppose a healthcare system is under pressure to reduce patient wait times. To do that, it needs nurses on the floor, not burned out and quitting. A well-designed wellness benefit can reduce the burnout. But to prove the strategic value of that intervention (and, in the process, their own strategic value), the CHRO should show up at the next leadership discussion armed with data showing that nurses are using the plan *and* that turnover is down.

That's a radical shift from a survey showing that employees give the benefits a thumbs up. To make that shift, it's vital to understand why traditional metrics fall short, what a strategic approach looks like and how to remove the obstacles blocking the path forward.

Employee expectations are shifting and expanding

What employees expect from a benefits package today is radically different from what they expected a decade ago. Organizations that aren't offering (or at least seriously considering) fertility treatments, egg freezing, GLP-1 weight loss drugs, pet insurance, student loan repayment, backup childcare, elder care support, and menopause benefits are already behind the curve. The SHRM 2025 Employee Benefits Survey cited 216 distinct benefit categories, up 23% from the prior year.[3] That growth reflects employees' growing expectation that benefits should address their lives holistically.

Some expectations are nearly universal. The 2025 NAMI/Ipsos Workplace poll found that 92% of employees consider mental health coverage a non-negotiable benefit for a healthy corporate culture.[4] Yet only 32% of employers offer it.[5] That gap represents both a retention risk and an opportunity.

But beyond baseline expectations like mental health, priorities diverge. Different generations want different things.

FOUR GENERATIONS, FOUR PRIORITIES

Source: Marsh McLennan[15]

BABY BOOMERS
Financial security in preparation for retirement

MILLENNIALS
Help with $1.77 trillion in collective student debt

GEN X
Flexibility to care for growing children *and* aging parents

GEN Z
Mental health support to combat burnout

Generational differences are just one dimension of shifting expectations. Within any age group, employees are navigating different circumstances: new parenthood, divorce, purchasing a home, chronic illness. A benefit that's essential to one employee may be irrelevant to another in the same role at the same company. That's why three-quarters of employees now express interest in personalized benefits recommendations.[5]

They don't want a package designed for the "average" employee. They want one that reflects their actual lives.

Traditional metrics – designed when "benefits" meant health insurance and a retirement plan – can't capture whether an organization is meeting these expectations.

Traditional measurements are inherently limited

POOR COMMUNICATION SABOTAGES ROI

Employees who feel informed about their benefits are three times more likely to use them.[10] The evidence is stark: HSA participation is 44% among employees who understand the benefit versus 15% among those who don't. For financial planning programs, 24% of employees who understand the benefit use them; only 8% of those who don't understand the perk use it.[11]

The impact on ROI is profound: An organization can invest heavily in a competitive benefits package and see little return, because benefits employees don't understand are benefits they don't use.

Established approaches to benefits measurement – satisfaction surveys, enrollment tracking, competitive benchmarking – tracked what mattered for decades: Are employees signing up? Are they happy? Are we keeping pace with competitors?

Those questions made sense when benefits were seen as comparable to the electric bill: a cost of doing business. But that approach flies wide of the current target in several ways:

- **Satisfaction surveys capture sentiment, not outcomes.** Employees can report feeling valued and still not use the benefits designed for them.
- **Enrollment measures participation, not impact.** Enrollment numbers tell you nothing about whether the benefit is improving wellbeing or reducing turnover.
- **Competitive benchmarking is defensive, not strategic.** Benchmarking tells you what the market expects. There's no guarantee that correlates to what employees need.
- **Annual data is often stale.** Surveys should be viewed as if stamped with a "use by" date. An organization running an annual engagement survey in January is drawing conclusions from data that's already nine months stale when open enrollment rolls around.
- **Aggregate metrics hide what matters.** A plan that delights one segment while failing another shows middling satisfaction overall. That reveals nothing about where to invest or what to fix.

None of these methods tell HR what it most needs to know: Is this investment producing the results we need, for the people we most need to retain? Most employers simply assume the answer is yes. But in one survey, 83% of employers said their benefits were a major contributor to employee satisfaction – but only 67% of employees agreed.[6] That 16-point gap represents real money: investment that isn't yielding the retention and engagement returns that companies expect.

Strategic measurement connects benefits to business outcomes

NO ONE SAID MEASUREMENT IS EASY

Despite the clear value of benefits measurement, real barriers get in the way:

HR is stretched thin. 62% of HR departments operated beyond capacity in 2024.[12] When compliance and administration swallow time, there's no bandwidth for strategic analytics.

Data lives in silos. Data typically sits in separate systems with no easy mechanism for integration.

Skills are scarce. Sixty-nine percent of organizations lack people with the analytics capabilities to mine the data.[13]

Building measurement infrastructure takes time. But budget cycles reward quarterly results.

Inertia feels safe. When enrollment dashboards are healthy and satisfaction scores are stable, there's no urgency to ask harder questions – even when those metrics miss what matters.

These barriers reinforce each other – which is why breaking through requires a deliberate approach.

For benefits to function as a strategic tool, HR must show that they raise retention, engagement, and productivity – which, in turn, spur greater profitability, growth and competitive advantage. Doing that requires addressing four pillars.

THE FOUR PILLARS OF STRATEGIC BENEFITS MANAGEMENT

1

STRATEGIC ALIGNMENT

Ensure that the benefits mix directly supports organizational priorities

2

UTILIZATION

Meaure whether target employees use the benefits designed for them

3

ENGAGEMENT

Offer benefits designed to break down barriers to productivity and measure their impact

4

RETENTION

Connect utilization data to turnover data to understand which benefits are keeping people

PILLAR 1: STRATEGIC ALIGNMENT

Every organization has strategic priorities. A tech company might be racing to bring an AI product to market. A manufacturer might be focused on reducing defects. A financial services firm might be navigating a digital transformation. These are the strategic decisions that drive investment choices, executive attention, and how the organization measures itself.

If they're designed effectively, benefits can support these priorities. Take the tech company racing to launch an AI product. The challenge is getting enough machine learning engineers; they're hard to hire and easy to lose. A student loan repayment benefit could help attract early-career talent, while generous retirement fund matching might keep senior engineers from jumping to competitors. The question is whether employees in those critical roles are using the benefits designed for them, and whether utilization correlates with the outcomes the organization cares about.

To find out, first clarify priorities. What is the organization trying to achieve? Which workforce segments are critical to getting there? Then work backward: What benefits are designed to attract, retain, or support those populations? Are those employees using them? And can you connect utilization to outcomes that matter: reduced turnover in key roles, improved productivity, faster time-to-fill for critical positions?

PILLAR 2: UTILIZATION

Enrollment numbers say little about whether employees are actually using the benefits. Utilization data answers that question.

But aggregate utilization numbers aren't enough. A retirement benefit might be largely ignored by employees under 35, and a fertility benefit will never show high utilization rates across the full workforce. That's OK. Strategic measurement requires segmenting the data by the populations that each benefit is designed to serve. That's what tells you whether your investment is reaching its target: If the 55+ sector of the workforce isn't using the retirement benefits, that's a problem. Segmenting pinpoints where to adjust communication, delivery, or the benefits mix itself.

PILLAR 3: ENGAGEMENT

Engaged employees bring energy, focus, and discretionary effort to their work. They're the ones who solve problems proactively, collaborate generously, and stay late when it matters. Disengaged employees are physically present, but mentally elsewhere – distracted, overwhelmed, or burned out.

Benefits can make a difference, but only if they address a source of disengagement. Don't guess what employees are thinking. Ask. Conduct an anonymous, in-depth survey that asks broad questions that invite employees to explain.

For example, a core question might be, "What's getting in the way of doing your best work?" Some answers won't tie back to benefits, but some will: financial stress, lack of childcare options, or mental health struggles.

Once you know the barriers, you can deploy benefits as targeted interventions. If a significant portion of the workforce reports that financial stress affects their focus, for example, a financial wellness program is a strategic response. Or if working parents say childcare concerns cause absenteeism, backup care benefits become a tool for improving productivity.

The final step is measuring whether the intervention worked. Did employees who used the financial wellness program report improved focus six months later? Did working parents who used backup childcare come to work more often? This is where the engagement correlation becomes concrete. But it's an ongoing discipline, not a one-time exercise, because workforce needs evolve. What worked last year may not work next year.

PILLAR 4: RETENTION

Every voluntary departure is expensive. The direct costs – recruiting, hiring, onboarding – run an estimated 33% of annual salary for most roles, and up to twice annual salary for senior or technical positions.[7] And those are just direct costs. When experienced employees leave, they take institutional knowledge and client relationships with them. Each departure depletes the bench of future leaders. And the team left behind absorbs extra work while a replacement is found and gets up to speed. Momentum stalls.

Strategic benefits measurement asks which benefits are helping prevent departures. Start with "stay – not exit – interviews. These should be structured conversations with current employees about what keeps them at the organization. Use the interviews to find out how employees are using their benefits and what value they find in them. But don't overlook those who leave. Exit interviews can reveal whether benefits factored into someone's decision to leave, and in what way.

Maybe the employee didn't know a benefit was offered, or didn't understand its value, for example. Maybe it was too expensive to use. Maybe the employee used the benefit, but was disappointed by the experience.

Then correlate what you hear with utilization data. Are employees who use certain benefits staying longer than those who don't? When you enhance a benefit, does retention improve among the target population? Once you can tie retention to specific benefits, the math becomes compelling. A 50-person firm with 25% annual turnover replaces 12-13 employees each year. At $25,000 per departure, retaining just 3-4 of those employees through better-targeted benefits could save $75,000-$100,000 annually.[8]

Standing on these four pillars, when the CHRO is at the C-suite table, they can say with confidence, "Our benefits investment is producing results where it matters most."

How forward-looking organizations break through

QUEST DIAGNOSTICS PROVES THE VALUE OF MEASUREMENT

Quest Diagnostics, a Fortune 500 diagnostic services company, tested whether addressing employee mental health would produce measurable workforce outcomes. Working with Spring Health, a digital mental health platform, Quest offered employees free access to mental health screening, care navigation, therapy, and medication management from 2021 to 2022.

What distinguished this effort: Quest tracked whether employees actually completed appointments – not just whether they enrolled. And they compared employees who used the benefit to those who didn't, measuring both clinical and workforce outcomes.

The results, published in a peer-reviewed study:

- Retention was 58% higher among employees who used the mental health benefit versus those who didn't.
- Participants reported 0.70 fewer workdays per week impacted by mental health symptoms – roughly $3,491 in productivity savings per employee.
- 84% of participants achieved reliable improvement or recovery in depression and anxiety symptoms.

This is what strategic benefits measurement looks like: utilization (not enrollment), outcomes (not satisfaction), and a comparison framework that connects a specific benefit to a specific result.[14]

Here's what organizations that have embraced strategic benefits measurement do differently:

- Secure C-suite sponsorship with one compelling first step.
- Use benefits as a talent strategy.
- Personalize at scale.
- Build measurement infrastructure.

Secure C-suite sponsorship with one compelling first step. Don't start by overhauling your entire benefits measurement infrastructure. As Quest Diagnostics did, start with one benefit, one question, and one comparison framework: Does this benefit actually improve retention? Does it reduce absenteeism among the population it targets?

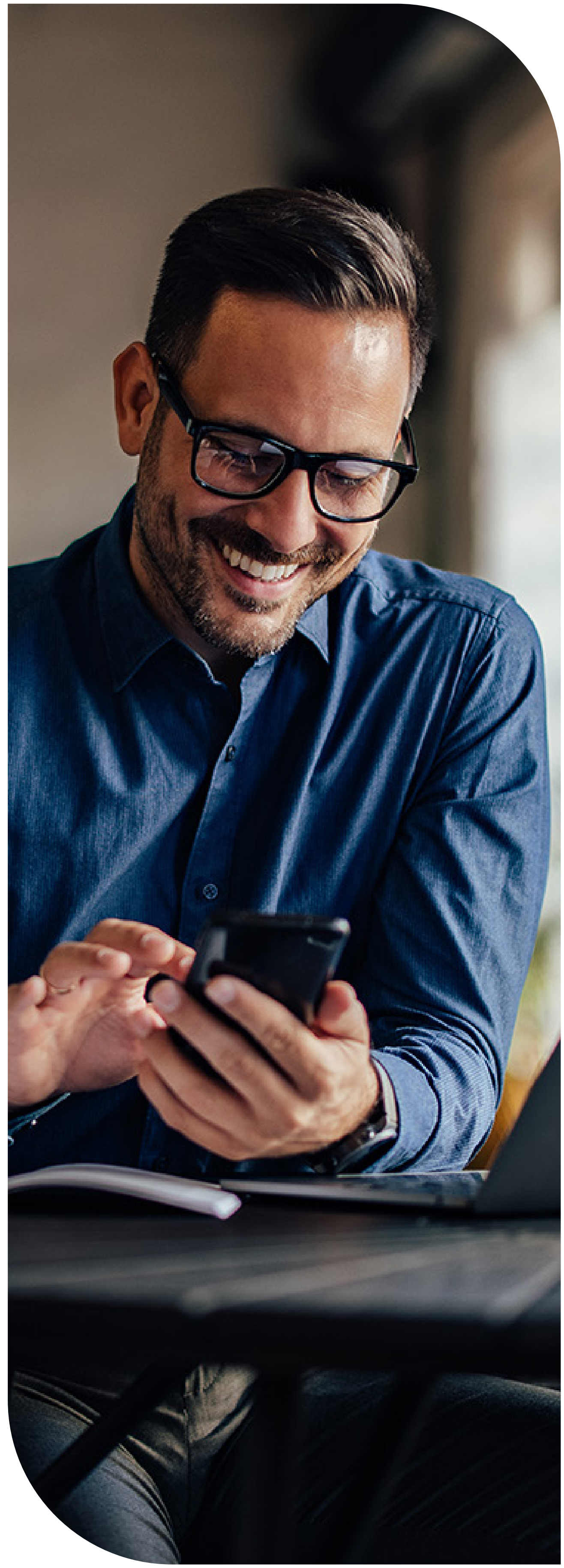
That's the pattern: Demonstrate that Benefit X produced Workforce Outcome Y in Population Z. The first step doesn't transform the organization. But it changes the conversation. It gives HR leaders a proof point they can reference when proposing new investments or defending existing ones. And it creates internal demand for more measurement: Once leadership sees what's possible, they ask better questions.

Use benefits as a talent strategy. Starbucks' College Achievement Plan – full tuition coverage for online degrees through Arizona State University – has enrolled more than 20,000 employees. By tying educational investment to continued employment and creating structured upward mobility pathways, Starbucks built a benefit that functions simultaneously as a retention mechanism, a skills pipeline, and an employer brand asset.

Personalize at scale. Salesforce allows employees to tailor their compensation packages, choosing among health plans, retirement contributions, and paid time off. Combined with its BetterUp coaching partnership, onsite medical clinics, and civic engagement benefits (seven paid volunteer days and $10,000 donation matching), Salesforce treats benefits as part of a holistic employee value proposition.

Build measurement infrastructure. Strategic benefits measurement requires data integration infrastructure that most organizations don't yet have. The organizations making progress have invested in benefits technology platforms that aggregate vendor data, making utilization analysis possible. They've built bridges between HR data (utilization rates, engagement scores, tenure) and financial and operational data (productivity, absenteeism, healthcare claims). And they've invested in people analytics as an organizational priority.

Research from HR.com underscores why this matters: Among organizations with mature analytics capabilities, 93% say their processes and technology systems help make talent decisions that improve business outcomes. Among those still behind in analytics, only 13% say so.[9]



Conclusion

When HR can show that a specific benefit reduced turnover in a critical population, or that utilization of a wellness program correlates with engagement among high performers, benefits become a strategic advantage.

Organizations pursuing growth need to attract and retain the talent that drives it. Organizations navigating transformation need an engaged workforce that can adapt. Organizations competing for scarce skills need benefits that differentiate.

In each case, the question is whether the benefits package is working. That's the definition of benefits strategy: investing in specific initiatives to produce specific results.

HR and benefits leaders who build this measurement structure gain clarity about where to invest and what to stop funding. They gain credibility when making the case for resources. And they gain a seat at the table when senior leaders discuss workforce strategy.

Notes

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