The line that hides your earners

In the accounts, people appear once, as payroll. It is the only lens most owners are handed. So every role reads as a cost, and the cheapest reads as the safest to keep.

- → Open any set of accounts. People appear once, as payroll.
- → One figure. Cut it and profit looks like it rises.
- → The accounts were never built to show what a role gives back.
- → So the support role looks safest to cut, and revenue quietly follows it out.
- → There is a second lens. It measures what each role returns, in pounds.

THREE WAYS ROLES PAY THEIR WAY

You have more earners than you think.

Every role contributes value in one of three ways. Measure all three and you are less likely to cut the roles that help drive revenue, protect profit or free up capacity.

SELL

Generates revenue

- Sales, business development
- Measure the margin they bring, not the turnover
- A salesperson trading margin for volume may be your lowest contributor to profit

SAVE

Protects margin

- Buyers, warehouse, quality
- Every pound saved is pure profit
- At 10% net margin, one pound saved equals ten pounds sold

FREE

Releases capacity

- Admin, support, coordination
- Creates capacity for higher-value work
- Cut them and your costliest people can end up doing the filing

ROI per role equals value created less total employment cost, divided by total employment cost. Total employment cost includes employer's National Insurance, pension and other on-costs.

Your buyer saves **£120,000** a year. At 10% net margin that is the profit work of a **£1.2 million** salesperson. Yet few businesses would describe that role as a revenue generator.

THE ONE FORMULA

One formula evaluates every role.

Value contributed, less total employment cost, over total employment cost. Run it on any role and the argument stops being an opinion.

THE FORMULA

$$ROI = (V - C) / C$$

V = value contributed
C = total employment cost

Total employment cost includes employer's National Insurance, pension and other on-costs.

Measure each role by the value it creates

Sell

Measure the margin they bring, never the turnover.

Save

Measure proven ongoing savings against last year's actual cost.

Free

Measure the time freed up for income-generating work and the value the business could earn from that time.

Ongoing contribution helps to fund overheads. One-off savings do not. Compare roles on **ROI**, not on value saved alone.

WORKED EXAMPLE

One role, from cost line to contribution.

A procurement buyer at a distribution company with 40 staff, £6 million turnover and 10% net margin. The same role, measured two ways.

As the accounts show it

£56,250 cost

Salary £45,000. Total employment cost £56,250, taking employer's National Insurance, pension and other on-costs at 25% for this example. On the payroll line the role is a cost of £56,250 a year.

As the appraisal shows it

113% ROI

Proven ongoing savings of £120,000 a year, measured against last year's actual procurement cost. ROI equals £120,000 less £56,250, divided by £56,250, which is 113%. At 10% net margin, £120,000 of savings does the profit work of £1.2 million of revenue.

The recommendation is **Protect and Systemise**. Protect the role, because the savings would be at risk if it were lost. Set a named annual target with a weekly review, and the saving can widen from £120,000 to **£150,000**.

THE RISK OF GETTING IT WRONG

The wrong cut costs more than the wage.

Get a people decision wrong and the bill is not the salary. It is the profit the role was quietly protecting, and the cost of putting it right.

Cut a Save role

Remove the role and risk losing the savings.

Cut a Free role

Your most expensive people can end up doing the filing.

Handle an exit badly

Face lost savings, replacement costs and potential legal expense.

The measurable cost of one mishandled exit

Lost savings for a year	**£120,000**
Replace and rebuild	**£25,000**
Legal exposure (discrimination claims are uncapped)	**£40,000**

Figures are illustrative. Replacement cost for a senior role can be several times higher.

One mishandled exit can wipe out a year of margin gain, so the cost saving is **real and measurable**.

The biggest change to employment rights in a generation.

Four significant changes are arriving together. Each one raises the cost of a people decision that goes wrong, and brings that cost forward.

6 months

Unfair dismissal qualifying period

From January 2027 the qualifying period falls from two years to six months and the compensation cap is removed. A new starter gains protection at six months, so onboarding and performance management matter from day one.

6 months

Tribunal claim window

Expected from October 2026, the time limit for most claims extends from three months to six months. Exposure lasts longer after any dispute.

About 8 days

Lost to sickness per employee, a year

Up from about 6 before the pandemic, and the highest in over a decade. Lost capacity is a rising cost.

Day one

Statutory Sick Pay

SSP moves to day one and the lower earnings limit is removed. More of the cost of absence falls on the employer.

Every change makes a wrong people decision more expensive, and brings the cost forward. Getting it right first time is now the **cheaper option**.

Sources: Employment Rights Act 2025 (Royal Assent December 2025); CIPD Health and Wellbeing at Work. Figures for guidance, not legal advice.

Reduce cost while protecting performance.

Cost pressure is real, and the instinct is to cut. A quick cost-cutting decision can prove to be the most expensive, leading to higher costs elsewhere. The value created through savings and capacity relies on people remaining engaged and motivated.

Cut by cost

Cut by salary cost alone and you may lose roles that quietly protect profit. The immediate saving can be outweighed by lower productivity, lost knowledge and reduced commitment from the team.

Cut by return

Focus on value, not on salary cost. Protect the people who contribute most, improve the systems around them and achieve the saving without undermining them.

The aim is not fewer people. It is **greater value from each role**, and decisions you can stand behind.

THE REWARD OF GETTING IT RIGHT

Better performance management creates greater value.

You do not only choose which role to keep. You can raise what each one gives back. That is what performance management does, with no new headcount.

Three plain habits, not a piece of software

01

Results per person

Every person knows the results they are expected to deliver this quarter.

02

Weekly reviews

Weekly reviews keep priorities on track and ensure decisions are acted upon.

03

Documented expectations

Expectations are documented and understood.

WHAT IT RETURNS

Set a minimum margin and 12% becomes 20%. On £1.8 million of sales that is **£144,000 more profit**, no new hire.

It is the same test as the buyer's savings. Margin protected is profit, measured against last year's actual margin.

Same people, better results, more ROI.

YOUR MOVE

Appraise the roles the way you appraise the assets.

You already appraise the machines. This appraises the roles. One board page, four actions, a pound figure on each. Take the payroll you already hold, classify each role Sell, Save or Free, and run the formula on the figures in front of you.

Invest

When a strong role would return more with more support.

Systemise

When a weekly review would raise what the role returns.

Protect

When the role protects profit and losing it is a measurable cost.

Re-deploy

When a good person is in the wrong job. Move them, do not lose them.

You move from reporting what each role costs to advising what it returns.

Richard, Director, OES HR