

# WORKFORCE COST OPTIMIZATION

**A Financial & Operational Strategy for Midsize Companies  
(50–250 Employees)**

A promotional graphic for a white paper. It features a man in a blue suit sitting at a desk in the foreground, with a blurred office background. In the background, a city skyline at night is visible over water. The text is overlaid on the right side of the image.

**Executive Employee Benefits Strategy  
for CEOs & CFOs**

Align workforce benefits with financial performance  
retention stability, and operational efficiency –without increasing employer spend

**Request Executive Review**

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**Prepared for: CEO's | CFO's | COO's**

**Prepared By: Journey Expedited Services**

**White Paper: Executive Advisory & Enterprise Cost Optimization**

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## **Executive Summary**

**To: CEO, CFO, COO & Respective Board Members**

**Subject: The Financial Reality Facing Midsize Employers**

**For midsize organizations, workforce expenses typically represent 60–70% of total operating costs.<sup>1</sup> These costs extend far beyond wages and include: Employer payroll taxes, Health benefits, Workers' compensation, Overtime, Turnover replacement, Absenteeism & presenteeism and Compliance risk exposure.**

Employee benefits have quietly become one of the most misunderstood and under-managed financial systems inside mid-market companies. While most executives view benefits as a necessary cost of doing business, few recognize the degree to which structural inefficiencies, vendor misalignment, and workforce instability inflate expenses far beyond what is financially necessary. These hidden dynamics create a slow but persistent drain on cash flow, profitability, and operational reliability.

In today's environment — marked by rising healthcare costs, multi-state compliance complexity, and increasing workforce volatility — executives can no longer afford to treat benefits as a static line item. Instead, benefits must be approached as a strategic financial system that can be architected, optimized, and governed with the same rigor applied to any other major cost center.

Journey Expedited Services delivers a board-level benefits architecture framework designed specifically for executive decision-makers. Our methodology aligns financial, operational, and workforce outcomes to create a benefits ecosystem that is predictable, compliant, and structurally efficient.

Our clients consistently achieve measurable improvements, including:

- \$400K–\$3.1M in annualized savings
- 12–24 months of cost stabilization
- Reduced absentee-related overtime and turnover leakage
- Improved workforce reliability and participation
- Strengthened multi-state compliance posture
- Greater clarity and control for executive teams

**This white paper introduces cost management strategies for cost-neutral workforce solutions. Together, these strategies strengthen overall corporate wellbeing by delivering measurable value, sustainable savings, and a modern benefits experience that supports the whole company and employees alike. Sustainable savings come from eliminating inefficiency—not reducing headcount.**



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# I. The Workforce Cost Structure: A CFO Perspective

Most organizations have never conducted a true financial audit of their benefits ecosystem. They rely on surface-level renewal reports, vendor summaries, or broker interpretations — none of which provide the depth required for executive-level decision-making.

**Our diagnostic process begins with a comprehensive financial analysis that examines:**

## **Cost-Per-Employee Trajectory:**

We evaluate historical cost trends, identify volatility patterns, and determine whether increases are driven by structural issues, workforce behavior, or vendor misalignment. This reveals whether the organization is on a sustainable cost path or heading toward predictable financial instability.

## **Claims Volatility & Risk Exposure:**

We analyze claims distribution, high-cost claim patterns, and risk concentration. Many employers unknowingly carry disproportionate exposure due to poor plan design or lack of segmentation. Understanding this risk is essential for predicting future cost behavior.

## **Turnover-Related Cost Leakage:**

Turnover is one of the most expensive and least quantified financial drains. We calculate the hidden cost of churn, including overtime, retraining, lost productivity, and benefits waste associated with short-tenure employees.

## **Vendor Misalignment & Fee Structures:**

We examine whether vendors are financially incentivized to maintain the status quo rather than improve outcomes. Misaligned incentives often lead to inflated costs, unnecessary services, and limited transparency.

## **Multi-State Compliance Gaps:**

Compliance failures create financial risk, legal exposure, and administrative inefficiency. We identify gaps in ACA reporting, state-specific mandates, and documentation processes.

Workforce costs include both direct and indirect expenses. Direct costs include wages, overtime, payroll taxes, and health insurance contributions. Indirect costs—often overlooked—include

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turnover, absenteeism, presenteeism, compliance fines, safety incidents, vendor redundancies, and administrative inefficiencies.

The majority of cost leakage occurs in indirect categories that are rarely audited with financial rigor.

According to the U.S. Bureau of Labor Statistics, total compensation includes both wages and benefits, with benefits accounting for roughly 30% of employer compensation costs.<sup>1</sup>

For midsize employers, workforce costs typically include:

### **Direct Costs**

- Base salary & hourly wages
- Overtime
- Employer payroll taxes
- Health insurance contributions
- Retirement contributions

### **Indirect & Hidden Costs**

- Turnover (33%–150% of salary replacement cost<sup>3</sup>)
- Absenteeism
- Presenteeism
- Compliance fines
- Safety incidents
- Vendor redundancies
- Administrative inefficiencies

### **Outcome:**

A benefits ecosystem that remains stable, compliant, and financially predictable — year after year.

The majority of cost leakage occurs in indirect categories that are rarely audited with financial rigor.

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## **II. Turnover & Vacancy Cost Reduction**

Turnover creates cascading operational and financial disruption. Costs include recruiting, onboarding, overtime coverage, lost institutional knowledge, and customer service degradation.

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The U.S. Bureau of Labor Statistics reports continued elevated quit rates in several sectors, increasing replacement pressure.<sup>4</sup>

### **Financial Impact of Turnover**

- Recruiting & advertising
- Onboarding & training
- Overtime coverage
- Lost institutional knowledge
- Customer service degradation

### **Executive Strategy**

- Supervisor training & retention coaching
- Structured onboarding frameworks
- Predictable scheduling
- Financial wellness support
- Internal mobility pathways

Reducing turnover by even 5–10% can produce six-figure savings in midsize organizations.

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## **III. Benefits Optimization & Payroll Tax Efficiency**

Healthcare remains a top cost driver for employers.

Data from the U.S. Bureau of Labor Statistics confirms continued upward pressure on employer healthcare contributions.<sup>1</sup>

### **Optimization Opportunities**

- Plan design restructuring
- Vendor consolidation
- Tax-advantaged benefit programs
- Voluntary benefits (cost-neutral to employer)
- Payroll tax efficiency programs

For CFOs, the opportunity lies in improving after-tax cost structure rather than increasing benefit spend.

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## IV. Compliance & Risk Mitigation

A redesigned system is only as strong as the governance that supports it. Without ongoing oversight, even the best-engineered benefits ecosystem will drift out of alignment over time.

Regulatory missteps carry direct financial exposure. OSHA penalties can exceed six figures per violation. Cybersecurity frameworks such as NIST provide structured compliance guidance.

Workplace safety enforcement under the Occupational Safety and Health Administration includes penalties that can exceed six figures per violation.<sup>5</sup>

### Quarterly Executive Reviews

We provide structured, data-driven reviews that keep leadership informed and ensure the system remains aligned with financial and operational goals.

### Compliance Monitoring

Regulatory requirements evolve constantly. We maintain oversight to ensure ongoing compliance across all states of operation.

### Multi-State Regulatory Alignment

For employers operating across multiple jurisdictions, compliance complexity increases exponentially. We ensure consistent alignment across all locations.

### Workforce Impact Tracking

We monitor participation, utilization, turnover, absenteeism, and other workforce indicators to ensure the system is functioning as intended.

Annual Strategic Recalibration. Each year, we reassess the system to ensure it remains optimized for the organization's evolving needs.

Cybersecurity and data governance frameworks from the National Institute of Standards and Technology provide structured compliance guidance.<sup>6</sup>

### Executive Risk Controls

- Quarterly compliance audits
- Vendor contract standardization

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- NIST framework adoption
  - Safety program alignment
  - Wage & hour audit reviews

Compliance maturity reduces financial volatility and protects EBITDA.

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## V. Productivity Architecture & Operational Efficiency

Operational inefficiency drives overtime and burnout.

The Centers for Disease Control and Prevention estimates billions annually in lost productivity due to absenteeism and chronic health conditions.<sup>2</sup>

Operational inefficiency drives overtime and burnout. Productivity enhancements include:

### Productivity Enhancements

- Cross-training critical roles
- Workload forecasting
- Route & scheduling optimization
- Automation of repetitive tasks
- Structured KPI accountability

For COOs, productivity architecture is a margin multiplier.

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## VI. Vendor & Contract Optimization

Midsized companies frequently overpay due to decentralized vendor oversight.

Areas of Overspend: payroll providers, benefits administrators, HRIS platforms, recruiting systems, training vendors.

CFO Controls: centralized contract repository, benchmark pricing analysis, renewal negotiation strategy, usage vs. cost audits.

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Vendor rationalization often yields immediate savings.

### **Areas of Overspend**

- Payroll providers
- Benefits administrators
- HRIS platforms
- Recruiting systems
- Training vendors

### **CFO Controls**

- Centralized contract repository
- Benchmark pricing analysis
- Renewal negotiation strategy
- Usage vs. cost audits

Vendor rationalization often yields immediate savings within one contract cycle.

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## **VII. Absenteeism & Workforce Stability**

Absenteeism significantly reduces productivity. Cost drivers include financial stress, chronic health conditions, scheduling instability, and supervisor communication gaps.

Mitigation Strategies: predictable scheduling, low-cost health access programs, financial wellness integration, early supervisor intervention.

According to the Centers for Disease Control and Prevention, absenteeism significantly reduces employer productivity nationwide.<sup>2</sup>

### **Cost Drivers**

- Financial stress
- Chronic health conditions
- Scheduling instability
- Supervisor communication gaps

### **Mitigation Strategy**

- Predictable scheduling

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- Low-cost health access programs
  - Financial wellness integration
  - Early supervisor intervention

Reducing absenteeism improves operational continuity and lowers overtime dependency.

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## **Implementation Framework for Executives**

Once the financial landscape is fully understood, we redesign the benefits ecosystem to eliminate inefficiencies and create a stable, predictable structure.

### **Plan Structure Optimization**

We evaluate whether the current plan design matches the organization's risk profile, workforce composition, and financial objectives. Many employers unknowingly pay for plan features that provide little value or expose them to unnecessary volatility.

### **Contribution Strategy Alignment**

Contribution models often create participation imbalances, affordability issues, and unintended workforce behavior. We realign contributions to support both financial sustainability and employee engagement.

### **Vendor Consolidation & Renegotiation**

Fragmented vendor ecosystems create administrative complexity and cost inefficiency. We consolidate where appropriate and renegotiate contracts to ensure alignment with organizational goals.

### **Workforce Segmentation Modeling:**

Different workforce segments have different risk profiles, utilization patterns, and cost drivers. We design segmentation strategies that reduce volatility and improve predictability.

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## **Predictive Cost Modeling:**

Using historical data and structural insights, we build predictive models that allow executives to forecast costs with greater accuracy. This supports budgeting, planning, and long-term financial strategy.

### **Phase 1: Financial Diagnostic (30 Days)**

- Workforce cost audit
- Benefits utilization review
- Vendor contract analysis
- Compliance risk scan

### **Phase 2: Immediate Savings (60–90 Days)**

- Vendor renegotiation
- Tax-advantaged benefit implementation
- Scheduling improvements
- Supervisor training

### **Phase 3: Structural Optimization (6–12 Months)**

- Workflow redesign
- Productivity measurement systems
- Compliance framework adoption
- Continuous cost benchmarking

#### **Outcome:**

A benefits structure engineered for stability, efficiency, and alignment with organizational priorities.

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## **CASE STUDY SNAPSHOTS**

### **Trucking & Logistics — \$884,000 Annual Savings:**

This organization faced chronic turnover, high absentee-related overtime, and a benefits structure that failed to support workforce stability. Our analysis revealed misaligned plan design, inefficient vendor relationships, and significant cost leakage. Through structural optimization

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and governance, we stabilized the workforce, reduced overtime, and created a more predictable cost environment.

**CPA Firm — \$1,284,000 Annual Savings:**

Operating across multiple states, this firm struggled with compliance exposure, claims volatility, and poor vendor alignment. Our architecture framework provided clarity, reduced risk, and created a predictable cost structure that supported long-term financial planning.

**Retail — \$3,115,000 Annual Savings:**

With a large, distributed workforce and inconsistent participation, this retailer faced significant administrative overhead and cost inefficiency. We streamlined operations, optimized plan design, and created a more stable and efficient benefits ecosystem.

### **WHY THIS WORKS**

Most employers treat benefits as a fixed cost — something to be renewed annually with minimal strategic oversight. This mindset leads to structural inefficiencies, financial waste, and operational instability.

Journey Expedited Services is a strategic advisory firm specializing in:

- Executive-level benefits architecture
- Financial and operational alignment
- Workforce capital optimization
- Multi-state compliance governance
- Predictable cost engineering

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## **Conclusion for Executive Leadership**

Midsized companies do not need layoffs to improve margins. They need structured workforce cost audits, vendor discipline, compliance rigor, productivity architecture, and financially intelligent benefits design.

Journey Expedited Services partners with executive leadership to deploy these strategies with measurable ROI. They need:

- Structured workforce cost audits
- Vendor discipline

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- Compliance rigor
  - Productivity architecture
  - Financially intelligent benefits design

Journey Expedited Services partners with executive leadership to deploy these strategies with measurable ROI and minimal disruption.

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## About Journey Expedited Services

Journey Expedited Services provides workforce cost optimization strategies for midsize employers seeking to reduce payroll leakage, strengthen compliance posture, improve workforce stability, and enhance financial performance.

Our approach integrates operational strategy, financial analysis, and workforce stabilization into one executive framework.

Journey Expedited Services provides workforce cost optimization strategies for midsize employers seeking to:

- Reduce payroll leakage
- Strengthen compliance posture
- Improve workforce stability
- Enhance financial performance

### **Our approach works because it:**

- Reveals hidden financial waste that traditional brokers overlook
- Reduces volatility by aligning plan design with workforce behavior
- Improves workforce reliability through better participation and engagement
- Strengthens compliance across all states of operation
- Aligns benefits with financial strategy rather than vendor incentives

This is executive-level cost engineering.

We partner with CEOs, CFOs, and operators who require clarity, stability, and measurable financial outcomes.

Our approach integrates operational strategy, financial analysis, and workforce stabilization into one executive framework.

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## Footnotes

1. U.S. Bureau of Labor Statistics – Employer Costs for Employee Compensation (ECEC) Reports.
  2. Centers for Disease Control and Prevention – Workplace Health & Productivity Data.
  3. Society for Human Resource Management (SHRM) – Human Capital Benchmarking (turnover cost estimates).
  4. U.S. Bureau of Labor Statistics – Job Openings and Labor Turnover Survey (JOLTS).
  5. Occupational Safety and Health Administration – OSHA Penalty Structure & Enforcement Data.
  6. National Institute of Standards and Technology – Cybersecurity Framework Guidance.
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