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Strategic Onboarding: Transforming New Hires into Dedicated Employees

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The rapid growth in hiring among younger workers is forcing organizations to develop solid programs and processes to attract and quickly integrate young employees into their organizations.

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Introduction

There is no question that organizations today are facing challenges in the market for talent. Our research shows that 53 percent of organizations now face critical talent shortages – many of which are taking place in mid- and director-level positions. The cause for this talent shortage is the impending baby-boomer retirements, as well as the demographic changes that are occurring all over the world.

Many of our research clients cite alarming statistics. For instance, a major global insurance company expects 20 percent of its workforce to retire in the next five years and 40 percent within seven years – with 60 percent of its senior leadership team eligible for retirement in four years' time. Another example is a large defense contractor that currently has an average workforce age of 49 – and which expects that to drop to 35 within the next five years. These organizations are responding quickly by implementing aggressive new hiring, career development, mentoring and talent sourcing programs.

One of the key processes that will help companies meet their talent goals is "onboarding." Onboarding programs have two major benefits:

- They decrease the time it takes a new employee to become fully productive; and, even more importantly,
- These programs create a strong sense of pride and commitment among new workers as they feel welcomed and valued from their first day at work.

Unfortunately, the onboarding process is often overlooked by many organizations. One reason for this is that many companies do not know who should own and manage the process. Should it be owned by HR,

Figure 1: Generational Differences

Demographic Group	Year Born	Traits and Values	Leader Qualities
Traditionalists (also referred to as Veterans or WWII)	1928 – 1945 (62+ years old)	• Hierarchical • Loyal to institutions • Motivated by financial rewards and security • Respectful of authority • Rule-makers	• Fair and consistent • Respectful of others • Rational and reasonable • Authoritative
Baby Boomers	1946 – 1964 (43 – 61 years old)	• Idealistic • Competitive • Striving to achieve	• Friendly • Relationships • Consensual • Democratic / equal
Generation X	1965 – 1980 (27 – 42 years old)	• Self-reliant • Willing to change rules • Tribal and community-oriented • Information and data-rich	• Experience-driven • Results-oriented • Adaptable • Mentor / advisor • Authentic
Generation Y (also know as Millenials)	1980 – 2000 (7 – 27 years old)	• Confident • Impatient • Socially conscious • Family-centric • Technologically savvy • Values education	• Goal-oriented • Motivational • Two-way

Source: *Bersin & Associates, 2007.*

training, the business units or by another group entirely? This research bulletin will provide some insights into what onboarding is, why it is important and the considerations for implementing a strategic onboarding process.

Onboarding Defined

> **Bersin and Associates defines onboarding as, "… the process of hiring, orienting and immersing new employees into their roles and into the organization's culture."**

There are many ways to define onboarding. Bersin and Associates defines it as, "… the process of hiring, orienting and immersing new employees into their roles and into the organization's culture." Other definitions that we captured through our research include the following.

- *"The process of integrating new employees into the organization, of preparing them to succeed at their job, and to become fully engaged, productive members of the organization."*[1]
- ORC Worldwide's director of talent management consulting defines it as, *"Bringing employees into a company, making sure they know what's expected of them, making sure they know how they're going to add value, making sure they understand how they fit."*[2]

At the end of the day, onboarding is all about ensuring new employees feel welcomed, are acclimated, and are provided with all of the essential resources to get them up to speed quickly and enable them to do their jobs most productively.

The Evolution of Onboarding

As with many talent management programs today, the onboarding process has been transformed into a "strategic" business function. We have defined three distinct phases of maturity for onboarding (see Figure 2) that include:

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[1] Source: *"Successful Onboarding: How to Get Your New Employees Started Off Right,"* SilkRoad Technology, David Lee. Source: http://www.silkroadtech.com/documents/White_Papers/index.htm.

[2] Source: *"Faster Isn't Always Better for Onboarding,"* Talent Management Magazine / Lisa Rummler, March 2007.

The onboarding process has been transformed into a "strategic" business function that is considered pivotal for retaining new hires and accelerating their time to full production.

- New employee orientation;
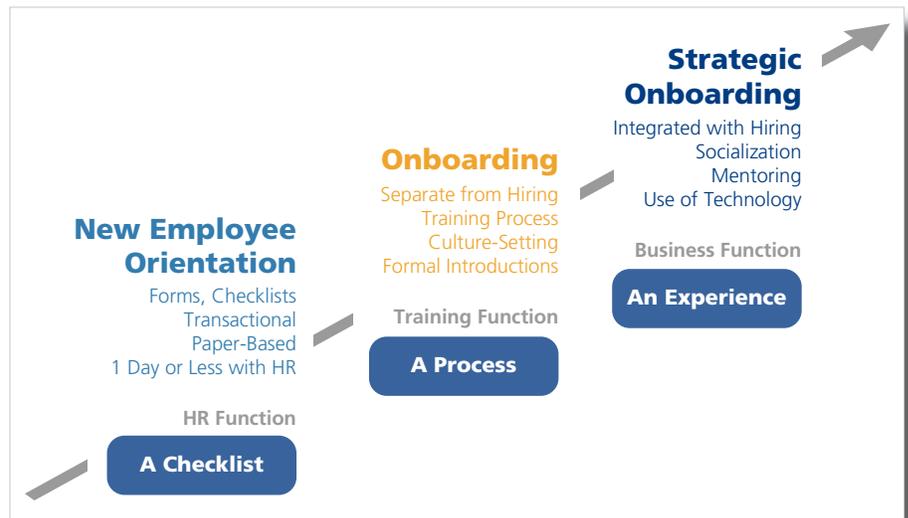
- Onboarding; and

- Strategic onboarding.

Each of these stages is described in detail in the following sections.

1. New Employee Orientation

The fist stage of our maturity model is new employee orientation (or "NEO" as it is known by many companies) – the stage at which many companies still find themselves today. NEO is a transactional process during which new employees fill out forms (including a W-4) and receive benefits information. (*We do not argue that this is a very important stage.*)

In addition, new employees are given access to the appropriate internal systems, and are assigned user names and passwords. This orientation process is managed by HR and has no real impact on the business. The sole purpose is to give new employees the tools they need to turn on their computers and begin their work.

Figure 2: Evolution of Onboarding

Strategic Onboarding
Integrated with Hiring
Socialization
Mentoring
Use of Technology

Business Function

An Experience

Onboarding
Separate from Hiring
Training Process
Culture-Setting
Formal Introductions

Training Function

A Process

New Employee Orientation
Forms, Checklists
Transactional
Paper-Based
1 Day or Less with HR

HR Function

A Checklist

Source: *Bersin & Associates, 2008.*

2. Onboarding

Whereas new employee orientation is an HR function, onboarding has evolved into the form of a "training" solution. Its primary purpose is to help new employees learn about the company and its culture. At this maturity level, new hires are formally introduced to their new work team and, in some cases, to other peers and superiors who they need to know to do their jobs effectively.

Some technology may be used to support the onboarding process, for example, in the form of an online course about the history and culture of the company.

3. Strategic Onboarding

Strategic onboarding is integrated with the hiring function, and serves as the "bridge" between the staffing process and enabling a new employee to become fully productive.

Strategic onboarding is different and more business-focused in that this process is integrated with the hiring or talent acquisition function. It serves as the "bridge" between the staffing process and enabling a new employee to become fully productive.

Companies that implement "strategic onboarding" help individuals to create relationships and networks that will ultimately enable the new employee to be productive and maneuver through an organization. Organizations at this stage are also more likely to take advantage of technology, as compared with other levels of maturity. This can occur through automated forms, online courses and new hire portals – as well as a tracking mechanism for ensuring the proper steps for getting new hires up to speed are followed. Onboarding technology also serves as a means for increasing communications between the recruitment and staffing function, and the hiring managers.

The Purpose and Goals of Strategic Onboarding

Onboarding is about integrating new employees to the point at which they are fully accepted into the workforce by peers and others – and at which they are successful in their roles. Strategic onboarding enables this transition to occur smoothly and swiftly, and will:

- Help employees become quickly acculturated, as well as being impactful, to the business;

- Provide a consistent experience for new employees;

- Help employees utilize corporate resources, and business-specific methodologies and approaches; and,

- Make sure employees feel welcomed and valued.

Strategic onboarding will also enable organizations to achieve the following business goals, as well:

- Reduce the time to productivity for new employees;

- Increase employee retention;

- Improve employee engagement;

- Provide consistent information about the organization (i.e., culture);

- Provide relevant information for all employees (i.e., benefits);

- Understand new employee expectations; and,

- Complete required induction paperwork.

Figure 3: Employment Statistics

The following is a list of common industry-held statistics, which further support the concerns organizations have with retention and the need for a strong onboarding process.

- The first 18 months a new employee is with a company is when they are most vulnerable to leave.
- Most employees (90 percent) make the decision to stay with a company within the first six months.
- About one-third of new managers (and executives) will fail at their new jobs within 18 months.
- The average time to full employee productivity varies, based on the type of job and includes:
  - Eight to 12 weeks for clerical-type workers;
  - Eighteen to 22 weeks for professionals; and,
  - Twenty-four to 28 weeks for executives.
- The total cost of employee turnover is estimated at 150 percent of salary.
- Almost half of the workforce wants to change jobs every three to five years.
- Generation Y expects to have five to seven major career changes, as compared with two to three by baby boomers.

Source: *Bersin & Associates, 2008.*

Benefits of Strategic Onboarding

Onboarding is the company's one and only opportunity to create an environment in which new employees feel welcomed and engaged. As dedicated as a new employee may be, time to productivity will take longer without an onboarding process. As mentioned earlier (see Figure 3), most employees make a decision to stay with a company within the first six months. By not taking the steps necessary for immersing a new employee into a new job and the organization overall, the company and existing employees will also be affected.

A number of benefits to strategic onboarding exist, both for the employee and the company (as shown in Figure 4). These benefits (which may not be realized with other levels of maturity) will occur even more quickly with a strategic onboarding process.

Figure 4: Benefits to Onboarding

For Employees	For Companies
Become familiar and comfortable with their job roles.	Improve employee retention.
Learn about company culture and job-related resources.	Increase time to productivity.
Start to build relationships and networks.	Increase visibility of new hires.
Align expectations of jobs and careers.	Improve internal communications.
Feel engaged and valued.	Improve customer satisfaction.
Receive immediate feedback.	Improve company brand.
Create relationships with customers more quickly (internal and external).	Increase employee pride in the company.

Source: *Bersin & Associates, 2008.*

Building internal networks is the most pivotal and strategic benefit for new employees, and enables them to access information and maneuver through the organization.

Building internal networks is the most pivotal and strategic benefit for new employees. One reason that many employees leave a company is because they failed to build or establish relationships with co-workers. These networks or systems are critical for new employees to gain access to information, develop trust among peers, build a common vocabulary, and eventually understand the "inner workings" and context of an organization.

For companies, many of the benefits highlighted in Figure 4 are self-explanatory. One in particular that is often overlooked, however, is "increasing the visibility of new hires." While this benefits the new hire, the result of new hire visibility has a huge impact on existing employees – and their acceptance and understanding of how this new person will affect their jobs or positions within the company. New hires can be particularly unsettling for veteran workers who do not embrace change quite as easily.

Twelve Considerations to Make Onboarding Most Effective

As you begin to build or make improvements to your onboarding strategy, we highly recommend that you take into account the following thoughts and considerations.

1. Do Not Underestimate the Importance of Onboarding

A new employee who feels valued, welcomed and engaged will have a greater incentive to stay with the company.

First impressions are lasting. Our research has shown that a new employee who feels valued, welcomed and engaged will have a greater incentive to stay with the company. On the other hand, employees who believe they have been abandoned once they are hired will have a negative impression of the company from the start.

2. Integrate Onboarding with the Hiring Process

It typically takes nine to 18 months for full integration to occur. However, many organizations believe that, by selecting the right person for the position, there is no need for an integration process. In other words, they rely solely on the recruiting process.

Case in Point: Wachovia Corporation

Wachovia Corporation (a leading financial institution) implemented a 28-hour course for all new tellers (which was grounded in the real-life work of experienced Wachovia tellers) to help reduce the time to productivity and increase service levels. This blended course is composed of multiple topics, practice sessions, simulations, games, knowledge checks and assessments. ❧

3. Extend the Onboarding Process to Three to Six Months

Strategic onboarding is more than an event – it is an experience.

As mentioned at the beginning of this bulletin, 90 percent of employees make their decision to stay with a company within the first six months. Although this is the case, less than 20 percent of companies extend their onboarding solutions to six months. Strategic onboarding is more than an event – it is an experience. While the training portion of onboarding may include minimal time, our conversations with highly successful companies clearly indicate that providing support and follow-on to new hires is important to ensure they have transitioned into their new roles, and are perceived as being valued and productive.

4. Promote the Organizational Values

Alignment of personal and business values can impact a decision for a new employee to stay with an organization.

Help new employees understand what it means to be a part of the organization. Alignment of personal and business values can influence the decision for a new employee to stay with an organization. Also, an employee will be more effective in his / her role and more easily accepted by others if he / she understands and demonstrates the company's values. Communicating company values can be done very effectively by a senior leader, as described in the following, "Case in Point: North Shore-Long Island Jewish Healthcare System."

Case in Point - North Shore-Long Island Jewish (NSLIJ) Healthcare System[3]

At NSLIJ, the CEO and CLO meet with all new employees every Monday morning. They use this opportunity to deliver key messages and to get a sense of the type of people who are being hired. When asked why he does this, the CEO explained, *"Our new employees need to know who I am. They need to know what the organization stands for, and what the values and the behaviors are that we are trying to annunciate. It is important for the CEO to do this."* ❧

5. Assist Employees to Build Internal Networks

Create opportunities for networking to occur. New employees will have a difficult time building relationships without the company's assistance. Plus, they may not know intuitively with whom they should be building relationships. In the absence of help from an organization, employees can be influenced wrongly – thus finding themselves making mistakes that can hurt their performance, as well as their acceptance by other employees.

Case In Point – Starbucks Coffee Company

Starbucks provides the following two approaches for accelerating a new hire's transition into the company.[4]

- **"Immersion Buddies"** are assigned to new hires who provide feedback about their progress, and expose them to key colleagues and work processes.

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[3] For more information, *"Changing the Way Top Talent Is Managed in Healthcare: Building a High-Performance Culture,"* Bersin & Associates / Kim Lamoureux, March 2007. Available to research members at www.elearningresearch.com.

[4] Source: *"Immersion in Culture of Coffee: Onboarding at Starbucks,"* Talent Management Magazine / Ted Forbes, March 2007.

Case in Point – Starbucks Coffee Company (cont'd)

- **"Cultural Events"** are held, which include very simple and yet powerfully valuable coffee tastings. They say that such events build a strong support system for new hires. ≈

6. Address Global Aspects of Onboarding

Most mid- to large-sized companies today have a percentage of employees who are located outside of the U.S. A global onboarding program must address the unique cultural differences among regions. Technology is a great way to mitigate some of the challenges that come with assimilating employees who are far away from the corporate headquarters.

7. Link Onboarding to Learning

Help employees find the resources they will need to be effective in their new roles. Often, this can include access to a new employee portal. Also, mentoring will help to integrate learning into the onboarding process. Mentors are commonly assigned to new employees to help them become acclimated into the culture and show them "how things get done."

8. Take Advantage of Technology

Technology can accelerate the onboarding process by helping managers and employees ensure that the appropriate onboarding steps are occurring via a tracking mechanism. Through automated forms, e-learning courses and new hire portals, technology can serve as a mechanism for recruiting to "hand off" the onboarding process to hiring managers.

Case in Point – RWD Technologies

RWD Technologies (a professional services organization) realized that its existing onboarding process did not meet its current business needs. The company needed to create a new approach that would meet the demands of rapid growth, would minimize time to productivity and would provide appropriate employee support.

Case in Point – RWD Technologies (cont'd)

The company developed a two-day learning program that incorporated technology and integrated learning into the solution. As employees are hired, an HR administrator invites them to attend the onboarding program. New employees have immediate access to a portal, which enables them to better support themselves during the weeks following orientation, as well. Online self-paced e-learning courses are completed during the live, in-person event. Online courses are available for employees after the two-day program as a form of performance support. ✍

e-Learning courses are engaging when they include advice from well-known experts; are interactive and simulate real-world examples; are accompanied by job-aids; and, are intuitive and user-friendly.[5]

9. Make Orientation Training Interactive and Engaging

In creating an inspiring experience for new hires, this can reassure employees that they made the right decision to join the company. Blending different learning mechanisms together is one way that has proven effective.

While many areas may be consistent, there needs to be a certain degree of customization that the hiring manager provides.

Our findings have also told us that the "one-size-fits-all" approach does not work. While many areas may be consistent, there needs to be a certain degree of customization that the hiring manager provides, for example. Also (based on the level of the employee), a variety of needs and approaches may be used for different employees.

Case in Point: RWD Technologies' "Bolt on" Program

RWD Technologies has created a "bolt-on" program at the business-unit level that will supplement the consistently implemented corporate program. The new business-unit employees will continue their new employee learning process – into a program that combines e-learning and online

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[5] For more information, *Blended Learning in Leadership Training: Proven Learning and Delivery Models*, Bersin & Associates / Kim Lamoureux, September 2006. Available to research members at www.elearningresearch.com.

Case in Point: RWD Technologies' "Bolt on" Program (cont'd)

collaboration, including wikis and blogs[6], as well as social networking[7]. ᕙ

10. Incorporate a Mentoring Component

A mentor provides a new hire with someone of whom he / she can ask questions and turn to for advice. This helps to create confidence in new employees and can speed up the time to productivity significantly.

Case in Point: Wachovia Corporation's "Avatars"

At Wachovia, virtual mentors, or "avatars[8]," are included as a component of the company's onboarding process, which provides key information, asks questions, shares tips and experiences, and simulates interactions with customers.

11. Have Realistic Expectations of the Performance of New Employees

Unfortunately, many organizations assume that a robust and long recruiting process eliminates the need for onboarding. They have taken so much time to find the right person to fill the role and then expect that person to hit the ground running on his / her first day.

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6   For more information, *New Technologies for Corporate Learning: Part I - Podcasts, Blogs, and Wikis*, Bersin & Associates / Karen O'Leonard, May 2006. Available to research members at www.elearningresearch.com.

7   Social networking" represents the use of person-to-person networking approaches that facilitate collaboration, learning, knowledge-sharing, the location of experts and organizational communication.

8   According to Wikipedia, an "avatar" is an Internet user's representation of himself / herself, whether in the form of a three-dimensional model used in computer games, a two-dimensional icon (picture) used on Internet forums and other communities, or a text construct found on early systems such as MUDs or currently on the wikipedia. The term "avatar" can also refer to the personality connected with the screen name (or "handle") of an Internet user. Source: http://en.wikipedia.org/wiki/Avatar_%28icon%29.

No matter how much experience a new employee has coming into a company, this does not take away from his / her need to align expectations, learn how to access information, and build networks before becoming fully productive. The most qualified candidates can literally be set up to fail, albeit not intentionally, without the company's support.

12. Measure and Track Retention Rates and Time to Productivity

Measuring retention and time to productivity helps companies to assess their recruitment and selection processes, as well as onboarding.

Finally, be sure to measure the effectiveness of your onboarding process. Two key measures of success are retention and time to productivity. These metrics will also help companies understand if they are recruiting and selecting the right people in the first place.

Case in Point – Wachovia Corporation's Blended-Learning Solutions

Wachovia has seen great results with its blended-learning solutions. The following are examples of some of the metrics tracked and their corresponding results.

- Turnover:

   o In the first 31 to 60 days, rates dropped 1.2 percent; and,

   o In the first 61 to 90 days, rates were down three percent.

- New hire tellers (in the pilot program) outperformed other new hire tellers with:

   o A 15 percent reduction in times out of balance;

   o Sales credits improved by 19 percent; and,

   o A 14 percent reduction in total policy violations. ∾

What Is Transitioning?

Transitioning refers to "… the process of successfully integrating an internal employee who was promoted or transferred into a new role." With regard to existing employees, transitioning is overlooked more often than onboarding. When promoted from within, there is an expectation that the employee already knows the organization. Oftentimes, however, these career changes can present the same challenges for the employee during the transition.

Transitioning support is particularly valuable when an employee encounters any of the following situations.

- **Promotion from an Individual Contributor to a Manager** – This is a difficult transition for a first-line manager to make. Peers are now subordinates and these transitioned employees have never been looked at by the company as a "manager" until now. Training alone is not enough because this is not just about building skills sets. Mentoring is an effective approach that can help build confidence, create new networks and answer questions.

- **Promotion to a Senior Executive Position** – The workforce has to perceive that this person is credible as an executive. The qualities, skills and knowledge that earned him / her the promotion may not be the same qualities, skills and knowledge that will gain him / her success in this new role. An executive coach can help the new executive assimilate into this role, define appropriate development plans and act as a "sounding board."

- **Relocation to a Different Function, Business or Geography** – Relocation is much more common today, especially with companies becoming more global and increasing the depth of their succession plans. Intercompany transfers are becoming the norm. When this happens, the employee is facing the same challenges of acclimating to a new culture, building a new social network and learning different work processes as a new hire. Organizational support from the employee's originating location, as well as from the new location, is necessary.

How companies recruit and onboard new talent will have a significant impact on an employee's decision to stay or leave.

Summary

The onboarding process has never been a function that has stood on its own (as performance management or succession planning do). Part of the reason is that it has typically fallen under either the recruiting (staffing) or learning and development (training) departments, hidden away where no one could see it.

Strategic onboarding, however, is catching on fast in the talent industry today. Companies will need to:

- Reassess their recruiting and talent acquisition processes;

- Look at the techniques they are currently using to welcome and immerse new employees into their culture; and,

- Consider building opportunities for new employees to immediately begin networking and building key strategic relationships.

Finally, first impressions are lasting – and can also be damaging. The expectations of new hires are much different than they were only a few years ago – something that is partly driven by the differences in the generations. In general though, the workforce is becoming more sophisticated overall and will have even more job choices as the baby boomers retire. Therefore, retaining employees will become critically important and a company's ability to do so will influence the meaning of "the best place to work." The war for talent is mounting – and how companies recruit and onboard new talent will have a significant impact on an employee's decision to stay or leave.