

Researching onboarding best practice

Using research to connect onboarding processes with employee satisfaction

The early stages of onboarding are crucial to establishing a lasting bond between employees and the company.

Alice Snell, vice president of the research division of talent management solution company, Taleo, outlines the methods organizations can use to maximize contribution and avoid the pitfalls of the onboarding process.

AS RECRUITMENT PROCESSES HAVE progressed, the term onboarding has come into regular use in HR. However, are companies really adopting best practice onboarding methods, or just the terminology?

Increasing focus is being placed on the importance of employees within organizations and selecting the right candidate. However, for a company to truly benefit from the attributes and skills recognized in each new employee, it's essential to support them through a comprehensive introductory process.

Getting the onboarding process right

Onboarding can be described as the direct bridge between the promise of new employee talent and the attainment of actual productivity. The onboarding process and experience, though, can vary widely. Onboarding a new hire can either be a well-managed and speedy path to employee contribution, or an inefficient and costly entry into the organization.

Although onboarding appears to be purely a transactional activity, it can be a strategic process that improves your bottom line. How? Remember that new employees start out as "liabilities" before they learn how to use their skills and experience to make a positive contribution. The more quickly employees get up to speed, the sooner they can begin contributing to your bottom line – regardless of their role or department.

Acting upon research findings

Companies that don't support a comprehensive introduction phase for new employees not only risk losing productivity generated by the employee but also losing their interest in the company. This is critical for employees at all levels; 64 percent of new executives hired from outside the company will fail at their new jobs¹ and the average CEO is in the job for less than four years.² These are worrying statistics and highlight the importance of creating the right experience to optimize productivity and retain employees.

All new employees go through a learning curve during which they perform below the level of a fully productive employee. Employee learning curves represent the length of time required for employees in new positions to achieve full productivity, and the rate at which they progress towards full productivity throughout the course of the ramp-up period. Figure 1, bottom right, shows the typical learning curve for a new employee.

An effective onboarding process enables new team members to gain access to information, tools and materials needed to perform their function more quickly. Productivity generated by successfully onboarding a new hire sooner will have a direct, positive effect on the overall productivity of the company.

Analyzing streamlined onboarding processes

Process and technology improvements can deliver real bottom-line results derived from benefits including:

- Reduced time and effort for HR, hiring managers and others involved in onboarding.
- Improved speed and accuracy of data collection and transfer between payroll and HRIS systems.
- Consistent legal and policy compliance.
- Reduced printing and shipping costs for onboarding forms.
- Ability to track new metrics for greater process efficiency.
- Better overall new hire experience including a single, self-service source of information during the crucial first days on the job.
- More effective employee/manager communication.

Perhaps more difficult to quantify directly, additional benefits from optimized onboarding accrue in these areas as well:

- Reduced time to contribution/competence.
- Improved employee productivity and performance.
- Stronger bonds among colleagues.
- Enhanced job satisfaction and loyalty.
- Improved employee engagement and retention.
- Enhanced employer brand.

“Improving onboarding processes reduces time to contribution and prevents the potential costs incurred by poor onboarding.”

The business case for improved onboarding

Although the ranges of savings vary based on the current practices and implemented improvements, onboarding can yield a return on investment (ROI) in the following financial terms: productivity gains, elimination of mailing-related costs, reduction of HR administrative time processing forms, avoided re-keying and better data integrity.

Straightforward processes that support the basic requirements of a new starter enable the employee to reach their full productivity in the shortest length of time. They also ensure that talent isn't lost due to company negligence. Improving the onboarding process reduces the time to contribution for a new employee and prevents the potential costs incurred by poor onboarding. See the estimated costs concerning each new hire in Figure 2, top right.

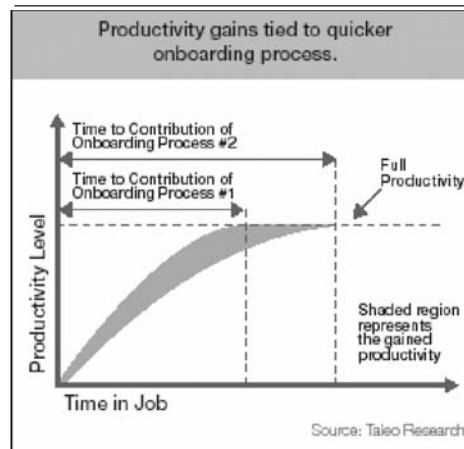
Perception versus reality

Many companies are now aware of the benefits of onboarding and aim to have such efficiencies in place. However, being aware of the processes and actually

Figure 2. Sample of costs associated with onboarding a new hire

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| Lost productivity (e.g., workspace, tools & supplies not ready, training not scheduled) | 40 hours | Average hourly net contribution of \$25 | \$1,000 |
| Offline mailing-related costs | Forms printing, data re-entry & handling | Supplies + 6 forms, 5 minutes each = 30min at \$25/hr | \$15 |
| | Mailing cost (priority mail, out and back) | | \$8.10 |
| HR Admin FTE time-cost | Form Processing Time | 30 minutes per form at an average of 6 forms = 3 hours @ \$25/hour | \$75 |
| | Benefits & payroll data entry, new employee setup | 2 hours @ \$25/hour | \$50 |
| | Employee setup process time (e.g., IT, desk or location, phone extension) | 4 hours @ \$25/hour | \$100 |
| Mistakes due to manual data entry that require correction | ~10% | 1 hour @ \$25/hour | \$25 |

Figure 1. A new employee's typical learning curve



providing them is a different matter.

From my experience researching the different approaches companies apply to onboarding, the perfect first day for a new hire would include paperwork having already been filled out, their workspace would be set up and stocked with supplies, co-workers would welcome their new team member, and a “buddy” would be assigned to the new employee to help them navigate the new environment.

In reality, this rarely happens. A 2005 Taleo research survey of onboarding practices of large corporations found most respondents reported an inconsistent and unsatisfactory approach to onboarding in their organizations³:

- More than one third are without a formal process to monitor and coordinate completion of



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- ◀ onboarding activities.
 - The majority of survey respondents report a lack of consistency across their organization for onboarding.
 - Variable onboarding practices apply as well to the starting point for the onboarding process.
 - Less than half of respondents are satisfied with the onboarding process at their company.

These results show that many companies still have a long way to go to implement processes that are consistent across the organization.

Global considerations

For global companies, onboarding has even more implications. Higher recruitment rates, multiple levels of corporate policy and culture to impart and multilingual/multicultural barriers are all aspects which make the success of the process even more critical. For large corporations it's imperative not to lose this time and to manage the system efficiently.

Aligning onboarding with other processes

Onboarding is just one piece of the cyclical continuum in the management of talent (see Figure 3, right); it's not merely a standalone or linear activity. Done well, and integrated into an organization's talent management systems, onboarding presents an easy business process improvement that can yield great returns.

The keys to successful onboarding are a complete and consistent process, a technology platform with a configurable workflow and a seamless integration with your organization's talent management system. Similar to any process improvement, establishing a best-practice and technology-supported onboarding process requires upfront work to determine the tasks required. On top of this, it's also necessary to find the balance between organizational consistency and flexibility to address department-level needs.

Four steps to an effective onboarding process

Once processes and business logic have been established, automation can be effectively applied. The technology typically handles data-gathering from the new hire and from within the organization, internal and external communications such as service requests and reminders, data transfer to the HR information system (HRIS) and sometimes orientation and training.

Four components are critical for the design and management of a successful onboarding process:

1. Process analysis.
2. Implementation.
3. Integration.
4. Reporting.

1. Process analysis

Process analysis includes a review of the onboarding process and role impact. Many stakeholders are involved in the onboarding process. The primary participants are the new hire, the hiring manager and the HR department. Traditionally, onboarding activities of a new hire involve:

- Payroll and benefits. Forms and enrollment; initiate payroll and establish direct deposit/deductions.
- Buildings and grounds. Parking permit and parking space designation.
- Office manager. Assign and set up workspace, distribute supplies needed to perform work.
- Security department. Process and provide badges or other documentation for access to building and additional secure areas as appropriate.
- Training. Sign-up and delivery of job-specific training.
- Team members/mentors. General orientation, tour of offices and facilities, introduction to other employees.
- IT department. If applicable, allotment of computer hardware and software, pagers, PDAs, telephone and telephone number.

The flow of the onboarding process is demonstrated by Figure 4, right.⁴

2. Implementation

The implementation phase includes configuration of the onboarding technology with, for example, a new hire and administration portal, workflow, correspondence management and custom forms.

3. Integration

This component involves the integration of new hire information and external systems.

4. Reporting

The reporting component should be designed to push key metrics and analytics for monitoring the process and driving continuous improvement.

Automating HR practices

Onboarding technology platforms cannot perform the socialization activities that are so integral to successful onboarding. However, the technology platform can move onboarding from a haphazard paper and pencil checklist to a systematic workflow which drives the process. In the best systems, automated correspondence

↓ TALEO

Taleo Research analyzes the best practices and economics of talent management. Taleo Research is the research division of Taleo. Leading organizations worldwide use Taleo on demand talent management solutions to assess, acquire, develop and align their workforce for improved business performance. Taleo has 550 employees worldwide.

to candidates and internal personnel can be embedded in workflows. Data entry can be accomplished just once and then flow to the many forms and systems necessary. Reduced data re-entry decreases the time spent by the organization on administrative tasks and also provides a better experience for the new hire, promoting positive employee engagement.

At one UK company, new hires were known to have waited one or two weeks before their phone, computer equipment, or workspace was in place because of the inability to gather date of birth and other personal information prior to date of hire. This process needs to be facilitated *before* the new hire starts, taking into account concerns about gathering the data during the recruitment process. In this instance, a process was created to capture this information after the applicant accepts a verbal offer, but prior to their start date. The results of the company's improved onboarding process include:

- Number of paper forms has been reduced from four to one (other than the forms required by the UK government).
- More immediate and accurate data is fed to payroll.
- New hires have required equipment (phone, PC, workspace) on day one.

Onboarding processes that are part of a talent management system enable companies to take advantage of data collected during the recruitment procedure and ensure that the onboarding process is initiated prior to the employee start date. Integrated onboarding solutions provide the ability to track activities and push appropriate requests, reminders and data which greatly hastens the overall induction process and shortens ramp-up time. At Taleo, we've validated reductions in time to onboarding in ranges from 10 percent to 80 percent.

The onboarding advantage

Optimized onboarding presents clear and significant benefits. A well-designed and automated onboarding process reduces costs, hastens time to productivity and improves retention due to greater employee satisfaction. As an element of an organization's talent management strategy, streamlined onboarding also increases efficiency, reduces process variances, provides better service levels for hiring managers and creates more staffing-process consistency.

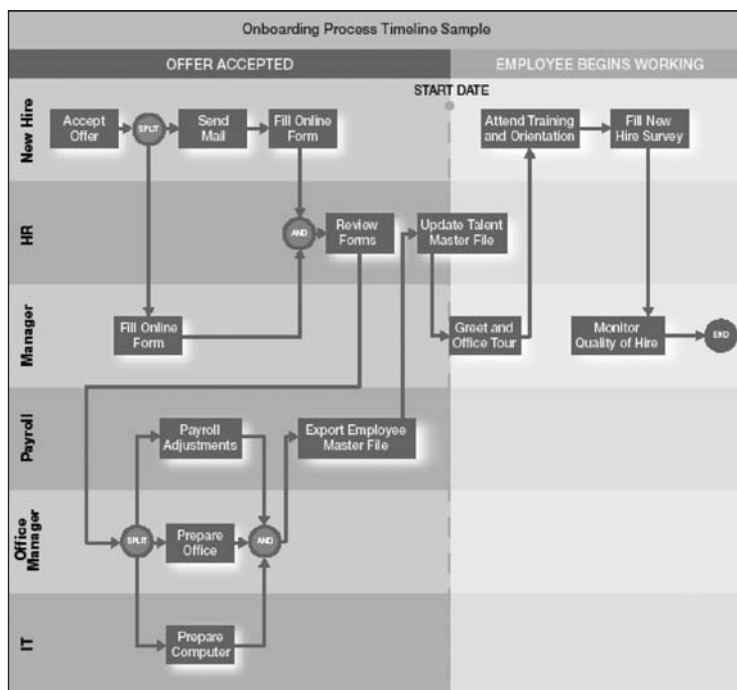
Today, organizations strive to identify business process improvements that generate real results. Optimizing your onboarding process in conjunction with your talent management solution is an obvious choice for an expedient, cost-effective project that delivers on every requirement.



Figure 3. Onboarding's role in the talent management cycle (Source: Taleo Research)



Figure 4. An onboarding process timeline example (Source: Taleo Research)



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