

thinking

New Hire Onboarding: An Overlooked Element in Sustaining Successful Strategy Execution

In recent years, the onboarding process has gained a heightened sense of focus. This comes as a result of the simple, stark reality that people are an incredibly important asset. Onboarding is also rising in significance as the job market and economy continue to improve and organizations begin to hire new employees or contractors to support the slow growth. In addition, with many organizations going through mergers or acquisition, onboarding becomes a crucial tool for ensuring that new people feel part of the business and understand company culture. So the ability to introduce new employees to the organization, to make them productive and effective in the shortest possible time, and to retain them becomes a critical business issue with bottom-line implications.

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Oddly, many companies are ignoring the deep impacts of not offering a comprehensive onboarding program, despite spending more money and time on recruiting. According to the Aberdeen Group, 90% of employees make their decision to stay at a company within the first six months. If we go through the trouble and expense of finding and signing them, why not give them a world-class onboarding experience so they want to stay? This is especially pertinent in today's economy and given the shrinking supply of talent, greater competition for the best talent, and the expectations of younger workers.

When we talk about "onboarding," we need to distinguish it from its more administrative counterpart, "orientation." Orientation encompasses signing up for benefits, understanding payroll, getting a corporate identification badge, and things like that. Onboarding, on the other hand, has a business impact and results perspective. It includes everything a new hire needs to reach the minimum expected productivity level and become a valued contributor to the business.

A great onboarding experience is a relatively easy way to keep the talented people you've recruited and reduce turnover throughout the organization. However, at many companies, there can be a significant lag time from signing on until the beginning of the onboarding process. And many new hires complete their onboarding without really getting a feel for the culture of the company and without knowing how to network. They find themselves learning by trial and error.

The benefits of a great onboarding program

A positive onboarding experience is relevant, timely, and meaningful. It's designed to engage people in the company as quickly and effectively as possible, assuring that they feel comfortable in their new roles.

It also brings a solid return on investment. When companies clearly understand the connection between onboarding and the operational and financial success of their organization, they are much more likely to create a great program. An example: According to the Aberdeen Group, organizations with structured onboarding programs enjoy a 60% year-over-year improvement in revenue per full-time employee and a 63% year-over-year improvement in customer satisfaction.

A great onboarding program:

- Ensures that employees are engaged and connects people to the culture of a company, which leads to lower turnover and higher retention at a fraction of the cost of recruitment.
- Jump-starts employee loyalty and satisfaction.
- Determines the speed at which new hires become productive, helping them add to the bottom line.
- Makes employees feel valued and bought in to contributing from the start.
- Adds value to your brand due to a more engaged, motivated workforce.
- Improves the customer experience because employees are more effective.

It's clear that organizations that invest in onboarding reap the results. In 2010, the

Aberdeen Group, a research company, conducted a study of companies' ranked best-in-class at onboarding. "Best in class" was defined as companies where 89 percent or more of the employees who had been with the company less than a year rate themselves as highly engaged, 87 percent of those employees achieved first performance milestones within the agreed-to time period, and 67 percent of those people achieved a rating of "exceeds" in their first performance review.

This study found best-in-class onboarding organizations were based on this framework:

- They have a formal process to ensure that all stakeholders know what is expected of them.
- They ensure that new employees arrive on Day 1 ready to be productive.
- They have a formal process to solicit feedback.
- They map to specific competency requirements or development plans.
- They attribute their changes in profitability directly to onboarding.

Strong onboarding programs typically have common factors related to objectives and outcomes, including:

- Supporting the transition of new employees into their roles.
- Aligning skill development with what is needed for the new role.
- Increasing speed-to-productivity.
- Creating a bond between new employees and the employer.
- Immersing new employees in the company's culture and vision.
- Connecting new hire roles to the success of the company.
- Helping new employees feel sure about the decision they've made to join the company.
- Increasing the likelihood that new hires will informally recruit others to the organization.

Companies that get new people up to speed and adding value sooner, eliminating long learning curves, are those that will attract and retain the top talent. Simply put, when it's done well, onboarding can be one of the most effective tasks that a company can undertake.

What a great onboarding program looks like

There is no single design or approach that's right for every organization. However, the following framework and the characteristics are a starting point for designing a relevant, effective, and engaging onboarding program.

The framework

Of particular importance is the delivery platform. With today's technology – from social media to gaming to traditional eLearning solutions – there is great potential to enhance content delivery electronically and reach a broader or more disparate group of individuals. This is also a good time to familiarize people with the corporate website, intranet, and other electronic tools. Access to the website allows new hires to explore the history, benefits, and stories of the company, as well as share them with their families. To engage younger workers, make social networking tools like wikis and blogs available to foster collaboration, communication, and relationship building.

However, it's counterproductive to rely too heavily on PowerPoints, videos, and other computer-facing activities. A good deal of the journey and content is best experienced in a group classroom setting, either face-to-face or through a virtual classroom/meeting application.

The characteristics

There are five principles necessary to create and implement a winning orientation strategy.

1. Begin the onboarding process before Day 1.

A well-designed onboarding program continues the messages delivered during recruitment. From recruitment through signing to onboarding, a company has an opportunity to make a great first impression and convince valuable new hires they made the right decision. To ensure that employees feel valued and important, the best time to start onboarding is before they start the job.

Virtually all experts agree there should be no delay in onboarding. Delay can impact the time it takes for the new hire to get up to speed, and you run the risk of the new person learning poor habits or even acquiring negative attitudes.

For true onboarding to begin before Day 1, these things should be done:

- Send a welcome package with information, a book or articles about the business if possible, a personal note, and perhaps a treat or flowers. This makes people feel valued and also allows them to formulate questions and gain context before they come to work.
- To publicize the arrival of the new employee, send an all-company email and, if possible, post a picture or place an article in an internal newsletter.
- Initiate computer support and order business cards.
- Set up the new workspace.
- Schedule the onboarding meetings, including those with senior leaders, and invite the required people.
- Prepare an onboarding toolkit and “itinerary” for the new hire.
- Assign a mentor to serve as a trusted advisor during onboarding.
- Schedule “welcome lunches” with managers, peers, senior leaders, and others across the organization.

To add a personal touch and make onboarding even more effective, good companies find out how to best manage new employees by discovering how they prefer to learn and be managed, either during conversations throughout the interview process or in the course of a specific conversation before they start their new job. Find out what frustrates them, what motivates them, and why they left their last position. Learn their expectations of training and how they like to receive communication. This will lead to a smoother transition and speed to truly contributing to the company’s strategy and the bottom line.

2. Link onboarding specifically to the organization – not just the role.

A great orientation experience allows the new hire to experience the company at the heart of everything it does – not just from the perspective of that specific new hire’s role. It’s where an employee starts to identify with the organization and feel the sense of belonging that is vital for engagement.

These topics should be explored with new hires in their initial onboarding session:

- The history of the company, including its origin, barriers that were overcome and victories won, and awards and other reasons to be proud. Share compelling stories about the business that are repeatable and representative of the company.
- The vision, mission, and values, and how they connect to the strategy.
- An overview of strategy and corporate goals – ideally, presented by a member of the senior leadership team.
- The marketplace and how the company works, including products and services, customers, and organizational functions.
- An overview of finances, including how the company makes money and an explanation of the employee’s financial compensation and benefits package.
- The performance management system and other development tools.

3. Make onboarding a process, not an event.

Best-in-class organizations approach onboarding as a process over a period of time – not just a two-week trial-and-train period. Because onboarding is learning, the initial messages must be memorable. And although onboarding should be somewhat formal, it can also be fun.

Be sure that:

- The stage is set for productive work that will support business goals.
- The new employee knows what is expected at one week, two weeks, a month, etc. Conversely, the new hire should know what to expect from management and peers.
- A growth plan is set for the new employee. Most people want to be challenged. The best onboarding programs learn where people want to be in one, two, and three years, and help new hires to set up career paths that are realistic, motivating, and effective.
- The onboarding program is tailored to the role and department. “Pre-fab” onboarding won’t achieve the same results as custom designs.
- The new employee understands the key business issues the company is targeting for improvement, and how these align with their particular role.
- Regular checkpoints are in place to gauge the progress of the transition, see what’s working and what’s not, adjust speed or emphasis, and learn where more knowledge would help. Checking in frequently prevents the new hire from being overwhelmed between touchpoints, and ensures that problems are dealt with before they become serious.
- The new hire is brought up to minimal productivity as soon as possible, so they don’t get the feeling that they’re just marking time as “the new guy” and aren’t really contributing.
- There is a formal debrief at the end of the formal onboarding program. Ask for things that kept the onboarding from being optimal or that may have been more motivating. Feed this information back into the program to improve it.

4. Involve as many people as necessary.

Effective onboarding requires many people to play many roles. A great plan incorporates the wisdom of the entire company. The major players, however, will be managers, mentors, or role coaches, the new employees themselves, and human resources (HR).

- The new hire’s manager, of course, has perhaps the most important role. Most surveys recognize the manager is the most significant force in any employee’s work life. This is the person who provides primary support, partnering with HR to be sure tools and knowledge are available for support.

- Best-in-class onboarding programs partner a new hire with a mentor or role coach for at least the first 90 days. This is the person responsible for modeling the company’s culture and desired behaviors. This is also the person who will meet informally and formally with the new employee, answering questions, sharing information over coffee or lunch, and explaining the things that aren’t in the “official rule book.” In many cases, a mentor relationship can increase productivity more quickly with less risk of turnover.
- The new hire should be expected to take a lead in the development process. They should be responsible for asking for help, assessing personal strengths and weaknesses, and helping to adjust plans as necessary.
- HR oversees the entire process, planning and facilitating as needed, scheduling meetings, and maintaining materials and the onboarding schedule.

5. Networking

The best onboarding programs make “socialization,” or networking, a primary component of onboarding. The faster a new hire is able to build a network within the company, the higher the likelihood of early and continued success on the job.

Networking has definite advantages:

- It provides a means of getting information that can’t be found in company publications.
- It helps people develop more creative and complete views of issues. Listening to those with different experiences and perspectives helps new people form their own views and allows them to see where they have a special opportunity to contribute.
- It allows rapid information transfer with just a small chance of disagreement. However, too much of this can get in the way of creative problem solving.
- It perpetuates ongoing networking, as one network leads to another. People tend to introduce work contacts to personal contacts.

The most potent networks are forged during shared cross-functional activities, which bring a variety of individuals together around a common point of interest or project. This allows topics to arise that might never come up at a business lunch or meeting. These kinds of networked relationships tend to be seen as more genuine and character-based.

Assessing an onboarding program

An essential but often overlooked component of a great onboarding program is reliable reporting. Best-in-class organizations measure, monitor, and report on their programs, so they know that it's achieving the intended results. Knowing the dollar impact of onboarding on the business is one way to prove its worth to senior leaders.

To be sure of the return on investment resulting from effective onboarding, 66% of best-in-class organizations assess their programs at least once a year. This allows them to adjust and improve the process and makes it more likely to see financial results.

Of course, we need to determine the satisfaction rates of new hires as well as hiring managers with the onboarding process. We must also make sure that the tools we use to measure these rates give us results that are as current as possible. But as we've noted, if an onboarding program is to deliver and continually improve its performance, a company needs to see the impact both financially and culturally. Corporate metrics allow measurement to the impact on the bottom line.

Business metrics can be measured through feedback from constituents involved:

Questions for the manager:

- Was onboarding completed in the prescribed timeframe?
- How long did it take the new hire to reach what you judge to be minimum productivity?

Questions for the new hire (at the six-month checkpoint):

- How many barriers did you encounter in learning your new role, and how long did it take to reduce or eliminate them?
- How long did it take you to reach what you judge to be minimum productivity?
- Has your onboarding experience been a major contributor to your performance thus far?

Questions for the onboarding manager:

- What are the average retention rates during the first three months of employment, including voluntary departure and terminations?
- How much of the turnover rate in the first six months can be tied to diversity?
- How much essential business information do new hires retain after one month?
- How many new hires who left the company within six months said that onboarding contributed to their decision?
- How many referrals have new hires provided in the first six months of employment?

When assessing your onboarding program, aim for “world-class.” Compare your program to award-winners, make it special, and then use it as a competitive advantage and a differentiator in the marketplace.

Reaping the rewards of a world-class onboarding program

With employee engagement at very low levels and organizations focused on rebounding from tough economic conditions, companies need to be proactive in addressing the challenges of bringing on new employees. Creating a standardized onboarding program that leverages best practices, supports the company strategy, and connects people to their role in executing on that strategy will mean the difference between success and poor results.

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About Root

Root is a strategy execution company that helps organizations engage people as a catalyst for change using a proven framework that consistently achieves clarity, ownership, and results.

