Set up Your New Hires for Success
**EXECUTIVE SUMMARY**

**Employee onboarding matters**

Employee onboarding, in former times associated with a TV playing VHS compliance tapes on a loop, is a critical component of a modern, effective corporate L&D strategy. Whether or not employee onboarding is effective can be distilled into three interrelated measures: engagement, retention and productivity. Each builds on the former, and all contribute significantly to the employee experience in today’s talent constrained environment. In this article, we will examine each measure.

**EMPLOYEE ONBOARDING IN THE MODERN AGE**

"4% of new employees leave after a disastrous first day" ¹

"When employees get off on the wrong foot at a corporation, it can have major implications for [their] long-term integration."

*Kristin Yetto, Chief People Officer, eBay*

You never get a second chance to make a first impression. In today’s talent constrained environment, much effort is spent on identifying, attracting and hiring the right people.

Onboarding is a critical point in the talent lifecycle and the employee experience. A solid program not only bridges the gap between candidate and employee experience, it acts as a catalyst for employee satisfaction, engagement and retention - and long term success.

Yet, many onboarding programs are less than engaging, focusing on administrative duties, leaving new team members to their own devices to build connections, understand skill requirements and practice their new job in a safe environment. The old stereotype of a TV playing a VHS tape on a loop is far from today’s needs but not far enough from reality.

Automation has brought efficiency to a previously labor intensive process but often neglects to provide a compelling, engaging experience that draws the employee to the organization. Organizations struggle to balance effectiveness with scalability, a fact that shows in the data referenced throughout this paper. Clearly, a new approach is needed.

This paper analyzes the importance of effective onboarding, reviews today’s common approaches, and identifies solutions to address critical success factors.
Onboarding impacts engagement, retention and productivity

In today’s talent constrained work environment, engaging and retaining new hires is a business necessity. Much of the burden for doing so falls to onboarding programs and a new hire’s manager.

79% of executives rate effective onboarding as both an urgent and an important priority, yet only one out of three organizations has a formal onboarding program.3

Engagement drives organizational performance - companies with engaged employees outperform others by 202%4 and teams with high engagement rates are 21% more productive.5 However, a bad onboarding experience and lack of understanding of the job can quickly lead to disengagement. One in three new hires starts looking for a new job in the first six months with their new employers.4 At executive levels, the situation is even worse, with one in two executives failing within the first 18 months of a new job.6

Studies show that a significant percentage of all turnover happens early on: 22% in the first 45 days and a further 25% in the first year.2 This has hard financial impact, costing organizations at least three times the employee’s salary.2

Speed to productivity is lacking, too. It takes an average of eight to twelve months for a new employee to become fully productive.6 Effective onboarding can cut this time by as much as 34%.2

Organizations need to engage new employees more effectively and provide a fast track to productivity.
Current onboarding practices are not setting new hires up for success

Despite clear data supporting the importance of effective onboarding, organizations are not following up with effective action. Only one in three organizations has a formal onboarding program.⁷

Where onboarding programs exist, they often focus purely on administrative activities. 68% of organizations provide onboarding for a month or less,⁸ failing to pave the path to full productivity and overwhelming employees with too much information.

One in four organizations provides no training in their onboarding to build needed skills and capabilities.⁹ Accountability and follow through is lacking, too, as 60% of organizations set no goals or milestones during onboarding.⁹

Not surprisingly, many employees have a less than engaging onboarding experience. One in three executives rates their own onboarding experience as poor.⁹ Only 28% of leaders consider their onboarding programs highly successful.¹⁰

More importantly, employees do not understand what is expected of them, inhibiting performance and contribution to business success. Only 36% of employees report receiving an accurate picture of their new role.¹¹ One in five new hires understands performance expectations only after 90 days.¹² Only one in three understands the strategy of their organization and how they contribute to that strategy.¹¹
Why current approaches are ineffective

Organizations today deploy various methods to bring new employees up to speed. There are a number of specific challenges with today’s common solutions:

**Too little, too late**
Research by IBM has shown that starting onboarding before the start date can increase first-year retention by as much as 80%. Yet, most companies only start activities at the new hire’s first day.

**Over-reliance on formal learning**
Formal learning methods like e-learning and videos are push mechanisms that, without real life application and reinforcement through social learning, are ineffective and quickly forgotten.

**Lack of connections**
Making connections at work is one of the most effective ways to create loyalty and engagement, but most approaches don’t support this in a systematic way. Only one in three companies provides an onboarding buddy or mentor.

**One size fits all**
New hire portals or checklist are often generic and not customized for the specific role and department, therefore lacking applicability. Learners cannot create their own path to success and are often provided with information that does not add value.

**The investment conundrum**
Investment in onboarding solutions is uneven. Some organizations invest very little or nothing in this area while others spend significantly to enable new hires for success.
Effective onboarding increases new hire retention by up to 50%.

58% of all companies indicate that the biggest influence on onboarding efforts is the need to engage new hires in the company culture.

Balancing investment and effectiveness

In our research, we’ve identified three common models for balancing investment and onboarding effectiveness:

**Approach 1: Self-service**
A self-service, on-the-job approach leaves new hires to their own devices, providing eLearning courses, checklists and tools typically on the intranet. Although affordable and always on, a purely Web-based, self-service approach does not create sustainable support and fails to establish needed connections and cultural integration. The heavy reliance on formal training lacks guided learning, ongoing feedback and the ability to practice skills. Content reviewed remains isolated from the job reality and is often quickly forgotten. The annual cost of these solutions is a few hundred dollars per new hire.

**Approach 2: Blended program**
The next level of investment (and return) supplements self study and on-the-job learning with classroom training. A dedicated new hire portal provides organizational background and some customization. Skills can be practiced and connections established, but no mechanism are provided to build them into the fabric of the new hire’s work. The vast majority of ideas are soon forgotten without ongoing feedback, mentoring and learning activities in place to cement learnings. Blended approaches are often touted as the best of all worlds, but they have limited ongoing social element and separate learning from working. These solutions often cost in the thousands of dollars per new hire.

**Approach 3: Comprehensive experience**
A custom immersive onboarding program aligns best practices in learning design with the specifics of the organization. Video conferencing and mobile performance tools leverage technology for communication. Formal mentoring establishes needed individual support. Custom classroom training with presentations, team exercises, case studies and simulations aims to develop needed skills. This approach is costly (typically starting at $5,000 per employee), difficult to scale for hundreds or thousands new hires, and takes the new hire away from the workplace for an extended period of time.
Elements of a balanced, effective onboarding program

“An effective onboarding experience can very likely lead to more rapid enculturation, higher engagement levels, and a decreased time to full productivity.”

Katherine Jones, Ph.D., vice president, Bersin by Deloitte

Best-in-Class companies are 3.7 times more likely than all others to use prehire assessment results to determine appropriate career / development tracks.20

The most effective onboarding programs incorporate three key success factors, engaging and empowering new hires to achieve productivity faster and more easily.

**Compelling**
Timing is everything! Starting well before day 1 - at offer acceptance - provides for a more engaging experience and leverages the excitement of a new job. Continuing onboarding until full productivity is achieved helps new team members come up to speed without overwhelming them. To be compelling, a modern program needs to balance learning methods that convey organizational information, external content and socially-reinforced learning experiences and feedback and guidance from others. These sources, in the structure of a well-designed onboarding program, provide different types of information and support to guide new hires to productivity more quickly.

**Social**
Connections with the manager, the team, a mentor, and relevant people within and outside your organization provide a rich understanding of the job and what it takes to be successful. They also provide immediate rich feedback, enabling new hires to apply learning quickly. And external coaches or mentors provide a safe, different perspective and sounding board.

**Empowering**
Onboarding is personalized to the needs and preferences of each new hire and to the requirements of the job, making it highly relevant and engaging. Empowering new hires to set their own path increases accountability to meet specific onboarding goals.

**Scaling for growth**
Onboarding is scalable to reach all new employees, providing effective soft skills building, rich experiences and empowering connections.

How do you get started? Follow our tips for each of these three success factors.
Best in class organizations are 53% more likely than all others (69% vs. 45%) to pre-board new hires.  

69% of employees are more likely to stay for at least three years after great onboarding experience.  

Success factor 1: Make onboarding compelling

Start early and keep going
In an effort to be efficient and cut costs, most organizations compress onboarding into the first month after the start date, providing too much information too quickly. Yet preboarding and continuous engagement of new hires well after the first month have been shown to increase retention and engagement. 

Begin onboarding activities immediately upon job acceptance, leveraging the excitement and engagement of starting a new job. Continue the onboarding journey until the employee is fully integrated and productive, and stage the experience to avoid overwhelming people. This typically takes at least six months.

Provide a consistent experience
The lack of a systematic approach or program inhibits a common, consistent understanding of the organizational culture, mission and values. Instead, provide a consistent experience and common messaging that is aligned with company culture to enable a smooth transition into the new organizational environment.

Automate the experience
Without automation, onboarding is often labor intensive and inconsistent. Manual processes inhibit scalability, timeliness and personalization. Try leveraging smart technology to provide an engaging onboarding experience uniquely suited to the needs of each new hire - a FitBit for new hires.
"It’s very important to have a feedback loop, where you’re constantly thinking about what you’ve done and how you could be doing it better." – Elon Musk

Best-in-Class companies are 50% more likely than all others (71% vs. 48%) to use the onboarding process to introduce new hires to relevant people in the company, whether those individuals are on their team or across the company. 31

Success factor 2: Enable social connections

Provide a customized experience
One size does not fit all learning styles, generations, roles and organizational units. Many onboarding programs use generic e-learning and onboarding portals, reducing usefulness. 27

Instead, provide a customized experience to bring new hires up to speed that is specific to their role and learning needs whilst ensuring consistency of messaging.

Make it collaborative
Collaborating with somebody who cares about success in the new organization is an effective scalable way to increase new hire engagement and satisfaction, 28 but only one in three companies provides an onboarding buddy or mentor. 29

To be successful, provide formal, supported mentoring for all new hires to ensure they meet their goals more quickly, tie them to the organization effectively and give them needed feedback to improve.

Enable connections
Connections with others - within the team, with other departments in the organization and outside the organization - help new hires understand workflows and dependencies. 30 Most onboarding approaches fail to enable these broad connections.

Instead, hardwire broad based connections through networks, peer groups and social interactions - for example, give new hires real business problems to work on that require them to collaborate. Set up structures and processes to provide feedback from all these connections. Managers can take the lead for their new team members if given the right guidance and framework.
“Setting goals is the first step in turning the invisible into the visible.”
– Tony Robbins

Best-in-Class companies are 2.5 times more likely than all others to provide key stakeholders with visibility into development progress of new employees through the onboarding process.  

Success factor 3: Empower new hires

**Establish accountability and visibility**
Goals and milestones help keep onboarding progress on track, but most organizations do not provide a mechanism for establishing them. Stakeholders lack visibility into progress.

Instead, provide the new hire with a structured way to set onboarding goals, track progress and follow through on milestones and activities, and enable key stakeholders visibility in development progress.

**Make it personal**
Many onboarding programs are ‘push’ mechanisms, trying to prescribe specific ways of performing actions. However, enabling authenticity and leveraging their personal strengths and experience has been proven to increase performance and engagement.

Instead, empower new hires to create their own personal path to success within given parameters, leveraging smart technology to take into account specific personal information about the employee’s strengths and development needs.

**Provide an integrated experience**
The right components and learning modes need to be combined into a meaningful onboarding experience. Even highly sophisticated custom onboarding programs fail to make these connections easy for new hires.

Use an integrated learning platform that incorporates guided and experiential learning, curated content, goal setting and ongoing feedback supports a personalized onboarding experience - connecting concepts and theories, guided on-the-job applications and valuable social connections with mentors and peer groups for optimal results.
Get started!

In our experience, the above success factors underpin onboarding programs that wow new hires and set them up for success. If you have an onboarding program, examine it to see whether it’s compelling, social, and empowering. If you’re developing an onboarding process, check whether it’s designed to incorporate each of those factors.

When it’s time to implement, use learning technology to make onboarding resources accessible from anywhere and to scale programs across functions and organizations. The results, as we’ve discussed above, are measurable increases in new hire engagement, retention and performance.
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Our customers (ranging from F500 to fast-growth scale-ups) rely on Everwise software and managed services to help create and deliver programs around manager development, women’s leadership development, employee onboarding, diversity and inclusion, and other critical talent development objectives.

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