Taleo ·X·™
Talent Drives Performance

Onboarding: Speeding the Way to Productivity

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Onboarding is the bridge from the promise of talent and output anticipated from a new employee to 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.

This paper reviews the importance of the onboarding process, explores current onboarding practices, and outlines the moving parts in a systematic onboarding process supported by an integrated technology platform. Additionally, a financial model details the substantial positive impact of an efficient and effective onboarding process. Done well, and integrated into your organization's talent management, onboarding presents an easy business process improvement that can yield great returns.

I. Why is Onboarding Important to Your Company?

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 while they learn how to use their skills and experience to make a positive contribution. The more quickly employees gets up to speed, the sooner they can begin contributing to your bottom line — regardless of role or department.

Simply put, improving the onboarding process reduces the time to contribution for a new employee.

On the perfect first day for a new hire, paperwork would already be filled out, the workspace would be set up and stocked with supplies, co-workers would welcome their new team member, and a buddy would be assigned to help navigate the new environment.

One Woman's Horror Story

"My office is in Sunnyvale and everyone else in my department is in Houston. So when I showed up for my first day, no one here even knew to expect me. It took them an hour just to find someone in Texas that could confirm I was indeed a new employee. So they sat me down in a cubicle and handed me a note from my manager saying: Take the week off, we aren't ready for you.

And that's how it started.

I got a week off with pay and when I did come back, they still didn't have a computer for me for another two weeks. So for the last month, I've been trying to train myself, but I have no idea what to get trained on."

In reality, this rarely happens. A Taleo Research survey[1] on onboarding practices of large corporations found most respondents reported an inconsistent and unsatisfactory approach to onboarding in their organizations:
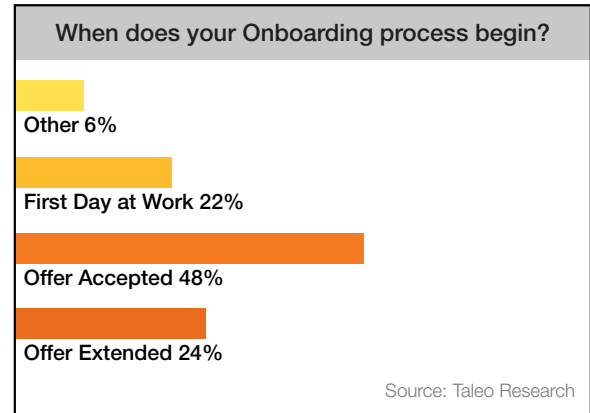
• More than one third are without a formal process to monitor and coordinate completion of onboarding activities.
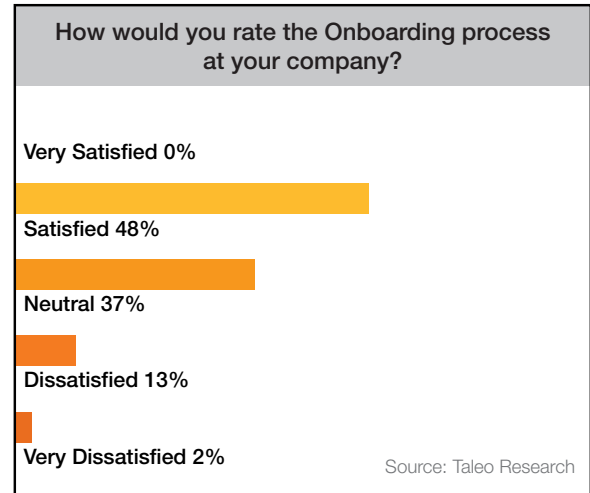
Do you have a formal process to monitor and coordinate the completion of Onboarding activities?

Yes 39%

No 61%

Source: Taleo Research
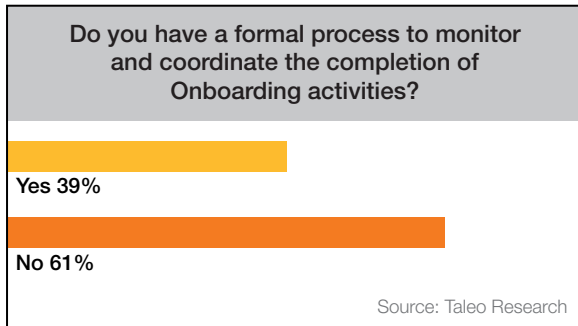
• The majority of survey respondents report a lack of consistency across their organization for onboarding.

Is Onboarding consistent across your organization?

Other 4%

No 54%

Yes 41%

Source: Taleo Research
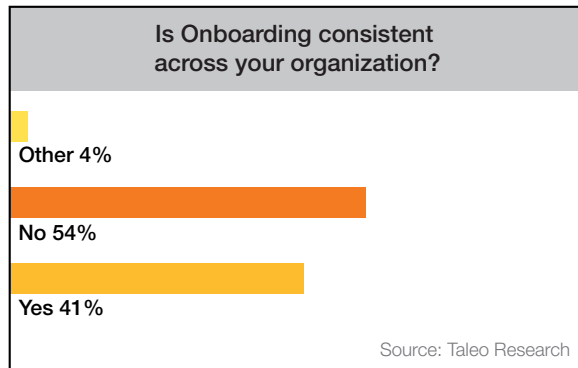
• Variable onboarding practices apply as well to the starting point for the onboarding process.

When does your Onboarding process begin?

Other 6%

First Day at Work 22%

Offer Accepted 48%

Offer Extended 24%

Source: Taleo Research

• Less than half of respondents are satisfied with the onboarding process at their company.

How would you rate the Onboarding process at your company?

Very Satisfied 0%

Satisfied 48%

Neutral 37%

Dissatisfied 13%

Very Dissatisfied 2%

Source: Taleo Research

Clearly there is room for improvement.

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1 The Taleo Research onboarding survey was conducted in March 2005, and completed by 46 large organizations.

II. Best Practice Onboarding

Onboarding is one piece of the cyclical continuum of talent management; it is not merely a standalone or linear activity.

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.

Four components are critical for design and management:

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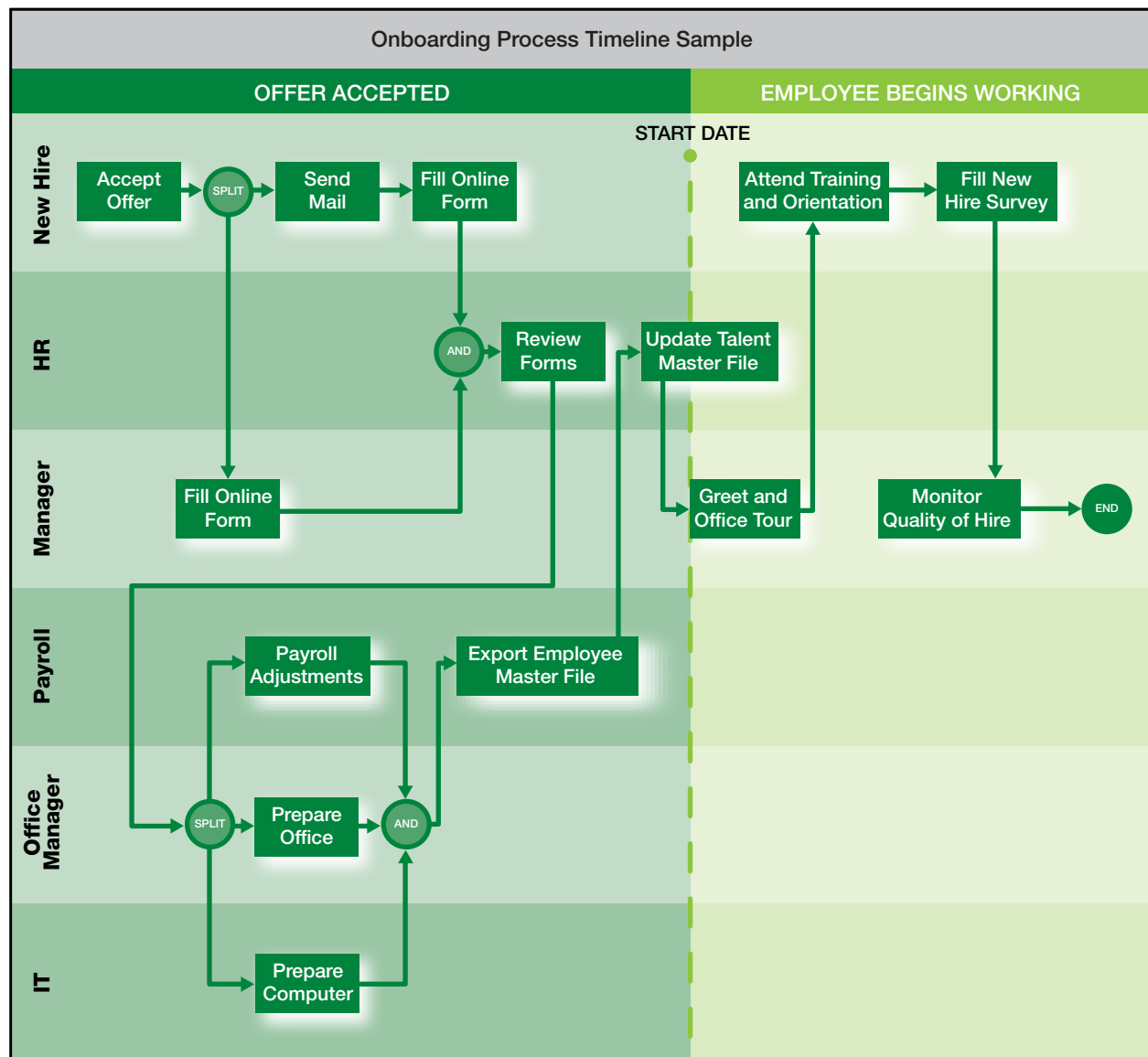2. Implementation
3. Integration
4. Reporting

Similar to any process improvement, establishing a best practice, technology supported onboarding process requires up front work to determine what tasks are required and find the balance between organizational consistency and flexibility to address department-level needs. Once processes and business logic have been established, automation can be effectively applied. The technology piece 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 human resource information system (HRIS), and sometimes orientation and training.

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 human resource 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.

- If applicable, IT department: allotment of computer hardware and software, pagers, PDAs, telephone and telephone number.

Onboarding Process Timeline Sample

OFFER ACCEPTED | **EMPLOYEE BEGINS WORKING**

START DATE

New Hire: Accept Offer → SPLIT → Send Mail → Fill Online Form → Attend Training and Orientation → Fill New Hire Survey

HR: AND → Review Forms → Update Talent Master File

Manager: Fill Online Form → Greet and Office Tour → Monitor Quality of Hire → END

Payroll: Payroll Adjustments → Export Employee Master File

Office Manager: SPLIT → Prepare Office → AND

IT: Prepare Computer

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

The integration component includes the deployment of onboarding new hire information integration with external systems.

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

Technology

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. Automated correspondence to candidates and internal personnel can be embedded in workflows. Data entry can be accomplished once and flow to many forms and systems. 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.

One organization's HR executive recounted: new hires sometimes waited one to two weeks before their phone, computer equipment, or workspace was in place because of the inability to gather date of birth and social security number prior to date of hire. That process needed to be facilitated before the new hire started, taking into account concerns about gathering the data during the recruitment process. A process was created to capture this information after the applicant accepts a verbal offer, but prior to the start date.

The results of the improved onboarding process included:

- Number of paper forms has been reduced from four to one (other than the forms required by the government).

- More immediate and accurate data is fed to payroll.

- New hires have required equipment (phone, PC, workspace) on day one.

Onboarding solutions that are part of a talent management system enable companies to take advantage of data collected during the recruiting process 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.

Financial Impact of Optimized Onboarding

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. The following graphic shows the typical learning curve for a new employee.

Productivity gains tied to quicker onboarding process.

Source: Taleo Research
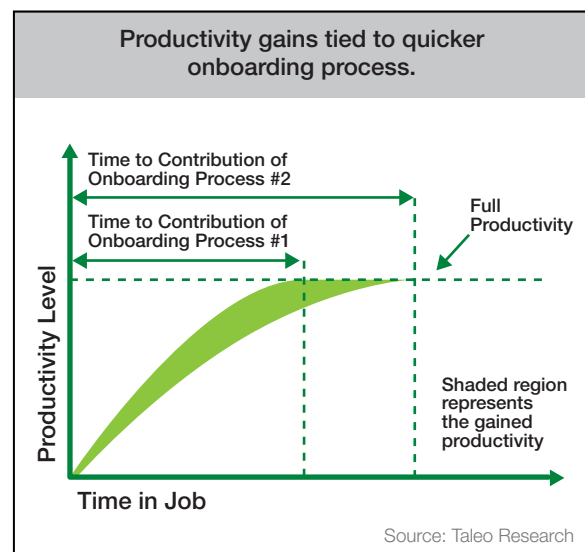
A more effective onboarding process enables new team members to gain access to information, tools,

and materials needed to perform their function more quickly. It is fairly intuitive to recognize that productivity generated by successfully onboarding a new hire sooner will have a direct positive effect on the overall productivity of the company.

III. The Business Case for Onboarding

Available 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 systems: payroll, HRIS, etc.
- 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 (employee engagement).
- Enhanced job satisfaction and loyalty.
- Improved employee retention.
- Enhanced employer brand.

Although the ranges of savings vary based on the current practices and implemented improvements, onboarding can yield an ROI in these financial terms.

For each new hire:

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=30 min 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

Using these estimates—for a company that makes 2,000 external hires in a year—the ROI for an optimized onboarding process exceeds $2 million dollars.

Productivity gain from new hires	$2,000,000
Supplies and mailing-related costs eliminated	$46,200
HR administrative time on processing forms reduced by 50%	$225,000
Avoided re-keying and corrections due to better data integrity	$25,000
TOTAL	**$2,296,200**

Clear Win

Optimized onboarding presents clear and significant benefits. A well-designed and automated onboarding process reduces costs, hastens time to productivity, and improves retention. 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 a total win.

About Taleo Research

Taleo Research analyzes the best practices and economics of talent management for organizations of all sizes, worldwide. The specialty research practice focuses on business analytics that tie talent management technology and process improvements to financial results.

Taleo Research also conducts primary research on critical issues of talent management and maintains a valuable library of talent management resources. Published reports and studies include Hidden ROI of Talent Acquisition and Mobility, Quality of Hire, Internal Mobility, Economics of Candidate Relationship Databases, Background Checking, Corporate Careers Site Value Creation, and Jobseeker Surveys, among others.

Founded in 1997 as iLogos Internet Intelligence, Taleo Research is the talent management research division of Taleo.

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