Shaping the New Hire Onboarding Process
For Maximum Competitive Advantage

An ADP White Paper

Introduction

This white paper has several purposes: 1) affirm a basic understanding of the new hire "onboarding" process; 2) identify onboarding's key "drivers"; 3) show how employers can measurably benefit from creating a successful onboarding experience; and 4) examine how effective onboarding – integrating processes, responsibilities, technology, and people – can help to provide a maximum competitive advantage.

- *What is onboarding?*
  It has been described as a series of actions and tasks aimed at "converting a successful job candidate into an employee who is ready to serve the needs of the employer."[1] Far more than collecting data, it is a business process that is designed to get things done in the right order at the right time, resulting in a comfortable and satisfying experience for a new employee. Onboarding begins the moment a job applicant accepts your employment offer.

- *What are the key "drivers" of onboarding?*
  Improved (and accelerated) new hire productivity, legal and policy compliance, less manual work (and paperwork) for staff and new hires, consistent management practices, and a 360-degree view of the onboarding process for employees and the employer are among the more significant onboarding drivers.

- *Why does an employer need to understand the onboarding process?*
  Both a sea change in work-pool demographics and the sheer high cost of making – and keeping – new hires have made effective onboarding a matter of self-survival for many employers. News concerning the retirement of the "Baby Boomers" and insufficient workers to replace them continues to resonate among employers of all sizes who now find they are competing over the same job candidates. According to one observer, "The biggest problem with job growth right now isn't too few new jobs. It's too few skilled workers."[2]

  Another reason why employers need to understand the onboarding process is that they are

frequently investing significant time and resources to identify and assimilate qualified new hires. The quality of the onboarding experience may be a factor that enhances or damages a hiring company's employer brand (i.e., value proposition as an employer). That is because onboarding is an imperative transition period that may determine if a new hire will become assimilated or decide to leave for another opportunity.

The stakes are high. In a recent study, 86% of respondents agreed "new hires make their decision about whether or not to stay at the company within the first six months on the job."[3] The same study found that organizations with "best-in-class" onboarding practices had greater success retaining talent.[4]

- *Can integrating onboarding tasks provide a competitive advantage to employers?*
  Yes – and the results are measurable! Integrated onboarding solutions not only introduce employees into the organization more efficiently, but also improve the employer's key metrics – from time-to-hire and cost-to-hire to a longer-term essential and most-vital measurement: employee retention.

  According to a spokesperson of the Washington-based Corporate Recruiting Board's Round Table, "when it comes to retention, employees who are effectively onboarded into the organization are 5 percent to 20 percent more likely to stay with the organization."[5] Even more specifically, an onboarding research report concludes, "employees who participated in a structured onboarding program were 69% more likely to stay with their company after three years than those who did not go through a program."[6]

- *Who "owns" onboarding?*
  The employer? The candidates? The reality is everyone owns a piece of the onboarding experience. The employer – through its recruiters, hiring managers, payroll and benefits specialists, and trainers, among others – exercises a series of responsibilities that can contribute to transforming an effective hire into a productive employee. Candidates have

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[1] "Finding Strategic Value and ROI in an Integrated Talent Lifecycle Solution," ADP, Inc., 2008.
[2] "Skilled worker shortage hurts U.S.," Chris Isidore, CNNMoney.com, January 2007.
[3] "All Aboard: Effective Onboarding Techniques and Strategies," The Aberdeen Group, January 2008.
[4] Ibid.
[5] "E-Orientation," Margaret O. Kirk, www.hreonline, October 16, 2005.
[6] "A Review of Onboarding Research," Guangrong Dai and Kenneth P. De Meuse, Korn/Ferry International, January 12, 2007.

the responsibility to engage freely chosen employment opportunities by maximizing the transformation from job candidate to satisfied employee.

The Tactical and Strategic Roles of Onboarding

For years, *new employee orientation* was the staple way that most companies welcomed new employees. Over time, a new view of increasingly competitive markets forced an important change to new employee onboarding.[7] The difference between the two is significant. Orientation focuses mainly on process. Onboarding uses process to achieve measurable business goals.

An employer can view onboarding as a checklist of things to do to help a new employee become a productive contributor to the organization. These typically include providing employees with introductory information about the company; getting the employee's signature on government, legal, and policy documents, as well as requisite contracts; providing benefits information, start-up materials, and training resources; coordinating relocation of the new employee and any dependents…and orienting the new hire to his or her work location and colleagues.

While such checklists are practical and essential, it is also important for an employer to view onboarding as much more than a self-contained set of tactical tasks that helps to rapidly condense time between the day a candidate accepts your job offer and the first day he or she contributes at a satisfactory productivity level.

Onboarding additionally plays a strategic role as a process that should be efficiently integrated with other essential business processes. Onboarding is complex and can be complicated, requiring careful thinking and planning that results in a well-structured workflow. Microsoft, which succinctly defines onboarding as "a complex process that must be orchestrated across people, systems and organizations,"[8] recognizes this reality and properly places onboarding within the larger context of process management across a wider business landscape.

One way to look at the effect of automation is through the prism that one action has on multiple other processes – parallel or serial – as well as other

organizations. Onboarding technology enables you to configure a multitude of tasks and data collection forms that are powered by a rules-driven engine. For example, once a candidate accepts a job offer, it can trigger an array of tasks for various stakeholders – a parallel-oriented process that could include (but may not be limited to):

- Filling out a Form I-9 (new hire)
- Preparing the new employee's workspace (facilities department)
- Assigning a "buddy" to a new hire (hiring manager)
- Acknowledging the collection of new hire paperwork (HR)
- Completing an input form for HRIS (staffing)

The Role of Automation

The key question for any organization is – should data and information collected during onboarding flow to multiple recipients in a *manual or automated* fashion? *Manual* collection and delivery of data and information is generally slow, inefficient, prevents the practical use of real-time information, and is subject to error at any human touch point, which heightens business risk and may open the door to compliance troubles.

Automation has emancipated humanity from its addiction to paper-based processes. Computers and the Internet – the great strategic inventions of the 20th century – harnessed automation into applications that enable people to share information with the click of a mouse that takes the blink of an eye to transmit.

Automation has also expanded the onboarding discussion from exclusively the "what" to also the "how" of the process. Today, automation-assisted onboarding has migrated beyond Fortune 1000 companies and even into other sectors. For instance, New York University directs its new hires to perform a major onboarding task – signing up for benefits – online."[9] The advantage is to spread out necessary tasks, enabling some to be completed at home with a life partner. This allows new hires to spend more productive time right away in the workplace, meeting co-workers and networking – instead of filling out forms.

[7]"Getting Onboard," HR Management, www.hrmreport.com, 2008.
[8]"Business Process Management," Microsoft BizTalk Server, Microsoft Corporation, March 27, 2006.
[9]"Your Initial Weeks and Months of Employment," Human Resources page, New York University Web site, www.nyu.edu/hr/complovment.

Additionally, automating administrative-heavy onboarding tasks helps to lift the effectiveness of organizations to levels heretofore not achieved.

- New employees get themselves up to speed faster regarding job performance, thus reducing time-to-contribution
- Employers are able to reduce manual administrative work associated with the coordination and tracking of new hire information
- Online compliance checklists help ensure legal and policy compliance
- Hiring managers can utilize prompts and reminders based on best practices for more effective management of new hires
- Employers and employees both gain a total "360-degree" view of onboarding and employee integration, which can simplify the management of a complex, multi-step process with easy-to-use tools
- Employees may begin new jobs with higher levels of confidence and satisfaction that can lead to higher retention – and lower turnover costs for employers

Nevertheless, automating the tasks and processes of onboarding is the first step, not the end all, toward creating an increasingly favorable experience for newly hired employees as well as a more profitable one for their employers. The next logical step, in effect, combines best practices, applications, and technology, by organizing onboarding's strategic elements in a seamless, integrated fashion.

A Competitive Advantage from Integrating Processes, Responsibilities, Technology, and People

Integrating tasks and processes is new but not revolutionary. It is a normal progression for organizations. For example, airlines that once used separate planes to carry passengers, mail, and other cargo, subsequently commissioned and configured aircraft that could carry multiple commodities on the same plane.[10]

The evolution of the old "personnel," "payroll," and "benefits" departments into the modern HR organization also is an example of grouping different functions under a common umbrella. The mutual element that links these functions is core data. Today, self-service applications help them to gather it. Collaborative best practices help them to share it.

Likewise, the same holds true for modern onboarding. The ideal onboarding solution is one that employs self-service technology encouraging an integrated, seamless flow and sharing of core data – to and from candidates to recruiters and hiring managers, and from new hires to HR, payroll managers, and benefits administrators. Upon completion of tasks that result in acceptance of a job offer, an onboarding data feed is transmitted to the HRIS/Payroll system of record to close the loop with optimal administrative efficiency. Obviously, this is all from a purely nuts-and-bolts perspective.

When you step back for a wide view of onboarding, you should be witnessing an effective blending of people with relevant responsibilities who are utilizing technology to navigate processes in an optimum way. The employer is interfacing with candidates/new hires and these candidates/new hires are "conversing" with their new employer. During onboarding, employers have an optimum opportunity to reinforce the power and value of their brand. This should help to produce an onboarding experience that dispels any potential "buyer's remorse" on the part of a new hire by reaffirming that he or she had indeed made the right employment decision.

The **competitive advantage** for employers that choose an integrated onboarding solution – made possible by the integration of *processes, responsibilities, technology,* and *people* – resides in how well, how fast, and how consistently it can help you reach measurable business goals – from employee and manager satisfaction to employee productivity.

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[10] "Brief History of the U.S. Airline Industry," Lydia Byrd, Duke University Libraries, January 25, 2008.

Some Key Metrics to Consider When Measuring the Success of Your Onboarding Program

Employees

New hires attain minimum satisfactory performance faster
Some Key Metrics:
- Time-to-minimum productivity (months and days)
- New hire feedback on initial experience with payroll, benefits, training, or other functions that comprise onboarding

New hires remain with your organization longer
Some Key Metrics:
- Voluntary new hire loss rate (<90 days)
- Voluntary new hire loss rate by mission-critical position
- Employee retention rate (<1 year, >1 year, >5 years)
- Employee retention rate by mission-critical position

New hires recommend your organization to qualified peers
Some Key Metrics:
- Referral rate (candidates referred by new hires <1 year)
- Referral rate (candidates referred for mission-critical jobs)
- Acceptance rate (all new hire referrals receiving an offer)

Manager and Employee feedback
Some Key Metrics:
- Manager satisfaction with onboarding process
- New hire satisfaction with onboarding process
- Comparison of all feedback by office/department

Involuntary losses of new hires
Some Key Metrics:
- Involuntary terminations (<90 days)
- Involuntary terminations (6 months →1 year)

Employers

Costs related to doing business
Some Key Metrics:
- Employee training costs
- Employee turnover costs
- Mailing, paper, printing, and related onboarding process costs
- ROI – measuring an integrated/automated onboarding process with a manual/semi-manual onboarding process

Compliance issues
Some Key Metrics:
- Complaints related to government requirements concerning onboarding process functions and elements
- Penalties, legal, and other costs related to onboarding

Individual organizations can tailor the way they measure the success of their own onboarding programs. Retaining highly talented new hires that will help you achieve your business goals – by enabling them to begin and build fruitful careers within your organization – is the ultimate goal. The accuracy, top-tier speed, and smooth flow of an integrated onboarding solution make it the most effective solution for many companies.

Go Inside or Outsource – Which Onboarding Solution Makes the Most Sense for You?

Organizations can support an integrated onboarding process by building, staffing, maintaining, and upgrading the entire operation in-house. Or they can choose to outsource to a service provider. This decision to go one way or the other can be based on any of a multitude of factors ranging from cost and headcount issues to preferences that might be totally dictated by an organization's business culture.

An in-house system is normally embraced by a culture that places a major emphasis on maximum control, convenience, and ownership. While these can be looked at as beneficial factors, total ownership also maximizes business risk for a variety of reasons, not the least of which is keeping every aspect of the onboarding process compliant with prevailing laws, rules, and regulations.

Conversely, outsourcing minimizes an investment in hardware, software, and staffing. Equally important, the cost and risk of system ownership is essentially shifted to the service provider.

Selecting an Outsourcing Provider

Employers that prefer outsourced solutions should select a provider that has a good reputation for providing service and products that will best meet expectations.

ADP[11] is one of the major providers of business outsourcing solutions in the marketplace, offering an array of leading services that address payroll, HR, and benefits administration. It also offers a market-leading onboarding solution for mid-size to global employers.

ADP's onboarding solution – which automates the most time-consuming administrative tasks of the onboarding process – aids the integration of processes, technology, responsibilities, and people. Electronic collection and dissemination of data from government forms (I-9 and W-4), direct deposit, emergency contacts, and other company-specific forms and policies replaces a manual, paper-based approach. ADP's service automates and streamlines tasks using a centralized, online new hire portal that serves authorized users on-demand. As a result, an

organization can create an onboarding flow that best suits its needs.

ADP's solution, which utilizes proven implementation methods, features convenient integration with pre-employment screening and recruiting tools and payroll/HR systems. Especially noteworthy is the fact that ADP's onboarding solution can seamlessly feed candidate information into its widely used payroll and benefits administration solutions for more efficient and accurate processing. This reinforces the logic that onboarding is not a simple standalone process.

Is Your Business a Likely Candidate for an Integrated Onboarding Solution?

Can I improve my business with an automated, integrated onboarding solution? If after reading this white paper you are still not sure, consider these specific follow-up questions:
1) Do I have a formal onboarding process in place?
2) Does my existing process automate/reduce manual administrative tasks?
3) Does my onboarding solution enable new employees to get up to speed and improve their productivity level faster?
4) Does my current process help to assure legal and policy compliance?
5) Does my current onboarding solution provide my new employees and my managers with a 360-degree view of the onboarding process?
6) Does it minimize the risk of employee loss down the road?
7) Do I have a feedback mechanism in place to measure the effectiveness of my onboarding process?
8) Does my current solution leverage the efficiencies of integration instead of merely providing multiple, stand-alone applications?

If you responded "no" to just one of these questions, your business might well be a candidate for an integrated onboarding solution. Responding "no" to more than one question increases the likelihood that your business can benefit from an integrated solution.

Leveraging technology to enhance your employee onboarding process does more than simply improve your organization's new hire experience. It can also

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[11] ADP provides market-leading payroll, HR, benefits administration, and other services to employers in the United States and around the world.

strengthen your ability to serve the core needs of your organization by engaging and retaining the human talent that is going to keep fueling your success.

As the Aberdeen Group concludes, "Onboarding is not a nice-to-have, but rather a need-to-have. Organizations spend large amounts of time and money to fill job vacancies, and competition for human capital talent does not go away with an accepted job offer…In addition to the efficiencies and time savings that will result from standardizing and automating the data collection elements of onboarding, organizations will also experience retention and productivity gains, as well as improved employment brand, that result from a more engaged, motivated, and satisfied workforce."[12]

Another report on the topic of onboarding puts it in the simplest yet most telling language, "Effective onboarding makes the newcomers feel welcome, comfortable, secure, valued, important, proud, excited, and confident."[13]

Recap and Take-Home Points

Here is a brief recap of important points that you should take away from reading this white paper:

A) In today's labor-short environment, a successful new hire onboarding program is a high-visibility requirement for many employers.
B) Effective onboarding – the integration of processes, responsibilities, technology, and people – can help to provide employers with a measurable competitive advantage.
C) Everyone involved in onboarding – employers as well as their new hires – "owns" the onboarding experience.
D) Employees who participate in a structured onboarding program are more likely to remain with their company longer than those who did not participate in an onboarding program.
E) Tools that automate and integrate the administrative aspects of the onboarding process help to streamline the process and accelerate new hire productivity.
F) An outsourced (including hosted) solution enables employers to gain the benefits of an effective integrated onboarding program without the high level of cost and risk associated with in-house system ownership.

[12] "All Aboard…"The Aberdeen Group, January 2008.
[13] "A Review of Onboarding Research"…Korn/Ferry International, January 12, 2007.