

Onboarding: Worth the Investment

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You've heard it called different names—new employee orientation, employee onboarding, retention before the fact. Onboarding is a process by which employers orient and acclimate new employees into their company so they become productive more quickly and hopefully enjoy their experience so much that they're likely to stay with the organization for a long time.

Whatever you want to call it, since the average stay at a company is now less than two years, onboarding is becoming more and more of a pertinent subject for companies. As you ponder the possibilities of onboarding, two questions emerge. **First**, is it really worth the investment? And **second**, how do you accomplish it? We'll answer the first question in this month's issue of the newsletter, and then we'll tackle the second question next month.

The cure for costly turnover

Employers have a right to be preoccupied with today's turnover rates. The Institute of Management and Administration (IOMA) reports that 95% of organizations now express serious concerns about company turnover. And when replacement costs can range from 30% to several times an employee's salary, the concern is a valid one. In addition, there are start-up costs associated with each new employee that can run into the tens of thousands of dollars when you factor in training, orientation, and productivity. So again, is developing an onboarding process worth it?

Let's look at a few companies that have developed this process and see what their results have been. Ceridian recently reported that Corning's well-structured onboarding program indicated 69% of employees were more likely to remain with the company after three years than those who did not attend the program. In another instance, Hunter Douglas experienced a turnover rate reduction of 70% to 16% as a result of its onboarding program. Furthermore, Designer Blinds reduced its annual turnover from 200% to 1%! Impressive numbers.

Why does onboarding work? Think back to a time when you had some difficulty adjusting to a new job. If the company had made you feel more welcome, if they had done simple things such as made certain you had a desk and computer, given you your parking pass, taken you to lunch with your future co-workers, would it have helped? Your onboarding process doesn't have to be bulky and complicated—which is something we'll talk about next month. However, a good, systematic approach will help in many ways, including the following:

- Reduce the likelihood that your future new employee will take a counteroffer
- Begin building rapport with the new company and colleagues
- Reduce misunderstandings
- Build an optimistic attitude towards the company
- Build motivation and job satisfaction
- Reduce new employee anxiety
- Decrease the learning curve
- Give employees a sense of purpose and make them feel as if they're adding value more quickly

What decision did they make?

After all, isn't a new employee who adjusts well and reaches quick productivity levels what you want? Think of it this way: onboarding is an integral part of your overall retention program. In fact, onboarding can help you to build a **comprehensive** retention program that decreases your turnover rate, just as it did

for Corning, Hunter Douglas, and Designer Blinds. What's important to remember is that onboarding is a process that starts immediately, and by that I mean even before the offer is extended. That may sound a bit extreme, but what it boils down to is the chance to make a great first impression—and a first impression that serves two practical yet crucial purposes.

First, the employee will subconsciously decide that they made the right decision in accepting your offer. When people first start a new job, they're looking for signs that they either made the right decision or the wrong one. Onboarding will help assure them that joining your company was a smart move. **Second**, armed with this positive affirmation, the employee will tackle their new position and responsibilities with vigor and enthusiasm, further ensuring that they're successful as soon as possible and that they stick around for a long time.

So, the questions you might want to think about are these—what impressions are you giving **your** new employees, and could an onboarding program enhance those impressions?