The Business Case for an Employee Onboarding System

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Bring people together
and achieve great things.

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The Business Case for an Effective Onboarding System

Bringing a new employee on board is often an expensive and time consuming process. Leaders and HR spend hours dedicated to processing paperwork, organising equipment and system access, and training new staff that might not even stick around long enough to see their first anniversary!

There is some good news. Smart organisations are looking to new approaches that solve these problems. By harnessing technology to streamline and connect HR processes, businesses are enriching the onboarding experience for new hires and seeing amazing results.

Companies with an effective onboarding capability

50% ↑ new hire retention

new hire productivity ↑ **54%**

2.5x revenue growth

1.9x profit margin

* of companies who are less capable in onboarding, [11] [12].

In this Cognology whitepaper, we will show you how an onboarding process and the right technology can transform your business. We will also equip you with the tools to help convince your C Suite that an investment in onboarding simply makes good business sense.

The telltale signs you need to rethink your onboarding

Increased turnover

Statistics show:

90%
of employees make the decision whether to stay with an employer within the first year

20%
of employee turnover happens within the first 45 days

45 DAYS

STAY QUIT

http://www.cognology.com.au/right-wrong-science-onboarding

Increased staff turnover, particularly during the first 12 months of employment, is one of the main triggers to reconsider how you are onboarding staff.

Turnover is costly for business. It can be difficult to quantify but is estimated to be between 100% and 300% of the replaced employee's salary. In addition to the direct costs of recruiting and onboarding, there are a number of indirect costs your organisation must bear:

- » lost productivity as a result of a job sitting unfilled;
- » the need for other workers to cover the extra workload;
- » a decrease in customer satisfaction as a result of inadequate staffing levels or inexperienced staff; and
- » the lost opportunity of the time the leader and HR staff spend involved in the hiring and onboarding process.

Finding it hard to compete for talent

53% of companies think that HR's biggest challenge is the shortage of required skills in the market [4]. Combined with broadening employment opportunities, more frequent job hopping, and growth in the freelance workforce, filling vacancies with great people can be difficult.

Even more frustrating is when you do finally find someone fantastic and they get snatched from under your nose by a 'better offer'.

Low workforce morale

Whether you just have a hunch that morale is low or you have conducted surveys and gathered hard data that proves it, low morale can lead to reduced productivity, high absenteeism, poor customer service and problems with retention. Some of the main causes of low morale include:

- » Changing goals and expectations.
- » Misunderstood expectations.
- » Poor communication.
- » Feelings of wasted potential.

Struggling to change the culture

The first 6 - 12 months of an employee's time with you is perhaps the most important from a culture perspective. This is the period the employee absorbs and learns the way you do things. Every experience they have adds to their understanding of how they should conduct themselves.

The role models you choose to guide new staff through these early weeks and months will define the norms that your new employee will work within. If you want to instil a new culture, you must choose custodians that understand and exhibit the right behaviours and values.

Growing Pains

As soon as your company starts expanding, you may see greater inconsistencies in the way things are done. Communication within and between teams can break down and the personal and professional networks staff used to rely on to get things done crash with the increasing number of new faces in the organisation. Turnover rates can also begin to rise as hiring decisions are delegated to inexperienced new leaders.

So, what actually is onboarding?

The goal of most businesses when they hire new staff is to get them up and running as quickly as possible so that they can fulfill the needs of their role and contribute to the bottom line.

Onboarding is a process designed to decrease the time it takes for an employee to be fully productive by helping new hires understand their daily functions and job responsibilities, and immerse themselves in the social and cultural aspects of the organisation.

How is onboarding different to traditional induction?

	Induction VS	Onboarding
Content	Introduces the company mission, vision, values and purpose. Provides information on policies and procedures. Takes care of practical needs like computers, phones, system and security access.	May kick off with general induction content but moves beyond this to a programme tailored specifically for the person and the role. Onboarding ends when the person is a fully competent and contributing employee.
Personalisation	One-size fits all.	Tailored for the individual.
Communication	One way.	2-way interactive process.
Frequency	One time event.	Series of activities unfolding over 6 - 12 months.
Time period	Commencing day 1 and running for a few hours to a few days.	Starts from recruitment and ends after six to twelve months when the new-hire is fully productive.
Presentation mode	Mostly in-person, formal training.	Series of formal and informal training, coaching, information sharing, goal setting, feedback, networking and social interventions.

Unlike traditional inductions, onboarding supports new hires to ensure they master key skills, meet performance expectations, establish goals for the future, have adapted to the culture and your way of doing things, and are fitting in and working well with their colleagues and business partners.

Creating value through an onboarding process

The onboarding process is made up of a collection of activities which directly and indirectly create value for the organisation The key benefits of an effective onboarding process include:

Faster productivity

Companies with effective onboarding experience 54% greater new-hire productivity.

Higher job satisfaction

New hires are more content in their jobs because:

» they have greater role clarity;
» understand the organisation's culture; and
» feel confident and equipped with the skills and knowledge to meet performance expectations.

Greater commitment to the organisation

A greater sense of belonging and commitment to their new company forms because staff quickly feel comfortable and accepted by their supervisor and team. They also have a greater understanding of how their efforts contribute to the company's performance, making their work feel more meaningful.

Reduced turnover

Effective onboarding is proven to reduce turnover. Research has revealed companies can experience as much as a 50% increase in new-hire retention. It has also shown that staff are 69% more likely to remain at a company for up to three years.[1]

Stronger employer branding and talent pull

In an increasingly connected world, employer brand and reputation are defined by experiences shared across social networks. With great onboarding processes, your staff will spread the news of how valued they feel and how well they have been supported throughout their first weeks and months with the company.

Never underestimate the value of word of mouth. The promise of a positive experience can help attract and retain talented workers.

Increased revenue and profitability

Studies show that companies that invest in onboarding of new hires experience 2.5 times the revenue growth and 1.9 times the profit margin of companies who don't. [2]

If that doesn't convince the number crunchers, what will?

Accelerated change

Change can only be achieved, and sustained by teaching a new set of attitudes and behaviours. Onboarding is the prime opportunity to instill a new way of thinking before new staff learn old habits. Choosing the right people to guide new staff through their onboarding programme is critical to the change process.

Return On Investment

Setting up an onboarding system will be an investment of your time to start with - and of course there will be the actual cost of the system. But once you start to realise the far reaching benefits, the overall Return on Investment (ROI) will be worth it.

Pre-boarding - create great first impressions

They say you never get a second chance to make a great first impression. Onboarding technology allows you to reach out to new-hires and begin sharing information about the organisation. Before they have even started, you can:

» give employees a feel for the culture;
» help them build relationships by virtually connecting them with other new staff; and
» take care of the paperwork so no time is wasted on their first day.

Employees who are pre-boarded feel more valued, more committed and more enthused about their role, and believe they are joining an innovative and modern organisation.

Time and money saving automation

Making a new employee 'official' comes with a lot of paperwork. Contracts, employee details, tax forms, superannuation funds, confidentiality agreements, salary sacrificing arrangements - the list goes on.

Onboarding systems can save your business thousands of dollars each year by cutting out the labour cost of collecting and inputting employee data by automating the sending and collecting of forms in a digital format. Additionally, you will also reduce paper and postage costs.

And most importantly, eliminating manual processes like data entry eliminates costly human errors.

Integration of onboarding processes

A good system will enable you to link seamlessly with other platforms to automate and drive other aspects of the onboarding programme.

eLearning

Classroom instructor-led training may be necessary for some subjects. However if it is not, online training allows content to be delivered in short, on-demand courses from any kind of device.

Performance management

If you want high performing staff, it makes sense to be setting goals, refining training plans, and providing coaching and feedback as early as possible. Introducing staff to your performance appraisal processes - particularly the probationary review - must be a key part of your onboarding.

Peer networking

Giving new hires access to social tools to instantly connect, engage, and collaborate with cohorts and managers will increase their sense of belonging and commitment to your organisation.

Flexibility

The onboarding process should not be a one-size fits all experience for employees. Very few employees will possess one hundred percent of the skills required to excel in their position the day they commence, and neither the employee or their direct manager are likely to know what all those missing skills are.

An onboarding system can give you the flexibility to evolve and refine the process as you get to know an employee and more effectively manage the contrasting needs of different individuals. Read more on this in our blog New Research on Onboarding and Employee Success.

Demonstrate compliance at a click (or a gesture)

Good record keeping is essential for showing you are compliant with legislation. If you're still keeping paper records, you will know that an employee's file quickly begins to burst at the seams with signed contracts, position descriptions, payroll forms, leave requests, performance appraisal documents, counselling records, training records, copies of licences, and policy acknowledgements. You will also know how easily these records can go missing or be incomplete.

With easy access to forms and records literally at your fingertips, an onboarding system will take the stress out of situations where you may be called upon to demonstrate compliance.

Track progress and get valuable insights from data

Best-in-Class companies are 2.5 times more likely to track the progress of new employees through the onboarding process.[3]

Collecting data from onboarding processes not only helps you keep track of the employee's progress and the company's compliance, it can also help you identify aspects of the onboarding efforts that can be refined or improved.

Quicker productivity

Reducing the administrative load on leaders and HR specialists frees them up to focus on more meaningful aspects of the onboarding process like helping the employee understand and successfully navigate the cultural nuances of the organisation.

When new hires spend less time filling out forms, access training and resources as they need them, and build networks and relationships early, their productivity skyrockets.

Live up to employee expectations

Onboarding systems will soon be a non-negotiable. Millennials are expected to make up 75% of the global workforce by 2025. [4] This generation are the first of the digital natives; they have grown up with broadband, smartphones, laptops and social media being the norm.

Companies without an onboarding system will soon be seen as outdated and out of touch.

Additional benefits

An onboarding system can also help streamline processes that occur long after onboarding has been completed.

Intraboarding

Intraboarding is the process supporting the move of an existing employee to a new department or area. Intraboarding reintroduces a lot of the same activities that occur during onboarding like paperwork, training and goal setting. Using an onboarding system to coordinate and track these activities will reap further benefits for the business.

Offboarding

Like onboarding, there is often a checklist of things you need to do to when an employee is leaving your organisation. Using onboarding systems to manage the workflow will save you time and ensure all items are completed.

A big risk of poorly executed offboarding is an employee turning to social media to spread less-than-positive information about the company. A strong offboarding process can turn an ex-employee into a brand ambassador.

Convincing the C Suite to invest in an onboarding system

To get approval to invest in an onboarding system, you are probably going to need to convince the C's (the CEO, CFO, CIO, COO ...you get the picture) - that it is worth pursuing. To do this, you will need to present a compelling business case.

Analysis

Your first step is to analyse your situation. Gather up essential facts, financials and data and identify the problems that you suspect an onboarding system can address.

time to productivity

» Do you know how long it currently takes a person to be fully productive. Do you measure it?
» When does onboarding start and finish?

turnover

» What is your staff turnover?
» Is it higher in some teams than others?
» When are staff leaving?
» Why are they leaving?
» Who is leaving - are they key talent?
» How much is turnover costing the company?

retention

» Why do longer serving staff stay?
» Who is staying?
» What retention strategies do you have in place. How do you know if they are working?

onboarding content

» What does it cover?
» Is it tailored to fit or general?

integration

» Do you introduce performance processes like goal setting and feedback as part of onboarding?
» Are you using a mix of eLearning, multi-media presentations, and face to face training to deliver information and teach new skills?

cost and efficiency

» Is the current process well planned or ad-hoc?
» How much of your leaders' and HR specialists' time is taken up with activities that could be automated or streamlined by technology? Eg. payroll documentation; new employee forms; compliance training.

compliance

» Are you able to demonstrate 100% adherence with your compliance records?

employee experience

» What impression does your onboarding process give to a new hire?
» What is their experience like?
» Are you meeting their expectations?
» Do you know if the employee feels more committed or engaged at different stages of the onboarding process?

Evaluate

This is an important step. Once you have completed your analysis, draw conclusions from your data and identify the key issues for your business. Compare your performance against industry statistics or best practice to help you pinpoint and prioritise the critical gaps in your process.

Develop recommendations

What you definitely don't want to do is present a long list of problems to the C suite without a clear idea of how you are going to solve them. Adopt a design mindset. Look at the problems you have from multiple perspectives and develop a vision for what you want an onboarding system to do for you.

Research and compare providers and products and consider the solutions in light of your organisations unique needs. Also make sure you cost your recommendation.

Present to the C Suite in language they understand

Finally, when making a presentation or writing a business case for the C's, use words that show your focus is the same as theirs: improving the company's performance.

Explain how an onboarding system will drive better business outcomes. Key phrases you should use include:

» Increase customer satisfaction.
» Increase revenue.
» Decrease our operating expenses.
» Improve employee productivity.
» Reduce our compliance risks.

Demonstrate your commitment to the bottom line by introducing metrics, running some projections and setting targets.

The business case for an effective onboarding system.

The benefits of an effective onboarding system are clear, with a range of statistics supporting an overall positive contribution to the business goals of organisations world wide. To build a truly effective onboarding system, there needs to be top down commitment to onboarding initiatives, with your communication to the C suite setting the foundation for this. Your employees are your most valuable resource and as you begin to measure the results of implementation, you will surely find that the most effective onboarding system is one that embraces constant refinement and innovation.

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and achieve great things.