

DISCOVERY CASE STUDY NO. 10
O.C. Tanner Company
Washington D.C. Hospital
PepsiAmericas
Unisource Worldwide, Inc.

ONBOARDING: EARLY ENGAGEMENT THROUGH RECOGNITION

*Why Today's Best Companies are Using
Recognition to Foster New Hire Engagement
and Lower Turnover*

In today's competitive talent environment, engaging employees in the cause of your company and inspiring them to stay is key to enhancing business success. Once taken for granted, the process of hiring, welcoming, orienting and engaging a new employee into company culture today is collectively referred to as "onboarding."

Buzz word or not, onboarding has become the accepted term to describe a process that demands increasing attention from organizations all over the world. Why? Because although it's true employees have been regularly welcomed and onboarded into companies throughout history, the critical nature of effectively onboarding new employees has taken on new significance in the workplace as average tenure shortens and new generations with new expectations enter the workforce. Couple that with recent research from the U.S. Department of Labor indicating that 25 percent of the American workforce has been in their current

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position for less than a year, and it becomes apparent why today's workplaces are taking notice of onboarding as a critical business issue.

In fact, the effective practice on successful onboarding techniques, or lack of it, is making headlines across the business press. As summed up by *Talent Management* and *Fast Company*: "Few companies give much thought to creating the right onboarding experience. Unfortunately, this oversight might be the biggest mistake employers make. New employees are 69% more likely to stay after three years if they've experienced a well-structured onboarding program."

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This paper takes a look at how some of today's companies are defining and dealing with onboarding and the issues and challenges it represents.

While many relegate the practice of onboarding solely to showing new employees to their desk, handing them the employee manual, and assuring they make it through all the right training sessions, there are some organizations that are reaping the benefits of expanding their view of onboarding.

"A lot of human resource professionals know the term onboarding. But I think where a lot of them fail is they think of it only as a tactical solution to their issues of filling out forms and getting computers set up for new employees," Carmen Marston, VP of Human Resources at Zimmerman Advertising recently told *Workforce Magazine*. "They're not looking at the bigger opportunity... to help new employees understand who you are as a company so they are prepared on the day they start to integrate into the company."

Those who view onboarding as an opportunity to engage employees in the company mission from the start often find that when onboarding strategies are complete, deployed, and executed correctly they can:

- » Socialize employees into the company culture, processes, and values
- » Reduce new hire turnover and increase retention
- » Shorten time-to-productivity
- » Accelerate performance
- » And engender trust in the manager and team

So what are leading companies doing to shorten lead-time to productivity for new hires and encourage them to consider the company for a long-term career? Many are discovering the connection between the following statistics:

1. According to research conducted by the Aberdeen Group, 86% of new hires make their decision to leave or stay within the first 6 months.
2. According to the same research, 89% of new hires say they do not have the optimum level of knowledge and tools necessary to do their job.
3. According to research conducted by SHRM, 79% of those who quit their jobs cite lack of appreciation as the main reason.

As a result, organizations committed to battling early turnover and increasing engagement are finding ways to layer manager recognition of new hires early in their careers on top of current administration-oriented processes to elevate the effectiveness of their efforts and create a synergy that helps them realize important results for the organization and, ultimately, its customers.

CASE STUDY 1

Washington D.C. Hospital

Anyone who works in healthcare will tell you: Finding and keeping nurses is hard to do. Many times nurses are recruited away to other hospitals before making it to their first day on the job. Given the competitive nature of recruiting nurses in Washington D.C., a human resource executive at an area hospital had a simple, but powerful idea. The hospital decided to begin onboarding even before the new nurses started their first day.

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Instead of waiting and hoping the new hire would make it through the recruiting frenzy that continued through the moment of accepting a new job to their first day, each nurse manager now proactively introduces the new hire to their team of nurses. The team of nurses then follows up by personally signing and sending a welcome card expressing their excitement to work with the new hire.

Although simple, creating a logical and emotional connection between the new hire, the organization, and their new team has proven particularly effective. New nurses now feel more connected, and pre- and post-start attrition has decreased dramatically.

“Great employers begin the process before new hires arrive on-site,” reports Workforce Management in a recent article, *Onboarding Secures Talent for the Long Run*. “During the final interview or at time scheduled before the official ‘start date,’ introduce team members... complete the paperwork... Employees are usually eager to dive in on the first day, so bypassing administrative tasks and focusing on the work to be done will keep enthusiasm high.”

Human Resources Solutions recently called such onboarding practices “Delivering on the Promise,” saying, “Ultimately, when people are made to feel welcome, they are more productive, less stressed, and more team focused. This all translates into lower turnover rates.”

— ABERDEEN GROUP

CASE STUDY 2

PepsiAmericas

So once the new hire makes it through the door, how do the best companies connect? Beverage giant PepsiAmericas starts on Day 1 making sure new employees are connected with the company, its vision and, most importantly, their manager.

With 30,000 employees worldwide, PepsiAmericas wanted a complete, integrated recognition process. They had a partial program in place, but managers didn’t understand how it worked and what their role was. That gap in recognition and manager training translated into 69 percent of those who left the company doing so within the first three years, and 46 percent of those who left did so in the first year.

With the help of O.C. Tanner, PepsiAmericas created an onboarding process that includes manager training and focuses on using recognition earlier and often. Onboarding recognition is now automated for managers at PepsiAmericas.

“The biggest statistical driver of workplace satisfaction for workers between the ages of 21-30 is whether their boss recognizes and praises their accomplishments.”

Awards show up on the manager’s desk for each new hire at important milestones throughout the first year and specific manager training aimed at helping managers connect with employees at these moments helps trigger recognition of the new hire.

To start off the onboarding experience, on Day 1, every new hire receives a key chain, designed with the Pepsi logo, symbolizing the key part the employee will play in the company’s success. The award is accompanied by a welcome message from the CEO and it is presented to the new hire publicly in front of the team by the manager. This gives the manager an opportunity to reiterate company goals, values, and mission.

Such best practices are widely recognized as key to winning hearts and minds of today’s newest workers.

In 2007, the Leadership Workplace Motivation IQ Study discovered the biggest statistical driver of workplace satisfaction for workers between the ages of 21-30 is whether their boss recognizes and praises their accomplishments.

By meeting the need for recognition and praise from Day 1 and regularly thereafter, organizations like PepsiAmericas reinforce the new hire’s decision to join the organization, strengthen manager-employee relationships, and reinforce an emotional connection to the company that is key to helping them realize why it is in their best interest to give their best.

— LEADERSHIP
WORKPLACE
MOTIVATION IQ
STUDY, 2007

CASE STUDY 3

Unisource Worldwide, Inc.

While giving a complete onboarding strategy a strong start, maintaining the momentum and engagement is key to assuring long-term commitment.

According to 2008 research by The Aberdeen Group, only 4 percent of employees decide to stay or leave on the first day, but 86 percent of new hires make the decision to stay or leave within the first six months. That creates a critical window wherein the best companies continually reinforce the hire’s success and engage them in the cause of the organization.

However, this point is largely unrealized in many organizations. According to Aberdeen, “61 percent of all organizations either don’t offer a formal onboarding program or end their onboarding program within just one month. Best-in-class companies, on the other hand, are 30% more likely than all other organizations to extend onboarding beyond one month for senior-level executives and regular, full-time employees.”

Today’s best organizations determine key milestones well into the employee’s first year on the job where recognition can heighten the experience and create positive manager-employee relationships. They then train managers either internally, or with the help of a recognition consultant, to make the most of those moments.

For North America’s leading independent distributor of commercial printing and business papers, Unisource Worldwide, Inc., 90 days is a critical milestone and

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— ABERDEEN GROUP

recognizing employee accomplishments to that point provides a rich opportunity to give and get feedback.

Unisource company managers are trained in the best methods for welcoming new recruits including awards for appreciating great work early on. Each award comes complete with specific manager talking points designed to strengthen manager-employee relationships within the first 90 days on the job.

Within the first six months of implementing its new onboarding approach, Unisource experienced a significant drop in turnover. The company expects early recognition strategies to improve business results by encouraging managers to engage new employees quickly in working toward clearly defined goals.

Employee feedback to the new onboarding process has been extremely positive.

“I feel like, in a very short time, Unisource has created a certain loyalty with me that I didn’t have for my former company. I’m sure my experience being recognized just 90 days into my career here played a role in that,” says new team member Anita Edwards, who recently left her employer of 10 years feeling unappreciated and ignored.

What should employers be asking employees at 90 days? Recognition expert and best-selling author Adrian Gostick recommends the following questions:

- » Is the job what you expected, and are you facing any roadblocks to hitting your goals?
- » Are you getting all the information you need to do your job and do you feel part of your team?
- » In your time here, what’s the best thing that has happened to you?
- » Have you noticed anything we can improve on?
- » Do you feel recognized for your contributions?

RESULTS

So with such promising results and obvious importance why do just 15 percent of companies today have a formalized onboarding process? Most likely because it is largely overlooked as an avenue of opportunity.

However, those companies that understand the long-term significance of a successfully onboarded and fully engaged employee are also realizing the impact on the bottom line.

One large financial institution layered recognition into its onboarding practices at regular milestones throughout the employee’s first six months in its call center. Through internal research they have determined that if they can engage and keep employees through their first 90 days it represents a savings of \$17,500 per employee. For them, onboarding with recognition is not just a nice thing to do; it is a best business practice that yields tangible results.

“Onboarding with recognition is not just a nice thing to do; it is a best business practice that yields tangible results.”

PricewaterhouseCoopers experienced similar results. The company’s revamped onboarding strategy known as “Turning Point” reports, “91 percent of the 183 attendees enrolled in the program said they intended to stay at PwC for at least another year, compared to 78 percent in the control group,” reports S. Boehle in *True Vision*, from Training magazine.

Successes like PricewaterhouseCoopers’ are not isolated. Ohio Savings Bank’s MCG Department was determined to battle a turnover rate of 31 percent within 90 days of hire. Within five months of launching a [reformatted new hire] program, turnover dropped to 4 percent within 90 days. Now, company-wide, turnover is at 16.8%—almost half of the industry average of 31.7%.

The Aberdeen Group’s 2008 comprehensive report on the new push for onboarding strategy concludes, “New employee ‘retention’ is the overwhelming pressure driving onboarding in 2008, as compared to ‘productivity’ which was the top pressure that drove onboarding in 2006.” And when organizations include manager training and recognition as an important part of their onboarding process, a synergy is created that results in greater commitment, lower turnover, reduced time-to-productivity and engagement.

For more information on engaging your workforce and achieving key results through recognition of great work visit octanner.com.

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