

A REVIEW OF ONBOARDING LITERATURE

January 12, 2007

**Guangrong Dai
Kenneth P. De Meuse**

What is Onboarding?

The word “onboarding” is a relatively new term. Organizational researchers have been investigating “new employee orientation programs” and “socialization techniques” for decades. Onboarding appears to be a process more focused on the integration of new senior-level managers or executives into the company. The ultimate goal of onboarding is to prepare managers to succeed in their job as quickly as possible. There are two key performance indicators of successful onboarding:

1. Time to productivity, and
2. Engagement and retention.

Typically, onboarding includes the initial orientation process and the ensuing three-to-six months (or however long it takes to get the new manager “up to speed” in a particular company or discipline; Lee, 2006).

Onboarding may be considered within the larger context of socializing the newcomer to the organization. Historically, socialization is a term that has been used to describe the process in which an individual acquires the attitudes, behaviors, and knowledge needed to successfully participate as a new organizational member (Van Mannen & Schein, 1979).

Newcomers Need to Adjust to the New Organization in Six Key Areas

1. **Performance Proficiency.** Identify what needs to be learned and master the required knowledge, skills, and abilities to perform the required work task.
2. **People.** Refers to the establishment of successful and satisfying work relationships with organizational members. Finding the right person or persons from whom to learn about the organization, work group, and job plays a pivotal role in socialization.
3. **Politics.** This concerns the individual’s success in gaining information regarding formal and informal work relationships and power structures within the organization. Effective learning and adjustment to a new job or organization could be made more efficient by a heightened awareness of which people are more knowledgeable and powerful than others.
4. **Language.** This dimension describes the individual’s knowledge of the profession’s technical language as well as knowledge of the acronyms, slang, and jargon that are unique to the organization. For example, the acquisition of language allows a child to understand parental guidance, explanations and reasoning. Similarly, newcomers require a certain base knowledge of company-specific language in order to comprehend information from others as well as communicate effectively with other organizational members and customers.

5. **Organizational Vision and Values.** Refers to the understanding of the rules or principles that maintain the integrity of the organization. The formation of collective identity is the core of engagement. Likewise, the new manager must understand and internalize the organization's vision.
6. **History.** An organization's traditions, customs, myths, and rituals transmit cultural knowledge. Knowledge of this history, as well as knowledge about the personal backgrounds of particular organizational members, can help newcomers learn what types of behaviors are appropriate or inappropriate in specific interactions and circumstance.

The Prevalence of Onboarding in Organizations

- It has been estimated that 93% of all organizations use some form of new employee orientation training to help new employees become comfortable with their new surroundings (Anderson, Cunningham-Snell, & Haigh, 1996).
- In 2005, nearly 60% of companies did *not* implement or did *not* plan to implement an onboarding initiative. This number has decreased dramatically in 2006 – only 24% of companies now do *not* implement or do *not* plan to implement a formal onboarding process (Aberdeen Group, 2006).

Why Onboarding?

- 64% of new executives hired from outside the company will fail at their new jobs. In contrast, the percentage for those who are promoted is 38% (Ciampa & Watkins, 1999).
- According to Bradt, Check, and Pedraza (2006), 40% of leaders going into new organizational roles fail during their first 18 months.
- New leaders need four months to become fully function in their jobs. However, that doesn't necessarily mean fully productive.
- It takes a mid-senior manager an average of 6.2 months to reach a break-even point-the point at which a new leader's contribution to the organization begins to surpass the company's costs of bringing the person on board (Wells, 2005).
- 90% of new employees make their decision to stay at a company within the first six months on the job (Aberdeen Group, 2006).
- First impressions are important. New employees decide within the first 30 days whether they feel welcome in the organization (Friedman, 2006).

- The estimated organizational costs of a failed executive-level hire could be as high as \$2.7 million (Bossert, R., 2004). With the recent skyrocketing salaries of hiring new CEO's, this figure is sure to rise.
- Research has shown that attitudes and beliefs that newcomers develop toward their organization generally form very early and can remain relatively stable, highlighting the importance of instilling positive attitudes early in an employee's relation with a company (Bauer & Green, 1994; Wanous, 1976).

What is the Impact (ROI) of Successful Onboarding?

- **To Shorten the Productivity Curve.** One study at Texas Instruments showed that employees whose orientation process was carefully attended to reached "full productivity" two months earlier than those whose orientation process was not (Ganzel, 1998).
- **To Increase Employee Engagement.** 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 (Ganzel, 1998). Ganzel cited another study at Ernst & Young that reported new employees who participated in a carefully designed orientation were twice as likely to remain with the company longer than two years. Companies who invested the most time and resources in onboarding enjoyed the highest levels of employee engagement (Hewitt, 2003).
- **To Reduce Turnover.** Hunter Douglas found that by upgrading their onboarding process, they were able to reduce their turnover from a staggering 70% at six months, to 16% (Hammonds, 2005). At Designer Blinds, an Omaha based manufacture of window blinds, upgrading the onboarding process played a central role in reducing turnover from 200% annually to under 8% (Lee, 2006).

How Effective are Current Onboarding Programs?

- A recent survey conducted by Korn/Ferry found that only 30% of global executives contacted were satisfied with their employer's onboarding process for new hires. 38% rated their employer's process as only average, 22% called it below average, and 10% said it was poor (Pomeroy, 2006).
- Of more than 100 executives –from senior managers to CEOs – interviewed over a two-year period, only 39% were satisfied with their organization's efforts to integrate them (Wells, 2005).

- More than one-third of the companies that were surveyed in one study reported they had no formal process to monitor or coordinate onboarding activities. The majority of survey respondents reported a lack of consistency across their organization for onboarding. Variable onboarding practices apply as well as the starting point for the onboarding process. Less than half of respondents were satisfied with the onboarding process at their company (Taleo, 2006).

Some Common Mistakes Organizations Make when Onboarding

1. Overwhelming newcomers, attempting to “cram 20 hours of information into four mind-numbing hours (Lee, 2006).
2. Onboarding is viewed as a check list instead of an integrated process.
3. Unclear ownership of onboarding tasks between human resource staff and hiring managers. Best in class companies will have a manager responsible for the onboarding process.
4. Reactive and emergency driven with no or little plan. Use of the “no news is good news” and “out of sight, out of mind” approaches to following-up. Many organizations assume that new managers have the social skills and understanding to tap the organizational network themselves, so they invest little time in introducing new managers around. However, without some initial support and a framework for learning, many managers find it difficult to reach out to new colleagues themselves.
5. Do not see the big picture. Employees want to feel valued and important. One of the keys to onboarding is creating a clear line of sight that shows how the new employee’s work contributes to the overall success of the company.
6. Inspire insecurity and create a defensive stance. “You come in and sit down in monumentally uncomfortable chairs and are bombarded with papers, rules, policies...you know those ‘this is how you get fired’ sort of comments.....You sign and sign and sign more papers than if you were buying a house...and then you walk out thinking ‘man, I hope I don’t get fired, but at least I know how to get fired’” (Lee, 2006). Companies are protecting themselves against their own employees. This creates tension instead of inspires enthusiasm.

What derails New Leaders?

- **Failure to establish key connections and build strong interpersonal relationships.** Many new leaders are selected for their technical expertise rather than their motivation or propensity to lead. They fail to understand the primary distinction between an individual contributor and a leader (i.e., getting things

done through others rather than doing it themselves). This requires leaders to maintain effective working relationships with a wide variety of people in the organization (Concelman & Burns, 2006).

- **Overconfidence in skills and experience.** Organizations typically hire highly self-confident leaders. New leaders invariably arrive at their new positions as accomplished managers. They often have a “been there, done that” mentality with respect to leadership transition (Wells, 2005). One common trap for new managers is to show up with a single answer – to assume that a universal fix can address complex and varied organizational problems.
- **Attempting to do too much.** In the first six months, the new leaders must energize people and focus them on solving the most important problems of the business. It’s crucial that employees achieve momentum building during the transition. Seeing tangible improvements in how work is performed boosts motivation and encourages further experimentation (Ciampa & Watkins, 1999). Early wins call for identifying substantial problems that can be tackled quickly. Yet many new leaders try too many things at once. They try to convey that “winners” are active, quick, and able to handle diverse challenges simultaneously. The trap, however, is that the organization is confused and overwhelmed. Priorities become unclear, and the leader may appear to have Attention Deficit Disorder.
- **Negative credibility.** “Once you start off in a negative vein with stakeholders, it’s very hard to turn that around” (Wells, 2005). The new leader cannot hope to see his or her efforts bear fruit without first building personal credibility and productive working relationships. Key constituencies must come to believe that the new leader can lead the company to a desirable future *before* giving their loyalty.

Best Onboarding Practices Identified in the Literature

- **Integrate onboarding within the overall hiring management process.** Onboarding is just one piece of the cyclical continuum in the management of talent; it’s not merely a standalone or liner activity. Done well, and integrated into an organization’s talent management system, onboarding presents an easy business process improvement that can yield great returns (Taleo, 2006). First impressions create lasting impressions. Recruitment efforts bring potential hires to your door. Obviously, how well your organization manages the interview process will influence whether the candidate takes the position. It also provides the candidate with an initial (and long-term) impression of your organization.
- **Extend onboarding to at least the first six month** – the amount of time that an employee takes to make his or her decision to remain at (or leave) a company.

- **Automate processes for employee onboarding.** Take advantage of technology. Create intranet portals and web-based tools to give new managers access to a centralized site to find key information. Take care of much of what happens during a manager's first few days on the job and have it handled *before* the first official day in the office. Avoid overwhelming new managers.
- **Map out the new manager's network.** Networking with other leaders in the organization, both new and experienced, is one of the best ways to help new leaders build relationships in their new peer group. Identify whom the new manager needs to know to carry out his or her responsibilities. Set the stage for meetings between the new manager and network members. Effective onboarding programs emphasize the importance of building relationships and provide structured networking opportunities and support. Some organizations use "buddy programs" that pair new leaders with a peer of the same demographic characteristics or interests. Others arrange meetings with experienced leaders to help the new leaders gain leadership and organizational savvy, as well as to build their network at the same time.
- **Put out the welcome mat and inspire pride.** Early experiences are important. If new hires get the feeling they are just a number, they will act that way. Conversely, if new hires feel welcomed and valued from the onset, they are more likely to act in ways that provide value. Research suggests that one of the keys to early orientation is creating a clear line of sight that shows how the new employee's work contributes to the overall success of the company (Friedman, 2006). Talk about the company's vision and mission. Show newcomers that they're part of something great. And, let them know that they help make that greatness happen.
- **Partner with HR.** For onboarding to be successful, HR must be a central part of the process. Because HR is in a unique position to provide tools, training, and feedback, it must be involved in all stages – from before the selection process begins through the onboarding process and beyond (Wells, 2005).
- **Use a transition coach.** Provide a plan or road map that offers the new leader the ability to navigate through the challenges of the transition. A coach acts as a sounding board to assist the executive in diagnosing the new situation and assessing his or her own skills. The coach also assists the new leader in assessing and building the team as well as achieving alignment with not only the boss, but with the strategy, structure, and systems of the larger organization. At Johnson & Johnson, three types of transition are available for both executives making internal moves and those coming from outside the company. The New Business Leader Program is for senior executives who are moving from a functional responsibility to a more-complex job. The Transitions Leadership Forum is for vice presidents and executive vice presidents who are taking on new functional roles. The Transitions Coaching Program works closely with executives in new roles on a one-on-one basis and involves HR directly. A study evaluated the impact of the transition program at a Fortune 50 company and reported the overall

impact to be \$88 million over a three-year period. This translated into a total return on investment of 1,400% (Bossert, 2004).

- **Always design onboarding activities from the new manager’s perspective.**
When making decisions about how to structure the onboarding process, how to welcome your new hires, how to introduce them to their team members and the company as a whole, consider each choice through the lens of “what kind of experience does this choice create?” When “thinking experience,” ask two questions. One, what emotional take-away does the onboarding process create? And two, what perceptual take-away does the onboarding process create? Careless onboarding evokes confusion, frustration, boredom, annoyance, anxiety, insecurity, disappointment, and regret. Effective onboarding makes the newcomers feel welcome, comfortable, secure, valued, important, proud, excited, and confident.

Applying Lominger Leadership Competencies to Onboarding

- **Competencies for Leaders at any Level to Adjust to a New Organization**
 - Interpersonal savvy
 - Boss relationships
 - Peer relationships
 - Personal disclosure
 - Approachability
 - Self-knowledge
 - Personal learning
 - Organizational agility
- **Transitioning from Individual Contributors to Managers**
 - Command skills
 - Conflict management
 - Creativity
 - Managing and measuring work
 - Motivating others
 - Perspective
 - Planning
- **Transitioning from Managers to Executives**
 - Dealing with ambiguity
 - Creativity
 - Innovation management
 - Motivating others
 - Negotiating
 - Perspective
 - Political savvy
 - Strategic agility
 - Managing vision and purpose

References

- Aberdeen Group (August 2006). *Onboarding benchmark report: Technology drivers help*. Retrieved January 09, 2007 from http://silkroadtech.com/documents/White_Papers/OnboardingBenchmarkReport.pdf.
- Bradt, G., Check, J. A., & Pedraza, J. (2006). *The new leader's 100-day action plan*. Hoboken, NJ: John Wiley & Sons, Inc.
- Brodie, J. M. (2006). Getting managers on board. *HR Magazine*, 51(11), 105-107.
- Ciampa, D., & Watkins, M. (1999). *Right from the start: Taking charge in a new leadership role*. Boston, MA: Harvard Business School Press.
- Concelman, J., & Burns, J. (2006). The perfect storm or just a shower? *TD, March*, 51-53.
- Friedman, L. (2006). Are you long potential new hires at hello? Organizations need strong new hire onboarding processes. *TD, November*, 25-27.
- Ganzel, R. (1998). Putting out the welcome mat. *Training, March*, 54-62.
- Hammonds, K. H. (2005). Why we hate HR. *Fast Company*, 97, 40-47.
- Honhson, L. K. (2005). Get your new managers moving. *Harvard Management Update, June*, 3-5.
- Lee, D. (2006). *Successful onboarding: How to get your new employees started off right*. Retrieved January 09, 2007 from http://www.humannatureatwork.com/successful_onboarding.htm.
- Pomeroy, A. (2006). Better executive onboarding processes needed. *HR Magazine*, 51(8), 16.
- Taleo, A. S. (2006). Researching onboarding best practice. *Strategic HR Review*, 5(6), 32-35.
- Van Maanen, J., & Schein, E. H. (1979). Toward a theory of organizational socialization. *Research in Organizational Behavior*, 1, 209-264.
- Wells, S. J. (2005). Diving in. *HR Magazine, March*, 54-59.