Onboarding 2012
The Business of First Impressions

May 2012
Madeline Laurano
Executive Summary

Onboarding is not only a talent initiative, it is a business initiative. A negative first impression and the poor planning that follows can destroy an organization’s recruitment, retention and employer branding strategies. Furthermore, it can impact the success of an organization’s overall productivity, retention and engagement. As a result, organizations are thinking more proactively about the way to onboard talent by adopting new practices and investing in both traditional and innovative technology solutions to achieve results. This study of nearly 200 organizations, conducted in March and April 2012, will explore how best-practice organizations are transforming basic new hire orientations into strategic initiatives and leveraging world-class technology to boost engagement, retention and employer brand effectiveness.

Best-in-Class Performance

Aberdeen used the following three key performance criteria to distinguish Best-in-Class companies for Human Capital Management:

- 86% of employees were retained, as compared to 56% of employees at Laggard organizations
- 77% of employees hired in the last 12 months met first performance milestones on time, as compared to 49% at Laggard organizations
- 20% year-over-year improvement in hiring manager satisfaction, as compared to a -3% decrease among Laggards

Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class performance shared several common characteristics, including:

- Creating a centralized onboarding process in order to foster greater visibility, analytics and collaboration around onboarding initiatives;
- Ensuring that onboarding programs include both the tactical and strategic elements necessary to drive organizational performance, accelerate productivity and improve engagement;
- Defining key metrics in advance and ensuring that these metrics meet both HR and business objectives

Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies must:

- Extend the length of the onboarding program before day one and beyond three months to create greater engagement and improve productivity
- Automate, integrate and share onboarding data the business and with managers to empower better decision making; and
- Connect the dots between the value of onboarding initiatives and business initiatives

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Chapter One: Benchmarking the Best-in-Class

Business Context

Onboarding has undergone a seismic shift over the past decade. No longer viewed as a basic orientation, onboarding is a strategic endeavor for assimilating new hires in the company culture. More importantly, it serves as the intersection of talent and business initiatives since both HR and the overall business have a vested interest in achieving results. When done right, onboarding can improve organizational performance by driving engagement, productivity and retention. In fact, onboarding was cited as the one area of talent management having the greatest impact on employee retention (Figure 1). However, when done wrong, onboarding can negatively impact employer branding and cannibalize any strategic talent initiative.

Figure 1: Areas of Talent Management that Impact Retention

<table>
<thead>
<tr>
<th>All Areas of Talent Management</th>
<th>52%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Onboarding</td>
<td>17%</td>
</tr>
<tr>
<td>Learning</td>
<td>10%</td>
</tr>
<tr>
<td>Recruitment</td>
<td>7%</td>
</tr>
<tr>
<td>Performance</td>
<td>6%</td>
</tr>
<tr>
<td>Succession Planning</td>
<td>5%</td>
</tr>
<tr>
<td>Compensation</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, April 2012

Despite its impact on the business, 36% of organizations lack a formal process. Why do organizations struggle to make onboarding work? How does an area so imperative to organizational growth fail to become a priority? In order for onboarding to become more strategic, HR needs to translate the value of the new hire experience to the business, prioritizing engagement and productivity as its primary objectives. In the following pages, we will explore how organizations are achieving results through a more proactive approach to the new hire experience.

First Impressions Count

A first impression can often be the last impression an organization makes on a new hire. Consider the following scenario: a passive candidate is being wooed from his current employer to join a new organization. After receiving a tremendous amount of attention and support, he decides to
accept an offer with the new organization. Feeling a mixture of trepidation and excitement, he shows up for work on his first day expecting the same level of support he received during the recruitment process. Instead, he is greeted without a computer, desk, or hiring manager and understandably, develops feelings of neglect and frustration. He leaves work and retells his experience to family and friends, who then develop a negative impression of the organization.

Unfortunately, this scenario is a familiar reality to many organizations regardless of size or industry. As a result, organizations are facing intense pressure to improve the new hire experience to benefit not only HR but also the business. According to Aberdeen’s research, the top pressures impacting today’s organization’s fall under three categories:

- **Alignment.** As organizations look to build a business case for onboarding, aligning onboarding goals with business goals is critical. Sixty percent (60%) of organizations cited the need to create a more efficient onboarding program in order to meet company growth objectives as a top pressure (Figure 2).

- **Productivity.** In order for organizations to not only endure but to thrive, they need to be productive. HR can help to drive organizational productivity be ensuring that new hires are up to speed faster. Fifty-two percent (52%) of organizations identified the need for a faster new hire process.

- **Engagement.** Effectively engaging employees is one of the greatest challenges impacting organizations today. Not only was it identified as a top pressure in onboarding, it was also identified as one of the top pressures affecting today’s business leaders According to Aberdeen’s global Quarterly Business Review, which surveyed over 1,300 business leaders.

**Figure 2: Pressures Driving Onboarding in 2012**
As organizations recognize the role onboarding plays in organizational growth and performance, establishing ownership of the process is critical and at times, incredibly challenging for organizations. Since onboarding is often defined as the hand-off from recruiting to HR, many organizations feel lost in establishing clear ownership for the process. The majority of organizations cited HR (65%) as owning the onboarding process while 20% cited recruiting functions. In order to link onboarding to productivity, 21% of organizations are turning to learning and development programs. Surprisingly only 10% of organizations have appointed an onboarding manager to oversee onboarding strategies. Regardless of who owns the process, organizations need a champion who will help manage, track and evaluate the new hire experience.

Figure 3: Ownership of the Onboarding Process

As this report will show, these challenges are not insurmountable. Organizations have achieved dramatic gains not only in their ability to create a more efficient process but also in their ability to link the onboarding goals of the business.

The Maturity Class Framework
Aberdeen used three key performance criteria to distinguish the Best-in-Class from Industry Average and Laggard organizations:

- **Employee retention** is measured as the percentage of hires that stay with the organization once hired
- **Time to productivity** is measured as the percentage of new employees that meet their first performance milestone on time
• **Hiring manager satisfaction** is measured as the year-over-year change in hiring manager satisfaction with the employees that have come into the firm.

### Table 1: Top Performers Earn Best-in-Class Status

<table>
<thead>
<tr>
<th>Definition of Maturity Class</th>
<th>Mean Class Performance</th>
</tr>
</thead>
</table>
| **Best-in-Class:** Top 20% of aggregate performance scorers | • 86% of first-year employees were retained  
• 77% of employees hired in the last 12 months met first performance milestones on time  
• 20% year-over-year improvement in hiring manager satisfaction |
| **Industry Average:** Middle 50% of aggregate performance scorers | • 84% of first-year employees were retained  
• 59% of employees hired in the last 12 months met first performance milestones on time  
• 3% year-over-year improvement in hiring manager satisfaction |
| **Laggard:** Bottom 30% of aggregate performance scorers | • 56% of first-year employees were retained  
• 41% of employees hired in the last 12 months met first performance milestones on time  
• -3% year-over-year decrease in hiring manager satisfaction |

Source: Aberdeen Group, April 2012

### The Best-in-Class PACE Model

Excellence in human capital management results from a combination of strategies, capabilities, and enabling technologies. The Best-in-Class display a number of common core characteristics:

• Deep commitment to align onboarding objectives to overall business objectives

• Combination of both tactical and strategic onboarding initiatives to drive productivity and engagement

• Investment in world-class technology throughout the onboarding process

• Integration between onboarding and other areas of talent management including not just recruitment but performance and learning and development functions
Table 2: The Best-in-Class PACE Framework

<table>
<thead>
<tr>
<th>Pressures</th>
<th>Actions</th>
<th>Capabilities</th>
<th>Enablers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Company growth objectives require more strategic new hire experiences</td>
<td>• Assign metrics to quantitatively measure the effectiveness of onboarding and its impact on the organization</td>
<td>• Clear accountability given to all stakeholders involved in ensuring that the employee is set up and ready to go on day one</td>
<td>• Automated benefits enrollment</td>
</tr>
<tr>
<td></td>
<td>• Better involve hiring managers and other line of business stakeholders in the onboarding process</td>
<td>• Localization of onboarding practices / forms / technologies</td>
<td>• Tools to enroll new hires into learning and development programs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Onboarding is centralized - one dedicated resource has oversight and decision authority over the organization’s entire onboarding process</td>
<td>• Assessments to determine appropriate career / development track for new employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Automated new employee forms (e.g., W2, non-compete, direct deposit, medical / dental)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Automated provisioning tools to manage the process for granting system and facility access</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Automated workflow / tasks management</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, April 2012

Best-in-Class Strategies

Onboarding is typically defined as a combination of both the administrative functions (forms completion and tasks assignment) as well as the engagement functions (assimilation in the company culture) of a new hire experience. Despite a recent push for greater engagement and socialization activities, the most successful, results-driven onboarding programs include both tactical and strategic elements. For example, a new hire is more likely to contribute to business-driven projects if he or she has completed all new hire forms in a time-efficient manner. The tactical components are critical to improving productivity and organizational performance and should not be replaced but rather enhanced by engagement strategies. Eighty-five percent (85%) of organizations still include orientation to the company and 70% include forms management (Figure 4). Organizations looking to accelerate productivity are finding a balance between the tactical and the strategic activities that comprise onboarding.

Figure 4: Best-in-Class Strategic Actions

"Culturalization and socialization of key personnel is critical prior to physical integration."

~ Director, Talent Management, SGS
Organizations that execute on these tactical and strategic activities are able to achieve business results such as customer retention and revenue per employee. Best-in-Class organizations were able to improve customer retention by 16%, customer satisfaction by 14% and revenue per full-time employees by 13%. By implementing a program to create efficiencies and also engage new hires, Best-in-Class organizations are improving the business.

**Figure 5: Year Over Year Improvement of Business Metrics**

![Figure 5: Year Over Year Improvement of Business Metrics](image)

Source: Aberdeen Group, April 2012

**Extending the Length of the Program**

Onboarding has evolved dramatically over the years. The single day or single week orientation of the past has been replaced with a strategic process that extends into areas of employee development. Onboarding should include a long-term strategy for engaging employees before day one and beyond one month. In some cases, organizations extend onboarding for one year. Before day one, new hire activities may include completing forms, networking with peers and logging into email and phone services. Beyond the first month, new hires can continue to engage in training activities, mentorship programs and a “buddy system” for stronger relationship building between coworkers. Extending the process allows organizations to not only fulfill on the actions and strategies highlighted above but also provide a smooth transition between onboarding and performance and learning programs. Seventy-seven percent (77%) of Best-in-Class organizations begin the onboarding process before day one allowing new hires to contribute to strategic projects on their first day of work. Seventy-six percent (76%) extend onboarding beyond one month enabling integration with the post-hire areas of talent management.

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**Definition**

Aberdeen defines contract labor as professional, long-term staff working under a Statement of Work (SOW) contract, and contingent labor as temporary staff in jobs structured to be short-term or part-time / seasonal.
Considering the Full Picture

The evolution of the workforce has also undergone a seismic shift over the last decade. In order to stay agile enough to handle changes in economic conditions, organizations are beginning to embrace and engage the flexible workforce. The contingent workforce is growing as both employers and job seekers recognize the benefits including greater diversity and lower costs. According to Aberdeen's 2011 Contingent Labor Management report, 22.5% of the average organization's workforce is considered contingent, and 25% is expected to be contingent in 2012.

Despite the growth and opportunity of a flexible workforce, the majority of onboarding efforts do not include contract or contingent labor. Surprisingly, there has even been a decrease in the number of Best-in-Class organizations offering distinct onboarding programs for contingent labor from 2011 to 2012 (Figure 6). One reason for this decline is the uptick in hiring Full-Time Employees (FTE). Today’s organizations are focusing more attention on distinct programs for entry level and senior level positions, and less on contingent and contract positions. By including contingent labor, organizations are able to strengthen the new hire experience and create a full view of onboarding initiatives.

Figure 6: Organizations with Onboarding for Contract and Contingent Labor

For those Best-in-Class organizations hiring contingent workers, the primary activities they are including are tactical, including:

- Management, tracking and recording of new hire forms (67%)
- Provisioning or the steps required to manage system and access required (60%)
- I-9 Verification (57%)

Source: Aberdeen Group, April 2012
Although tactical is necessary to drive organizational performance as discussed earlier, engagement and socialization are equally important and should be included in any onboarding program targeting contingent and contract labor, as they are as much a part of the company brand and culture as full time employees.

**Tackling Cross-boarding**

For many organizations coming out of a weak economy, talent mobility is becoming a key strategy. Talent mobility ensures that if hiring is slow and morale is weak, individuals do not feel stagnant in their roles. On a business level, it helps to improve retention and engagement, particularly when moving someone up in the organization to a leadership position. Given the benefits of talent mobility, cross-boarding, or the process of onboarding someone from an individual contributor to a leadership position, is becoming a critical area of onboarding.

Best-in-Class organizations adopting cross-boarding strategies are drawing a strong correlation between onboarding, leadership development and learning. Every organization Aberdeen surveyed includes role-specific learning and development activities as well as leadership skill development as part of the process (Figure 7). Since cross-boarding involves a process for transitioning individuals already working at an organization, it requires less tactical activities than traditional onboarding. Rather than forms and benefits management, organizations can focus on activities that improve performance and engagement such as performance goal setting and coaching.

**Figure 7: Cross-boarding Activities**

A formal roadmap or plan to guide the transition

0% 20% 40% 60% 80% 100%

Role-specific learning & development activities
Leadership skill development activities
Performance goal setting
Coaching or mentoring

Percentage of Respondents, n=162

100% 100% 83% 67% 67%

Best-in-Class All Others

“Talent mobility is macro succession management. Our talent is a portfolio that we are managing.”

- Kristin Reichling, United HealthGroup

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**Definition**

Aberdeen defines talent mobility as the process for moving individuals from role to role within the organization.
Aberdeen Insights — Strategy

Although organizations need a clear owner for onboarding, a successful strategy is a joint effort. Onboarding is an enterprise-wide endeavor and needs support and participation from more than just HR including key stakeholders, hiring managers, and executives. For most organizations, HR is not only the owner but also plays a pivotal role in executing the strategy. If HR wants to drive business performance through onboarding, it needs to include not only hiring managers (70%) and recruiters (31%) but also senior executives (32%). These employee groups do not need to own the process, they need to be involved in executing a successful strategy. At many organizations, senior executives actively provide direction and support for onboarding initiatives. One reason is that onboarding is a universal topic. Every senior executive has had a positive or negative new hire experience or has had the responsibility of onboarding a direct hire. Additionally, onboarding can influence the business metrics that senior executives track including retention, engagement and productivity.

One group that is critical in executing onboarding is the employee’s peers. Thirty-three percent (33%) of organizations identify buddies and mentors as individuals involved with onboarding. One way to achieve engagement and socialization goals is to provide networking opportunities for new hires to connect with mentors and peers. Some of these activities may include new hire social networks or new hire happy hours.

**Figure 8: Employee Groups that Participate in Onboarding**

<table>
<thead>
<tr>
<th>Percentage of Respondents, n=157</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR</td>
</tr>
<tr>
<td>Hiring manager</td>
</tr>
<tr>
<td>Team members</td>
</tr>
<tr>
<td>Buddy / mentor</td>
</tr>
<tr>
<td>Senior Executive</td>
</tr>
<tr>
<td>Recruiter</td>
</tr>
<tr>
<td>----------------------------------</td>
</tr>
<tr>
<td>93%</td>
</tr>
<tr>
<td>70%</td>
</tr>
<tr>
<td>40%</td>
</tr>
<tr>
<td>33%</td>
</tr>
<tr>
<td>32%</td>
</tr>
<tr>
<td>31%</td>
</tr>
</tbody>
</table>

In the next chapter, we will see what the top performers are doing and the technology they are adopting to achieve these gains.
Chapter Two:
Benchmarking Requirements for Success

The selection and implementation of onboarding solutions and their integration with various talent management systems plays a crucial role in the ability to turn these strategies into performance and growth.

Case Study — Cox Health

Cox Health employs 9,000 individuals across three hospitals in Missouri. With more than 60 physician clinics in the region, each facility offers a caring, highly trained staff and state-of-the-art equipment to meet all health care needs. Above all else, Cox Health prides itself on its commitment to service for both customers and employees. Onboarding plays a pivotal role in service. With 1900 new hires each year, Cox Health needs to find the balance between getting new hires up to speed and engaged in the company culture.

The onboarding program includes a two-day general orientation, lengthy business unit orientation and peer networking program. During the two-day generation orientation, new hires review the value and mission of the organization, commitment to customer experience excellence and major company initiatives planned for the next year. They also review tactical information including benefits, retirement and safety issues. Socialization includes information on company charities such as Children’s Miracle Network and the United Way.

After the two day session, new hires participate in a new hire orientation with their business units that may last for a few days or a few weeks. New hires are also involved in peer/mentoring networking programs. Cox Health trains and compensates mentors for getting new hires up to speed and engaged in the company. Cox Health’s onboarding program aligns with several of the themes discussed in this report including:

- **Centralized model.** Last year, Cox Health moved to a centralized onboarding model to better collect data, provide transparency and engage new hires.

- **Standardization/customization.** Cox Health has found a balance between standardization and customization since new hires participate in a general orientation program and then have a customized program in their individual business units.

- **Senior leadership.** Senior leaders are involved in the process. The CEO attends every orientation program.

- **Metrics.** Turnover at Cox Health is only 12% (1% voluntary). This rate can be attributed, in part, to strong onboarding initiatives. The phrase repeated in orientation is a testament to strong retention, “We at Cox want to be your last employer.”

Fast Fact

Although 83% of Best-in-Class organizations have a standardized process to onboarding, 49% of those organizations are able to tweak that process to meet the needs of different locations and business units.
Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) process (the approaches they take to execute daily operations); (2) organization (corporate focus and collaboration among stakeholders); (3) knowledge management (contextualizing data and exposing it to key stakeholders); (4) technology (the selection of the appropriate tools and the effective deployment of those tools); and (5) performance management (the ability of the organization to measure its results to improve its business). These characteristics (identified in Table 3) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

Table 3: The Competitive Framework

<table>
<thead>
<tr>
<th></th>
<th>Best-in-Class</th>
<th>Average</th>
<th>Laggards</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Process</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process</td>
<td>Process to ensure clear accountability given to all stakeholders involved in ensuring that the employee is set up and ready to go on day one</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>64%</td>
<td>49%</td>
<td>30%</td>
</tr>
<tr>
<td><strong>Organization</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization</td>
<td>Onboarding is centralized - one dedicated resource has oversight and decision authority over the organization’s entire onboarding processor one dedicated resource with regional oversight</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>69%</td>
<td>56%</td>
<td>48%</td>
</tr>
<tr>
<td><strong>Knowledge</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge</td>
<td>Localization of onboarding practices / forms / technologies</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>64%</td>
<td>55%</td>
<td>34%</td>
</tr>
<tr>
<td></td>
<td>Integration and enrollment of new hires in learning programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>58%</td>
<td>43%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>Onboarding technology currently in use:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ 44% Socialization to company culture</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ 47% Performance goal setting</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>▪ 28% Automation of workflow/tasks management</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ 24% Socialization to company culture</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ 40% Performance goal setting</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>▪ 25% Automation of workflow/tasks management</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ 14% Socialization to company culture</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ 29% Performance goal setting</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ 5% Automation of workflow/tasks management</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Performance</strong></td>
<td>Metrics to measure effectiveness of onboarding have been agreed to by all relevant stakeholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>31%</td>
<td>19%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, April 2012
Capabilities and Enablers

Based on the findings of the Competitive Framework and interviews with end users, Aberdeen’s analysis of the Best-in-Class indicates that the following factors are critical to success:

- Creating a centralized onboarding process in order to foster greater visibility, analytics and collaboration around onboarding initiatives
- Ensuring that onboarding programs include both the tactical and strategic elements necessary to drive organizational performance, accelerate productivity and improve engagement
- Defining key metrics in advance and ensuring that these metrics meet both HR and business objectives

Process

Organizations have a tendency to swing back and forth between standardization and customization in the onboarding process. Should organizations create one consistent process for every individual in the organization? Or should organizations customize the onboarding process to meet the individual needs of various job roles, business units and even, generational groups? In short, the answer is both. Organizations need consistency in the development, implementation and evaluation of onboarding throughout the organization but should also consider tailoring this approach to different groups in the organization especially when considering engagement strategies. For example, while Baby Boomers may expect a clearly defined onboarding roadmap and an efficient forms management process, Generation Y may expect peer networking and a mentorship program. Today’s organizations are a melting pot of different attitudes and expectations. Onboarding leaders have the difficult task of following a process of consistency but also respecting the complexity of today’s workforce.

Although 83% of Best-in-Class organizations have a standardized process for onboarding, 49% of those organizations are able to tweak that process to meet the needs of different locations and business units. Furthermore, 64% have a localized approach to onboarding practices, forms and technology from region to region compared to 55% of Industry Average organizations and 34% of Laggards. For example, onboarding in China is vastly different from onboarding new hires in France based on a variety of cultural, geographical, legal and organizational factors. This approach demonstrates that a standardized approach often needs to be altered or tweaked depending on the audience.

When designing a process around onboarding, Best-in-Class organizations are more likely to create distinct programs for various job roles and job functions (Figure 9) from senior executives to hourly workers. Clearly, Best-in-Class organizations are able to find the balance between standardization and customization.
Figure 9: Employee Groups with Distinct Onboarding Programs

Source: Aberdeen Group, April 2012

**Organization**

Organizations looking to align onboarding with business objectives are not only rethinking the onboarding process, they are also rethinking the management of the onboarding function. A centralized approach to onboarding is at the heart of this transformation. The benefits of a centralized onboarding strategy include greater accountability for hiring managers and an ability to evaluate the progress and performance of the program in a consistent manner. Last year’s onboarding report found that Best-in-Class organizations were twice as likely to have a centralized onboarding program (61% vs. 30%). This year’s data revealed that Industry Average and Laggard companies are aggressively moving to a similar model. Sixty-eight percent (68%) of Best-in-Class organizations have a centralized model compared to 54% of all others (Industry Average and Laggard companies combined). This shift in onboarding models represents the importance of onboarding when driving business results.

Some organizations are optimizing this centralized approach by creating Centers of Excellence (CoE) as a way to manage the onboarding process. CoEs bring together various skills in an organization in order to promote collaboration and then work with individual business units. The benefits of a CoE include greater support and governance, stronger analytics, improved visibility, and shared learning. By setting guidelines in a CoE and then delivering these guidelines to individual business units to execute, a CoE also allows organizations to balance standardization with customization.

**Knowledge Management**

As onboarding becomes more centralized, data should flow more seamlessly between both the pre-hire and post-hire stages of talent management. More often than not, onboarding is identified as the final stage of the recruiting
process. Organizations ensure that information collected during hiring is transferred to onboarding for forms completion and compliance, but they often fail to consider the numerous benefits of linking onboarding with areas such as performance management and learning and development. When linked to performance management, organizations are able to look at the profile of top performers in individual roles and ensure that new hires are being set up for success. Best-in-Class organizations are three times more likely to link onboarding to performance management. One way to achieve this goal is by providing visibility to key stakeholders on the development of new hires. Forty-five percent (45%) of Best-in-Class organizations provide visibility to key stakeholders early on in the onboarding process compared to 19% of all others.

Figure 10: Organizational Capabilities that Drive Performance

The link between learning and onboarding should be natural since the primary drivers for onboarding parallel learning objectives including: improved productivity (65%), assimilation into the company culture (58%), and employee engagement (57%). Best-in-Class organizations recognize the need to align onboarding to learning since 58% are enrolling new hires in learning and development programs compared to 11% of Laggard organizations.

Technology and Enablers

Despite growing attention for onboarding tools and technology, the onboarding market is still immature with plenty of opportunity for growth. Thirty-four percent (34%) of Best-in-Class organizations plan to increase their investments next year. While areas such as recruiting and learning are now considered commoditized markets, onboarding is still evolving. In fact, 45% of organizations have not yet automated the process and 45% have only...
partially automated. When investing in onboarding technology, what stands in the way?

Organizations cited limited budget and resources as the top barriers to automating the process. Unsurprisingly, as organizations recover from a weak economy, cost and resources are typically of great concern. Unique business requirements were also cited as a top barrier by 27% of organizations (Figure 11). As organizations go through mergers and acquisitions or expand globally, requirements are often difficult to define and can create roadblocks when investing in technology. Organizations can overcome these barriers by centralizing the onboarding function and ensuring that objectives are aligned with organizational objectives to create buy-in from senior leaders.

Figure 11: Barriers to Automating Onboarding

Sixty-one percent (61%) of Best-in-Class organizations have overcome these challenges and invested in the following onboarding capabilities:

- Benefits enrollment - 55%
- Socialization to the company culture - 49%
- I-9 Verification - 39%
- Provisioning - the steps required to manage system and facility access required for the new employee to do his / her job - 28%
- Workflow / tasks management - the creation, assignment, completion and tracking of checklist items and deliverables required to complete the new employee onboarding process - 28%

By automating the process, organizations are achieving business results. Of those organizations automating the process, 10% saw an increase in hiring management satisfaction. Also, 45% of organizations were able to achieve
organizational KPIs compared to 36% of organizations not leveraging technology.

**Performance Management**

Onboarding is one of the most difficult areas of talent management to show a Return on Investment (ROI). Since onboarding is closely linked to talent acquisition and talent management, it becomes difficult to determine if key performance indicators such as retention and time to productivity are associated with other talent initiatives such as performance management and succession planning. Best-in-Class companies are nearly twice as likely as all others to have metrics defined (31% vs. 17%).

Although difficult to measure, hiring managers and HR departments are being held accountable for accelerating productivity through onboarding initiatives. Unsurprisingly, engagement and time to productivity were cited as the top HR metrics used to demonstrate the value of onboarding. Best-in-Class organizations ranked engagement (4.49), retention (4.44) and time to productivity (4.42) as having the greatest value (1 being the least valuable and 5 being the most valuable) to both HR and the business.

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**Aberdeen Insights — Technology**

The onboarding technology landscape is confusing, complicated and at times, contradictory. With various providers offering capabilities from forms management to workflow to socialization, navigating through this landscape is challenging. Some providers help coordinate requests for information necessary for new employees and also handle the collection of paperwork electronically through forms management tools. Onboarding best of breed solutions handle everything from electronic I-9 forms signatures, notifications and reminders on tasks, as well as the creation of a candidate portal for integration to the companies’ work environment. As onboarding technology enhanced employee engagement capabilities, onboarding for many companies now include new hire portals that stay with the employee through the entire lifecycle. With a wide variety of options available, what providers are organizations selecting? What are the providers that offer the most growth for the future?

The majority of organizations are leveraging their HRMS providers for onboarding capabilities (Figure 12). Although the benefit of using an HRMS include integrated data with other areas of talent management and the business, these providers often lack depth of functionality. Applicant Tracking Systems (ATS) and Learning Management Systems (LMS) have also become a popular source of onboarding solutions since many of these providers offer several capabilities or full modules for onboarding.

*continued*
Surprisingly, only 6% of providers are leveraging best of breed onboarding solutions and only 2% are leveraging social media sites. Organizations looking to differentiate their new hire programs and accelerate success will likely turn to these providers in the future. The depth of functionality from best of breed in forms, tasks and socialization coupled with engaging new hires through social media offer a more effective and efficient new hire process.

**Figure 12: Most Common Source of Onboarding Technology**

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resource Management Systems</td>
<td>45%</td>
</tr>
<tr>
<td>Applicant Tracking System</td>
<td>25%</td>
</tr>
<tr>
<td>Learning Management System</td>
<td>16%</td>
</tr>
<tr>
<td>New Hire Portals</td>
<td>7%</td>
</tr>
<tr>
<td>I-9 Compliance</td>
<td>7%</td>
</tr>
<tr>
<td>Best of Breed</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, April 2012
Chapter Three: Required Actions

Whether a company is trying to move its performance in Onboarding from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

**Laggard Steps to Success**

- **Extend the onboarding process.** Onboarding should include a long-term strategy for engaging employees before day one and beyond three months. Extending the process allows organizations to, not only, fulfill the actions and strategies highlighted above but also provide a smooth transition between onboarding and performance and learning programs. Only 22% of Laggard companies extend the onboarding process beyond three months compared to 79% of the Best-in-Class and 74% of Industry Average.

- **Define what success looks like.** Only 19% of Laggard organizations have defined onboarding metrics in advance. Without a language by which to define and communicate the impact, the business case for onboarding will be compromised. Organizations should agree on how to measure success and regularly monitor the progress of new hire initiatives.

- **Make engagement part of the equation.** The primary activities that Laggard organizations adopt for onboarding are tactical strategies such as forms management and benefits enrollment. When looking to create a more strategic onboarding process that aligns with business objectives, employee engagement becomes more of a priority and directly impacts retention and productivity.

**Industry Average Steps to Success**

- **Centralize your strategy.** The benefits of a centralized onboarding strategy include greater accountability for hiring managers and HR and an ability to evaluate the progress and performance of the program in a consistent manner. Last year’s onboarding report found that Best-in-Class organizations were twice as likely to have a centralized onboarding program (61% vs. 30%). This year’s data revealed that Industry Average and Laggard companies are aggressively moving to a similar model. Sixty-eight percent (68%) of Best-in-Class organizations have a centralized model compared to 54% of all others.

- **Establish a clear owner.** Onboarding needs an established owner to ensure that the strategy is implemented consistently through the organization. Since onboarding is often defined as the hand-off from recruiting to HR, many organizations feel lost in establishing clear ownership for the process. The majority of Industry Average organizations cited HR (63%) as owning the onboarding process while
24% cited learning and development functions. Regardless of who owns the process, organizations need a champion who will help manage, track and evaluate the new hire experience.

- **Invest in technology.** Whether leveraging existing technology or investing in an onboarding system, organizations are able to reduce costs, engage new hires, establish consistency across the organization and extend the onboarding process. The majority of organizations (45%) have only partially automated the process with little integration to other talent management areas. Full automation will help organizations deliver on both the tactical and strategic elements of onboarding.

### Best-in-Class Steps to Success

- **Link onboarding to learning.** The linkage between learning and onboarding should be a natural one for organizations prioritizing engagement and productivity. Best-in-Class organizations recognize the need to align onboarding to learning since 58% are enrolling new hires in learning and development programs (compared to 11% of Laggard organizations) yet these organizations need to continue to align onboarding with training, certification, and coaching initiatives.

- **Include contingent labor.** Despite the growth and opportunity of a flexible workforce, the majority of onboarding efforts do not include contract or contingent labor. Surprisingly, there has even been a decrease in the number of Best-in-Class organizations offering distinct onboarding programs for contingent labor from 2011 to 2012. By neglecting contingent labor from onboarding programs, organizations are missing a tremendous opportunity to strengthen their brand and improve productivity.

- **Consider social media.** Many organizations do not recognize the value of incorporating the use of social networking sites such as Facebook, LinkedIn and Twitter to the onboarding process. The benefits of social networking in the onboarding process include: employer branding, greater engagement, cost reduction and team building.

### Aberdeen Insights — Summary

Onboarding has evolved into a key business initiative. Organizations that succeed in creating a new hire experience and driving organizational productivity, retention and engagement focus on both the tactical and strategic aspects of onboarding. By standardizing, centralizing, automating and involving the right key players, top performing companies are truly impacting personal and organizational performance.
Appendix A: Research Methodology

Between March and April 2012, Aberdeen examined the use, the experiences, and the intentions of 298 enterprises using human capital management solutions in a diverse set of industries and geographies.

Aberdeen supplemented this online survey effort with telephone interviews with select survey respondents, gathering additional information on HCM strategies, experiences, and results.

Responding enterprises included the following:

- **Job title:** The research sample included respondents with the following job titles: CEO / President (14%); EVP / SVP / VP (17%); Director (21%); Manager (26%); Consultant (9%); Staff (5%); and other (8%).
- **Department / function:** The research sample included respondents from the following departments or functions: HR / talent management (56%); corporate management (9%); business development, sales and marketing (8%); quality management (5%); operations (5%); IT (5%) and other (12%).
- **Industry:** The research sample included respondents from a wide variety of industries. Some of the larger industries represented were IT consulting / services (8%); software (6%); government (5%); financial services (5%); and education (5%).
- **Geography:** The majority of respondents (66%) were from North America. Remaining respondents were from Europe (13%); the Asia-Pacific region (13%); Middle East / Africa (6%); and South America (2%).
- **Company size:** Twenty-seven percent (27%) of respondents were from large enterprises (annual revenues above US $1 billion); 31% were from midsize enterprises (annual revenues between $50 million and $1 billion); and 42% of respondents were from small businesses (annual revenues of $50 million or less).
- **Headcount:** Forty-five percent (45%) of respondents were from large enterprises (headcount greater than 1,000 employees); 28% were from midsize enterprises (headcount between 100 and 999 employees); and 27% of respondents were from small businesses (headcount between 1 and 99 employees).

**Study Focus**

Responding human capital and line of business executives completed an online survey that included questions designed to determine the following:

- The degree to which HR technology is deployed and the performance implications of the technology
- The structure and effectiveness of existing HR and talent management implementations
- Current and planned use of HCM solutions
- The benefits, if any, that have been derived from HCM initiatives

The study aimed to identify emerging best practices for HCM technology usage, and to provide a framework by which readers could assess their own management capabilities.
Table 4: The PACE Framework Key

<table>
<thead>
<tr>
<th>Overview</th>
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<tbody>
<tr>
<td>Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows:</td>
</tr>
<tr>
<td><strong>Pressures</strong> — external forces that impact an organization’s market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive)</td>
</tr>
<tr>
<td><strong>Actions</strong> — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy)</td>
</tr>
<tr>
<td><strong>Capabilities</strong> — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing)</td>
</tr>
<tr>
<td><strong>Enablers</strong> — the key functionality of technology solutions required to support the organization’s enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)</td>
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</tbody>
</table>

Source: Aberdeen Group, May 2012

Table 5: The Competitive Framework Key

<table>
<thead>
<tr>
<th>Overview</th>
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<tbody>
<tr>
<td>The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance:</td>
</tr>
<tr>
<td><strong>Best-in-Class (20%)</strong> — Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance.</td>
</tr>
<tr>
<td><strong>Industry Average (50%)</strong> — Practices that represent the average or norm, and result in average industry performance.</td>
</tr>
<tr>
<td><strong>Laggards (30%)</strong> — Practices that are significantly behind the average of the industry, and result in below average performance.</td>
</tr>
</tbody>
</table>

In the following categories:
| **Process** — What is the scope of process standardization? What is the efficiency and effectiveness of this process? |
| **Organization** — How is your company currently organized to manage and optimize this particular process? |
| **Knowledge** — What visibility do you have into key data and intelligence required to manage this process? |
| **Technology** — What level of automation have you used to support this process? How is this automation integrated and aligned? |
| **Performance** — What do you measure? How frequently? What’s your actual performance? |

Source: Aberdeen Group, May 2012

Table 6: The Relationship Between PACE and the Competitive Framework

<table>
<thead>
<tr>
<th>PACE and the Competitive Framework – How They Interact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, May 2012
Appendix B:
Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- **The Talent Acquisition Lifecycle: From Sourcing to Onboarding**; September 2011
- **The Engagement / Performance Equation**; July 2011
- **Assessments 2011: Selecting and Developing for the Future**; May 2011
- **Onboarding 2011: The Path to Productivity**; February 2011
- **The 2011 HR Executives Agenda: Automation, Innovation and Growth**; December 2010

Information on these and any other Aberdeen publications can be found at www.aberdeen.com.

Author: Madeline Laurano, Research Director, Talent Acquisition Solutions
(madeline.laurano@aberdeen.com)

For more than two decades, Aberdeen's research has been helping corporations worldwide become Best-in-Class. Having benchmarked the performance of more than 644,000 companies, Aberdeen is uniquely positioned to provide organizations with the facts that matter — the facts that enable companies to get ahead and drive results. That's why our research is relied on by more than 2.5 million readers in over 40 countries, 90% of the Fortune 1,000, and 93% of the Technology 500.

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