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# RETENTION IS THE KEY

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## PREFACE

Imagine you have just been hired for the job of your dreams. However, after a few weeks of employment your impression of the organization is negatively impacted by the following:

- You ask your boss for supplies and she hands you a number-two pencil and legal pad – nothing else.
- You were shown to a cubicle your first day of work, given a company manual and haven't spoken to anyone since.
- After almost two weeks on the job, you are already halfway to becoming the employee with the most seniority.

You start wondering if you have made the right decision!

## INTRODUCTION

What can organizations do to create a first impression that assures the new hire he or she has made the right decision? During the recruitment process, organizations usually do a good job of courting the job candidates, but quickly abandon them after the commencement of employment. In order to improve retention, employee morale and productivity, companies need to focus on developing a comprehensive onboarding program. The most important role of the onboarding process is to create an inspiring experience that will lay a foundation for a strong employee engagement.

## DEFINITION – WHAT IS ONBOARDING?

The first thing most organizations do is send new hires to orientation. Orientation is a great place to share information about policies, procedures, benefits and issues related to compliance. What many organizations fail to realize is that orientation does not provide the three R's—employees need to feel respected, are rewarded for their engagement, and understand the job requirements—that are vital components of an on-boarding program.

Onboarding is about respecting and rewarding the new hire along with identifying the requirements for the job. Onboarding is also about socialization into the company culture. Companies that incorporate the three R's into the socialization process will achieve optimal ROI from their onboarding efforts and will reduce turnover within the first year of employment by a minimum of 10%.

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## EVOLUTION

“Since September 11th and the resulting economic worries, layoffs, and the like, there has been a huge drop in employee loyalty,” says Dustin Ford, an account executive at Management Recruiters. “People who thought they would retire from a company are now being asked to leave or are leaving on their own to grab a better opportunity.” It is increasingly evident that employees do not have as strong a connection to their organization or their current job as they did in the past. Additionally, there has been a tremendous influx into today’s workforce of Generation Xers and Yers who value customized career paths, good relations with leadership, immediate and ongoing feedback and a work-life balance.

Armed with this information and the knowledge that turnover is a costly alternative, a well-designed onboarding program is essential for companies who want to retain and motivate talent. Companies have a window of opportunity that they cannot afford to ignore. The employer/employee relationship needs to be developed within the first year of employment.

## WHY ONBOARDING?

- “New employees decide whether they feel at home or not in the first three weeks in a company, and 4% of new employees leave a job after a disastrous first day.”
- “22% of staff turnover occurs in the first forty-five days of employment.”
- “New employees who went through a structured onboarding program were 58% more likely to be with the organization after three years.”
- “The cost of losing an employee in the first year is estimated to be at least three times his/her salary.”

Source: The Wynhurst Group, 2007

## THE IMPORTANCE OF ONBOARDING

Onboarding has become such an important initiative in the struggle to attract and retain talent that *Business Week* highlighted its inaugural “Best Places to Launch a Career” in September 2006. The study focused on college graduates. The results for their top-ranked companies were based on feedback from directors of campus career services; a questionnaire about pay, benefits, retention and training programs; and a survey of 37,000 undergraduates about the finalists at the top of their most-desired workplace lists. Organizations that made the list had developed onboarding programs geared to the needs of the over 80 million Millennial employees, the sons and daughters of the Baby Boomers.

It is important to remember that onboarding is not just for the Millennial generation or just for new graduates. All new hires need to feel welcome, valued and prepared for what lies ahead, particularly in the first year of employment. This period of time is formally identified as the socialization period. Effective onboarding serves three interrelated purposes:

- It ensures that the new hire feels welcome, comfortable, prepared and supported.
- It enables the new hire to make a positive impact within the organization both immediately and over time.
- The employee’s success leads to satisfaction and retention, which allows the organization to continue to meet its mission, vision and goals.

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## WHO IS USING IT? (Interesting Facts)

In 2006, 76% of companies were implementing or planning to implement a formalized onboarding process compared to only 40% in 2005.

Today, onboarding is utilized by a diversified group of organizations, such as Whirlpool, Hunter Douglas, Target, Texas Instruments, American Airlines and the Commonwealth of Massachusetts, to name just a few. These companies may be leading the way, but healthcare organizations are not far behind them. In a recent study conducted by the Consulting Services Division of NAS Recruitment Communications, it was revealed that healthcare organizations that implemented a formalized onboarding program celebrated a 20% decline in turnover.

A comprehensive onboarding program is now the approach of choice for **best-in-class companies** to keep employees engaged throughout their career, reduce turnover, increase employee satisfaction and ultimately raise productivity levels.

## COMPONENTS OF A SUCCESSFUL PLAN

A successful onboarding program is comprised of several touch points that support and reinforce the “Three R” theory; if employees feel respected, are rewarded for their efforts, and if they understand the requirements for the job, their commitment to the organization will increase significantly.

Onboarding programs do not have to be complicated. The simpler they are, in many cases, the more effective. However, they should be customized for the organization. Successful onboarding programs consist of a minimum of seven and a maximum of 12 touch points throughout the first year of employment. The following are essential components of a leading-edge onboarding program:

- The onboarding process begins pre-arrival with a welcome letter sent to the employee’s home.
- Managers and supervisors should take the lead in onboarding. All managers within an organization need to present a similar, and at very best, consistent welcoming message. Managers should be well trained in the onboarding process and have the necessary tools at their disposal to make the onboarding process simple and easy to administer.
- Celebrate the employee’s first day with his/her teammates and provide a branded collateral gift, such as a company T-shirt, mug or backpack. Throughout the first year of employment, there should be several touch points that celebrate the new hire’s employment journey.
- Employee surveys are another key component to onboarding programs. The data collected from employee surveys allows management to keep their fingers on the pulse of the organization. During the first year of employment two different surveys should be administered. One is quantitative in nature and focuses on the recruitment and onboarding process. The second survey is qualitative and allows employees to tell their story in their own words. Armed with this information, management can make improvements quickly and improve the return on the investment of human capital.
- A review of the requirements and expectations of the job is imperative. Employees need to understand what they need to do to be successful on the job and how what they do fits into the organization’s mission, vision and goals. Usually after 90 days of employment, good managers have gathered enough information to provide constructive feedback that will help employees understand what they are doing well and how they may need to improve.

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- Throughout the first year of employment, successful onboarding programs include touch points that review the information the employee received in orientation. Many times, orientation is so content rich that it puts the new hire on overload. Taking time throughout the year to review this important information makes new hires feel more supported. Don't make new employees learn the hard way; provide information about benefits, policies and procedures, perks, and rules and regulations on a consistent basis.

**Respect** is demonstrated when we ask employees for their opinion and let them know it is valued. Small **rewards**, which include the company's logo, strengthen an employee's engagement and commitment to the organization. Finally, when an employee fully understands the **requirements** of the job, he or she is more likely to be successful.

## BEST PRACTICE ROADMAP

Create several touch points that accomplish the following:

- Reinforce the company's culture
- Make employees feel welcome from day one
- Develop processes that are employee-centric
- Inspire pride in the organization
- Connect the new hire with the organization's big picture
- Create a sense of community

## SUMMARY

Because of the evolution of our culture and its mores, the idea of employee loyalty has become somewhat obsolete. Employers nationwide have realized that it is critical to not only hire "top talent," but also to engage and keep them once they have joined the organization. The recruitment, hiring and training of a new employee is costly, but if that individual leaves the company within the first six months to a year, all the money spent on him or her has been virtually wasted. Additionally, the organization now needs to find a replacement, which starts the expensive process anew. Onboarding, as detailed in this paper, is an excellent and proven solution to the problem.

An author of an article on onboarding mistakes stated, "**If you are going to spend all that money on acquiring them and paying them to come to work, why would you not prepare them to succeed?**".

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**\*This paper draws heavily from the research, observations, statistics and conclusions from the authors listed below:**

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