

Help New Hires Succeed: Beat the Statistics

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Introduction

As we begin the New Year and a new recruiting cycle, many organizations wonder how they can improve the rate of success for their new hires. What can you do as an HR professional to change the success statistics for new hires? Research regarding successful assimilation of new hires – whether beginners or seasoned employees – shows patterns for success and failure. Changing jobs is a norm in modern organizations. Measure your own on-boarding programs against our learning. Beat the statistics!

Statistics

“25% of Fortune 500 managers change jobs each year.”

“6.2 months is the breakeven point for new managers.”

– Monster.com, 2007 Survey

“22% of staff turnover occurs in the first forty-five days of employment.”

– The Wynhurst Group¹²

“46% of rookies wash out in their first 18 months” found a study of 20,000 new hired employees.”

– Leadership IQ¹

“New employees who went through a structured on-boarding program were 58% more likely to be with the organization after three years.”

– The Wynhurst Group¹²

“Many companies leave executive on-boarding to chance, and as a result experience failure rates in excess of 50% when it comes to retaining new executive talent.”

– Egon Zehnder International, 2007⁵

“The cost of losing an employee in the first year is estimated to be at least three times salary.”

– The Wynhurst Group¹²

Principles of Successful On-Boarding Programs

More and more companies are establishing formal on-boarding programs. According to Madeline Tarquinio, 76% of firms now have a formal on-boarding program, up from 40% in 2005.⁹ However, only 7% of the training budgets are spent on orientation and on-boarding programs.¹² Does that investment outweigh the costs of losing employees soon after they take a job? *“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,”* according to The Wynhurst Group,¹² an Arlington, Virginia based Human Resources consulting firm that focuses on helping organizations develop strategies and tools for attracting, developing, and retaining top talent. Ilona Birenbaum, Principal of The Wynhurst Group presented these statistics based on various sited research during a presentation on On-Boarding at the 2007 HRA-NCA (DC SHRM) Conference.

Aberdeen's On-boarding Benchmark Report in August, 2006, revealed some key principles for designing company-wide on-boarding programs. Some stark differences emerged with respect to on-boarding:

- Nearly 30 percent of best in class companies extend on-boarding to the first six months compared to less than 10 percent of laggards.
- 55 percent of best in class companies have a manager responsible for the on-boarding process compared to 39 percent of laggards.
- 90 percent of best in class companies incorporate socialization compared to 75 percent of laggards.
- And 91 percent of laggards have a reactive, emergency driven on-boarding process, compared to 56 percent of best in class.⁹

The Aberdeen Group defines on-boarding as a process involving: forms management, tasks management, and socialization in the company culture. "Companies that incorporate these three components are those companies that will achieve optimal ROI from their on-boarding process," says Aberdeen's Madeline Tarquino.⁹

On-boarding has become such an important initiative in the struggle to attract and retain talent that *BusinessWeek* highlighted its inaugural "Best Places to Launch a Career" in September, 2006.¹³ The study focuses on college grads. 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 U.S. undergraduates about the finalists at the top of their most-desired workplaces lists.

Organizations that made the list had developed on-boarding programs geared to the needs of the Millennials, 80 million strong, the sons and daughters of the Baby Boomers. The critical principles in these programs were based on the values of Millennials for:

- **Challenging Work & Advancement** - assuring that new grads were given major responsibilities, learning opportunities and quick opportunities to prove themselves – "21 of the highest ranked 25 companies in the study offered extensive training programs that hone workers' skills and help them advance in their careers"¹³;
- **Meaningful Corporate Cultures** – organizations that embraced social responsibility, diversity and the environment – "27% of undergraduates now list contributing to society as a top career goal"¹³;
- **Balance & Flexibility** – including more vacation, flexible work schedules, and comp time - "Of the 37,00 undergraduates surveyed by *Universum* this year, the No. 1 career goal was to balance personal and professional life"¹³;
- **Teamwork** - having grown up in a world of group projects and organized sports, the millennials excel at teamwork and expect collaboration as part of the work environment.

Many of the organizations cited in the *BusinessWeek* study used internships as their most popular recruiting strategy. "At six companies on the list, more than 50% of the 2006 entry-level hires were former interns."¹³

Success Case: On-Boarding Program

One of our clients in the Defense Industry has an exemplary case that uses the principles cited in the Aberdeen study as well as the *BusinessWeek* research. The highlights include: a two-year program with a programmatic roadmap; opportunities for learning and development; teamwork and building networks; learning the business through rotational assignments; building career and development plans and hooking to mentors in their functional area.

Purpose:

Take a career development focus in supporting retention. Build Bench Strength in core functional areas, especially engineering and assimilate and educate between 200-500 new hires per year.

2 Year Program/ Rotational Assignments

5 Professional Disciplines/ Groups:

1. Engineering
2. Finance
3. Operations
4. Information Systems
5. Human Resources

Mentors are assigned to each participant.

Quarterly meetings with their Professional Groups provide additional functional training and chances to network. (1-2 day events)

Leadership Development Conferences – Each participant attends two week-long conferences. Topics include: Program Management, Financial Frameworks, Principles of Project Planning, Communicating in a Diverse Workforce, Team Meetings, Strategic Career Management and How to Launch Your Career. Career Development focus includes: Roadmap; importance of Career Fit; understanding your interests and passion; looking for learning projects; building a reputation; and finding a mentor in the first six months.

Learning and Development Plans – Participants develop and discuss their development plans with colleagues, mentors and managers. These help in crafting rotational assignments. Participants are urged to take responsibility for building their reputation and getting feedback from others.

Rotational Assignments – Two to four different job experiences are provided for all participants, usually in the same functional area or Business Unit. These provide exposure, networks, access to resources and a better understanding of the enterprise.

Three Areas Where Human Resources Can Make a Difference for All New Hires

Assuming that your organization has built a program similar to the success case, Human Resource professionals can make a great difference in helping recruiters, managers and new hires in three specific areas.

1) Tell the truth about the job from the beginning

Top talent in the labor market is educated, connected, discerning, and has access to information that can either validate or refute a company's employment value proposition in a heart beat, according to Dr. John Sullivan.⁶ Managers and recruiters must tell the truth about what's really expected. If the job has been overstated, the really talented people will walk. Don't risk that possibility. You'll lose time and money and seriously damage the reputation of your organization.

According to Novations research², 48% of those interviewed said their departure was hastened by unrealistic expectations of the job – something that employers could and should have avoided with an honest and open recruitment process. Human Resource professionals, hiring managers, and search firm personnel need to work together in carving out a very clear Position Profile. Either overselling or underselling will hurt the long-term retention of new hires.

If the Position Profile has a list of responsibilities or set of competencies, work with the hiring manager to put meat on those bones:

- What actions would demonstrate *strategic thinking*?
- What results would assure *innovation*?
- How could they see *managing for results*?
- What would *developing people* look like in the day-to-day world?

Bring the abstractions into concrete reality. Both the manager and new hire need this kind of clarity. This sets the state for on-going feedback, course correction and frequent expectations exchanges.

What MANAGERS Can Do:

New hires, like everyone else, want to succeed. The recruiter may have given a broad overview of a job and reviewed the Position Description. In the case of a Search Firm, the recruiter is only reimbursed when a successful candidate is found. Managers can discuss and clarify the real details. And, they need to think carefully about what they expect – in the first week, month, quarter, or year. What's realistic? What's essential? What's a stretch and shows great accomplishment?

Managers need to be coached to put their expectations in measurable terms:

- Test so many software systems;
- Negotiate X contracts of Y amount;
- Manage the successful integration of a new product into X retail stores;
- Close Z amount of new business and renegotiate X amount of existing contracts;
- Present 2-3 alternative budgets with the pros and cons of each.

This is hard work. Urge managers to create a draft of accomplishments that fits the Position Description. Review it with the team. Involve and engage the new hire. Improve and enhance expectations. Agree on when and how you're going to do regular check-ins. Time spent before the hire, to assure your choosing the right person, will pay off in the tenure of the person chosen.

What INDIVIDUAL NEW HIRES Can Do:

Get in the habit of having very quick but clear expectations exchanges with key people --managers, colleagues, customers, etc. Ask three questions and listen well to the answers:

- What are the major results you expect me to achieve in the next few weeks?
- What results are most important? This gives each of you a shared sense of priorities. When something “has to give”, the new hire chooses in the best direction.
- What changes do you see happening this quarter or next quarter that will shift the priorities?

This can be a quick ten minute conversation, but allows managers and new hires to stay in sync with changing expectations and priorities.

After a while, the new hire can start sharing the way he/she sees things are changing, what new results appear important, and what they see as priorities. This will demonstrate an understanding of the changing work dynamics and give the new hire credit for taking initiative in thinking through priorities and success factors. As manager and new hires begin to see they're on the same “wave length”, trust builds and a sense of accomplishment follows.

2) Assure a Good “Fit” – Values and Interests

Help managers see the importance of looking at the whole person, not just skills. In describing the job, don't limit the description to competencies and skills. Describe the values and interests a successful incumbent would bring to the job. You want to be able to hook the passion and vision of a new hire. Assure that the new job is intrinsically fulfilling to the new hire – that what they'll be doing is motivational. Find out their interests, passion, purpose and values and determine if they really “fit” the job.

A financial services company recently added one of our MasteryWorks assessment tools to their recruiting website. Any potential new hire that came to their Recruiting website was offered the chance to complete a self-assessment tool (*TalenSort® Card Game* – See http://www.masteryworks.com/newsite/assessments/assess_tsort.htm.) Every posted job had been correlated to 52 activities involved in the card sort. Through the game, individuals could choose the 10 activities they found most fulfilling. They were then led to the job descriptions that fit. The initial findings for potential new hires that completed the assessment and scanned for jobs that “fit” them were **four times more likely to apply for the openings**.

Using such a tool or similar interviewing techniques move discussions beyond prior experiences and competency sets to areas of passion and interest. These are the activities that energize and engage associates for the long term. If we can help potential new hires find jobs they enjoy, we increase the chance that we will have someone who “fits” the job for the longer term. Skill means you can get the job done. **Interest means you want to get the job done**. There's a big difference. We need to help people – recruiters, managers, executives and potential employees see the difference.

“Fit” also has to do with personality style and cultural values. We've discussed the importance of Career Fit in a prior article - **Choose Work that Fits YOU: Maximize Your Performance**. See http://www.masteryworks.com/newsite/clientimpact/impact_archives_feb07.htm. We discussed the energy drain that occurs when individual values don't fit the values of the culture. These are subtle but very important variables in assuring that a job “fits” the individual. We've all had the experience of walking into an organization for a job interview and having the air literally sucked out of our guts. This is an example of a cultural mismatch. “What counts” – values live in the air we breathe. Our bodies feel excitement

(innovation), boredom (rule bound regulations), dishonesty (people have smiles on their faces but not in their eyes), or respect (we'll create a work-around so you can honor your commitments with your family).

Cultural values (not what's posted on the website) but what's lived in the corridors and boardrooms are instinctually known to us. This sense of "connect" or "disconnect" may be hard to decipher or discuss in the short term but this lack of synchronicity or "fit" accounts for a large number of new hires who leave shortly after joining an organization. **The job is right but the culture is not.** "It just didn't feel right to me. I want to be myself."

What MANAGERS Can Do:

Help new hires learn the "culture" - the informal rules of the organization. Talk with new hires about the values of the organization. What counts for success? You might find them written in a Vision Statement. Discuss them with new hires and talk about some of the consistencies and inconsistencies between the written values and the lived values. Help them look around to see how the culture really works. What are the personality traits and style of leaders - innovative, by-the-books, decisive, cut-throat, bottom-line-driven, fair, diverse, etc.? Discuss ways that successful people "get ahead."

What INDIVIDUAL NEW HIRES Can Do:

Ask the question - "what counts for success around here?" to your manager, colleagues, co-workers, mentor, etc. Listen for the words that keep coming up and then put together your own list of "what counts" in this culture. Compare the "lived culture" with the "written culture" and begin to figure out the potential pitfalls.

3) Foster a Sense of Belonging and Connectedness

The pace of organization change, technology, and customer requirements demands a strong network of help for all workers, but especially new hires. According to Tim Vigue, "not developing a sense of belonging ranked among one of the reasons for failed hirings."² This is true not only emotionally but also organizationally. Connections to a variety of resources in the industry and organization help guarantee work success. Knowing where to turn for quick answers and all manner of resources increases new hires chance of success and feelings of confidence.

What MANAGERS Can Do:

There are a variety of ways to help new hires (grads or executives) build strong networks of support.

Connect new hires to each other

The Lockheed Martin Company has developed a two year on-boarding process. Hundreds of high potential new hires are brought together annually over their first two years of employment for professional development. They build strong bonds with each other, meet and interact with key leaders and stakeholders and participate in learning projects centering on core leadership competencies of the organization.

One of the major attributes of the Millennial Generation is their desire to be part of teams. Millennials are well-connected outside of work (cell phones, email, internet, MySpace, etc.) We need to foster similar connections for them inside our work environment.

Build opportunities for organization-wide learning & collaboration

Shell conducts on-boarding workshops six-months into a new hires appointment. The company

brings all of the external hires together from around the world. The workshop agenda includes discussions about the company's global challenges and long-term agenda. It also includes sessions about expectations of leadership behaviors. These workshops result in greater global exposure and network building. They also broaden the individual's outlook and put into context any early successes or failures they might have experienced. Over time this builds cooperation across the company as colleagues more easily collaborate with people that are familiar to them.⁵

Provide early and meaningful exposure to the CEO

All new executives at American Express have a pre-booked series of meetings with the CEO and direct reports within 30 days of arrival. In addition, they attend the annual New Leader Orientation Summit where they have the opportunity to interact with the CEO and key leaders.⁵

What INDIVIDUAL NEW HIRES Can Do:

To build a network in your profession, ask colleagues what trade publications they read. Find out what associations they belong to. Learn the names of the key players and the leaders in your profession. Find out the names of the key people in your own organization (e.g. the best sales people, electrical engineers, software designers, project managers, scientists, etc.). Networking in your profession will help you continually increase your expertise and extend your influence. Use your "new" status to ask lots of questions and meet lots of people in your profession.

To build your industry network, observe and discuss trends in the industry. Which organizations are the industry leaders? What are the emerging technologies? What new products and services are coming to market in your industry? How does your organization stack up in the industry? Industry knowledge and connections help you prepare for the future and see changes that will impact your work.

Summary

Review our self-directed guide – ***How to Succeed in Your New Position***™. See http://www.masteryworks.com/newsite/workbooks/workbook_cl.htm. This tested and structured process can be used in your on-boarding programs or be given to individuals to support a successful and productive assimilation into a new work situation.

For additional support during your on-boarding programs, read our article, ***Make Your New Job Count***. See http://www.masteryworks.com/newsite/downloads/Article6_MakeYourNewJobCount.pdf.

Lastly, evaluate your on-boarding processes to ensure they effectively accomplish the following:

- Define the on-boarding process and create an on-boarding roadmap.
- Integrate on-boarding with the overall hiring management process.
- Extend on-boarding to the first six months, the amount of time that an employee makes his or her decision to stay at a company.
- Replace paper and spreadsheet-based processes and use an automated system that includes forms management, tasks management, and socialization in the company culture.
- Measure short-term retention rates and time to productivity.⁹

With the entry-level hiring surging more than 17% in 2007, according to the National Association of Colleges & Employers (NACE), well-designed on-boarding programs are essential. All new hires want the same thing. Success! Whether we're talking grads, new hires from other companies, position changers, new managers or executives. If we incorporate these practices into our on-boarding, assimilation or orientation programs, we are likely to beat the odds of losing valuable new hires. Excelling at this practice alone can save millions of dollars and hours of heartache. Save the money! Spare the misery! Beat the current statistics!

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Caela is known internationally for her expertise in developing talent management products and services. Her solutions are user-friendly systems that serve the needs of both organizations and individuals. She is frequently quoted in the media regarding her thoughts and advice on changing careers and work patterns in the nation. Hundreds of organizations have implemented talent management solutions from MasteryWorks, Inc. — consulting, workshops, assessment instruments and web-based talent management portals.

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