White Paper

Automating the Onboarding Process to Realize Significant Return on Investment
Studies by SHRM have proven the value of implementing a strong onboarding program within an organization to improve employee engagement and retention. Automation allows organizations of all sizes to affordably capitalize on the benefits of a formal onboarding program. The key question becomes, ‘what is the return on investment associated with automated onboarding?’

**What is Onboarding?**

Onboarding is the initial process of assimilating new hires into an organization. In addition to equipping new hires with the tools necessary to succeed in their new position, a successful onboarding program provides new hires with the resources to become fully engaged and culturally aware members of a productive workforce.

**Why is Onboarding Important?**

According to a SHRM onboarding study, nearly half of all hourly workers leave new jobs within the first four months and half of outside senior hires fail within 18 months.¹

One way companies can improve these statistics is by the use of strategic onboarding techniques that help employees assimilate. While every organization has different onboarding techniques ranging from a formal onboarding process to the sink-or-swim mentality, the important thing to remember is that the faster a new hire feels welcome and prepared for their new job, the faster that employee will be able to contribute to the company’s overall success. As SHRM points out, employees who are onboarded using the sink-or-swim technique often struggle to figure out what is expected and how they can be successful in their new workplace.

**What is a Well-Managed Onboarding Program?**

A well-managed onboarding program is both well thought out and coordinated. The most important thing to remember is that onboarding is not one-size-fits-all. Different employees, depending on the level of their career, job function, geographic or cultural influence, etc. will require different onboarding techniques to ensure success. Although onboarding programs vary greatly from organization to organization, there are several over-arching characteristics present in all well-managed onboarding programs.

One of the most important elements of a successful onboarding program is to focus on the new hire’s experience. The onboarding experience must be enriching, yet simple. To accomplish this, onboarding requirements like forms and manuals should be presented as a clear and self-explanatory task-driven workflow.

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In addition to this, successful onboarding programs:

- Provide ongoing, clear, concise and consistent channels of communication
- Facilitate learning at every organizational level
- Clearly align new hires to key business strategies
- Set milestones to gauge new hire success
- Present information in easily-digestible amounts
- Reinforce the employment brand and other positive aspects of the company culture
- Provide the employee with both standard onboarding elements and individualized onboarding elements

**Individualized Onboarding Elements**

The micro-elements of the best onboarding programs include items specific to the employee's department, function, and/or location. To help understand why this matters, think for a second about the differences between departments of a well-known organization, such as a large automaker. In such a scenario, would it make sense to onboard a person to the finance team in the same way as one would onboard a mechanic? Some examples of elements included in an individualized onboarding program include:

- Department or work location culture
- Explanation of how the new hire's function fits into the overarching company strategy and goals
- Measurable managerial expectations and goals
- Key departmental processes
- Important-to-know people (manager, mentor, buddy, team members)
- Customized learning plan and objectives

**Standard Onboarding Elements**

At a macro level, many elements of the onboarding process are relatively standardized. For example, everyone in the company needs to complete the general paperwork and company trainings. New hires must be prepared with an understanding of the company overall. Such standard elements may include:

- Company values, mission, and culture
- New hire paperwork
- General company-wide policies and procedures
- Key business processes
- Important-to-know people and organizational chart (CEO, Directors, etc.)

**Automated Onboarding Programs**

Many of the most successful organizations have automated their onboarding programs to streamline their talent acquisition initiatives and increase their return-on-investment. The software used to automate onboarding programs helps to reduce costs, while improving employee retention and productivity in the long run.

For example, an automated onboarding program also eliminates reliance on paper documents. Automated onboarding programs take advantage of an onboarding portal, a comprehensive and easily accessible location to store the documents necessary
for the entire onboarding process. This gives new hires
the opportunity to access information when they
need it, placing critical documents at their
fingertips even before their first day of work.

In addition to this, automated onboarding programs
provide companies with many qualitative
benefits, such as:

- **Improved New Hire Engagement:** Tailoring
  the new hire experience to the employee’s
  job, department, location, etc. helps new
  hires acclimate to the corporate culture and
  procedures early. Fully branded new hire
  onboarding portals allow for streamlined
  communication of company benefits and
  business objectives engaging employees in
  the business before they start working.

- **Enhanced Human Resources (HR) Productivity:**
  Automation streamlines processes, helping
  the HR department to regain productivity,
  and eliminate oversights. Reporting and
  metrics give HR a direct view into tasks that
  require completion and bridges the gap
  between departments involved
  in the onboarding process.

- **Increased New Hire Productivity:** New
  employees are able to hit the ground running
  on day one with early exposure to important
  information and the opportunity to complete
  paperwork online.

- **Increased Retention Rates:** Task management
  tools help to ensure new hires are equipped
  with the tools needed to succeed. Provide a
  window into your culture, assuring new hires
  feel they are a part of the larger organization.

- **Task Management and Process Improvement:**
  Using system reporting capabilities, users can
  generate reports that expose bottlenecks in
  key processes. This allows users to measure
  key performance indicators (KPIs), and ensure
  important elements are not missed while
  identifying areas that may benefit from
  process improvement.

### Barriers to Automating
the Onboarding Process

Even with these benefits, many companies site cost as
the primary reason why they have not fully automated
the onboarding process. This, however, is only one side
of the story. The return on investment associated with
automated onboarding is significant. To that end, the
question must change from ‘can we afford automated
onboarding’ to ‘can we afford NOT to automate
onboarding.’

### Onboarding ROI

To establish the return on investment, one can look
at the possible returns for a hypothetical company
with 200 employees. Assuming average turnover
and growth, the cost of onboarding new employees
manually is approximately $102,000 per year.

By automating the onboarding process, this
sample company realized a return on investment
of more than $79,000 per year!

How is that possible, you ask? First, by automating
the onboarding process, the company eliminated
all costs associated with mailing. Electronic forms,
like the W-4 and I-9, have been automated reducing
the document preparation and processing time.

Second, the logistics, such as coordinating desk set
up, supply orders, and IT requests, have also been
automated, reducing the time spend and thereby the
costs associated with these tasks. Just those changes
alone reduced the hypothetical company’s
onboarding cost per hire by half.
While the numbers used in the calculations below may vary from organization to organization, the point is clear, automating the onboarding process saves an organization a significant amount of time and money!

<table>
<thead>
<tr>
<th>Company</th>
<th>Manual Onboarding</th>
<th>Automated Onboarding</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Hire(s)</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Number of Employees in the Company</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Number of Forms Per Hire (1-9, W-4, etc.)</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Turnover Rate</td>
<td>44%</td>
<td>14%</td>
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<tr>
<td>Employee Growth</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>New Hires Per Year</td>
<td>92</td>
<td>52</td>
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<table>
<thead>
<tr>
<th>Mailing Costs Per New Hire</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Outbound Mail Costs</td>
<td>$10.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Return Mail Costs</td>
<td>$10.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Paper, Ink, Copying</td>
<td>$2.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total Mailing Costs</td>
<td>$22.00</td>
<td>$0.00</td>
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</table>

<table>
<thead>
<tr>
<th>Time &amp; Salary Per New Hire</th>
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</thead>
<tbody>
<tr>
<td>Form Preparation, Processing, Filing, etc.</td>
<td>7.5</td>
<td>3.75</td>
</tr>
<tr>
<td>Coordinating Logistics and Set-up</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Total Time (hours)</td>
<td>11.5</td>
<td>5.75</td>
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<tr>
<td>Average Hourly Cost of FTE Onboarding Coordinator (base $50,000 plus benefits)</td>
<td>$31.25</td>
<td>$31.25</td>
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<tr>
<td>Total Cost Per New Hire</td>
<td>$359.38</td>
<td>$179.60</td>
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<table>
<thead>
<tr>
<th>New Hire Costs Per New Hire</th>
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</thead>
<tbody>
<tr>
<td>Time to Initial Productivity (in hours)</td>
<td>24</td>
<td>8</td>
</tr>
<tr>
<td>New Hire Hourly Cost (base $50,000 plus benefits)</td>
<td>$31.25</td>
<td>$31.25</td>
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<tr>
<td>Total New Hire Costs</td>
<td>$750.00</td>
<td>$250.00</td>
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<tr>
<td>Total Costs Per New Hire</td>
<td>$1,109.38</td>
<td>$429.69</td>
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<tr>
<td>Total Costs Per Year</td>
<td>$102,062.50</td>
<td>$22,343.75</td>
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</tbody>
</table>

| ROI for a Strong Automated Onboarding        |                   | $79,718.75            |
How iCIMS Can Help

iCIMS is the leading provider of talent acquisition solutions that help businesses win the war for top talent. iCIMS empowers companies to manage their entire hiring process within the industry’s most robust Platform-as-a-Service (PaaS). Built on the foundation of a best-to-market talent acquisition software suite, iCIMS’ PaaS framework, UNIFi, allows employers to expand the capabilities of their core talent acquisition technology by integrating with the largest partner ecosystem in talent acquisition to help them attract, find, screen, and manage candidates. Offering scalable, easy-to-use solutions that are backed by award-winning customer service, iCIMS supports more than 3,500 contracted customers and is one of the largest and fastest-growing talent acquisition solution providers.

For more resources visit icims.com/hiring-insights

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