


Onboarding – A Risk-Management Approach

Reducing turnover by understanding the hazards new employees face

 By Stephanie Henderson



Companies, managers, and talent-acquisition professionals all work hard to select the “right” person for the job, ultimately hiring people in whom they have confidence. New employees enter the doors of a company eager to succeed and prove themselves as the right hire. Because of the Hiring Manager’s confidence in the hiring decision and the new employee’s commitment to success, little thought may be given to onboarding beyond employment paperwork and a one-day orientation. However, each job transition comes with inherent risk. The higher the level of the position and salary, the more costly it is to the organization when a new employee fails to perform to

expectations, details and/or leaves the organization.

In treating onboarding as a risk-management process for valued employees, organizations can mitigate the hazards inherent in employee transition. In fact, quality of hire is often measured by retention, manager approval, employee satisfaction, and performance metrics. Onboarding, used as a risk-management tool, addresses these measurements by identifying specific potential threats to effectiveness.

Research with our clients indicates that while some risk factors may have greater weight than others, the sheer number of risks is a strong predictor of effective performance and/or derailment

(which leads to turnover). Transitions with a greater number of risk factors indicate the likelihood of more problematic results. Given the risk involved in transitions, what prevents Hiring Managers from taking a risk-management approach to bringing highly valued employees on board?

Hiring Managers may resist a risk-management approach for a number of reasons:

- They and their organizations lack an awareness of the risks or the role these risk factors play in new-employee success.
- They may have obscured some realities of the role and the organizational culture during the recruiting process in order to attract the best talent available (and don't wish to acknowledge it post-hire).
- They might have (legitimate) concerns about highlighting multiple risk factors post-hire.
- They see identifying risk (and taking steps to mitigate it) as a “vote of no confidence” in the new employee, suggesting that someone who needs transition support won't be capable of the job they were hired to do.

In our client organizations, we've seen that those who identify risks upfront and then mitigate them through effective onboarding help their new employees succeed in situations where other new hires have (or could have) failed. They do this as an intentional set of acts, and use appropriate methodology and tools that relate to their organization.

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While there may be some risks that need to be explicitly pointed out and worked through, it is important to respect a new employee's vulnerable state and not increase anxiety over the transition. For instance, plowing headlong into a high-profile risk-management discussion is akin to telling a golfer “don't hit your tee shot into the water hazard” (which, of course, greatly increases the likelihood of one putting the ball into the water).

Noted in the article *Employee Retention Now a Big Issue: Why the Tide has Turned* by Josh Bersin – Principal and Founder of Bersin by Deloitte – research indicates that new-employee turnover rates can be as high as 30-40% depending upon the industry (retail, customer service, hospitality), with the cost being 1.5-2 times their annual salary. Turnover at this rate is costly, and more importantly can be avoided. Even at a more conservative turnover rate of 25% overall, it is evident that holding on to new hires can keep the bottom line intact. By identifying and addressing risk factors, companies can improve the probability of retaining new employees.

Risk factors can cover a wide range – from a broad perspec-

tive such as a change in geography and teams, or more specific to a role, such as the history of others' success in the position, specific organizational dynamics, and the unique characteristics of the new employee. Each risk factor will have a particular impact on both the support needed as well as the potential for success or derailment.

To diminish the risk for new employees in the role, talent acquisition and Hiring Managers can:

- Present candidates with accurate, complete information about the culture, status of operations and challenges they will face.
- Define the role, making expectations thorough and clear (even those of stakeholders other than the Hiring Manager) during the selection process and regularly thereafter.
- Give the new employee tools to help them analyze the needs of their extended network of stakeholders and align their expectations.
- Emphasize the importance of learning about the company – how it generates revenue, its business units, functions and geographies.
- Provide new hires with early, comprehensive feedback about the effectiveness of their transition.

Increasingly, Hiring Managers and organizations are starting to understand that it is *their* job to help newly-hired employees confidently weather the challenges they face by providing support and tools to foster more effective and faster transitions. Core to that process is identifying and mitigating the specific risk factors that threaten or slow their success. Organizations that invest in onboarding reduce turnover. And, just as important as financial stability, their new employees feel confident, appreciated and proud to be a part of their new organization – the ultimate win-win. **S&P**



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