
Why Onboarding That New Hire Will Increase Your Bottom Line



Most organizations spend tens of thousands of dollars on sourcing and interviewing potential candidates for positions in their companies, only to have new hires leave too soon. And when those new hires are sales professionals, the cost to a company can be enormous. Onboarding can mean the difference between having a stable, productive sales force, and being trapped in an endless cycle of hiring.

Onboarding: What is it and why is it important?

Onboarding is the process of socializing new hires into an organization. Through it, new hires acquire the skills, knowledge, and behaviors

necessary to successfully perform their jobs and navigate the organization's culture. Organizations that onboard align new employees with the business goals, job expectations, and insider savvy necessary for success. The process essentially transitions organizational outsiders into organizational insiders. Employees who have undergone onboarding report they feel more engaged in their work processes, and research shows that engaged employees tend to be more highly motivated. And when motivated employees show up to work every day, there is a significant correlation to positive performance in the organization's bottom line.

According to the Aberdeen Group, only 32% of companies have a formalized onboarding process. And yet, 71% of companies surveyed reported that they plan on increasing hiring over the next year. If your organization does not include onboarding as part of your strategic investment, you're tossing money out the window!



Why is this? Research over the past five years has shown that the employment landscape has changed dramatically. Additional research from the Aberdeen Group shows that:

- Effective onboarding increases employee engagement by more than 20%
- An engaged employee is 87% less likely to leave the company within the first 12 months
- 70% of new hires make the decision to stay or leave within their first six months
- Employees who attend a structured onboarding program are 60% more likely to remain with the organization for more than three years
- 61% of Best in Class companies extend their onboarding process beyond one month

In most cases, onboarding can decrease errors, inspire confidence, increase job satisfaction, enhance performance, and reduce the stress new hires experience. This is particularly important for new-hire sales reps, because they are the producers for the company.

The story of a new sales rep

DAY ONE

Jennifer Ross has just been hired by Excell Corporation. The HR and Sales departments have been actively hunting for a salesperson like Jen, and the department managers congratulate each other on nabbing her from another high-performing company.

On the other side of the coin, Jen is happy to make a move for more pay and greater opportunities. She's proven her worth by working hard and having the high numbers to show for it. However, she has some reservations and wonders if she's made the right decision.

Jen arrives for her first day at Excell and is asked to wait in the lobby. After an hour she checks again with the receptionist, who seems confused about a new person starting with the company. Jen thinks maybe she got her start date wrong and double-checks her calendar. She confirms this is the right day and location.

After an anxious hour, Jen's new manager, Carole, walks in, greets her, and takes her to HR to fill out general paperwork. Pretty soon it's noon and everyone, including the HR representative who excuses herself for a lunch date, is gone. Jen wants to go for a walk around the campus, but is unsure if she'll need a pass to get back into the office. Instead, she decides to check email on her cell.

When the HR rep returns after a short lunch, she walks Jen over to her new work area and deposits her in Carole's office. Carole is not there at the moment, but Jen is told she should be back any time now. Jen waits for 20 minutes and notices several people asking Carole's secretary if she's around, but they don't seem to notice Jen. Finally, Jen sees Carole rounding the corner and headed

for her office. "Thank goodness," Jen thinks to herself as she gets up to greet Carole.

Carole apologizes for the confusion and asks Jen if there is anything she needs. Jen doesn't know where to start. Since Jen doesn't have any questions, Carole takes the next hour to talk about how she got started with the company. She shows Jen to her work area, hands Jen a three-ring binder, and suggests that she familiarize herself with the company policies, especially the section about travel for the Sales department. "Tomorrow will be better," Jen thinks to herself hopefully.

FAST-FORWARD ONE MONTH

Jen has attended a day-long orientation where she learned about the company's history, and met the VP of Sales and some other new recruits. She's found her way around the building, introducing herself to many people, and observing that several eat lunch in their offices, usually while on the phone with customers. She was sent for a week-long training course on Excell products and was given information on her territory. She also obtained a list of existing and potential customers to call, and a general schedule for following up with them.

Jen sees Carole first thing in the morning and sometimes at lunch when Jen sticks her head in Carole's office. She is excited when Carole puts a sticky note on her chair one evening, asking to meet with her the next day.

"So, how did you find the training? We recently consolidated our entire four-week product course into one week to reduce costs and get you on the road quicker." Jen expresses that it was pretty quick and that she isn't confident about all the different product lines she'll be responsible for. Carole replies a bit defensively, "Well, that's why we redesigned it, to get you out in the field and

working with an Account Executive right away. How is that going?” Jen says that she’d had a call from someone named Max Smith who identified himself as an AE, but who isn’t sure if she’ll be in the field with him or his colleague, Nate Rizzo. She tells Carole that she never heard back from anyone after that. Carole apologizes and says she’ll check into it early next week. She suggests that in the meantime, Jen might want to sit with one of her cube-mates to understand the sales process better.

TWO MONTHS LATER

Jen finally spends several weeks in the field with Nate, who is pretty knowledgeable about the products and the selling cycles. He is open with her, and teaches her a lot about certain customers’ preferences. However, that doesn’t satisfy her need for additional training on the products and department policies and politics. Both he and Carole emphasize the importance of making quota and the level of significance that plays in the managers’ and staff’s view of a rep’s abilities.

Jen, knowing she’d succeeded in the last job both as a rep and as a leader of other sales reps, is concerned about these perceptions. As of the end of the third month, she has not yet been given her specific territory and her three-month review is coming up.

She thinks about how things have gone over the past three months. Nate keeps saying they’ll sit down and map out her customer base, but it never seems to happen. Her other colleague,

Max, makes it clear that he is on his way out of the company, and has lots of loose ends to tie up before he leaves. The only other person Jen knows is Carole. And Carole left several messages for her team that the annual strategic planning process is under way and she is not to be bothered unless it is a customer crisis.

THREE-MONTH REVIEW MEETING WITH CAROLE

Jen sits in Carole’s office feeling dejected and embarrassed. As far back as she can remember, she was always a go-getter, whether trying out for nationals in high school, or receiving a full scholarship to her town’s most prestigious university. Now, she feels like a failure. No matter how hard she tries to get things moving, she meets with roadblocks. Each time there is a great and rational excuse, but she is being held accountable for producing results and has nothing to show for it.

THE EIGHT-MONTH MARK

Jen ends up leaving for a great opportunity in another company. At this point, she is ready to leave and isn’t looking back. Lots of things could have been different to help Jen succeed. If a formalized strategic onboarding process had been in place, almost every roadblock Jen met, from the first hour of work to the day of departure, could have been avoided. Things could have been different: money saved, customers satisfied, and a new hire successful and engaged. Instead, Excell missed the mark, and the cycle of new hires leaving will continue unless changes are made.

The special challenges around new-hire sales reps

Ramp-up times have generally gotten longer over the years due to a more complex, volatile, and competitive business environment.

Hiring a salesperson this year takes two years before he or she generates revenue for the company.¹ The calculation is based on the salesperson’s total revenue and the total cost incurred to get that person to full potential.

1 www.therevenueaccelerator.com

It takes many companies from seven to 24 months to ramp up their new sales reps. If a new-hire salesperson averages eight months to become product/service knowledgeable (not yet selling at full potential), and 12 months to reach full capability, it's like buying a machine that doesn't run at full capacity for a year.

In addition, sales managers have told us that problems, opportunities, and solutions continue to increase in complexity. With the availability of information anywhere, anytime, customers are more product-intelligent than ever before. At the point of sale, educated prospects are expecting sales reps to fully understand and address their unique business needs.

How onboarding addresses these challenges

Onboarding can shorten ramp-up times while increasing new hire performance. In some companies, ramp-up time was cut nearly in half, and new hires were outperforming a control group within three to five years with the company. It takes effort to develop an onboarding process that targets the sales group while including the general new-hire population, but the results prove profitable.

When you design an onboarding process specifically for sales, you can select and target milestones, such as readiness for first sale, readiness for first month at full quota, and readiness for full performance. Tracking each date, presentation of offer, start date, orientation date, and onboarding date reveals how long each phase takes to benchmark. Not only does this help you understand how everything is working, it allows you to spot gaps in the process and streamline or improve it.

To increase speed to performance, we at Gillespie often suggest incorporating in onboarding certain elements over a defined time period:

- Culture. Help the new hire enter your culture by answering questions like "How can I be successful here," "How are decisions made," and "How will my ideas be received?"

- Social networks. Many new hires don't understand how they fit in with pre-established work groups and cliques. Explaining this creates trust and cohesion, which builds the relationships necessary to getting things done.
- Career development. Often implied in the hiring promise, this may be left to the new hires and their managers to formalize. When included in onboarding, the organization demonstrates integrity and builds credibility. Career development might include conducting focus sessions on training opportunities, mentoring, and coaching processes.
- Strategic direction. When organizations provide timely updates on company strategy and direction over the first year of their employment, new hires report higher satisfaction in understanding their role in the bigger picture. This can lead to higher performance and improved profits.

Keep in mind that the onboarding process needs to be unique to your organization. When done right, the experience positively impacts the new hire, the manager, and the rest of the organization. We can then show that onboarding shapes outcomes and is in the best interests of the entire organization.

For more information regarding Onboarding, contact Karen Barrow at Gillespie Associates:

email: kbarrow@gillespieassociates.com

tel: 585.287.8191