



Case Study

# Effective Onboarding

Reducing New Hire Time to Competency

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## In This Case Study

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In many organizations, accelerating the time to competency for new employees is a critical driver of profitability. The problem is often exacerbated by high turnover, resulting in lost productivity and opportunity costs while new employees get up to speed.

While management typically looks to the training or human resources department to solve the onboarding challenge, Randstad took a somewhat unique approach. The company devised a new onboarding process for its U.S. operations, aligned with its global onboarding model. In the new process, line managers, using tools and materials developed by the learning department, drive the onboarding training and are held accountable for the results.

This case study describes Randstad's innovative approach to driving organizational accountability to its onboarding program. Results show significant growth in productivity among new hires in the U.S. Randstad's North American team is now facilitating the adoption of the technology and process among its European colleagues.

## Case Study

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### Randstad Overview

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Based in Holland, Randstad is the world's third largest staffing firm with \$7.85 billion in annual revenues. The company places 250,000 people on a daily basis across 17 countries throughout Europe, North America, and Japan.

In the past, the company's training initiatives had been largely decentralized, with each country maintaining its own training operations. More recently, however, the company began to realize the significant cost reductions and efficiencies that could be achieved by implementing blended learning programs and managing these through an enterprise-wide LMS. To this end, a Global E-Learning program office was established within the United States to help lead a company-wide rollout of a learning management system and develop a new approach to the onboarding process.

## The Business Problem

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Like many of its competitors, Randstad's experiences significant employee turnover. Among the 1,200 staffing agents in North America, turnover is approximately 45%, placing a heavy burden on the company's recruiters, trainers, and field managers, as well as affecting the profitability of the company. Randstad's CEO once stated that the company would have generated an additional \$110 million in revenues if all agent seats had been filled.

One of the main challenges faced by organizations is reducing time to competency among new hires. At Randstad, staffing agents' performance is judged on a mix of key performance indicators such as revenue, gross margin dollars, number of positions filled, and displaying the right competencies. Thus, newly hired personnel need to become productive in a short amount of time. According to Randstad's hiring profile, most new employees possess no industry-specific knowledge prior to joining the company. This makes the onboarding process a critical piece to achieving the required competencies and productivity.

One of the main challenges faced by organizations is reducing time to competency among new hires.

Line managers often view this challenge as the responsibility of the HR or training team.

Each of Randstad's 17 countries has maintained their own onboarding program, aligned with a global set of guidelines. The programs have been administered and tracked manually at the individual country level. For example, in the U.S. from 2003-04, managers used a 72-page, highly structured paper checklist to drive onboarding activities.

From a global perspective, Randstad faced issues such as:

- Inconsistent quality of the onboarding process from manager to manager and country to country;
- Labor intensive and costly manual processes;
- Lack of a blended learning approach, which could be used to increase efficiencies and reduce expenses;
- Difficulty in tracking and analyzing results globally;
- The perception that the learning teams, not managers, were the owners and drivers of performance.

Regarding the last point, Randstad's line managers were calling on the training teams to reduce the time to competency. This is a common scenario for training managers. A problem is identified, and line managers look to the training team to roll out a new program or course to "fix it." Randstad's Learning & Development organization, however, believed that line managers needed to own their new hires' performance, including the onboarding process, and to be held accountable for it.

## The Solution

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The Learning & Development organization created a new 16-week onboarding process in the U.S., aligned with the company's global onboarding model. The process would be driven and owned by line managers. Randstad's LMS (CyberU's Cornerstone) would automate the process and replace the manual procedures. This process would then be used as a template for implementation within Randstad's European countries.

The new onboarding process consisted of a series of learning and on-the-job training activities delivered over a four month period. The activities break down into the following major categories:

- Manager-facilitated training
- Instructor-led training
- Self-study
- Job shadowing
- Manager coaching

*Manager-facilitated training* consists of two separate two-day courses delivered by the employee's district manager. The Learning & Development team creates the instructor and participant guides for the sessions. Topics include Randstad's culture and values, job expectations, sales skills development, and performance and bonus plans. Regional field coordinators schedule the training in the LMS and mark it complete after the training. New hires then evaluate their managers on how well the program was facilitated and how much they believe it will increase their on-the-job effectiveness.

*Instructor-led training classes* are taught at a central facility by one of the learning team's instructors. Classes are focused on operations, systems, and sales training. Participants self-register for these courses and the instructors mark them complete in the LMS. As with the manager-facilitated training, participants evaluate the program's execution and relevance to their jobs.

*Self study programs* include online courses and hard copy manuals on topics such as Randstad's database and background checking systems, Randstad's organizational structure, and available resources. Some self study modules serve as pre-requisites for face-to-face training or as more advanced learning modules. Learners have self-serve access to online modules through the LMS, which tracks their completion and evaluations.

*Job shadowing* is an activity where new hires observe veteran employees and managers doing their jobs. This helps new employees learn and practice skills in the actual context of performing the job. This experiential training also supplements

classroom training or functions as pre-work to follow-on training. The completion of these activities is tracked in the LMS.

*Manager coaching* consists of formal and informal feedback sessions between the employee and his or her first-line manager. The manager, aided by a worksheet of behavioral expectations, provides feedback and guidance based on the employee's observed performance on the job and transcripts from the employee's training records. These sessions also afford the employee an opportunity to ask questions and request further training.

Randstad's onboarding process uses a unique blend of formal and informal training methodologies to enable learners to achieve competency. This approach should be used as a model for other companies.

The activities over the four month onboarding period break down roughly as follows:

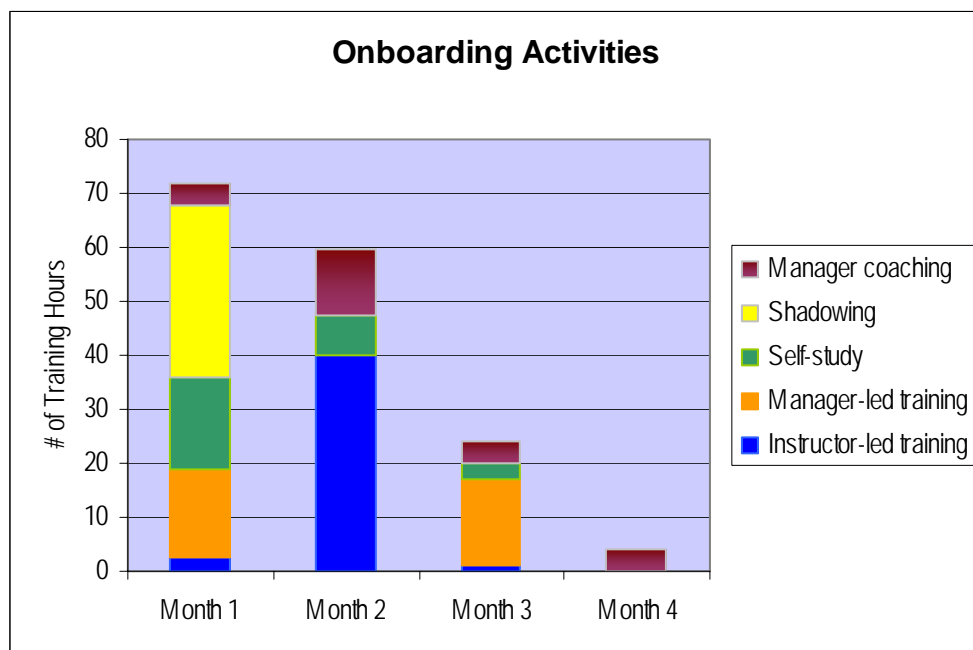


Figure 1: Onboarding Activities by Month

As shown in Figure 1, the volume of training decreases each month as new employees transition into their jobs. At end of each month, employees take a knowledge test reflecting that month's performance objectives. At the end of Month 4, they take a comprehensive final examination, which, if passed, qualifies them to receive a certificate of completion and recognition from their manager and branch team.

## Manager Ownership of the Training

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The keys to the new program's success were getting managers to own the process and results and to enable managers to develop deeper relationships with their new hires. These were critical to achieving greater employee productivity and retention. However, this required a wholesale change in the way managers viewed their roles and the role of training.

Line managers often view onboarding as the responsibility of the HR or training team. If new employees are not achieving competency in an adequate time period, training or HR needs to fix the problem.

Randstad's North American Learning & Development team wanted to change this thinking. They believed successful onboarding needed to be the responsibility of line managers, in partnership with the training team. With senior executive support and field subject matter experts, the learning team structured the new onboarding process largely around the line managers, who were responsible for conducting the manager-facilitated training events, supporting the appropriate job shadowing activities, and for ensuring that new hires were completing their monthly activities and knowledge assessments.

It took Randstad several years to change the established thinking in order to have line managers fully own the onboarding process.

In addition, Randstad's senior executives and learning team continually sent messages that line managers were responsible for onboarding, including communications to new hires that their managers owned the process. New hires were also empowered with the ability to control the pace of their learning through direct access to modules through the LMS.

The transition did not happen over night. The Chief Learning Office of Randstad North America noted, "Over the last three years, we slowly removed training from driving the process and helped managers take ownership. At the same time, we had to facilitate change management within the training organization itself as we moved from one model to the next. It took some time, but we had to be satisfied with a series of small, incremental steps."

## Results

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Today, Randstad North America's analytics-driven onboarding process is a model for its other countries. What has really captured the imagination of the European partners is the ability to consistently teach global concepts while reducing training costs and the ability to capture data that can be used to evaluate and improve the process.

The company's LMS plays a vital role in capturing data for each stage of the process. Managers can access employee transcripts and are automatically notified via email when an employee fails to

complete a module in the designated time period, making it much easier to track employee progress and training needs. Monthly reports (see Figure 2) are sent to Randstad executives and line managers showing how well managers are executing on the process.

Last Name	First Name	Hire date	Manager's Name	Regional Director's Name	Welcome to Randstad	Building your Foundation	Prism Self-study L3	Talent Acq Team Orient	Getting to know the R.	Understanding the	Legal Adm & Mgmt of I-9	Recruiting Talent	Talent Mngt & Retention	Bckgnd Checks Using	Undstd/Mass Cust. Bus.	Month 1 Agt Knowldg Chk	Month1 Self Assmnt	Month 1 Manager
Grant	Carey	11/01/04	Hitchcock	Garbo	x	x		x	x	x	x	x		x				
Hepburn	Kathy	11/15/04	Owens	Corn	x	x	x	x	x	x	x	x	x	x		93	x	
Lee	Jet	11/22/04	Farrow	Allen	x	x	x	x	x	x	x	x	x	x		87	x	
Bassett	Angela	11/22/04	Monroe	Foust	x	x			x	x	x	x	x	x				x

Figure 2: Example of Month 1 Onboarding Report

For each employee, the report shows activity completions and assessment scores. Each month three assessments are given: a Knowledge Check (or Level 2 assessment of knowledge acquired); a learner self-assessment of on-the-job behaviors; and a manager's assessment of the learner's on-the-job behaviors. The reporting functionality makes it easy for executives to sort and view which managers and regions are executing successfully on the onboarding process.

## Evaluating the New Onboarding Process

Early in the process, Randstad's Learning & Development team determined the goals and measures for evaluating the success of the new onboarding process. Figure 3 shows the high level conceptual framework used for evaluation.

Before a new program is implemented, organizations should carefully plan how the program will be evaluated and establish a process for capturing and reporting this data.

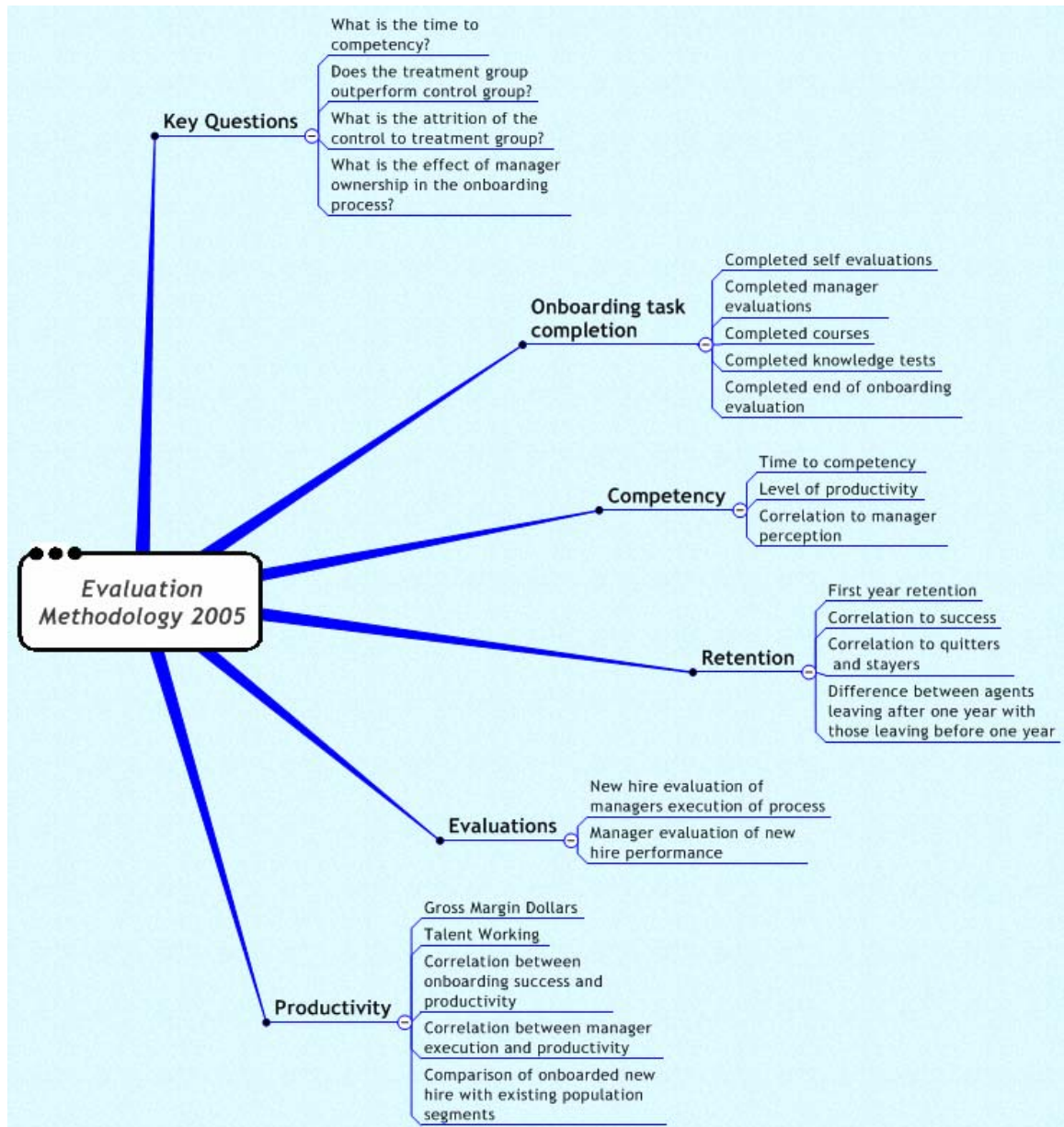


Figure 3: Onboarding Evaluation Framework

Several of the evaluation measures are based on learners' self-assessments. As previously mentioned, at the end of each month of training, new hires are given an assessment in which they evaluate their own on-the-job behaviors. Learner's self-reported scores on selected measures are shown in Figure 4. The figures show the average scores on each measure before the start of the program and then after the program's completion.

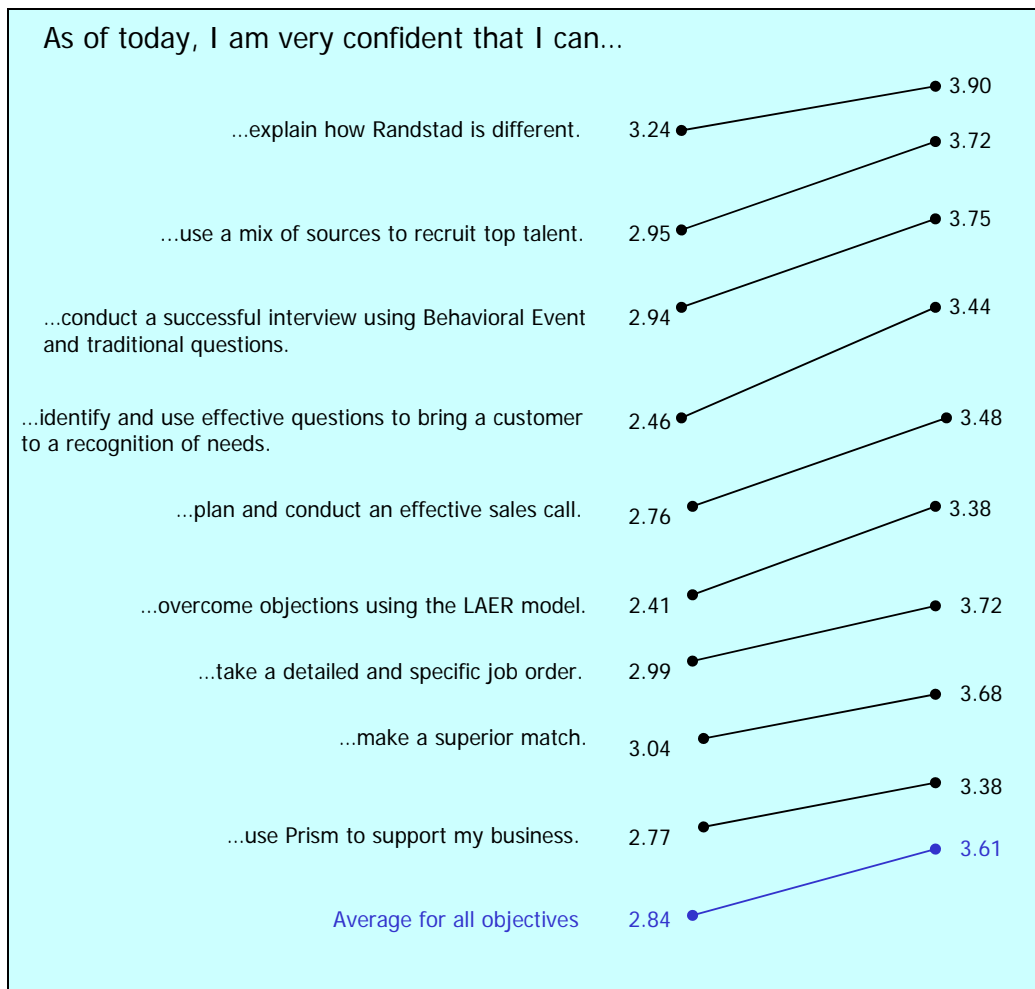


Figure 4: Pre- and Post-Evaluations of On-the-Job Performance

As shown above, new hires' self-evaluation scores are consistently higher across all measures after the training is completed, one indication that the training has achieved its desired behavioral goals.

Five to six months after the onboarding program is completed, managers will be given a Kirkpatrick Level 3 assessment to determine how well the learning has transferred to the job in measurable behavior changes.

Randstad also uses observed performance measures to determine training's impact on productivity. In one analysis conducted in late 2004 (see Figure 5), the team compared the performance of nearly 500 employees who participated in the new training program (the "experimental group") with that of approximately 400 employees hired before the new training was rolled out ("the control group").

Activity	Control Group	Experimental Group
# Calls	77%	303%
# Visits	140%	273%
# Prospects in Portfolio	26%	108%
Revenues	24%	108%
Gross Margin	28%	125%

The percentages in Figure 5 show the speed of growth in productivity across five measures over an 18-week period. Among both the control and experimental groups, productivity measures increased over the period. However, the productivity measures for employees who received the new training (the experimental group) grew at a much faster rate. For example, the rate of growth in the number of calls made by employees who received the training was nearly four times that of employees who did not receive the new training.

Figure 5: Productivity Comparisons

All productivity measures increased at a much faster rate among employees who received the new onboarding training.

Similarly, the number of client visits, prospects in the portfolio, revenues, and gross margin also increased at a much faster rate among those who received the new onboarding training versus employees who were hired prior to the training. The analysis factors out variances in previous skills and experience, as one might expect a new hire with no previous skills to develop at a much faster rate than someone with prior experience.

Randstad has found that through the new onboarding process, new hires are now able to achieve a baseline level of competency in just 16 weeks, a shorter time frame than previously observed.

Randstad is understandably delighted with these results and expects even more significant results from this year's process improvements. The data shows that the new onboarding process has been extremely effective in increasing new employees' rate of productivity. The ability to obtain this data is a huge leap for the company, where previous manual methods made gathering and analyzing this type of data impossible. Randstad's LMS provides the capability to evaluate the results at multiple levels within the organization so that corrective procedures can be put in place where necessary to improve the effectiveness of the process.

## Lessons Learned

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Through this process, Randstad's Learning & Development team has learned a number of key lessons. These can be summed up as follows:

**BE AN AGENT FOR CHANGE.** The training team needs to get out of the mode of reacting to requests and place an emphasis on engaging the organization around shared responsibility. While it may be easier to just roll out a new course to pacify line managers, ask yourself: "Is this really the right thing to do?"

**DEMONSTRATE BUSINESS IMPACT.** One of the keys to the program's success was the ability to show its business impact. The team used data showing the performance of new hires who completed the onboarding process vs. the performance of those hired before the new process to demonstrate productivity gains. This was a sure-fire way to get executive attention and to drive adherence to the process.

**USE DATA TO HOLD MANAGERS AND YOURSELF ACCOUNTABLE.** The process must be able to report data that holds managers accountable for the results and provides the training organization a means for taking corrective action. Reports have to provide meaningful and credible data in an easy to understand format.

**CREATE A ROADMAP.** Randstad's Learning & Development team created a roadmap of major milestones comprised of small incremental steps. The team has worked consistently toward their goals over the last three years and they continue to iterate and improve upon the process.

## Next Steps

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Starting in 2005, U.S. managers' compensation will be tied to their onboarding effectiveness.

Going forward, Randstad is preparing to partner with those countries which are looking forward to using technology and blended learning to support their onboarding process. Pilots will start this Fall, and based on their success, Randstad will refine its global implementation plan for its remaining countries.

In the U.S., Randstad plans to take its existing process one step further. As part of the 2005 process, new hires will rate their managers on the quality of the onboarding process. A sample of the questions and recent results are shown in Figure 6.

<b>How many hours did your District Manager (DM) spend with you performing sales activities (calls and visits)?</b>	
None	16%
1-5 hours	33%
6-10 hours	22%
11-15 hours	9%
16-20 hours	7%
More than 20 hours	12%
<b>Did your branch manager set clear activity and results expectations with you?</b>	
Yes	79%
No	0%
Somewhat	21%
<b>Approximately how many client visits has your branch manager attended with you?</b>	
0 visits	10%
1-5 visits	40%
6-10 visits	19%
11-15 visits	12%
16-20 visits	6%
More than 20 visits	12%
<b>How effective was your DM in your overall onboarding process? (mean rating 1-5 scale)</b>	<b>4.3</b>
<b>How effective was your branch manager in supporting your onboarding process? (mean rating 1-5 scale)</b>	<b>4.4</b>

*Figure 6: Learner Evaluation of Manager Performance*

Middle and senior-level managers' merit will be, in part, tied to their onboarding effectiveness, as coaching and employee development are compensable factors in the annual appraisal process. Randstad's managing directors of operations have agreed that investing in the onboarding process is critical to their success, and an important component to that success is having managers drive and own the process. The CLO of Randstad North America commented, "This shows a clear sense of responsibility for the quality of the onboarding process. We are all committed to evolving the process in order to further improve our results."

## About Us

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Bersin & Associates is the only research and consulting firm solely focused on What Works® e-learning research. With more than 20 years of experience in e-learning, training, and enterprise technology, Bersin & Associates provides a wide range of services including market research, best-practices, vendor and product analysis, corporate workshops, corporate implementation plans and sales and marketing programs. Some of Bersin & Associates innovations include a complete methodology for LMS selection and application usage, an end-to-end architecture and solution for training analytics, and one of the industry's largest research studies on blended learning implementations.

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## About This Research

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