THE CANDIDATE EXPERIENCE:
WHY RETENTION STARTS WITH THE OFFER LETTER

OFFER
SCREEN
ONBOARD

WHAT THE LANDSCAPE LOOKS LIKE NOW

The HCM landscape has changed. The employment lifecycle, which begins at recruitment and progresses through offer, screening, onboarding and performance, has experienced a technological revolution in the phases of recruitment and performance. Applicant tracking systems have forever changed the way HR sources and recruits the best talent. Similarly, HRIS systems have transformed the way HR measures and tracks employee performance. However, the activity between recruitment and performance tracking – hiring – remains unchanged.

Retention has long been a buzzword and concern for HR, but traditionally organizations started this conversation when an employee had been with an organization for long enough to be productive – in that last phase of the HCM timeline, performance. The concern, of course, was retaining high performers and experienced talent. However, in today's hiring environment, HR needs to start thinking about retention far sooner. Today, retention efforts must start with the offer letter.

With demographic and economic changes, today's employment climate is much different than it was five, ten or twenty years ago. Today, organizations have a shorter window of time than ever before to engage or win over a new employee. Engaging an employee right from the outset of the relationship directly impacts an organization's ability to retain that employee.

One consulting firm puts employee turnover within the first 45 days of employment at 22%.[1] That is an astounding figure. At the same time, recruiting investments have never been higher. The average recruiting budget went up by 6% in 2011, and shows no signs of slowing.[2] Recruiting costs, *per hire*, are $3,500.[3] These investments are significant and should be protected.

Another consideration besides the sheer economic costs are the difficulties in finding top quality candidates in a competitive hiring environment. There isn't an endless supply – when an excellent fit for a position is found, HR should try to hold on tightly. There may not be another readily available. According to Bersin and Associates, "Finding quality candidates has been likened to finding the proverbial needle in the haystack."

WHY RETENTION MATTERS

All HR professionals know that retention impacts an organization's bottom line. However, a refresher of actual costs, both economic and otherwise, is appropriate. The old story of retention has fresh ramifications today as employees are job-hopping like never before.

Employee turnover is expensive and is estimated at 150% of the annual salary associated with that position.[4] It takes an average of 8 months for a new employee to become fully productive in a role.[5] Another sobering statistic: when an employee leaves an organization, 70% of his knowledge walks out the door with him or her.[6]

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[1] The Wynhurst Group.

[2] Talent Acquisition Factbook, by Bersin and Associates, 2011.

[3] Talent Acquisition Factbook, by Bersin and Associates, 2011.

[4] The Saratoga Institute

[5] Allied Workforce Survey, May 2012

[6] The Paperless Project

Besides these costs, there are other less measurable ones. An organization's brand suffers when an employee leaves, particularly due to social media channels and employer review outlets, such as Glassdoor.com, which give unsatisfied employees a platform to share their views.

A poor retention rate likewise will have a chilling effect on recruitment and on employee morale for those who remain with the organization. A steady stream of offboarded employees gives everyone a feeling of "short timer's syndrome" and can encourage others to think about jumping ship.

WHY THE RETENTION IS MORE CRITICAL NOW

These are the traditional costs of a poor retention rate. However, savvy HR professionals understand that this old story is more relevant than ever due to demographic and generational changes in the workforce. The Baby Boomer generation is being rapidly replaced by the Millennials, who have different cultural norms and expectations of employers. The Millennials are bringing in a sea change to the employment landscape.

Boomers were often associated with company loyalty. They valued being long-time employees of a company. This is the generation that was rewarded with gold watches for a lengthy career with a single employer.

GENERATIONAL CHANGES IN THE WORKFORCE

In 2014, Millennials (defined roughly as those born between 1980-2000), will be 47% of the workforce. In 2025, they will be 75%. Boomers are retiring in droves each year, and this change in the workforce cannot be overstated.

Countless studies have documented the different priorities of Millennials. They want to be engaged and invested in their work even more than Boomers, and are more moved by an employer's culture than by a paycheck. They don't think in terms of 9-5 in an office – they would prefer to work flexible hours – working anytime, from anywhere. They are the so-called "Digital Natives" having been brought up with technology. They are accustomed to instant access to information and have little patience for less than seamless technology. Mobile technology is especially important to them, and they are never without their smart phones.

Due to technology, the workforce is now connected to each other like never before. Networking can and does occur 24

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hours a day. Most important for HR, new job opportunities show up daily on their smart phones, via LinkedIn, Facebook, Twitter and others. If they are not engaged at their current job, another is at their fingertips. 79% of Millennials surveyed stated they were either actively seeking or were open to new opportunities.[7] This makes a new passive candidate employee pool that recruiters have never seen before.

These Millennials are selective as well: only 23% of them say they are satisfied in their current careers.[8] Moreover, 35% say they are preparing for their next job within weeks of starting a new one. This is a generation on the move, and they are happy to share their experiences. This part can't be overstated: 92% say they discuss their job search experiences with others.[9]

Most tellingly, Millennials are departing their employers every 2.3 years.[10] This is a major shift. If it takes an average of 8 months to get an employee to full productivity, and they are leaving after 2.3 years, there is a very short window indeed that an organization is getting a return on their recruitment investment. HR has to adapt.

DICHOTOMY OF RECRUITING V. HIRING

As noted above, HR must move rapidly to engage and capture employee loyalty. The forgotten hiring process has been a missed opportunity. It is now one of the best ways an organization can differentiate itself in a competitive hiring environment.

Recruiting has always been the arena where an organization has sought to create an optimal experience for a candidate. It is during recruitment that a candidate gets first class treatment: the wine and dine, the glossy folders of corporate literature, the cookies in the interviews and warm handshakes from eager hiring managers. However, a candidate is in for a

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[7] Jobvite Social Recruiting Survey 2013
[8] Jobvite Social Recruiting Survey 2013
[9] Jobvite Social Recruiting Survey 2013
[10] U.S. Bureau of Labor Statistics

quite different experience once the recruiter steps away from the picture. There is a limbo state for a candidate between the verbal acceptance of an offer and the first day. There is no point of contact, as the recruiter has moved on. Instead, the candidate faces cold administrative directives, such as drug screening tasks or background screening consents. Offer letters are held pending internal protocols and sent via snail mail or FedEx, giving a candidate a chance to rethink the decision to join an organization. Candidates must sometimes hunt down a fax machine, a legacy piece of technology that HR has been reluctant to give up.

Hiring is the first true window into an organization's corporate culture. If recruiting is the courtship of a relationship, hiring is the introduction to the difficult family members.

Does the actual process of hiring really make a difference in an employee's impression? According to a recent study in one industry (health care), the answer is yes: "One way employers can differentiate themselves in front of these candidates and gain a competitive edge is by providing a positive application experience. When asked about their job search experience, nearly half of all health care professionals (45%) strongly agreed that their experience during the application process made an impact on their decision to accept the position – for better or for worse." [11]

THE IMPORTANCE OF THE FIRST DAY

Onboarding is part of the hiring experience, and the first day can be seen as a litmus test of an organization's hiring process. A SHRM study found that 19% of organizations surveyed stated that they didn't have an onboarding program. This is false – 100% of organizations have an onboarding program. They just don't call it a program. They have a procedure – often a checklist of tasks. It simply means they haven't done a thoughtful analysis of their onboarding program and optimized for it.

What Millennials, and indeed the rest of the workforce, are looking for, is meaningful work. Employee engagement is again at the top of HR's mind, and it can start right from the first day. Employees don't want to be filling out stacks of forms in a conference room. Mundane paperwork should be completed prior to the first day, when the employee is home and has access to all relevant information from income tax records to a spouse or dependent's Social Security number.

> *A new hire's first day may be the day an employer is most scrutinized by that employee. A good experience will give an employer a start on building employee loyalty – but a poor experience will almost certainly have a new hire start thinking about other options and resuming a job search.*

Security forms and benefits info should be completed before the first day. A new hire should start and arrive to a workplace ready to start work. Security badges, email addresses, and computers all should be ready and waiting. The first day should consist of engaging training sessions, meaningful mentoring and networking, and at least one accomplishable task that fits in with the role's job description.

Again, the hiring process should be reflective of the organization's corporate culture. If a high tech company is relying on snail mail or faxes to deliver offer letters, or stacks of paper forms to onboard a new hire, that is a tremendous disconnect that will be noted. A new hire's first day may be the day an employer is most scrutinized by that employee. A good experience will give an employer a start on building employee loyalty – but a poor experience will almost certainly have a new hire start thinking about other options and resuming a job search.

PROOF THAT GOOD ONBOARDING IMPACTS RETENTION

A good experience for candidates and new hires should be the goal of all HR departments. However, it goes beyond morale or merely HR's own job performance. The 2013 Onboarding Report by Aberdeen shows how onboarding directly and significantly impacts retention rates. After scoring organizations for their efforts and dividing them into classifications, the differences are striking. Those who were considered "Onboarding Laggards," – those scoring in the bottom 30% of those surveyed, retained only **30%** of their

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[11] CareerBuilder 2012 study

employees after one year. Those who were considered "Best in Class" (the top 20% of those scored) retained a staggering **91%** of their first year employees. These organizations have more than justified the recruiting investment and have minimized their turnover costs.

HOW TO TAKE ACTION

All organizations need to re-evaluate their hiring process in light of the changing hiring landscape. The first step is a thorough audit of the hiring process. It's time to move beyond a checklist for hiring, and transform hiring the way recruiting and performance tracking have already been transformed. Some questions to ask:

- How many HR professionals are managing the process?
- How much of their time is spent managing paperwork?
- Are they still faxing, printing, and sending paperwork via overnight mail?
- How much visibility is there into the process, from recruiters to hiring managers?
- How much is it really costing per new hire?
- What is the current retention rate of HR employees?
- What is the current retention rate of all new hires?
- Are you surveying your new hires about their experience during the hiring process?
- Are my current vendors integrated into our process?
- Where can we automate or streamline?

The heart of your organization is people. Your corporate culture is based on those people. Make sure that your hiring process supports **them** and reflects your corporate culture. If it doesn't, it's time to change it. If and when it does, your retention, even in today's challenging hiring climate, is going to soar.

ABOUT TALENTWISE

TalentWise is the leading provider of Hiring Process Management (HPM) solutions. Designed for HR, staffing and recruiting professionals, our fully-compliant and customizable solutions include: criminal background checks; paperless drug screening; skills and behavioral assessments; employment eligibility verifications (Form I-9 and E-Verify); new hire forms and more - all delivered from a single, online platform. We offer an electronic disclosure and authorization form that can include additional language for the consent to perform social media searches

TalentWise is pre-integrated with most leading applicant tracking systems including: Oracle-Taleo, Jobvite, Kenexa, Bullhorn, iCIMS, and more. TalentWise has been consistently recognized for delivering innovative technology and award-winning customer service and has been ranked by HRO Today magazine in the Top 5 "Overall" and for "Quality of Service" for the last five years and included in Workforce Management magazine's "Hot List" the last seven years.

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