

# Onboarding New Employees in a Small and Medium-Sized Business World

AUTOMATED ONBOARDING CAN HELP YOU INCREASE ROI AND LOWER COSTS

Making onboarding a priority for organizations with under 1,000 employees



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ONBOARD/PRE-BOARD  
EFFECTIVELY AND  
EFFICIENTLY

# Onboarding Your Employees In a SMB World

BERSIN

Bersin by Deloitte

## **SMB Hires**

Small and midmarket organizations often face high turnover in their employee base – turnover that could be avoided with a proactive plan for bringing the new employees into the organization. Turnover and replacement of employees are expensive and costly. Employees who “get off on the wrong foot” in any position are often disengaged, unproductive and prone to quit quickly.

New hires decide early on in their new employment about whether they “fit” or not, usually within the first three weeks. Research tells us that four percent of new employees leave a job after a disastrous first day and 22 percent of staff turnover occurs in the first 45 days of employment.

For businesses of all sizes, failure to retain a new employee has substantial cost implications.

Bersin by Deloitte, Deloitte Consulting LLP

Automating Employee Onboarding:

A Value-Add for Midmarket Organizations



Today's small and medium-sized (SMB) businesses are typically stretched thin on time and resources.



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SMB organizations struggle with limited cash flow and a smaller workforce. Due to these limitations, it is crucial that these organizations make the most of every resource they have -- including new hires.

#### Make Onboarding a Priority

The Society for Human Resource Management (SHRM) computes that the average cost of hiring a new employee is \$4,129, but this figure could go higher, into the hundreds of thousands of dollars, depending on the position. Add this to the fact the recent research shows that 86 percent of the candidates surveyed said that they made the decision to stay with a company during the first three months of employment. This means that if you want to keep a new hire and keep turnover and hiring costs low, it is vital that your organization make a good impression during the critical first few months.

Unfortunately, many SMBs are tempted to minimize the new hire onboarding process with hopes that this will help save both time and money. However, when you factor in the high hiring costs, it is easy to see that your company simply can't afford to not have a structured onboarding process. Not only will this save your company time and money, but it will help you make the most out of resources.

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#### Benefits of an Automated Onboarding Process

The good news is that an automated onboarding process can help even small and medium-sized companies create a robust onboarding process while still keeping within their limited budget restraints. In fact, a structured automated onboarding process offers a wide range of benefits for SMB organizations.

##### "Dress to Impress"

Automation can help small and medium-sized companies create an onboarding process that appears much larger than it is. Automation can help to impress new hires right from the start, which can increase retention rates greatly.

##### Quick Assimilation

An automated onboarding system also allows for a pre-boarding process, which can help new hires assimilate faster and reduce time-to-productivity rates. In fact, a well-defined pre-boarding process can make new hires productive from day one.

##### Better Compliance

An automated system will track all the new hire's paperwork to make sure all required forms are completed. Since the new hire will complete his own





forms through digital means, the risk for human error is greatly reduced. The combination of these benefits will ensure compliance with all federal, state and local regulations.

### Save Time and Money

Automation definitely helps to save both time and money. First, your HR team will not be bombarded with the task of completing, filing, storing and managing new hire paperwork. Instead, everything will be in digital form in one convenient location. Secondly, your company can save money by having a completely paperless onboarding process. Finally, automation doesn't just help with the onboarding process, but it also can streamline the payroll, benefits, employee reviews and many other HR processes.

### Easier to Onboard Remote Workers

A recent New York Times report states that 43 percent of American employees worked remotely, at least to some capacity last year. While remote workers can provide a range of benefits to the employer, they also can put a strain on the HR department. An automated onboarding process can avoid the need for a face-to-face meeting. Rather than spending time and money



mailing out hefty new employee packets, your remote workers can go online and complete the necessary forms, watch videos, read content and be made to feel like they are part of the team.

### Detailed Reports

Another great benefit of an automate onboarding system is that your company has access to real-time reports and analytical data. Your team can check a new hire's process at any time during the onboarding process, including during pre-boarding. The data can help identify problems and track valuable hiring metrics, such as quality of hire, time-to-productivity and retention rates.

### Simple Integration

A high-quality automate onboarding system can be integrated with many other third-party applications, such as a payroll system or applicant tracking system.

### ROI of Onboarding

Since many small and medium-sized companies struggle with limited resources, they are constantly on the lookout for new business processes that offer a great return on investment. This is exactly what an automated





onboarding process has to offer. Studies show that administrative costs associated with hiring a new employee, including managing new hire paperwork, averages about 23 percent of the total hiring costs. Reducing the demand on your administrative staff, by having everything completed online can cut these costs greatly.

In addition, making a new hire productive from day one also can save your company a lot of money. Think about how many hours a new hire wastes on the first few days completing paperwork, watching videos, sitting through orientation meetings, and reading policies. When you factor in the hours wasted completing this orientation after day one and the lost productivity time, and automated system could save your company hundreds or even thousands of dollars for each new hire.

Finally, a structured onboarding process offered through automation can provide a range of long-term cost-saving benefits. According to SHRM, onboarding can improve retention rates by as much as 50 percent, increase productivity up to 60 percent and enhance customer satisfaction by more than 50 percent.

An automated onboarding process allows SMBs to seem like a larger enterprise to new hires while also improving the efficiency and effectiveness of your hiring process. This benefit, in turn, will save your company thousands



of dollars in hiring costs, while gaining thousands of dollars in improved retention and productivity. Make sure your new hires have everything they need during both pre-boarding and onboarding, so they can be ready right from the start, assimilate faster and make that all-important decision during the critical first three months with your company.

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