CASE STUDY:

Sun Microsystems

University

Mentoring Program

Isolate the impact.

Improve the outcome.

Make decisions with confidence.
BACKGROUND

Sun Microsystems has developed computer servers, workstations, storage systems, and more in support of open systems and open source software. The vision of Sun Microsystems is “The Network is the Computer” and their commitment is to encourage collaborative network participation through shared innovation, community development, and open source leadership. Sun Learning Services (SLS), the training organization within Sun Microsystems, initiated a company-wide mentoring program. This leading-edge program requires an extensive investment in time and commitment by both the mentor and mentee. Understandably, Sun sought to measure and optimize the impact of this initiative, analyzing it to determine if there were tangible individual or organizational benefits. The resulting two-phase, longitudinal study spanned seven years.

The intention of the mentoring program was to improve employee performance. At times mentors were paired with more than one mentee. Phase One of the study compared 98 employees to a control group of 1,436 demographically similar employees. Phase Two examined 838 mentees and their 677 mentors with a control group of nearly 5,000 (151 of the mentors had been mentees at some time during the study period). The total control group of over 6,000 comparable Sun employees provided a solid statistical baseline for performance comparisons. The Phase One cost was approximately $125,000. The larger Phase Two cost was approximately $980,000.

MEASUREMENT DESIGN

The participants worked in diverse jobs at Sun Microsystems, and therefore did not share a single common productivity metric, such as sales revenue or resolved trouble tickets. Thus, human resource performance indicators that were common across the organization were identified:

- Retention – Retention is based on who was employed at the beginning of the study thru the end of the study. Retention of mentors and mentees, as well as the non-participant control group, was evaluated.
- Salary Grade – This is the numeric value that defines employee level (based on salary) within the company, referred to as ‘pay grade’ in some organizations. SLS representatives indicated that this roughly corresponds to seniority. Ideally, this value increases over time as employees progress through their careers. Both the level and the incremental changes in level were statistically examined.
- Performance Rating – The annual performance rating for the employee, based on a three-point scale.
- Merit Raises – Merit raise history was provided for each employee. Dollar amounts and time between raises were evaluated.
- Promotion Raises – Raises as a result of promotions were provided, and dollar amounts and time between raises were evaluated.

The mentoring program had a significant positive impact on employee retention, salary grade, and pay increases both for mentors and mentees.
Performance data was segregated into three major classifications: Mentors, Mentees, and Non-participants (control group). The data was split into periods before and after the mentoring experience for the participants and into comparable time periods for the control group.

**BUSINESS IMPACT**

The mentoring program had a significant positive impact on employee retention, salary grade, and pay increases both for mentors and mentees. Interestingly, the salary grade and pay increase benefits were slightly greater for mentors than mentees. For Sun, the dramatic difference in retention among participants over non-participants translated into savings of $6.7 million dollars. This savings far outweighed the $1.1 million cost of the program. Optimization analyses, which identify areas where initiatives have greater (or lesser) impact, identified strongest results among three sets of participants:

- Employees who had been relatively low achievers before the program.
- Administrative staff.
- Participants in the European, Middle Eastern, and African (EMEA) locations.

**KEY FINDINGS**

The intent of the study was to determine the effect of the program, from both the corporate and individual perspectives.

The most tangible benefit to the organization was retention of program participants, particularly in Phase One (market conditions reduced the retention benefits during Phase Two). For Phase One, non-participant retention was 49 percent. Mentees exhibited a 72 percent retention rate while mentors exhibited a 69 percent retention rate (23 and 20 percentage points greater, respectively, than non-participants). Using a standardized cost of replacement times the difference in number of retained employees (participants vs. control), Sun estimated that the retention benefit alone amounted to $6.7 million.

As a proxy individual performance, Sun acknowledged that within their organization an increase in compensation is understood to signify a greater contribution to organizational impact. Thus any differences in compensation gains between participants and the others would be considered a positive return.

Analysis revealed a statistically significant change in salary grade among mentees and mentors when compared to a demographically similar control group. Over the course of the study, 25 percent of mentees
experienced positive changes in salary grade compared to 5 percent for non-participants. Among mentors, 28 percent had positive salary grade changes compared to 5 percent for non-participants. Further, increases in both the number and magnitude of merit pay raises were shown in different parts of the study. This positive feedback on the impact of being a mentor or mentee was used as a way to promote employee participation in the program.

The study also considered participant demographics when evaluating impact. This optimization analysis answered: Was mentoring working for some employees better than others? The results indicated that one demographic – employee job classification – stood out. The study showed that participating administrative personnel received more benefit from the program than other groups. By evaluating results by job classification, Sun was able to better understand who was receiving the greatest benefit from this mentoring initiative. During Phase Two, EMEA showed a stronger benefit. When considering salary grades and grade changes, it was clear that the mentoring program’s greatest impact was with those who had a slower advancement rate prior to beginning the program.

**IMPLICATIONS**

Comprehensive analysis revealed the mentoring program was a worthwhile investment that was beneficial for Sun as well as for the participating mentors and mentees. The organization benefited in greater retention of employees, saving Sun some $6.7 million in avoided turnover and replacement costs. Individual participants benefited in terms of more frequent salary grade increases and larger raises. Understanding these benefits, and the even higher benefit for mentors provides keen insight into encouraging new and ongoing committed participation. If the budget for this mentoring program were limited, the greatest impact would be gained by targeting administrators and low performers. By understanding the impact – and where it is optimized – decision makers can make informed decisions about investments that will provide the greatest organizational benefit.

*Research conducted in partnership with* [Bellevue University’s Human Capital Lab](http://www.human-capital-lab.com)