



Knowledge Retention Captures Critical Knowledge Before Baby Boomers Walk Away

By Vicki J. Powers

The numbers speak for themselves: in the next five to seven years, organizations will lose significant amounts of their work force as baby boomers approach retirement age. This is especially prevalent in the government and engineering sectors where the average age is approaching 50. The petroleum industry alone stands to lose about 60 percent of its present work force by 2010, while the new-hire rate cannot keep up the pace. Approximately 71 percent of the U.S. government's current employees will be eligible for retirement in seven years, according to the Economic Policy Foundation (EPF). In response, organizations need to tweak their knowledge management initiatives now to start retaining the knowledge currently in the heads of these employees.

Mergers, acquisitions, and layoffs also contribute to the dwindling number of people available to work in the United States in the not-too-distant future. EPF research forecasts a labor and skill shortage of up to 35 million people by 2030—and a shortage of nearly 5 million workers just in the next 10 years. To top it off, the generation after the baby boomers is only half the size.

According to Farida Hasanali, KSN project manager at the American Productivity & Quality Center (APQC), organizations need to begin preparing now for this potential mass exodus. "If organizations lose 40 percent of their company, that's too big a void to fill if you haven't been focusing on this," Hasanali said. "These companies should be hiring and training now."

Learning to Retain Knowledge

One of the most successful ways to retain critical knowledge, according to APQC's research, is to embed knowledge retention efforts in the overall knowledge management strategy. The purpose is not necessarily to create knowledge retention initiatives but to redesign existing processes that focus on knowledge retention needs.

According to Darcy Lemons, a project manager at APQC and co-author of *Capturing Critical Knowledge From a Shifting Work Force*, KM initiatives are fairly prevalent in Fortune 500 and Fortune 1000 organizations. But whether that KM initiative has a knowledge retention slant is a different story. "If you're not proactive, no matter how active your knowledge management initiative is, it's not going to matter," Lemons said. The good news is these two areas can be linked.

One of the first steps to capturing knowledge is identifying the critical knowledge that might be at risk in the organization as a result of retirements or layoffs. This differs from knowledge management, which focuses on connecting the right people at the right time to the right information. Knowledge retention defines the critical knowledge, whether it potentially will get lost, and how to best retain it.

"Organizations may have communities of practice in place and other tools, but if they are not aware it is critical knowledge -- and if it's not managed -- they could lose it," Lemons said. "The difference is understanding what you don't know in the organization and what you need to know."

Another aspect is calculating the cost of lost knowledge and building awareness of it as a strategic issue. How much productivity will be lost when half of the tenured work force leaves the organization? How will R&D be competitive with new product ideas as it loses a significant percentage of its idea generators?

All of the best-practice organizations participating in APQC's 2002 benchmarking study "Retaining

Valuable Knowledge” recognized knowledge loss as a strategic issue with senior-level support. Interviews with employees or discussions with senior management can help target the critical knowledge that needs capturing.

Selecting the Knowledge Tools

Identifying which tools to use to capture knowledge depends on the culture of the organization, according to Lemons. The most critical aspect is leveraging what is already in place in the organization and determining if it can be expanded to other areas.

“If human resources already conducts exit interviews, for example, then record those responses and capture that knowledge,” Lemons said. “Communities of practice might work better in one organization, whereas focus groups work better in another. It’s also important to rely on the business groups that will feel the pain of the employees who are leaving.”

Hasanali believes the appropriate tool selection also depends on the person who shares the knowledge and the recipient. If a skilled scientist needs to impart his knowledge before retirement, he can pass along documents and research information, but this will probably only encompass about 25 percent of what is inside the scientist’s head.

“Asking a scientist to make his knowledge explicit is not an easy or effective task,” Hasanali said. “A better idea is to use mentoring whenever possible to enable an employee to ‘shadow’ the scientist and learn along the way. To actually know how the person makes decisions will capture greater amounts of knowledge.”

Organizations also can address knowledge retention efforts directly in the recruiting process.

At the best-practice level, organizations create partnerships between knowledge management and human resources to look for potential employees with knowledge-sharing behaviors. “One of the surprising aspects of APQC’s knowledge retention benchmarking study was the high level of touch,” Lemons said. “The people-to-people connection still really makes a difference.”

The most effective approaches for knowledge transfer also involve a face-to-face or personal component: communities of practice, face-to-face meetings, and dedicated knowledge management repositories.

Phasing in Retirement

An April 2003 article in *The Balancing Act*, a publication by EPF, describes how Americans are living about 19 years beyond retirement, on average. About 16 percent of organizations currently offer a formal phased retirement program, although this number might grow dramatically as Americans delay retirement based on losing their nest-egg in the poor economy or lacking savings to support a longer retirement period. An EPF survey revealed that 65 percent of the participating companies are interested in offering a formal phased retirement program, which is a potential tool to “help American companies maintain their international competitiveness while keeping per capita income growth strong.”

“Bringing retired people back in the office at flexible or shorter hours can help the employee and the organization,” Hasanali said. “Organizations can have access to these employees and their knowledge when they need them, and employees can phase out more smoothly.”

All of these strategies offer ways to gain valuable knowledge from employees before it is too late. An aggressive approach to knowledge retention can contribute to more revenue, more innovative ideas, and less employee attrition.