

The Baby Boomer Exodus: Retaining Knowledge and Experience after Retirement

It's no secret that there is a serious workplace phenomenon about to occur – the baby boomer exodus – and every single corporation, organization, institution, enterprise and agency is affected. Over 76 million baby boomers were born between the years of 1946 and 1964, and they're starting to turn 60 in 2006. We're facing a mass retirement movement, for the first time in history, and it will have dramatic impacts on our businesses if we're not prepared and equipped to manage the repercussions.

Not only do we have the "small" task of replacing the literal manpower when our baby-boomers retire, but we have the absolutely monumental task of staying competitive in the absence of their knowledge and experience; *intricate* knowledge and experience – of our customers, our marketplace, our products and services, our systems, our processes and our culture. And we have these tasks in the face of both a shrinking labor pool and a younger labor pool, which means less, and in many cases, less qualified, workers.

The Macro View

In July of 2000, Arlene Dohm of the Office of Employment Projections, Bureau of Labor Statistics wrote, *"As aging baby-boomers begin retiring, the effects on the overall economy and on certain occupations and industries will be substantial, creating a need for younger workers to fill the vacated jobs, many of which require relatively high levels of skill."*

The problem is worsened as identified by a February 21st, 2006 Bloomberg.com article titled *Retirements Keep Labor Market Tight, Fed on Inflation Alert*, by Mathew Benjamin, which says, *"...The 78-million-strong Baby Boom generation will shrink the share of the U.S. population available for work, already near a 17-year low as measured by the Labor Department."*

The White House has also been discussing the magnitude of the impending exodus, as illustrated by Paul Hodge, JD, MBA, MPA, who sates in the December 2005 White House Conference on Aging Report, *"From 2010 to 2030, the 65+ population will 'spike' by 75% to over 69 million people."* Hodge further states that, *"America's graying will transform politics, retirement systems, health care systems, labor markets, banking and stock markets... Whether that transformation is positive or negative will depend on planning and preparation that must begin today."*

The boomer exodus is not an unanticipated event, although it's always been an event looming in the far out future. Now we really only have this year and next. As Federal Reserve Chairman Alan Greenspan said in December 2005, *"In 2008 the leading edge of the baby-boom generation will reach 62, the earliest age at which Social Security retirement benefits can be drawn. And in recent years, about half of those eligible to claim benefits at that age have been doing so."*

"As aging baby-boomers begin retiring, the effects on the overall economy and on certain occupations and industries will be substantial..."

"Whether that transformation is positive or negative will depend on planning and preparation that must begin today."

By the sheer number of boomers, we simply cannot refute that if even one fourth of those eligible to retire at age 62 do so, we're still going to experience the largest workplace exodus in history.

Organizational Impacts

Knowledge Equity – “Smooth Operators”

The first most significant concern we all hold is that the baby boomers carry considerably more knowledge equity than any of our either existing or prospective employee groups. Their accumulated experience has enabled our businesses to run more smoothly, more efficiently, and more competitively. They have developed relationship equity and business ingenuity around how to perform their jobs, and how to effectively interact with coworkers and stakeholders. They are “smooth operators” in that they understand every aspect of our operations and their contributions have afforded us significant competitive advantages – from fewer mistakes, to faster and more accurate work, to greater volume, happier customers and coworkers and so on. Consider the following examples:

- The warehouse Manager who knows the old product bar codes, before the new inventory system was implemented, and uses them daily to quickly and accurately identify the items needed to fill orders.
- The Front Line workers who have assembled that part or product so many times they're down to a .02% error rate per x thousand units.
- The Manager or Director that is an outstanding communicator and leader, and who has a significantly successful style for managing, motivating and coaching his or her team.
- The Customer Service representative who knows everyone's old extensions, before they were changed from three digits to four, and who can still handle more call volume than the new IVR system.
- The telesales Account Manager who has been the top seller for as long as anyone can remember - and who consistently generates the most revenue without prospecting or looking nearly as organized as one would think necessary.
- The Help Desk Technician who knows all the legacy software, before and after three version upgrades, and who can troubleshoot in half the time and close twice as many tickets as anyone else.

Talent Acquisition

The Society for Human Resources Management (SHRM) issued a Press Release on June 20th of 2005 that succinctly identifies the second of our largest problems with regard to the

“Baby boomers carry considerably more knowledge equity than either existing or prospective employee groups. Their accumulated experience has enabled our businesses to run more smoothly, more efficiently, and more competitively.”

"We know there will be millions of boomers retiring and that some workers now entering the workforce lack core competencies."

retiring boomers, that of talent acquisition. SHRM President and CEO Susan R. Meisinger, SPHR says: *"We know there will be millions of boomers retiring and that some workers now entering the workforce lack core competencies. These are serious HR and workforce issues that could undermine the nation's global competitiveness."*

The Press Release references SHRM's 2005 Future of the Labor Pool Survey Report which states that about half of HR professionals said *"they are seeing new workers entering the workforce lacking overall professionalism, written communication skills, analytical skills or business knowledge."*

We see additional deficits, specifically with regard to management and leadership skills, and especially around verbal communication and coaching, organizational vision and strategy, team leadership and motivation, and overall decision making and problem solving. Many of these skills are long learned, meaning they take some time to acquire, and are typically developed through trial and error experience. And without the benefit of the boomers' efficiencies and experiences, we're about to become a lot more personally involved in much of our operations and personnel issues.

What is being done to prepare?

With so much human capital being lost, and so few people aptly equipped to take over, what are we doing to prepare?

From our research, the early efforts are frankly minimal, and most seem centered around trying to entice older workers to stay on longer, or around outsourcing and/or offshoring. We've also seen some organizations implementing mentorship programs or initiating strategies around succession planning.

Encouraging Later Retirement

According to James J. L'Allier, Ph.D. and Ken Kolosh in a 2002 issue of CLO Magazine, *"The trend toward offering defined contribution pension plans that will pay out more the longer you work, instead of defined benefit plans, which pay out at a specific retirement age, is encouraging workers to stay in the workforce longer."*

A March 22nd, 2004 article in The Senior Journal says "phasing" is another alternative. Citing a new study conducted by Watson Wyatt, they say, *"...one out of three older workers would continue working longer if their employer offered a phased retirement program. When asked how they would like to phase, many older workers said they hope to work part-time, (63 percent) or work more flexible hours (48 percent) before retiring completely."*

Offering such opportunities may indeed encourage boomers to stay on bit longer, but it is still an extension of the impending obvious—encouraging later retirement does not eliminate the fact that at some point, those boomers will retire and your organization will lose that knowledge and experience.

With so much human capital being lost, and so few people aptly equipped to take over, what are we doing to prepare? The early efforts are frankly minimal."

Outsourcing & Offshoring

In the same 2002 CLO article, authors James J. L'Allier, Ph.D. and Ken Kolosh state that *"American organizations have looked toward immigration and, more recently, outsourcing to other countries to meet their labor needs."*

Reporting results from their 2005 Future of the Labor Pool Survey Report, The Society for Human Resource Management says *"...17 percent have outsourced or offshored jobs, with another 17% planning to do so in the near future"*.

Although it does seem to be a popular theme, outsourcing and offshoring solutions present significant challenges with regard to transferring internal knowledge to outsourced partners. According to META Group (Gartner), one of the top 10 risks of offshore outsourcing is knowledge transfer. *"Organizations experience a 20% decline in productivity during the first year of an agreement, largely due to time spent transferring both technical and business knowledge to the vendor."*

Mentorships

Some organizations have implemented mentorship programs, pairing a newer worker with an aged worker in hopes of transferring some of the operational, procedural and behavioral expertise down the line. While this is a positive step, it often lacks formal structure that would provide a documentable and repeatable process that could be rolled out as a fully developed initiative that answers specific business objectives.

Mentorships also require that your Mentors be *willing* to mentor and that they are good teachers who can give appropriate and encouraging feedback, which is often a challenge, but even more so since your retirees will not likely have volunteered their services out of passion but will have been asked to mentor in order to groom their replacements.

Succession Planning

Still other organizations are working on developing succession plans. Succession planning by traditional definition is focused on replacing an anticipated loss of manpower. It often incorporates early career planning that provides targeted individuals with developmental opportunities aimed at moving them upward more quickly in order to succeed key personnel exiting the workforce.

The downside of succession planning is that much effort is spent on *creating* qualified individuals as opposed to retaining and utilizing *existing* knowledge and experience. It also depends heavily on predicting workforce staffing needs and ultimately relies on your ability to effectively recruit, train and *retain* individuals that you hope to have replace others.

Tactics seem centered around trying to entice older workers to stay on longer, or around outsourcing and/or offshoring. Some organizations are implementing mentorship programs and/or succession plans.

A good first step is to start considering and quantifying the type and magnitude of impacts your organization will experience as a result of retiring boomers.

“Organizations that understand the immediacy of the baby boom exit and thoughtfully prepare for it will be in the best position to achieve unmatched success.”

What else can you do?

Certainly a good first step is to start considering and quantifying the type and magnitude of impacts your organization will experience as a result of retiring boomers. If you haven't already done so, get everyone together and start some strategy discussions. We've included some questions below that will help you get started.

We'll also share our own approach for handling the boomer exodus, which centers around identifying, documenting and retaining knowledge and experience *before* elder workers retire, in order to leverage that knowledge for the benefit of new and/or existing employees.

Strategic Analysis

CLO Magazine authors James J. L'Allier, Ph.D. and Ken Kolosh provide good questions for us to consider as we start to think through the boomers' retirement surge and the impacts the event will have within our businesses:

1. *What are your demographics (age, gender, position, years in position and anniversary date)?*
2. *What are your company's retirement policies? Is early retirement encouraged or discouraged?*
3. *What mechanisms and programs must be put in place now to capture key competencies and critical work knowledge of employees who will be retiring?*
4. *Demographic trends show that you may be faced with large groups of both very young workers and very old workers. Will these two groups have different learning needs? Are you prepared to customize your current programs?*
5. *What is the gender breakdown by position? Do specific positions have gender imbalance? Are there programs to correct these imbalances?*
6. *Will your organization need to increase its reliance on new immigrants?*
7. *If your organization is offshoring, what is the age breakdown of your overseas partners?*
8. *Will your offshoring partners face a labor shortage that may impact their ability to provide services?*
9. *Is your organization positioned to meet the need of the over-65 customer segment? How will this change your business? What new skills and competencies will this change require?*

L'Allier and Kolosh say that *“Organizations that understand the immediacy of the baby boom exit and thoughtfully prepare for it will be in the best position to achieve unmatched success.”*

The most effective way to replace the talent lost by the baby boomer exodus is to identify and document the knowledge and experience held by boomers before they exit the workplace.

We call the cumulative knowledge and experience the “best practices” of your boomers. And we have a systematic process for identifying, documenting, and then leveraging them for the benefit of the rest of the team.

Our Approach - Retaining Knowledge and Experience (“Best Practices”)

We have our own process for preparing, and we’ve proven in both large and small organizations alike that the *most* effective way to replace the talent lost by the baby boomer exodus is to *identify and document* the knowledge and experience held by boomers *before* they exit the workplace.

Capturing their expertise allows other employees, whether existing or new hires, to benefit from years of trial and error, and the organization benefits in that it does not have to go through literal and figurative costs related to trying to replace and/or recreate that expertise.

We call the cumulative knowledge, experience and “tricks of the trade” the “best practices” of your boomers. And we have a systematic process for identifying, documenting, and then leveraging those best practices for the benefit of the rest of the organization.

What are “best practices”?

“Best practices” can mean different things, however, from our perspective “best practices” represent the *observable* sequences of behaviors, techniques and events that consistently lead to success and that are both *repeatable* and *learnable*.

“Best practices” are made up of *multiple* skill-sets that contribute to the expertise held by your boomers, including specific behaviors, techniques, language and processes they use—whether supporting your customers, positioning your product or service, or executing their job functions in general.

As it relates to your baby boomers, best practices represent the knowledge capital they’ve developed over the years and that they use day in and day out for the benefit of your organization. Best practices can incorporate specific know-how around legacy systems, or little known details about client relationships, and any personal processes for productively managing particular job functions or just around organizing and prioritizing. In short, everything your boomers do during their day should be documented and analyzed in order to capture what is valuable for others to learn and for the organization to retain.

How do we identify, capture and leverage “best practices”?

We’ve spent years developing, refining and implementing our proprietary processes for documenting and leveraging best practices through knowledge extraction, knowledge mapping and knowledge transfer techniques, both onsite as well as through one-on-one mentorships conducted via tele-courses and tele-certification programs.

Our Performance Specialists come to your facility and shadow your boomers in order to identify and document their work activities, tasks, processes, external customer interactions, internal coworker interactions, systems usage, and anything else that is relevant to or occurs during your boomers’ daily work. We also conduct structured interviews to query your boomers on how they handle specific issues, what resources they draw upon, any efficiencies, tips and tricks or job aids they use, and so forth.

Retaining internal best practices allows you to leverage those behaviors, techniques and processes you know are already generating success within a particular job function.

We develop a formal documentation of our research, which we call a best practices documentation or a “knowledge map,” which represents your first deliverable and is a significant tool in terms of outlining the requirements of the job function and retaining the best practice expertise your boomers employ to successfully fulfill those functions. After documenting the raw data we analyze everything in order to identify and then map the best practices against the observed work flow processes.

Once the best practices documentation is approved, we can create, or tailor existing, screening, training and coaching tools that can be used to effectively transfer the knowledge and experience. We can review your existing training materials (in whatever format they exist) and processes, and identify any skill gaps as well as outline opportunities for incorporating the best practices into existing processes and/or training tools. We can create best practices-based screening assessments and/or classroom training tools and job aids, as well as help you develop supporting coaching and feedback sessions and incentive/ recognition programs that reward usage of the best practices. And we can roll out the training for you or certify your own trainers.

Depending on your needs, your best practices can also be integrated into one of several output options, such as traditional document form, interactive CD-ROM or e-Learning courses, or incorporation of a technology application that delivers best practices right to the desktop as real time reminders and tips that are triggered by database events.

Why is retaining knowledge and experience a positive approach?

Retaining internal best practices employs a process for identifying, documenting and then assimilating into some type of repository or output that allows you to leverage those behaviors, techniques and processes you know are *already* generating success within a particular job function. This process provides multiple positive yields:

- Retaining best practices means less loss of knowledge equity.
- Retaining best practices allows you to capture and keep proprietary knowledge and experience inside the organization, which can help support growth for new hires, existing team members, other departments, even partners.
- Best practices are based on real-time internal reality, not others’ external ideas about the best way to perform a particular job function.
- Incorporating best practices into performance and/or training processes means less learning curve and consequently, faster ramp up time for replacements.
- Documenting best practices is a systematic process that can be uniformly performed (and taught) and the results of leveraging them can be implemented and measured against specific business objectives.
- Retaining and leveraging best practices means working smarter, not harder, because it is both time efficient and cost-effective.

- When you leverage best practices, you're not re-creating the wheel so to speak, but benefiting from what has already been learned and developed.
- Utilizing best practices leverages information that saves time, money and emotional expense.
- Documenting best practices is an excellent way of showing a worker that you value their contributions and want to use their expertise to help others.

How do I get started?

We would welcome the opportunity to help support your knowledge retention and knowledge transfer efforts. Ultimately however, we encourage you to take *any* type of action that allows you and your team to begin considering the potential effects of the baby boomer workplace exodus and start planning possible solutions. Initiate some strategy discussions that can proactively position your organization to effectively evolve through this inevitable event.

If you're interested in considering our methodology for *retaining* existing knowledge and experience, we can either develop and implement for you, (identifying and documenting best practices, and creating corresponding outputs), or we can teach someone you designate how to do develop and implement the process internally. To get started, there are a few things you should consider:

1. Whose knowledge and experience do you want to retain?
 - a. Are they all at one location?
 - b. Are some exiting sooner than others?
2. Would you prefer to learn our methodology so you can implement yourself, or do you prefer to have us develop and implement for you?
3. What type of outputs and/or repositories would help you leverage the best practices and achieve business objectives?
 - a. Best Practices Documentation (the cumulative "knowledge map")
 - b. Online Knowledge Database
 - c. Screening Assessments
 - d. Classroom Training Collaterals
 - e. At-the-desk Job Aids
 - f. CD-ROM or e-Learning Courses
 - g. Incentive Programs
 - h. Coaching & Feedback Sessions
 - i. Train-the-Trainers Workshops
 - j. Customer Surveys

We would welcome the opportunity to assist you in retaining & transferring knowledge... Ultimately however, we encourage you to take any type of action that allows you to begin considering the potential effects and planning possible solutions.

About **performanceAgents**™

performanceAgents™ empowers sales, service and support organizations to continuously optimize human performance by applying a systematic process for identifying, documenting, and leveraging internal best practices. We've created a replicable methodology, customized to your specific processes, centered on *changing behavior*. Our multidisciplinary team has well over 100 years of combined experience with an impressive history of success in both large and medium-sized organizations.

performanceAgents™ is a wholly-owned subsidiary of Facilitador™ LLC, a **Certified Minority Business Enterprise** by The National Minority Supplier Development Council, the State of Florida and recognized by the Federal Government. We are active members and sponsors of ISPI (International Society for Performance Improvement) and ASTD (American Society for Training and Development).

You can contact us at our Hallandale, Florida headquarters by calling **866-692-4551** or visiting us online at www.performanceagents.com.

performanceAgents™ offers many performance and training products and services:

- Performance Consulting
- Custom screening assessments
- Recognition and/or incentive/rewards programs
- Coaching & Communication Workshops
- Knowledge transfer for your outsourced teams
- Custom CD-ROM and e-Learning courses
- Online desktop training (PC skills)
- Mystery Calling & Remote Monitoring Services
- Outsourced teams (U.S. or offshore)
- Certified partner/reseller opportunities

Our parent company

Facilitador™ (www.facilitador.com) is a custom knowledge transfer, training and performance company employing experts in sales effectiveness, performance technology, instructional design, curriculum development and call center management to develop learning solutions for organizations.

Facilitador™ is the original creator of the knowledge extraction, mapping and transfer methodology utilized by **performanceAgents**™. Whereas **performanceAgents**™ focuses specifically on employees within sales and service teams, Facilitador creates custom solutions for all types of organizations and for any employee level. Whether you need customized curriculums or existing curriculum reengineering or you want to replicate top performing managers, Facilitador™ can build solutions that are guaranteed to transfer knowledge and yield an impressive ROI.