PUBLISHED WEEKLY

ROCHESTER BUSINESS JOURNAL

VOLUME 22, NUMBER 12 DAILY EDITION: http//www.rbjdaily.com JUNE 23, 2006

Save intellectual capital, tap talents of older staff

VIEWPOINT
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America and its work force are aging. Baby boomers represent about half of the work force and by 2012 almost one in five workers will be 55 and older. The first boomers hit age 60 this year and are retiring in record numbers every day. In the Rochester Metropolitan Statistical Area close to 40 percent of the population is over age 45. What does this mean to local businesses? As boomers retire, we face the challenge of losing the intellectual capital that has been the cornerstone of our local economy.

Loss of intellectual capital

Intellectual capital is a competitive asset. This knowledge set encompasses the technical skills of the work force, industry experience, understanding of competitors' assets and liabilities and intimate knowledge of a company's philosophy and culture. It also includes the history of how a product was developed, including valuable insight into what didn't work so that failures are not replicated going forward. Also contained in intellectual capital are the relationships and networks developed and honed over decades that make it possible to do business with another company or vendor.

In an effort to cuts costs, both private and public sector employers have unwittingly created a situation in which the loss of intellectual capital is inevitable. Encouragement of early retirement, downsizing and outsourcing for short-term gains has resulted in what has been referred to as "brain drain," "knowledge collapse" and "wisdom withdrawal."

In this exodus may be the only mechanic who knows how to fix a component of the assembly line or the purchasing agent who understands the personality quirks of a critical supplier. An engineer walks out the door with everything about a new process in his head and not on paper. A high-level executive retires and with her go the personal relationships that resulted in repeat sales over 20 years.

In the long term, this loss of talent can create a competitive disadvantage. There are fewer young people entering the work force than boomers retiring, which can result in a shortage of critical talent. With fewer candidates to choose from, those candidates often can command higher salaries, sign-on bonuses and relocation packages, which may prove to be more costly than retaining seasoned employees.

Secondly, while a company can recruit for the details in a job description, it is not easy to replace business acumen, institutional memory and emotional maturity. The learning curve can result in lower productivity, rework and an unwelcome shift in critical relationships.

Using existing talent

How can employers prepare for this migration of talent? There are several options.

The logical first step is to identify the critical knowledge that needs to be retained in a learning repository or knowledge base in order to minimize risk of errors or lost productivity and sales. How many companies can attest to the complete currency of their processes and procedures? Design technology so that it is easily updated and accessed by employees with search capabilities that prevent endless and frustrating wandering through the site. This allows a company to systematically store critical information that can be shared efficiently on an as-needed basis.

Organizing this knowledge base sounds fairly basic but only if an employer fails to recognize the associated emotional content. In many organizations, knowledge is power. You remain in control and employed because no one else knows what you know. If employees believe that sharing this knowledge is only one step prior to being downsized, right-sized or "offered" early retirement, they won't play. Review your organizational culture with an honest eye before endorsing or investing in a knowledge base. Do you reward knowledge or the sharing of knowledge?

Review your talent bank and the likelihood of an exodus—this applies to all critical personnel, not only those contemplating retirement. Does your succession plan account for all of your essential positions and talent? If a critical position becomes vacant tomorrow, do you have qualified internal candidates from which to choose or will you lose valuable time and money in the recruitment process? In a fast-paced economy, work force planning is essential to the viability of a company.

In addition to these steps, it's important not to overlook the obvious:

❑ Retaining your critical work force: Boomers are redefining retirement. In a recent American Association of Retired Persons study, 70 percent of workers between the ages of 50 and 70 said they plan to work full or part time in their retirement years. To retain this pool of talent or bring more seasoned talent into a company, there is work to be done.

❑ Organizational culture: Assess your company's true culture, not what's on paper. Are the intellectual capital, business relationships, emotional maturity and business savvy of the older worker recognized? Does the boomer work ethic impact the bottom line? Are the seasoned workers and new graduates both valued for their knowledge and encouraged to mentor one another and work as a team? Is there appeal in the fact that older workers have lower absenteeism, turnover and injury rates than younger workers? Are older employees typically passed over for new projects, training or promotions "because they won't be here long"? Of course blatant age discrimination is illegal, but it can be very subtle and often unconscious. Either way it can pose a strategic threat to companies.

❑ Flexibility: Perhaps the largest adaptation an employer will need to make to retain or attract boomers is in the area of flexibility. It will be essential to accommodate the interests and commitments of would-be retirees and to redesign their jobs. Boomers want to work but, after three or four decades in the work force, most of them report that they don't want a 40-to-60-hour work week with three weeks of vacation. Boomers are attracted to positions that accommodate their other life interests. They want interesting part-time work and to make a meaningful contribution. Let's face it, most retired executives or skilled tradespeople do not want to be store greeters or to stock shelves.

Phased retirement opportunities have proven successful for some companies and their experienced work force. The advantage for the company is the opportunity to retain critical knowledge through documentation, mentoring and even corporate storytelling. Phased retirement appeals to many workers for the chance to cut back on hours, pursue other interests, retain some income and maintain their social relationships with their colleagues.

Hiring your retirees as contractors has several advantages and many possibilities. For example, a sales manager may want to step back from the pressures of supervision but enjoy going back into the field at a lower salary. Rehiring your own critical talent allows a company to continue to benefit from its investment in training and development.

Outside contractors often learn strategic and tactical company information that they take with them to their next assignment with your competitor. Your own retirees tend to be loyal to your company, are not always looking for the next opportunity and are not interested in starting over with a competitor. They are willing to step down and make room for younger employees to move up the corporate ladder.

Additionally, many retirees remain in the Rochester area to be close to family and friends, quality health care and the range of cultural opportunities. They will not be relocating because a spouse got a great offer in Atlanta.

Another opportunity in using your retirees as contractors is their ability to be flexible. For example, a retiree may enjoy going south in the winter for golf and be willing to work in Rochester during the summer months while your full-time employees take vacation with their families. Your employees with young families may prefer to begin work later in the morning to get their children on the bus whereas the retiree may be willing to start at 6 a.m. The flexibility of your retired contractors can improve the quality of work life for your entire company.

Job restructuring also entices critical talent to remain with your company. Concrete expectations and deliverables make job sharing feasible and provide backup when a worker needs to care for his 92-year-old mother or sick grandchild. Technology enables knowledgeable workers to contribute their talents remotely and basic teleconferencing keeps everyone in the communication loop.

❑ Benefits: In addition to personal fulfillment, wages and social contact with colleagues, older workers want benefits. Studies by AARP and Towers Perrin found that many retirees want health coverage, competitive retirement benefits or to make additional contributions to 401(k) plans. However, the majority of employers restrict benefits to people who work at least 32 to 36 hours a week, which is not really considered part time by retirees. Today's retirees want a better balance between work and home life than was possible in their earlier working years and they will sometimes trade higher wages for benefits.

Other ways to ensure success

1. Anticipate what critical talent may be planning to retire, strategize what skill and knowledge base is business critical and develop a plan to retain the knowledge and the people.

\\3. Do the math. Which is more cost-effective—retaining a mature worker on a part-time or contract basis or recruiting and training a new employee? The answer may vary by department and function.

4. Acknowledge that diversity in a work force includes a range of ages.

5. Recognize that people age differently and at different rates. Workers of all ages who pay attention to their diet, exercise and don't smoke take fewer days off than people less attentive to their health.

6. Include older workers in training programs—sometimes as the instructor and other times as a student.

7. Pair younger and older workers together in teams so they can learn from one another.

8. Adapt the workplace to accommodate the natural physiological changes that happen to most of us as we age, specifically vision and hearing.

9. Incorporate ergonomic design into the work stations of all employees to avoid repetitive motion injuries and eye and back strain.

10. If you are a non-profit community or health organization, welcome older volunteers as leaders and non-paid managers—not to stuff envelopes.

11. Identify an agency through which older workers can be contracted if outdated Internal Revenue Service and Employee Retirement Income Security Act regulations interfere with your work force strategy.

The aging of our community's work force and the potential loss of intellectual and social capital from area businesses may challenge our economic base. While learning technologies can mitigate the loss of content, it does not transfer business experience to new workers. In addition to exploring ways to keep our young people in town, we also must capitalize on the wisdom, institutional memory, technical skills and work ethic of older workers.

Locally, Lifespan of Greater Rochester Inc. is seeing an increasing number of people who want and need to work in retirement.

"One challenge facing us, as advocates for our clients, is that we don't really have the language to describe the new face of retirement," says Ann Marie Cook, president and CEO of Lifespan. "The word 'retiree' conjures up outdated stereotypes in the eyes of some employers.

"Yet, our clients are vibrant, active, enthusiastic people with a great deal of applicable work and life experience," Cook says. "It's a message that needs continual reinforcement with employers."

Employers cannot afford to focus only on short-term solutions but need to recognize the long-term impact of losing the specialized skills and knowledge of their older workers. Acknowledging the value of generational diversity, succession planning, implementation of mentoring programs and the development of flexible work arrangements will contribute to your bottom line and continue to enrich our economy.