

Retaining today's knowledge for tomorrow: Capturing the knowledge of retirees

Adele Wilter

Summary

- Knowledge loss can often be an unintended consequence of retirements and can prove to be a costly problem for firms
- This issue looms large for many companies as almost a third of the current UK workforce is over 50
- Firms therefore should look to take action to ensure that the knowledge and expertise of those retiring is not lost
- Although the removal of the Default Retirement Age means that workers can remain in employment past the State Pension Age through choice, this should not be seen as a solution retaining their knowledge. At some point they will retire, taking their experience and expertise with them
- Nearly a quarter of all knowledge in an organisation is classed as tacit (i.e. experience, stories and creative solutions) and this is often difficult to tie down
- There are a number of ways to tackle a potential brain drain. These range from simple, easily implemented methods, such as coaching or mentoring, to more sophisticated technological tools
- This Thinkpiece provides seven of the more common and cost effective ways of capturing the tacit knowledge of those staff looking towards retirement.

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CII Introduction: This year's CII Skills Report highlighted the skills shortages that exist within our profession. A number of employers highlighted issues with the skills of those entering insurance or financial services from our education system. However the problems for firms do not stop at new entrants – as older employees retire they take valuable expertise and experience with them. Quite often this is lost to firms and it can have a detrimental impact on performance. How then should firms guard against this potential loss? In this Thinkpiece, Adele Wilter explores seven ways of capturing that knowledge.

Avoiding catastrophic disasters

At 5:30 one December morning in 2000, a loud blast rocked a small town on the US Gulf Coast; residents awoke to a scene of smoke and fire. An ethylene reactor had exploded at a nearby petrochemical plant, one of the town's largest employers. Fortunately, emergency response teams were able to bring the fire under control quickly and contain the toxins released by the explosion. A subsequent internal investigation found that the company's engineer and the operators in the control room at the time of the incident had all been on the job less than a year, and that they probably lacked the experience needed to prevent the accident¹.

Currently nearly a third of the total UK workforce are over 50 so many of them will be retiring in the not too distant future.

As this dramatic example shows, knowledge loss, often an unintended consequence of retirements or redundancies, can be one of the costliest problems confronting organizations today.

Currently nearly a third of the total UK workforce are over 50 so many of them will be retiring in the not too distant future. Although the removal of the Default Retirement Age (DRA) means many workers will remain in employment past State Pension Age by choice or economic necessity, at some point they will retire taking with them many years worth of accumulated skills, experience and knowledge. Unlike their younger counterparts, many older workers will have spent a large part of their careers in one company, building up stores of experience and knowledge.

¹ Reported in *Stemming the brain drain* by David W. De Long and Thomas O. Mann Outlook 2003, Number 139

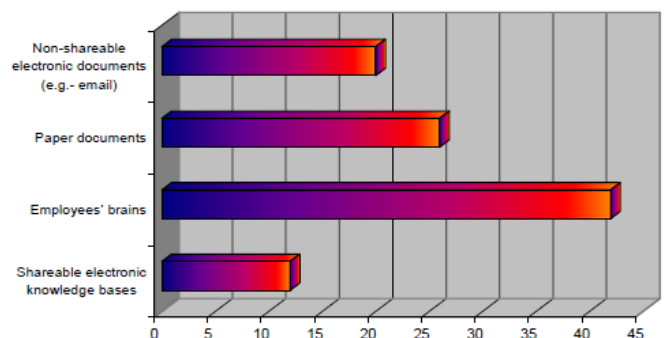
Taking active steps to capture their knowledge before retirees walk out of the door will avoid the risk the cost of reduced efficiency and productivity, loss of competitive advantage and the opportunity to build on past mistakes.

Types of knowledge

Experts divide knowledge into two parts: explicit and tacit knowledge. Explicit knowledge refers to information that can easily be explained and stored in databases and manuals. Tacit knowledge is much harder to capture and pass on because it includes experience, stories, impressions and creative solutions. Tacit knowledge is also much harder to get from people because it accumulates over years of experience, and a scientist or salesperson may not even know how to verbalise it.

One study² estimated that a full 24% of knowledge in organisations is tacit and an additional 20% exists in non-shareable documents such as email. These figures clearly demonstrate the importance of knowledge management processes.

The following graphic displays how much knowledge is tacit and in the minds of people³



Ways of capturing knowledge

To avoid a potential brain drain many organisations are now putting systems and processes in place to help them to retain both explicit and tacit knowledge. These range from the use of sophisticated IT software tools to simple, less costly, easily implemented methods. The most commonly used are described below.

² Gamble, J and Blackwell, P Knowledge Management – State of the Art, Kogan Page Limited, 2002

³ *Preparing for the Exodus* Carla Carter & Associates, Inc.

1. Flexible retirement

A number of studies have found that many older workers would stay in work if they could gradually reduce their hours through a flexible retirement option. In addition to meeting the needs of the employee, this option also enables an organisation to retain their knowledge and skills for a longer period. Flexible retirement includes:

- part-time working, including job-share (including between an older worker and new employee)
- short-term contract working e.g. running or contributing to projects where their skills and experience are vital
- flexible location working e.g. doing some or all of former role from a home or local office

2. Work shadowing

Older workers about to retire can be paired with younger workers with whom they can work side by side so that on the job knowledge and experience can be demonstrated and passed on.

3. Mentoring

Mentoring is the long term passing on of support, guidance and advice. In the workplace it has tended to describe a relationship in which a more experienced colleague uses their greater knowledge and understanding of the work, workplace, customers, clients and past projects to support the development of a more inexperienced member of staff. It is also a form of apprenticeship, whereby an inexperienced learner learns the "tricks of the trade" from an experienced colleague.

As such it is an ideal method which can be used to enable older workers to pass on their knowledge and skills to younger workers.

4. Coaching

Coaching is a more active and collaborative process between the subject matter expert and those individuals (learners) identified to gain the critical knowledge the organisation needs⁴.

There are many benefits to individuals and the organisation when coaching is used as a strategy for knowledge transfer. Some of these are:

- critical knowledge is transferred to others in a setting that encourages sharing of stories and critical incidents
- knowledge is applied and skills are honed while the "expert" is still available
- allows the "comers" to discover and test their own solutions to problems/challenges while getting feedback from the "expert" coach
- validates the knowledge, expertise and contributions of the person leaving the organization...a perfect "ending"

5. Retirees on-call

Retirees on-call, as developed by Cornell University in America, is a programme which enables retirees to include their names and expertise on lists so that they can be contacted after they have left with questions or requests for assistance. This has several benefits including making past knowledge available to current employees thereby avoiding re-inventing the wheel and retrying previous failed solutions to problems.

Similar programmes enable retirees to return as contractors or consultants employed for limited periods of time thereby continuing to make their knowledge available to the organisation when required.

6. Communities of practice

Communities of practice are set up within and across existing formal organisational structures with the specific purpose of sharing learning. In particular they can provide opportunities to put younger workers in touch with older workers whom they can contact when seeking specific expertise. Communication can be via e-mail exchanges, electronic forums or face-to-face. In particular they:

- Serve as a forum for the exchange of relevant information (best practices, feedback, resources) ... "just in time" knowledge transfer
- Help to retain the tacit knowledge through their practical and useful discussion of current issues, processes, etc.
- Help to build individual and organisation competencies through discussion, collaborative problem solving and exploration of leading edge technologies and methodologies

⁴ ibid

7. Interviewing of older workers

This is a formalised programme that allows recently recruited employees to interview experienced workers using a pre-prepared questioning template which might cover areas such as responsibilities, contacts, problems encountered and solved etc. In one organisation it also includes tips on how to speak with certain people and the unwritten codes of conduct amongst them.

These interviews can also include opportunities for storytelling which is becoming increasingly popular in businesses as a highly effective way of sharing tacit knowledge.

This process enables younger employees to capture knowledge and store it for use when the older, experienced employees are no longer around. Although initially some older employees may be reluctant to participate, it has been found that in time they are only too keen to teach their

less experienced colleagues because they are proud of their accomplishments and eager to see their knowledge retained for future use.

Conclusion

The seven above practices are just some of the ways in which employers can ensure they do not lose knowledge and skills of employees on their retirement. Not only will this avoid a drop in productivity while new employees build up their own skill and expertise but it can also save thousands of pounds which might result from avoidable mistakes and errors made by workers with insufficient or limited knowledge.

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Rolls Royce Putting Theory into practice

Rolls Royce faced a crucial test in April 2003, when British Airways and Air France ended service of the Concorde supersonic jet, citing diminishing passenger numbers and rising maintenance costs. Rolls Royce, which had maintained the supersonic Olympus engines since the 1970s, realised it needed to act quickly to ensure it did not lose the expertise and experience of its specialist engineers. Managers knew that this knowledge was crucial should future opportunities in hypersonic propulsion arise. So they set out to find the people with this experience, some of them already retired or moved away.

After finding the 46 people who had this specialized experience, a programme was set up that allowed younger, recently hired engineers to interview the older experts. The engineers met and went through a questioning process that enabled the younger employees to learn about supersonic technology and then to put that knowledge into a repository for future reference. This proved to be a double win. While in many cases older employees typically need some sort of incentive to participate, this time they were "falling over themselves" to teach the younger employees about the technology because they were proud of their accomplishments and were eager to see their knowledge retained for future use.

From: Knowledge Management (KM) – How to Beat the Baby Boomer Retirement Blues, Susannah Patton CIO



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