The Baby Boom Bust: Strategies to Overcome Retirement Brain Drain

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Abstract
[Excerpt] As Corporate America struggles to emerge from the depths of the recession, another crisis awaits them over the horizon with the imminent retirement of the baby boomers. In 2011, this generation's oldest members turned 65 with approximately 10,000 more expected to join them every day over the next two decades[1]. Current estimates state that 25 million baby boomers will be retiring by 2020, representing 40% of the U.S. workforce. While these figures seem overwhelming, the greatest shock comes from the fact that many companies have not assessed how this will affect their business. In a 2007 study, it was found that 36.7% of employers surveyed had not analyzed retirement projections for their employees and only 9.7% stated they had done so “to a great extent”[2].

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HR Review, Human Resources, retirement, baby boomers, workforce

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THE BABY BOOM BUST:
STRATEGIES TO OVERCOME RETIREMENT BRAIN DRAIN

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As Corporate America struggles to emerge from the depths of the recession, another crisis awaits them over the horizon with the imminent retirement of the baby boomers. In 2011, this generation’s oldest members turned 65 with approximately 10,000 more expected to join them every day over the next two decades. Current estimates state that 25 million baby boomers will be retiring by 2020, representing 40% of the U.S. workforce. While these figures seem overwhelming, the greatest shock comes from the fact that many companies have not assessed how this will affect their business. In a 2007 study, it was found that 36.7% of employers surveyed had not analyzed retirement projections for their employees and only 9.7% stated they had done so “to a great extent.”

The Impact of Knowledge Exodus
While employers may not fully understand the aggregate generational makeup of their workers, they are starting to see the ramifications of the boomers’ exodus: the “brain drain” of institutional knowledge, skills, and expertise. Twenty-seven percent of organizations surveyed are now discovering a potential shortage of younger talent with the skills necessary to replace retirees, an increase from 18% in 2010. The sad truth is that knowledge retention and transfer have not traditionally been areas in which emphasis is placed. Those with strong knowledge bases (i.e. the office gurus) are often hesitant to share the full breadth of their know-how, for fear that it would decrease their overall value and importance to their employers. In the past, employers would simply hire external talent with the experience necessary to take on vacated positions. However, the mass migration of baby boomers into retirement will leave millions of open positions with only a fraction of qualified internal or external talent remaining with the capabilities to fulfill these roles. Organizations that are lucky enough to fill these roles will probably overpay to do so while those who can’t (or provide inadequate replacements) run the risk of losing their competitive advantage in the marketplace. This is true for about 46% of organizations who feel that baby boomer retirement could cause significant concerns for their organization and their respective industry.

How to Turn the “Bust” into a “Boom” Again
Organizations are implementing a number of different strategies in order to address this very real and impending concern. Many firms have begun to rehire retired employees as consultants or temporary workers, while others have begun to offer tailored benefit packages and flexible work arrangements to entice older workers to continue working. While such initiatives can be helpful in staggering the impact of mass retirements, they can only be considered short term fixes unless they are coupled with well-developed knowledge sharing programs. The expansion of company documentation (manuals, process flowcharts, and detailed standard operating procedures) can also be effective, but
only in terms of explicit knowledge. Tactic knowledge presents a greater challenge as it “is inexpressible and not readily transferable to others.” Existing only in the minds of employees, it typically serves as the most valuable element to organizational success and therefore is the most vital to preserve. To ensure that this knowledge is retained within the organization and effectively disseminated throughout the labor force, several innovative knowledge management and transfer strategies can be implemented.

Talent inventory: When developing a knowledge management strategy, an important question must be answered: Where is critical knowledge located within the organization? The development and implementation of a talent inventory system can address this question. If adequately captured, talent inventories can help to identify individuals that have this vital knowledge, helping management to focus their efforts accordingly. Furthermore, it can assist in the identification of younger personnel who would be the best recipients of any knowledge transfer activities. Here management can better match seasoned employees with high potential associated to better ensure success in transferring knowledge through traditional means such as mentorship programs.

Action reviews: For many individuals, knowledge transfer is most effective when directly derived from their own work experiences. Action reviews are designed to help teams “learn in the moment” by having veteran colleagues review important work events with younger employees immediately after they’ve taken place, usually during a natural break in the activity or task. Designed by the U.S. Army, this method is structured around four simple questions: What was supposed to happen? What actually happened? Why were there differences? What can we learn and do differently right now? Action Reviews can be extremely effective as they allow more seasoned employees to pass on their knowledge in ways that are immediately applicable to their less knowledgeable counterparts. The method also helps employees learn directly from their mistakes and develop the tools necessary to perform their own experience assessments as needed.

Storytelling programs: Another innovative method is actually one that has been utilized throughout human history: simple story telling. Often cited as being one of the most effective methods to ensure knowledge retention, formal story telling programs are quickly becoming an integral part of many organizations’ knowledge management programs. A perfect example of this can be seen with NASA. Grappling with an aging workforce and no knowledge retention strategy, the agency began to document the experiences of tenured employees and publish them through their online storytelling magazine, ASK. National forums and workshops were also initiated at NASA centers around the country where senior scientists and engineers were asked to share their experiences with the rest of the staff.

Storytelling programs such as NASA’s are incredibly powerful in transferring knowledge. They tend to appeal to all types of learners, regardless of whether they are kinesthetic, auditory, or visual. If well delivered, they can serve to both inspire the audience and be spread throughout the organization. And as previously stated, they often lead to a high retention level, with research indicating that facts are 20 times more likely to be remembered accurately and retained if they are incorporated into a story than not.

Alumni Associations: While it goes without saying that organizations should look to retain employee knowledge before retirement, this is not always possible. Even the most
robust methods will not capture everything. Furthermore, not every potential knowledge area can be foreseen, resulting in the discovery of knowledge gaps when issues arise. To combat this, many organizations have created formal alumni associations to maintain contact with previous employees. Here employers keep connected to past employees through various events, conferences, and leisurely activities creating a network of seasoned individuals who they can turn to if the need arises. Current employees are heavily encouraged to attend these functions and interact with alumni as much as possible. In addition, companies such as Chevron and Mitre have used their own associations to fill temporary assignments or work on special projects. These associations can also be beneficial for a sales standpoint as well, as many firms in the service industry (such as the Big Four accounting firms) utilize these networks to drum up new business as many of their former employees end up working for one of their clients or serve on their board of directors.

**Conclusion**

It is important to note that while the strategies discussed above can be instrumental in retaining institutional knowledge, they alone are not the answer. Rather, each should be considered as components of a firm’s overall knowledge management system. Tried and true strategies such as managerial coaching and mentoring programs should serve as the backbone of these efforts. Special attention should be placed on ensuring that methods utilized are properly aligned with each other and the company’s overall business strategy. From a global perspective, initiatives utilized should also be considered in relation to a location’s culture. For example, action reviews can be viewed negatively in Indonesia where any form of confrontation is viewed as aggressive, rude and disrespectful. Furthermore, management should analyze their existing reward systems to ensure that seasoned individuals are properly incentivized for sharing their valuable knowledge. If this is not done, even the most well developed methods run the risk of failure.

To conclude, the impending retirement of the baby boomer generation will have an enormous impact on the global marketplace. No matter their size, every company would be wise to acknowledge this event and plan accordingly. Failure to do so could mean certain disaster as the competitive advantages of today’s firms relies significantly on the knowledge, skills, and expertise of their employees.

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