Viewpoint

Defusing the demographic time-bomb

Sue Hewitt

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T he reality of the demographic time bomb of an aging population is now upon us. Before the end of the decade, for the first time in human history, the proportion of people aged 60 or over in the West will exceed the proportion of those aged under five. In Europe, the average age of the population has already climbed to 40 as healthier living, improved medical care and innovations in pharmaceuticals stretch longevity. By 2050, the average is set to rise to 50. And by then, there will be 40 million Europeans aged 65 or over.

At the same time, there will be steadily fewer people of working age to support the elderly, because of falling birth rates. The average European woman now has fewer than 1.5 children. Within 25 years, there will be roughly 21 million fewer working Europeans.

As a result of this, the numbers of people reaching retirement age and leaving the workforce are increasing. These people have an enormous wealth of knowledge and experience that younger workers have not developed to the same degree. When they leave their jobs, much of their wisdom will leave with them. Losing increasing amounts of their cultural wisdom and organizational knowledge will put companies at a disadvantage. Many organizations cannot easily bear the time and cost of training that would be needed to bring younger staff up to a comparable level of experience and skill. Even if they could, it would not be a full solution as organizations cannot buy a lifetime of experience. The alternative is to transfer knowledge and skills from older workers to their younger colleagues.

''Knowledge transfer'' is the practical problem of recognizing, capturing, distilling, managing, and distributing key organizational knowledge. It also covers ensuring availability of this knowledge to those that come after.

If knowledge transfer were no more than a communication problem, a memorandum, e-mail or meeting would do the job. It is more complex. First, it is hard to find because knowledge resides in members of the organization, their memories, tools, tasks, strategies and processes. The value of this store is often only recognized when it is lost. Secondly, once found, it is a tricky beast to get a handle on because much knowledge in organizations is inherent or hard to articulate. It is often the intangible that is an organization's key success indicator.

Organizations need to explore creative ways of retaining their key knowledge and people in the workforce with a range of ages, skills and experience. At the same time they must create and put in place structures, processes and supporting information technology systems that provide a knowledge management architecture. Building infrastructure is the easy bit. Managing the people aspects of this valuable corporate asset is more challenging.

How do we ensure retention of knowledge in the organization when experienced workers retire, and enable older workers to transfer their skills, knowledge and experience as a corporate asset?

Relevant and transferable skills and knowledge of older workers

Having experienced the stresses of the corporate environment of the 1980s and 1990s, older workers are more resilient than is generally thought. They have also juggled the responsibilities of the ''sandwich generation'', caring for aging parents and having children later than their own parents. A significant amount of institutional knowledge is held by these ''baby boomers'', the largest section of the population.

Their knowledge includes an understanding of how technology, business processes and systems have evolved in the organization. They retain archive detail about the growth and change of an organization's markets and customer relationships. They have valuable information and knowledge of key industry players and resources. They store volumes of tacit knowledge about the company's culture, politics and norms. Another important aspect of the organizational knowledge framework is that older workers have a range of experience built up from lessons learned over time. This gives them a meaningful understanding and perspective on why the organization functions the way it does, and why certain tactics or approaches work while others do not.

There are specific areas where older workers have unique skills that are no longer learned. For example, there is now a severe shortage of mainframe applications programming skills. These skills may no longer be taught and younger workers are not interested in learning them, preferring new technologies such as web-based design and development. However, mainframe-related skills will be required for as long as customers continue to operate mainframe computing.

Fewer office workers are trained in shorthand or touch typing these days, but these are still valuable accomplishments, for example when taking and typing up minutes. Also dying out is the art of manual labor, whether in science, technology or machine operation. When automated processes fail (perhaps because of a power cut) there is no longer back-up available using traditional methods.

The organization's readiness to retain knowledge and skills

Knowledge is embedded in an organization's culture, policies and procedures, systems and documents, as well as in individual employees. The organization has to create opportunities for this knowledge to be captured through systematic structures and processes that are in turn easily accessible to future users of the information.

Most businesses have not formally addressed the growing trend for workers to leave the labor force in stages. How effectively this trend can be exploited depends on the organization's preparedness and whether it has had the foresight to put practices in place to facilitate knowledge sharing. Often there is a lack of formal processes within organizations, with individual business managers responsible for facilitating knowledge transfer in a relatively *ad hoc* way.

The right motivation also needs to exist for knowledge transfer to be successful. First, there needs to be a recipient for the knowledge. This person will recognize the need for professional development and to value what he or she can learn from an older worker (who needs not necessarily be someone in a more senior role). Second, organizations need to put incentives in place for more mature workers – the most important being to offer them a choice. Not all wish to retire as soon as possible. Pension issues mean they may wish to work longer before departing, and perhaps a stage-by-stage exit would be more to their taste. Programs exist to bring older workers together to motivate and refresh them for the next five, ten or 15 years of work and help them to understand that they have worthwhile knowledge to transfer. Offering such training also shows members of this cohort that they, and their

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experience, are valued by their employer, leaving them more empowered and significantly more engaged.

There are different frameworks for organizations to encourage groups and individuals to swap or share knowledge as part of the organization's culture. These may include voluntary learning communities, knowledge networks or communities of practice. People can continue their membership of these communities after they have left the organization, and these ongoing links can enable retired people to remain accessible for mentoring, collaboration, support and advice. The communities provide both the environment and the motivation for knowledge transfer, and can significantly decrease the level of institutional knowledge that is lost on retirement or resignation.

The use of information technology to support knowledge sharing

People share implicit knowledge (the ''intangibles'', like experience, gut instinct, culture and ''feel''), while IT is better for supporting the sharing of explicit knowledge. In using technology to help in knowledge sharing, there must be a balance between the use of tools and the person-to-person element of learning. It would be wrong to use only IT tools for certain types of learning and knowledge transfer.

Remote access to organizational systems, tools, utilities, data and information through a high speed connection is essential for people who work from home for part of the time. In making the transition to retirement, any tools that support the ability to work from home are useful.

Before embarking on change processes and systems implementation for knowledge management and decision support systems to facilitate knowledge transfer, there is an opportunity for organizations to identify a strategic value proposition for knowledge transfer. The use of technology needs to be considered alongside other enablers such as a supportive culture, infrastructure such as knowledge-management services, and mechanisms for measuring progress and benefits.

What are the solutions?

In summary, the key to managing the knowledge drain caused by the loss of older and more experienced workers is therefore to develop a knowledge-retention program. Under such a scheme, an organization can start to identify knowledge at risk and establish central knowledge repositories.

Going on to develop creative retirement policies, retiree workforce pools and a lessons learned capture process from retirees ensures the effective transfer of vital information from this invaluable human resource. Building a database of retirees for temporary, contract employment and special-project work is clearly essential for the success of the program.

In house, an organization should develop a retiree/worker mentoring program to encourage mentoring and cross-training while instilling in pre-retirees the commitment to knowledge sharing and collaboration. Creating inducements to learn is as important to the process as every other stage. With no incentive for current workers or retirees, the whole plan will fail; but where there is a will there is a way.

About the author

Sue Hewitt, with more than 15 years' experience of training men and women to reach their potential, set up her own business, Milecastle Consultancy, in 2002. She works with all types of organizations to help them to get the best out of their people. She designs and delivers a wide range of personal development and training and works internationally. Sue Hewitt can be contacted at: www.milecastle.co.uk

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