

Mining your own business

Local firm helps companies record critical workers' knowledge before they leave, retire

BY JENNY MUNRO • BUSINESS WRITER • SEPTEMBER 14, 2008

Retiring baby boomers, aging workers, rapid movement of younger workers and the movement of companies abroad all lead employers toward trying to capture the critical knowledge held in the brains of key workers.

"There is a pending labor shortage," said Susan Lill, head of Align HR, the human resource consulting division of Find Great People. "There are not enough people to replace the boomers" as they move into early retirement and retirement.

In the past, employers have relied on classroom training and training by the departing employee to transfer knowledge, she said.

But that method of passing down corporate knowledge is changing. "I don't know that you want to make the knowledge dependent on people," Lill said.

Michelin North America, based in Greenville, was a leader in realizing where the demographics of the company were headed, with half of the company's employees eligible to retire in five years, said Lynn Mann, company spokeswoman. So Michelin began experimenting to find ways to capture the knowledge that could be lost with the retirement of those employees.

"Smart companies" are moving toward some form of knowledge capture, Lill said. "Michelin is really ahead of the curve," she said, adding that Baldor, formerly Rockwell Automation, also has embarked on a knowledge-capture project.

But "a lot of companies are not Michelins," said Lori Morton, president of Aerie Engineering, an engineering and technical services company in Greenville. "There are a lot of small and medium-sized companies that don't know how to do that."

Businesses in the United States, Canada and Europe are particularly vulnerable to losing critical knowledge as their employees move into retirement, according to a recent report by The Conference Board. Also, younger workers who change jobs often may take valuable technical knowledge with them.

In addition, knowledge transfer from older to younger workers within a company can be difficult because of different generational learning methods, according to the study, "Bridging the Gaps: How to Transfer Knowledge in Today's Multigenerational Workplace."

Aerie Engineering, a 20-person firm, hit on the need for knowledge-capture services several years ago, Morton said, because companies are struggling to retain their critical knowledge. The company studied the problem and developed a service that could be replicated time after time.

Although some IT companies offer a Web system for knowledge capture, "it completely removes the human factor," she said.

Aerie's division, The Knowledge Group, has completed about 20 projects, mostly with manufacturing companies but also with a hospital, she said. The program also seems to work best with middle-management personnel and higher.

"It has been really well received," she said, adding that she expected most demand to come from knowledge losses as employees retired. But only about half the projects emphasized retiring employees.

"In some cases, it's because a person is so successful," she said.

Self Regional Healthcare in Greenwood is one of the company's clients.

"A lot of people are concerned about what will happen when baby boomers' retirements start to accelerate," said Mike Dixon, director of benefits, compensation and employee information. "We have a seasoned, tenured person with our organization for going on 30 years," and don't want to lose the knowledge and awareness of institutional history.



Lori Morton heads Aerie Engineering, which helps companies keep from losing critical knowledge when key employees leave or retire. (PATRICK COLLARD/Staff)

"Not only do you lose that person, but you lose knowledge," he said.

Even if an overlap between a knowledgeable employee and their replacement is built into the hiring process, "you can't squeeze 24 years worth of history into two weeks," he said.

Dixon said the hospital system plans to assess the pilot project, which focused on an employee with knowledge of employee benefits, and would then decide whether to do this in other areas. But he was pleased with the in depth process and what it was able to capture.

Aerie's knowledge-capture process first has the client company identify a highly knowledgeable person for the project. Then a kick-off meeting is held with customers, peers and managers.

Morton said the major question is, "What are you afraid of if the employee walks out the door and never comes back?" That allows three to five focus areas to be identified.

"History is a big one," she said. Others can include processes, values and relationships. "Relationships are almost never documented," Morton said.

For instance, a division sales manager for one Aerie client knew never to ask one of his customers about his family, she said. The man's daughter had died about a year before, and he broke down in tears any time the subject arose. That was vital information known only by the division sales manager but needed by anyone who might deal with the customer.

A plan for the interviews is created, and three or four days of interviews are held with the subject matter expert, she said. They are captured in either an audio or video format. Aerie's interviewers and knowledge specialists work to unearth nuggets of knowledge that related to the focus areas.

Dixon said his employee enjoyed the process, but Morton said Aerie Engineering must be flexible.

A John Deere facilities manager had been with the company for 30 years, but he felt the process would be a waste of time, Morton said. He said everyone knew what he knew. To increase his comfort level, Aerie brought in his maintenance team. "It was rich," she of the subsequent interviews.

Then Aerie processes the data and puts it in useful form. That can be a searchable videotape. It could be a book. It could be in an electronic form, which makes it accessible to many people and locations.

The subject and management then review the draft report, Morton said. Next, Aerie delivers a final report, including observations and recommendations. Sometimes business cards are scanned. Other times computer screen captures are included. The entire process takes six to seven weeks. Also, the company can include assessment tools, which can be helpful if the person interviewed is to be replaced.

The cost averages 10 percent to 20 percent of the interviewee's salary, she said.

"It costs more not to do it," Lill said. "The opportunity costs (of losing knowledge) can be significant. Getting people up to speed quickly is a competitive advantage."

Results of the project can be increases in productivity, speed, agility, profits and growth, according to The Conference Board study.

Besides transferring knowledge, the process often makes the interviewees feel honored that the company is willing to pay for what they know, Morton said. And managers feel relieved that knowledge is documented.

"Knowledge transfer is not as widely practiced as the potential business benefits and work-force demographics suggest it should be," said Kent Greenes, program director of the Learning & Knowledge Council of The Conference Board and co-author of the study. "In a knowledge economy, firm-specific knowledge is critical to the sustainability, performance and innovation of organizations facing the imminent retirement of large numbers of baby boomers."

Aerie Engineering has two knowledge specialists who capture the knowledge and write the reports and four interviewers -- people with knowledge of the industry sector involved -- who are trained to ask questions of employees with critical knowledge and elicit that knowledge.

Aerie wants to hire two additional knowledge specialists and six more interviewers. Business right now is "not huge," she said, "but I think its going to be phenomenal."

Morton currently can complete about two projects a month. Her goal is to do six a month by the first quarter of next year. She expects to franchise the process in the future and sees other knowledge-capture opportunities, such as family history, she said.

"There's a huge need for it," she said.