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What brain drain?

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By Mary Brandel

You'd think the words "brain drain" would strike fear into the hearts of IT managers. As the calendar has turned to 2008 -- and the oldest baby boomers are now eligible to receive Social Security -- it has become clear that growth in the number of older workers will soon surpass the growth in the number of those just starting out. In eight year's time, according to the U.S. Bureau of Labor Statistics, one in four workers will be 55 or older. And particularly in IT, there's not a big influx of new talent. According to the Computing Research Association, computer science enrollments dropped 14% each year between 2004 and 2006.

Although IT organizations certainly understand these workforce trends, many are not taking significant measures to mitigate the risks that the loss of intellectual capital seems to portend. Even outside of IT, many companies seem unconcerned by boomer retirements. In a 2006 survey of 488 companies conducted by Buck Consultants LLC, only 42% of the respondents said that the aging workforce was a significant issue, and 29% said it had little or no significance.

And in a nationwide study of 550 human resources managers conducted by Monster.com last summer ([view PDF](#)), only 12% of the respondents said they consider knowledge retention a high priority within their companies, even though one-third said they expect at least 20% of their workforce to retire in the next decade.

The inescapable conclusion seems to be that many businesses are perfectly content to see their boomers walk out the door. And because so few organizations have taken the retirement issue seriously, companies that want to transfer knowledge from older to younger workers have few models to follow. As a result, those that are attempting to get ahead of the retirement wave are finding themselves pretty much on their own.

How big a problem?

One reason the impending boomer exodus seems to have so little resonance in IT is that, relatively speaking, there isn't a very large population of older IT workers, says Peter Cappelli, author of the upcoming book *Talent on Demand: Managing Talent in the Age of Uncertainty It's mostly a young person's game*," he says.

Statistics from the U.S. Bureau of Labor Statistics bear this out. In 2007, only 10% of the U.S. IT workforce was 55 years or older, compared with 17.6% across all occupations. Moreover, considering that the midpoint age of boomers is currently about 51, retirement is more than 10 years off for many.

There are other reasons for the lack of concern. One is that although the costs of losing key IT personnel to retirement can be high, they are also hidden, gradual and indefinite, says Dave

DeLong, president of research firm David DeLong & Associates and author of *Lost Knowledge: Confronting the Threat of an Aging Workforce* (Oxford University Press, 2004).

"Nobody will go to the executive board and say, 'Last year we could manage this process more effectively, but Joe left, so now we can't,' " DeLong explains. It's a loss of face, so they'd explain it in other terms."

In addition, he says, it's common practice for companies to let IT professionals retire, figuring retirees can be rehired as consultants without their pay showing up in the budget as a salary cost. Of course, this is something of a shell game, DeLong points out. Not only are companies spending "an incredible amount of money on rehiring retirees," he says, but they're also not transferring their knowledge. "They just throw them back in the job, so they're just prolonging the problem," he notes.

And finally, he adds, do you really want your business to depend on someone who can go play golf anytime he wants?

On the frontier

It's no wonder that Barbara Ring at the Chubb Group of Insurance Companies felt like a pioneer when she recently embarked on a study of the Chubb IT organization's exposure in terms of employee retirements, in order to formulate a mitigation strategy.

Ring, senior vice president for IT HR, had reason for concern. The average tenure in IT at Chubb stands at 17 years -- a lot of time to accumulate key knowledge and experience -- and more retirements had begun to pop up. "We saw that over the next five to 10 years, this large influx of folks will be retirement-eligible, and the brain drain would negatively impact the company if we didn't have time for knowledge transfer, mentoring and other ways to maintain the intellectual property of the company," she says.

And with declining numbers of people entering IT, Ring adds, "we really need planning time to have the company not be at a disadvantage."

Ring is seeking not only to identify which Chubb IT professionals will soon be eligible for retirement, but also to determine their years of service, which technologies and applications they support, and how critical that knowledge is to the business. For instance, suppose 10 people support a mission-critical application that has been around a long time and involves some arcane knowledge. Now suppose five of them are nearing retirement eligibility. That's a risk to the company," Ring says.

She has had to build the process for doing all this from scratch. "We haven't found a lot of peer companies doing this type of work," she notes.

Chubb's approach eschews any broad-based program that would offer perks and incentives to anyone nearing retirement. Instead, the company is studying exactly where its biggest risks lie. Then it will take steps to address those risks .

That's the approach DeLong advocates. "Often, management doesn't know what knowledge is at risk," he says.

The age of an employee doesn't necessarily correlate with his value to the organization, DeLong points out. Some near-retirees may have been at a company for only a short time, for example. And moreover, he says, "frankly, there are some people who should retire. Their skills aren't up to date or they don't have knowledge that's critical to the future of the business."

Capturing knowledge

When the Tennessee Valley Authority realized that 30% to 40% of its workforce would retire over the next five years, it developed a process to determine which employees possessed unique, undocumented knowledge; to assess the risk of losing that knowledge; and to find ways to capture it through retention, documentation, mentoring, training and the sharing of expertise.

DeLong has studied the TVA, which is the nation's largest public utility, with 18 power plants, three of them nuclear. He says that the TVA performed a risk assessment for each position in the organization by ranking employees on a scale of 1 to 5 in terms of how soon they would retire and how critical their knowledge and skills were. Depending on the score, each position was prioritized based on the need to assess the endangered skills, develop a knowledge retention plan or even offer benefits that would retain that worker longer.

"One of the most important things is to start a conversation about what would keep key employees long enough to capture their knowledge," DeLong says. A powerful tool in that effort is to offer longtime staffers new challenges and even new roles. "You may lose them from that [current] role," he says, "but you're keeping them available to transfer knowledge about their job."

But where many IT professionals trip up, DeLong contends, is in making knowledge transfer more about technology and less about human-to-human communication. For example, for some, the first approach to knowledge transfer might be to build a database to capture documentation and lessons learned, without thinking through how that information will be used by ensuing generations of employees. It's important to keep the human element in the equation by involving the younger employees in the knowledge capture and teaching older workers how to mentor, DeLong explains. It's not about giving career advice; it's about, "Here are three steps to troubleshooting the system's " he says.

It's also important to identify what's in it for the mentor, DeLong adds. For example, would a phased-retirement benefit or some other perk motivate older workers to make knowledge-sharing a priority?

All in all, no matter how many of a company's IT employees fall into older age brackets, it's clearly important to assess the value of the knowledge and skills that are walking out the door.

It's not about being nice to old people," DeLong says. It's about the future workforce capabilities of IT and the legacy knowledge that's critical for that. The problem is, we tend to overlook that."

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