

# Passing the Torch: 5 Steps for Turning the Baby Boomer Brain Drain into a Brain Trust



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# Promise

As aging baby boomers reach retirement age over the next two decades, many organizations face a potential mass exodus of their senior leaders. While the economic downturn may have delayed retirement for many baby boomers, these valued employees will retire eventually, taking with them a lifetime of knowledge and skills that are difficult, if not impossible, to replace. This paper discusses the five steps you should take now to avoid the baby boomer brain drain and create a brain trust.

## Introduction

The statistics of an aging workforce tell the story. As of January 1, 2011, a baby boomer turns 65 every eight seconds -- over 7,000 per day. While many may delay retirement for financial and personal reasons, employers are worried—and rightfully so—that they will face a shortage of experienced workers over the next five years. A recent Ernst and Young survey of Fortune 1000 companies found that 62 percent of employers believe future retirements will result in a labor shortage (Johnson, 2010). With every passing year there will be fewer workers with the knowledge and experience to lead effectively. For some industries like health care, energy and construction, this talent gap is already acutely felt (Davis, 2008). Few industries, however, will be unaffected. Research indicates that employers are unprepared for the inevitable departure of these workers:

- A Sloan Center on Aging and Work survey found that 68 percent of employers had not analyzed the demographics of their workforce and that 77 percent had not analyzed the projected retirement rates of their employees (Pitt-Catsouphe, 2009).
- A series of AARP surveys found that few employers (between 19 and 37 percent) had taken active steps to prepare for baby boomer retirements (Johnson, 2010).

The brain drain resulting from retirements in key business functions can be devastating. Organizations that ignore the looming crisis will suffer the consequences later. The good news is that many senior leaders want to give back and create a legacy in their organization. You can seize the opportunity and engage your most senior leaders before they retire and harvest their collective experience to shape the next generation of leaders in your organization. If you want to take action, here are five steps to avoid the brain drain and turn your baby boomers into a brain trust.

# Step 1: Conduct a Strategic Workforce Analysis

Nearly half (48 percent) of the employers surveyed in a SHRM-AARP poll (SHRM, 2009) said they had no plans to conduct a strategic workforce analysis to see how their organizations would be affected by the loss of retiring workers. This could be a huge oversight with potentially catastrophic consequences for an organization. The ability to accurately forecast when you will lose top talent across the organization is critical to succession planning and business continuity. A strategic workforce analysis should be conducted internally to anticipate the effect of retirement over the next five and 10 years and beyond.

Questions for a strategic workforce analysis should include:

1. How many of your employees will become eligible to retire?
2. How many of your senior leaders will become eligible to retire?
3. How many skilled technical workers and individual contributors will become eligible to retire?
4. How many front-line managers will become eligible to retire?
5. Do you have a succession plan in place for key positions that are most at risk?

## Example: AARP's Workforce Assessment Tool

AARP offers a free online workforce assessment tool. The tool helps employers assess how the aging of their workforce will affect their organizations. In addition, it maps out an organization's current employer practices, identifies areas of improvements, and makes recommendations on ways to create an age-friendly workplace. Nearly 2,000 employers have used the tool since its launch in 2007 (Jackson & Rand, 2010).



## Step 2: Refine Your Retention Strategy

Although retirement is inevitable, keeping senior workers in the labor force a little longer will provide more time to transfer knowledge. Baby boomers, however, aren't looking for business as usual. They want flexibility. To keep them in the labor force, employers must offer flexible work options that will appeal to them.

In recent testimony before the U.S. Equal Employment Opportunity Commission, Cornelia Gamlem, president and founder of the Herndon, Va.-based GEMS Group, offered these suggestions for recruiting and retaining older workers:

- Offer part-time employment and hire retired employees as consultants or temporary workers. (Source: Gurchiek, 2011.)
- Encourage employees with specific expertise to mentor or coach others and to remain on call after they retire. (Source: Gurchiek, 2011.)
- Establish forums where older workers can discuss how the employer can make the workplace more accommodating to their needs. (Source: Gurchiek, 2011.)
- Base layoffs on organizational needs and employees' skills, knowledge, ability, reliability, performance and length of service. (Source: Gurchiek, 2011.)
- Offer retirement savings plans or pension plans with specific provisions for older workers. (Source: Gurchiek, 2011.)

In addition to these recommendations, consider offering other benefits of interest to mature workers such as long-term care insurance, pre-retirement planning, health and wellness programs, comprehensive medical coverage, health coverage for retirees and part-time workers, and pro-rated benefits for employees on flexible work schedules.

Many employers are already taking these and other steps to keep their valued older employees working longer—and in some cases, luring retirees back.



## Example: Abbott Laboratories' Freedom-to-Work Program

New York-based Abbott Laboratories created a “Freedom to Work” program that allows employees to reduce work schedules to four days a week or to take up to 25 more vacation days a year. The program is open to employees with 10 years of service and who are 55 years of age or older. Although overall pay is reduced, 401(k) contributions are still made as a percentage of their full salaries and pension formulas remain intact. Abbott Laboratories also allows senior technical staff to take on “emeritus” status, giving up some of their management and administrative responsibilities to return to full-time scientific endeavors. This opens up management opportunities for rising leaders while keeping older staff working and available to advise or share insights as needed (McGregor, 2009).



## Example: Chevron's Bridges Program



Energy giant Chevron Corporation has established its Chevron Bridges Program for former employees who are interested in continuing a working relationship with the corporation. Former technical and professional Chevron employees can enroll in the program through the Chevron Alumni Community Web site. Applicants are considered for specific contract assignments that may include working on projects as technical specialists, partner representatives, guest speakers, recruiters, mentors, peer reviewers and advisors on focus areas (Chevron Bridges Program, undated).

## Step 3: Identify, Prioritize and Engage Potential Retirees

There was a time when predicting the retirement of your senior leaders may have seemed relatively straightforward. However, attitudes about retirement are changing, and there will be an ongoing shift as baby boomers transform expectations about retirement. This shift is compounded by recent changes in the political and economic landscape. Employees have pushed back retirement an average of nine years because of the recession, which ravaged 401(k) accounts and caused home values to plummet (Hewlett, 2009). In addition, high unemployment rates, ongoing economic instability and potential changes to social security and health care coverage have created a great deal of uncertainty. All of these factors make it difficult--but not impossible--to anticipate and prepare for the departure of your senior leaders.

Employers face retirement from all parts of the organization, from top to bottom. Efforts to identify the individuals who represent the greatest risk of knowledge loss will differ from one organization to the next, and how they prioritize and respond to this risk will also vary. In general, the employees who present the greatest immediate risk include those closest to retirement age who serves in vital roles, and possess unique, irreplaceable knowledge and skills.

Once you've identified the employees who represent the greatest retirement risk, talk to them about their future plans and aspirations within the organization. This is not, strictly speaking, a conversation about retirement. This should be a voluntary conversation designed to recognize the individual's unique value and contributions to the organization and explore ways to transfer and retain their knowledge and experience. Ask them what knowledge they feel is most critical; the answers may surprise you. Explore how they might contribute to the development of future leaders. Be prepared with a range of options such as mentoring, coaching and direct involvement in training and development efforts.

You may find that your employees actually appreciate the opportunity to discuss their future plans. It should come as no surprise that loyal, long-serving employees would welcome the chance to transfer their knowledge and skills to the next generation. As leaders in your organization, they want to take an active role in creating a legacy and ensure the future success of the organization.

## Example: The TVA's Knowledge Retention Program



The Tennessee Valley Authority (TVA), headquartered in Knoxville, Tenn., identifies employees planning to retire through two annual surveys, one designed for line managers and one designed for all 13,500 employees. To alleviate anxiety, HR makes it clear that while the survey is necessary to collect data about workforce planning, it is voluntary. Nearly 80 percent of TVA employees complete the annual questionnaire (Leonard, 2003).

The line manager survey asks three questions:

1. What knowledge will be lost when an employee retires?
2. What are the consequences of losing this knowledge?
3. How can the organization retain this knowledge?

These surveys help the TVA's HR staff identify those employees who, according to their supervisors, hold critical knowledge and skills. HR staff members then interview both the supervisor and the employee to learn about the employee's specific knowledge and skills.

Jerry Landon, senior consultant for assessment and evaluations at TVA University, realized early on that these conversations are not as difficult as you may think. "This interview process is very important, because we found...that retiring workers really care about TVA and their jobs," reports Landon. "They have devoted a good part of their lives to this organization, and many are very concerned that their knowledge of what makes this utility run will be lost or, even worse, just ignored when they retire." (Leonard, 2003).

After the interview, HR assesses each employee's skills and knowledge on a five-point scale, with a five meaning that transferring and retaining the employee's skills and knowledge should be a top priority. Those with high scores receive special attention and are asked to take on some new roles as consultants, instructors and mentors.

In some cases, capturing knowledge is simply a matter of writing down procedures or processes. In other cases, reports Langdon, the interviews shed light on where processes could actually be improved, saving TVA money. "For example, there might be one worker who has a very specialized skill in how to operate or repair an ancient type of electrical switch at a power station," Landon says.

“Well, the answer here may not be to keep doing this the same old way. The answer might be, let’s upgrade the switch. In the long run, we’re going to save the organization a lot of money by finding solutions like this.” (Leonard, 2003).

TVA’s knowledge retention initiative has also had some unexpected benefits. TVA senior leaders say the process has improved team building and made employees more cohesive, enhanced employee’s self-esteem as they realize that what they do counts, and lowered stress levels among supervisors who were concerned about losing valuable knowledge with employee retirements (Leonard, 2003).



## Step 4: Prepare Senior and Emerging Leaders

Your efforts to engage senior leaders before they retire will be more successful if you provide the skills and tools they need to be effective. For example, a senior engineer may possess a lifetime of technical expertise but may lack the ability to share that knowledge effectively. Even the most seasoned, successful business leaders will benefit from some guidance and preparation. The type of preparation they require will depend on the individual and how you plan to engage them in the organization. Developing specific skills can mean the difference between their success and failure.

As you prepare your senior leaders to make a more significant impact, do the same with your emerging leaders. These future leaders should know that they have been selected because of the talent and potential they have demonstrated. They should also understand that the transfer of knowledge and experience is critical to the long-term success of the organization, and that they should appreciate the value it represents. Finally, they should recognize that absorbing and applying the knowledge and experience shared by the senior leaders will lead to their own success in the company. This is an invaluable opportunity, and they should be properly motivated to take full advantage of it.

(If you want more information about identifying and preparing future leaders, you might be interested in the whitepaper, [Putting Success Back in Succession Planning: the Role of Learning and Development](#).)



## Myths about Older Workers

1. Older workers are less productive than younger workers.
2. Older workers cost more to employ.
3. Older workers are not really motivated — they're just biding their time until retirement.
4. Older workers are preoccupied with the past and have little interest in the future.
5. Older workers have old-fashioned values and are traditional thinkers. They are overly conservative.
6. Older workers are mentally and physically impaired.
7. Older workers are often ill and absent from work.
8. Older workers are resistant to change.
9. Older workers are unable to learn new skills and new ways of doing things.

## The Truth about Older Workers

1. Older workers have lower absenteeism rates than younger workers, making them more dependable.
2. Because of their life experience, older workers can better relate to others.
3. Older workers are, in fact, highly productive.
4. Older workers often require less supervision.
5. Older workers are less likely to abuse drugs and alcohol.
6. Older workers have stability that comes with maturity.
7. Older workers are willing to work part time and flexible hours.
8. Older workers have a strong work ethic.
9. Older workers waste less time on the job.
10. Older workers have higher writing and math skills.
11. Older workers are highly motivated to do a job well.
12. Older workers are willing and able to learn and acquire new skills.
13. Older workers are less distracted by outside interests.
14. Older workers have a lifetime of experience dealing with people and changing conditions.

(Source: Davis, 2008.)



## Step 5: Create Knowledge Transfer Opportunities

There are a number of ways to facilitate the transfer of critical knowledge in your organization. There is no “one size fits all” approach—it will depend on your organization’s capabilities and culture. Regardless of the method or combination of methods you employ, it is critical to identify the outcomes and objectives you hope to achieve to ensure that the investment of time and effort provides real value to everyone involved.

### PROVEN METHODS OF KNOWLEDGE TRANSFER

#### 1) Formal and Informal Mentoring and Coaching Programs

Coaching and mentoring programs provide an effective way to transfer knowledge and skills—as well as the wisdom gained from years of experience. Coaches and mentors can share valuable information on a one-on-one basis, sharing personal insights and professional advice that lead to greater individual and organizational success. Your senior leaders are stewards of your organization’s history, culture and values. The stories they pass on to the next generation of leaders can be more meaningful and powerful than any corporate mission statement.

#### Example: The YMCA of Greater Rochester’s Mentoring Program

The YMCA of Greater Rochester, New York, a non-profit organization with more than 2,700 employees, has been recognized by AARP for five consecutive years as an outstanding place to work for older workers. For the past several years, the YMCA’s HR team has made a concentrated effort to recruit and retain older workers. A full-time staff member serves as a liaison with a group of 40 retirees in its workforce, managing employee support and relation activities. In addition, the organization keeps a roster of outside retirees who are interested and available for work and calls on them for temporary jobs, consulting projects and part-time work. The YMCA also offers phased retirement and works with recruiters from outside agencies to identify qualified older job seekers (SHRM, 2010).



As part of its professional development programming, the YMCA gives employees the opportunity to participate in their Mentoring Across Generations program (also known as "Generation YMCA"), in which baby boomer employees are paired with Gen X and Gen Y employees to exchange information and skills (AARP, 2009).

### Coaching Characteristics

- Managers coach their staff as a required part of the job.
- Coaching takes place within the confines of a formal manager-employee relationship.
- The focus is to develop individuals within their current job.
- The interest of the relationship is functional, arising out of the need for individuals to perform the tasks required to the best of their ability.
- Managers tend to initiate and drive the relationship.
- The relationship is finite, ending when an individual has learned what the coach is teaching.

### Mentoring Characteristics

- Mentoring occurs outside of a line manager-employee relationship, at the mutual consent of a mentor and employee.
- Mentoring is career focused or focused on professional development that may be outside the employee's area of work.
- Relationships are personal—a mentor provides professional and personal support.
- Relationships may be initiated by mentors or created through matches initiated by the organization.
- Relationships cross job boundaries.
- Relationships last for a specific period of time (nine months to a year) in a formal program, at which point the pair may continue in an informal mentoring relationship.

(Source: Management Mentors.)

## **2) Intergenerational Work Teams**

Like mentoring and coaching programs, pairing older, more experienced workers with emerging leaders can greatly facilitate both the transfer of knowledge and the development of future leaders. Though communication between the generations can sometimes be challenging, it can also be vastly rewarding to all parties involved.

This is what LaRhonda Edwards, an HR manager for a large office supply distribution center in Alabama, has learned. In an article for SHRM Online on employee relations trends for 2011, Edwards noted that one of her most productive work teams includes a 63-year-old employee with more than 20 years of experience in the company and a 25-year-old employee just starting his career. The team works well because the skills sets of the older and younger worker complement each other. The older worker has a deep knowledge of processes and procedures and how to complete work projects on time, while the younger worker uses technology to the best advantage. “The result is that as a team, they are very productive and enjoy learning from each other,” Edwards says. “They have taught me a lot, too, about finding the right role or niche for workers and how crucial that is to successful and effective employee relations.” (Leonard, 2011).

## **3) Involve Senior Leaders in Learning and Development Opportunities as Instructors or Participants**

Senior leaders can also serve as valuable instructors, speakers and facilitators because they can offer knowledge and a unique perspective that can enhance learning and development programs. 3M, the maker of PostIt Notes® and ScotchBrite™ cleaning products, has tapped into its senior leadership base through the company’s “Leaders Teaching Leaders” program. More than 300 senior leaders teach in 3M’s program annually, sharing their knowledge, experience and 3M’s values with employees who have been identified as future leaders.

Consider including those senior leaders who would prefer to stay off the podium but still want to contribute their knowledge in action learning projects. Action learning is about integrating real work challenges into learning and development programs. By pairing experienced senior leaders with emerging leaders in action learning projects, you can facilitate the transfer of critical knowledge and skills while developing future leaders and addressing real business challenges.

#### 4) 2.0 Technologies

Many employers are turning to technology to preserve valued workers' knowledge. Web 2.0 technologies such as blogs and wikis provide useful tools for employees to develop a detailed library of knowledge, processes and procedures that can be updated, expanded and shared throughout the organization. While most experts agree that knowledge transfer cannot be conducted through technology alone, employees can use these inexpensive Web tools to complement other efforts.

Internal websites provide employees with online retirement planning tips and tools to ensure a successful transition to the next stage of their lives. This is a simple and effective way to provide useful information, while also collecting accurate, real-time data about retirement intentions. Voluntary and anonymous surveys can capture useful data that provides insights you can use to plan and prepare. An internal website is also a great platform to solicit volunteers for coaching and mentoring, provide them with valuable resources to do so, and then organize these efforts.

## Conclusion

You can turn the impending baby boomer brain drain into a brain trust by developing programs that will transfer critical knowledge and skills to the next generation of leaders. In doing so, you can ensure your organization's future success and prevent the loss of valuable knowledge and experience. Follow the five steps outlined in this paper and proactively approach baby boomer retirement:

- 1. Conduct a strategic workforce analysis**
- 2. Refine your retention strategy**
- 3. Identify, prioritize and engage potential retirees**
- 4. Prepare senior and emerging leaders**
- 5. Create knowledge transfer opportunities**

As the global economy recovers from the deepest recession in 70 years, organizations need every competitive advantage they can find to survive and thrive. Employers that explore and develop ways to leverage the knowledge and experience of employees approaching retirement age will discover that these workers offer a lasting legacy of outstanding corporate performance.

## About UNC Executive Development

Our approach to program design and delivery draws upon the power of real-world, applicable experiences from our faculty and staff, integrated with the knowledge our client partners share about the challenges they face.

We call this approach [The Power of Experience](#). We combine traditional with experiential and unique learning. Through action learning and business simulation activities, we challenge participants to think, reflect and make decisions differently.

### Our Approach: The Partnership

Our team customizes each leadership program through a highly collaborative process that involves our clients, program directors, faculty and program managers. This integrated approach consistently drives strong outcomes.

### Our Approach: The Results

Our executive education programs are designed with results in mind. Below are a few examples of the results our client partners have achieved:

- Leadership refocused with new strategy and cohesive vision
- Strategic plans created for the global marketplace
- Supply chains streamlined
- Products redefined
- New markets targeted
- Cost-saving measures developed
- Silos leveled
- Teams aligned

Participants leave empowered to bring in new ideas, present different ways to grow business and tackle challenges. The result is stronger individuals leading stronger teams and organizations.

### Contact Us

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