

Knowledge Retention and Transfer in the World of Work





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– *Right Management*

As the U.S. economy gains momentum, employers and employees continue to adjust to a new economic reality. But are they adjusting in sync? In a recent survey by Manpower of 2,000 hiring managers, 80% of employers said they expected less than 5% of their employees to leave the company voluntarily in 2010.¹ Contrast that with a survey of employees by **Right Management**, which revealed 60% of people intend to pursue new job opportunities if the economy improves in 2010, and another 21% of people are already busy networking with potential employers.²

With this disparity in views, unexpected workforce attrition may place employers at a serious disadvantage. And this turnover could occur when slimmed-down companies have little redundancy in job roles, exposing them to greater risk of losing important organizational knowledge. To minimize the impact of workforce turnover, companies need a proactive strategy for knowledge retention and transfer. This paper explores companies' exposure in this area and provides steps for building a successful knowledge retention and transfer strategy.

*Please visit our website for an interactive experience on this topic:
us.manpower.com/knowledgeretention*

The Impact of Workforce Mobility

Regardless of economic conditions, employee turnover happens. The financial impact of workforce mobility is well documented:

- The **Society for Human Resource Management** found that direct replacement costs can reach as high as 50% to 60% of an employee's annual salary. The total costs of replacement, including training and the loss of productivity, can range from 90% to 200% of an employee's annual salary.³
- Turnover-related costs examined by the **Saratoga Institute** represented more than 12% of pre-tax income for the average company. As the rate of turnover increases, so does the cost per employee. For companies with greater than average voluntary attrition, turnover costs were equivalent to nearly 40% of company earnings.⁴

While these figures do include the costs to train a new employee, they overlook the value of the organizational knowledge lost when employees leave. That value is difficult to quantify, yet organizational knowledge is fundamental to every company. When employees leave, they take a major competitive advantage with them.

And they will leave. The workforce is poised for change. The confluence of current economic, generational and human influences on the workforce will cause a greater number of employees to shift in and out of jobs, departments and companies, draining organizations of critical skills and knowledge.

Consider:

- The first wave of the 76 million baby boomers in the U.S. turns 65 in 2011.⁵ As they reach retirement age, many are leaving and taking their organizational knowledge with them. Some are retiring; others are putting that knowledge back into play as they start their own ventures or consult with other companies. In the recent Manpower survey, employers cited 'to start own business or retire' as the most common reason their employees left voluntarily in 2009, second only to 'taking a new job offering increased pay.'⁶
- People change jobs within a chosen profession six to eight times over a lifetime.⁷ The increased number of job changes shortens the life cycle of an employee, putting companies at greater risk of organizational knowledge loss.
- Companies may not have a solid understanding of the reasons employees leave. **Saratoga Institute** research cited by Leigh Branham indicates another conflict between the employer and employee perspectives: 89% of managers believe employees leave for money; 80-90% of employees leave for reasons other than money. Branham believes turnover is tied to employees' unmet needs for trust, hope for the future, a sense of worth and a feeling of competence.⁸ Employers cannot address a high turnover rate if they do not understand its root causes.

As employees exit, those left behind may not be capable or willing to take on the additional responsibilities. They may already be overworked, or lack the confidence for a new role. When the only employee who knows how to run a legacy system leaves, coworkers may not want involvement with a technology or role they perceive will soon be obsolete. Companies can lose much more than full-time employees through attrition.

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61% of human resources executives and line of business managers surveyed rated 'Capturing and transferring knowledge from those who have it to those who need it' as a top workforce-related challenge.

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31% of employers indicated their organization does not have a proactive process in place to capture a person's job knowledge.

– Manpower

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D. Schroeder-Saulnier
Right Management

Underdeveloped Potential

Knowledge retention and transfer is an area that holds great potential for companies in terms of reducing the costs associated with turnover, and perhaps more important, in sustaining business performance. Companies are recognizing it as a priority. According to [Aberdeen Group](#), 61% of human resources executives and line of business managers surveyed rated 'capturing and transferring knowledge from those who have it to those who need it' as a top workforce-related challenge.⁹

Companies are also recognizing that their knowledge retention and transfer strategies need work. A study by the [Institute for Corporate Productivity](#) found that a third of responding companies retain knowledge poorly or not at all when workers leave, while half think they're doing only "okay" at protecting organizational knowledge. Just two in ten think they are doing well or very well in knowledge retention.¹⁰ Manpower's recent survey adds weight to these findings: 31% of employers indicated their organization does not have a proactive process in place to capture employees' job knowledge.¹¹

Knowledge Retention and Transfer: A Broader View

Companies can approach knowledge retention and transfer from many angles. Some implement replacement planning techniques that involve documentation of job roles and identification of employees who can substitute during short term vacancies.¹² Others use succession planning strategies to identify critical management positions and key performers who could be developed for leadership roles.

However, some companies take a broader view of knowledge retention and transfer, focusing on the relationship with employees throughout their life cycle at the company. This view does not separate organizational knowledge from employees; rather it recognizes that organizational knowledge is most valuable when all employees possess it, share it and use it together to further business objectives.

The Employee Relationship

The relationship an employee has with his/her peers, colleagues and company has a significant impact on knowledge retention and transfer. A positive relationship facilitates knowledge sharing during all phases of an employee's life cycle; a negative relationship or lack of a relationship can impede knowledge sharing, especially at the point of exit.

Deborah Schroeder-Saulnier, D.Mgt., Senior Vice President for [Right Management's](#) Global Solutions Team, views relationships in terms of employee engagement. "Employee engagement is crucial. Does your organization know who is engaged and who isn't? This can be the best starting point for addressing unwanted attrition that could lead to competitive weakness should your top performers leave."¹³

According to Schroeder-Saulnier, employee engagement starts with a company's culture. "A company's culture has great impact on employee engagement. In fact, it's defined by the fundamental relationships between organizational elements that deliver a well-executed strategy through an engaged workforce, resulting in great customer experience, high performance, and profitability."¹⁴

The Employee Life Cycle

Every phase of an employee's life cycle, from the time s/he is recruited and onboarded to long term retention and eventually, his/her promotion or exit, presents an opportunity to share organizational knowledge. Pursuing knowledge retention and transfer over all four phases has many advantages:

- New employees become productive more quickly through learning interactions with other employees;
- Once an employee is working productively, s/he is also then sharing unique knowledge with others in the company;
- Employees can use their knowledge sharing skills and experience upon promotion or exit.

Joy Kosta, Senior Director of the Talent Development and Leadership Communities at the [Human Capital Institute](#), advocates for the transparency of knowledge retention and transfer strategy throughout the employee life cycle. "Transparency of intellectual capital within a company maximizes competitive advantage. Starting with talent that the company wants to attract, talent today wants to know that there are career development paths. When talent can see the paths that others have taken by internalizing and applying knowledge, it truly becomes part of the company's culture."¹⁵

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Building a Knowledge Retention and Transfer Strategy

A broad knowledge retention and transfer strategy is focused on the relationship with the employee over the life cycle. That relationship drives employee engagement and employee motivation to participate in and facilitate knowledge retention and transfer.

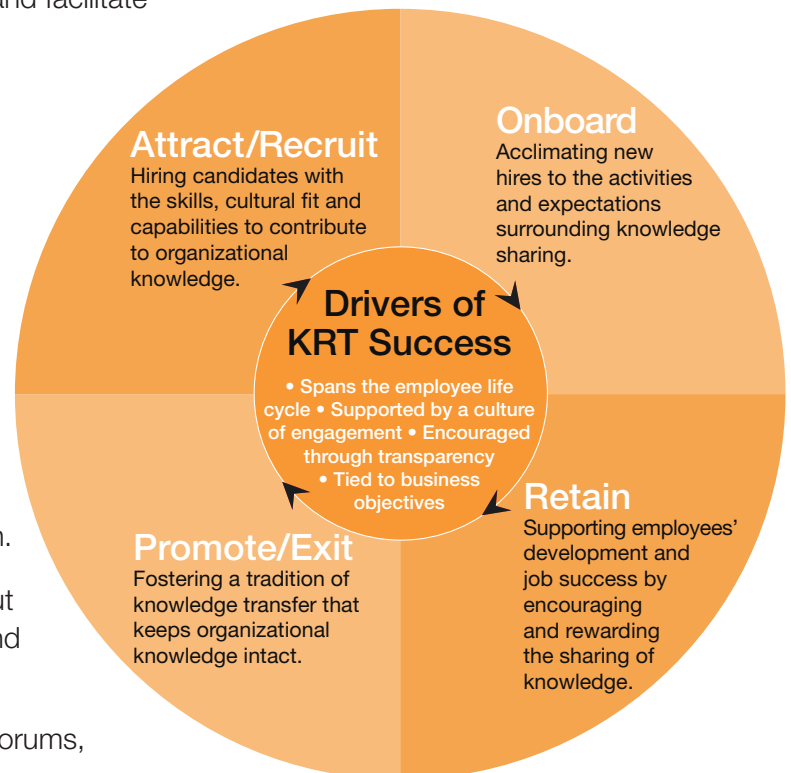
The employee life cycle can be divided into four phases: Attract/Recruit, Onboard, Retain, and Promote/Exit.

Attract/Recruit

In this phase, the emphasis is on hiring candidates who are a good match. They have the skills and abilities to succeed in the position, and are well suited to the company's culture. Tactics for knowledge retention and transfer include:

- Informing the candidate about the emphasis on knowledge retention and transfer within the company, and setting expectations for the new hire's participation.
- Introducing some of the technology that supports – but does not drive – knowledge sharing, including wikis and internal blogs.
- Introducing communities of practice, networking and forums, identified as a best practice in APQC's 2008 report

*Retaining Today's Knowledge for Tomorrow's Work Force.*¹⁶



Onboard

Onboarding starts immediately to help new hires feel comfortable with the company culture and their new position. New hires begin learning from various sources of information and have opportunities for two-way communication with managers about their transition and status. Managers use this information to improve the transition for new hires. Tactics include:

- Introduction to subject matter experts within the company;
- Training on job tools and technology systems;
- Mentorship or apprenticeship programs.

Retain

Retention happens over the long term and is designed to support employees' success on the job through ongoing training and opportunities for two-way communication that allow employees and their managers to make adjustments for improvement. Tactics during this phase are tied directly to business objectives, and supported through top-down communication. Tactics include:

- Career pathing;
- Skills development and training for different roles;
- Employee reward and recognition programs;
- Opportunities for sharing best practices, with rewards for participation;
- Support of communities of practice;
- Employee satisfaction/job surveys;
- Regular performance evaluations that include peer-to-peer feedback.

"When an individual leaves a legacy of knowledge, they are remembered reverently, and the morale of the company benefits."



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Promote/Exit

Joy Kosta draws a parallel between an organization and a family when she states, "If a member suddenly disappears, a grief process can ensue, which certainly would interfere with productivity, in addition to leaving an emotional hole. When a person transfers to a new assignment, it can also leave a knowledge hole. When an individual leaves a legacy of knowledge, they are remembered reverently, and the morale of the company benefits."¹⁷

When an employee exits a role or the company, a good relationship can enhance knowledge retention and transfer, especially if leaving a legacy of knowledge has become a well-embraced tradition within the company. If the exiting employee is motivated to participate in the following tactics, the transition will be much smoother for all:

- Formalized training of successors and hand off of responsibilities;
- Exit interviews;
- For those retiring, development of their ongoing role as consultant or mentor.

One Fortune 500 financial security company, **Northwestern Mutual**, proactively helps employees transition into new positions. The company promotes ongoing individual career development, and has also implemented workforce planning. According to Greg Jones, Director of Diversity and Inclusion and Corporate Staffing for **Northwestern Mutual**, “We counsel our leaders about workforce planning because no matter how great a place a company is to work, employees will eventually leave or retire. We share data with leaders to help them identify trends, and point out what portion of their team may retire and when they will be eligible to retire. This really prompts leaders to think about where there may be gaps in knowledge and skills. It gives them lead time to think about how they’re going to backfill certain roles with other employees.”¹⁸

By supporting its employees during the Retain and Promote/Exit phases, **Northwestern Mutual** can fill 40% to 50% of open positions internally and preserve organizational knowledge.¹⁹

Drivers of Knowledge Retention and Transfer Success

Like all important change and transformational initiatives, knowledge transfer and retention must be tied to core business strategy to facilitate its integration with daily business activities. Joy Kosta advises, “Examine the critical business objectives knowledge transfer makes possible. Keeping the critical business objectives visible and knowledge sharing as one of the how-tos will help to maintain stakeholder buy in.”²⁰

Knowledge retention and transfer strategies are also made stronger when they are:

- Carried throughout the employee life cycle;
- Supported by a culture of engagement; and
- Encouraged through transparency.

Knowledge Retention and Transfer in the Contingent Workforce

Knowledge retention and transfer should extend to every segment of a company’s workforce, including its contingent workers. Staffing providers can partner with clients on knowledge sharing strategies to better integrate contingent workers, whether they are temporary associates, contractors or candidates presented for permanent hire. Manpower collaborates with clients in all phases of the employee life cycle to advance workforce development and retention, as well as associates’ engagement with their assignments.

Conclusion

For hiring managers who expect little to no voluntary turnover in their workforce, the months ahead may come as a shock. Companies are already turning their attention to hiring; competitors may easily lure key employees away as business improves and workforce mobility intensifies. With seasoned employees preparing to exit and new hires coming in the door, now is the time for companies to cultivate one of their most distinctive assets. A proactive knowledge retention and transfer strategy will ensure that the investments made now in hiring and training are not lost over the long term.

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For more insight into Manpower’s collaboration with clients, visit us.manpower.com/knowledgeretention

To identify areas for improvement in your company’s knowledge retention and transfer strategy, take a brief interactive quiz at us.manpower.com/knowledgeretention

About the Manpower Survey

The employer research for this position paper was conducted from January 4, 2010 to January 15, 2010. The survey was conducted via telephone by Leede Research out of Manitowoc, Wisconsin. The sample consisted of 2000 respondents and represented all 10 North American Industry Classification System (NAICS) super sector categories as defined by the U.S. government. The sample was randomly selected and representative of the entire United States. Respondents were employment/staffing/hiring decision-makers in companies with ten or more employees.

Manpower

Manpower Inc. is a world leader in the employment services industry; creating and delivering services that enable its clients to win in the changing world of work. In the United States, Manpower is more than its core of industrial, contact center and administrative recruiting, assessment and selection. Under the Manpower Professional brand, the company provides innovative project solutions and places contract and permanent talent in areas such as information technology, engineering, finance and healthcare. Manpower leverages its expertise in staffing and consulting for the U.S. federal government through Manpower Public Sector, and provides clients with managed service programs, business and recruitment process outsourcing offerings, and other integrated solutions through Manpower Business Solutions. More information on Manpower is available at us.manpower.com

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