

# Strategies for Managing the Wave of Retiring Workers



Senior leaders across an array of industries highlight retirements, turnover, and succession planning as key issues confronting their organizations. Much has been written and reported on the impending retirement wave of baby boomer workers as a major source of concern.

As new generations enter the workforce and older generations remain at work longer, employers must evolve to meet new employee needs. Most solutions involve recruiting tactics for attracting new, younger talent to industry ranks through collaboration with local colleges and technical schools, but what about proactively managing the actual turnover in the workplace? What's the broader plan for transferring the "tribal knowledge" of departing workers to their replacements?

A turnover strategy must address two challenges. The first involves the sheer magnitude of baby boomer retirements underway and on the horizon: In the US, about 10,000 baby boomers are retiring every day. At many companies, more than 50% of the workforce will be retiring in the next three to five years, most of them in key management and supervisory positions with extensive tenure, tribal knowledge and the secrets or tricks to keeping the workplace on pace. How will their knowledge make it to their replacements?

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The second challenge involves the next generation of workers and their perspectives on employment and tenure. Demographic and trend studies show that the future will bring fewer loyal workers who dedicate their entire careers to a single workplace. Younger workers are significantly more connected with national and international business, job opportunities, and trends. Whereas 10 years ago, a baby boomer may have been aware of two or three alternative job opportunities within a 100-mile radius, today's generation X or Y worker is likely aware of hundreds of national or global opportunities for which they may be qualified. Skilled young production and manufacturing industry workers are in high demand, so the likelihood of more frequent job-swapping is real.

Generations X and Y made up over 60% of the workforce in the US in 2012, and that number will continue to rise. Job tenure fell from 9.2 years in 1983 to a mere 4.1 years in 2008.

A higher cycle of turnover is the new reality. More than 90% of millennials — people born between 1977 and 1998 — expect to stay in a job for under three years. How will your company manage the turnover of key positions every few years as opposed to every decade?

Organizations must understand the dynamics of near- and long-term turnover, including how younger generations of workers will affect how you recruit, train, and operate; the tactics for capturing knowledge from workers approaching retirement before they leave; and how to use enterprise asset management (EAM) and a computerized maintenance management system (CMMS) to sustain best practices despite higher turnover rates.

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## **Dynamics of near and long-term turnover**

To prepare for these changes in the workforce, companies must first consider their aging workforce and focus on how to capture the tribal knowledge these workers possess. They must also look at millennials. How do they fit into the workplace? How can you engage them and what are they seeking to attain job satisfaction?

Organizations need to assess their company culture, the product of how they have learned to manage problems. Culture is sustained by three things: structures, or how you divide the work, such as through organizational charts and job descriptions; systems, or how you coordinate the work, including processes, measures, rewards, and contracts; and style of leadership, which addresses how you engage and motivate the workforce.

To better engage the next generation of workers, you must eliminate some of the

rigid constraints that past organizational structures may have created. The following chart offers a contrasting perspective on the differences between the generation X and millennial workforce.

Generation X	Millennials
Born 1965-1976	Born 1977-1998
<ul style="list-style-type: none"> <li>- Accept diversity</li> <li>- Pragmatic/practical</li> <li>- Self-reliant/individualistic</li> <li>- Reject rules</li> <li>- Killer life</li> <li>- Mistrust institutions</li> <li>- PC</li> <li>- Use technology</li> <li>- Multi-task</li> <li>- Latch-key kids</li> <li>- Friends aren't family</li> </ul>	<ul style="list-style-type: none"> <li>- Celebrate diversity</li> <li>- Optimistic/realistic</li> <li>- Self-inventive/individualistic</li> <li>- Rewrite the rules</li> <li>- Killer lifestyle</li> <li>- Irrelevance of institutions</li> <li>- Internet</li> <li>- Assume technology</li> <li>- Multi-task fast</li> <li>- Nurtured</li> <li>- Friends are family</li> </ul>
Mentoring Do's	Mentoring Do's
<ul style="list-style-type: none"> <li>• Casual, friendly work environment</li> <li>• Involvement</li> <li>• Flexibility and freedom</li> <li>• A place to learn</li> </ul>	<ul style="list-style-type: none"> <li>• Structured, supportive work environment</li> <li>• Personalized work</li> <li>• Interactive relationship</li> <li>• Be prepared for demands, high expectations</li> </ul>

Source: The Learning Café and American Demographics Enterprising Museum

## Impact of younger generations of workers

For recruiting millennials, it helps to have an outstanding employee from the millennial generation talk to the candidate. Millennials look for organizations that provide flexibility to allow them to pursue their many outside interests. They like to get involved in meaningful volunteer efforts and are community oriented.

Millennials are financially savvy and have the capability to access and share information quickly. This is the most technologically and globally aware generation. Pair them with older mentors. On surveys, millennials say they relate best to the baby boomer and World War II generations.

How can you operate your organization with a workforce of millennials where high turnover rates are inevitable? For example, consider an enterprise that has more than 250 employees with an average age of under 22 who operate and maintain sophisticated mechanical, electrical, and cutting-edge technology systems in unusually harsh climates and around-the-clock shifts. The operating requirements demand no less than 100% reliability for periods often exceeding

six months. Now consider that this unusually complex operational facility actually turns over its entire workforce, including the president and senior management team, every three years.

The operation described above does exist. It is typical of a US Navy warship or submarine. How does a Navy ship's commanding officer manage constant turnover while successfully operating and maintaining such a complex organization? The answer is in the ship's operating culture, which allows the crew to not only survive but continuously improve in an environment of ongoing personnel turnover. An operating culture can be defined as the collective behavioural norms and expectations that govern the way people approach their work and interact with one another.

## Capturing knowledge from workers before they leave

On a Navy ship, you likely would see work being conducted with checklists or standard operating procedure manuals, formal safety procedures, and a buddy system that ensures quality control and safety. Training, both formal and on the job, is continuous. Senior supervisors and officers are visible and supportive. Very little seat-of-the-pants work is performed despite the nature of the unique maintenance, operations, and training challenges the crew confronts daily.

Within any organization, the most effective method for establishing a repeatable and more easily adopted operating culture is to develop standard best-practice business operations and maintenance processes and procedures. It is critical to ensure that high expectations and associated accountability standards are set for procedural compliance and to continuously improve these processes.

An example at a power generation facility might be the synchronization of electrical turbine generators. Is this accomplished by each shift and supervisor with a standardized set of procedures and checklists, or is it done a little differently each time, based on

the personalized styles of those in charge? How would it be accomplished next month if those supervisors or technicians were no longer with the organization?

Evolving from a culture of tribal knowledge and informal operating practices to one of standardized process adherence, practices, and procedures involves commitment and accountability from the leadership team. Sharing knowledge, documenting inherent best practices, and eliminating the "knowledge is job security" mentality will require time and significant behavioural change.

Do your root cause failure analysis efforts often result in "human error" as a common cause? Have you observed personnel completing a task? Are they following a standardized process or procedure that is written down? Are they completing a checklist and confirming or quality-checking their work? If not, how might you go about introducing those concepts?

Try these initiatives to create more standardized work practices and reduce the damaging effects of high turnover:

1. Identify critical work and procedures that are currently being accomplished with tribal knowledge or without the benefit of documented standard operating procedures.
2. Capture knowledge and data for this critical work from existing employees and transform that knowledge into institutionalized training programs and documented procedures.
3. Establish training programs that drive accountability and ensure all employees have the skills, competency, and knowledge to perform the assigned tasks as well as the ability to record data from those tasks.
4. Develop continuously evolving standard operating procedures that are followed via checklists and supervisory oversight.
5. Use an enterprise asset management (EAM) system that allows managers to make decisions and plans based

on factual information, captured data, and trends rather than gut feel or the experience of employees who may no longer be around.

It takes time to shift from a culture of “That’s the way we’ve always done it” to “Here’s precisely how and why we do it this way.” This will require a commitment from leadership to be engaged and visible with workers.

It’s likely your organization has accomplished this within other elements of your business. Safety and human resource departments tend to have evolved their standardization of procedures and processes. Now is the time to initiate the change and activities necessary to bring this consistency and standardization to your everyday operating practices on the plant floor.

The operating culture of a US Navy warship is an impressive vision for leaders to model because it serves as a realistic example of how an organization can be efficient and effective in managing workforce turnover.

A survey of corporate boards once found the number 1 reason senior executives are terminated is “the inability to affect change within their organizations”. Likewise, changing the operating culture within your organization to ensure the transitions that take place when personnel leave will be a critical factor in meeting goals and objectives through this coming wave of retirements and into the next generation of more frequent employee turnover.

### Using an EAM/CMMS

In many organizations, information is compartmentalized by functional group (e.g., finance, procurement) and fragmented into pre-programmed reports or analysis formats. As a result, it is difficult, if not impossible,

to quickly and accurately measure performance or make data-driven decisions.

Information is a highly complex, multi-dimensional and multi-disciplined issue. It is an ongoing challenge to convert data into knowledge that is reproducible and sustainable. No single employee or vendor can provide a comprehensive solution.

Handling the massive amounts of data generated within an organization is not a small endeavour. A number of elements must be considered, including information quality, legacy systems, data visibility, and security concerns. It is impossible to take everything into account upfront.

Many facilities are data rich but knowledge poor. They record gigabytes of raw data, ranging from trivial transactions to critical business indicators. The rapidly changing global market has put more pressure on the ability to quickly make data-driven decisions. As a result, the volume of data needed to manage a company has grown by a factor of 10. Unfortunately, the ability to convert raw data into an actionable database has not kept pace.

An enterprise information management system should be able to seamlessly integrate in near real time all of the data required to manage the entire operation, including each of its functions. It can provide effective coordination of activities and the same real-time information to workers at the appropriate level.

Adapting to a changing workforce climate with higher turnover demands a multi-dimensional approach. Leaders must understand the dynamics of near- and long-term turnover in their organization as well as how younger generations of workers will have an impact on how they recruit, train, and operate their business. They must also employ tactics for capturing

knowledge from workers approaching retirement before they leave.

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