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ORGANIZATION



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■ *Corporations can gain a competitive advantage if they can identify the employees who hold key knowledge and retain them—or at least transfer their knowledge if they do decide to leave*

■ *Identifying, nurturing, and retaining key knowledge holders and other employees with valuable but often overlooked skills will allow corporations to remain agile even during times of high turnover*

■ *The need to undertake such steps is especially acute as members of the baby-boom generation plan for their retirement*

Hidden Talent

Transition is a constant for corporations. Events such as mergers, downsizings, leadership changes, and retirement create the risk that key knowledge will leave the organization. Even without those precipitating events, employees come and go with greater frequency than they once did.

Corporations can gain a competitive advantage if they can identify the employees who hold key knowledge and retain them—or at least transfer their knowledge to others if they do decide to leave. Those employees exist at all levels of an organization, but they are frequently hidden from view. Identifying, nurturing, and retaining *key knowledge holders* and other employees with valuable but often overlooked skills will allow corporations to remain agile even during times of high turnover.

Losing Knowledge as a Result of Widespread Change

Demographic, economic, and cultural changes are accelerating the trend toward knowledge loss. For the next 15 years or so, the bulge of the baby-boom generation will be departing from the work force, potentially leaving their employers with a significant gap in skills and tacit knowledge. In many countries, baby boomers have been entrenched in their jobs for so long that ambitious younger workers have already left their companies, seeking greater opportunities for promotion elsewhere. Furthermore, a baby bust followed the baby boom, so the competition to recruit the best replacements will be fierce. India, with its labor surpluses, will not be a panacea for this problem, because large numbers of service and on-site heavy-industry jobs cannot be exported. In the face of this looming human-resources deficit, many companies continue to trim their work forces—without recognizing that they are allowing valuable knowledge to walk out the door.

Companies also face a risk of knowledge loss from younger workers, who are less wedded to their employers than their parents' generation was. Members of Generation X, born between 1965 and 1980, are more interested in building a portfolio of skills and experiences that they can take with them as they move through the 10 to 12 jobs they will likely hold over the course of their careers. Members of Generation Y, born between 1981 and 1999, are showing signs that they will be even more mobile.

Many large, traditional companies are not equipped to cope with these shifting, kaleidoscopic behaviors and new expectations. Their recruitment, hiring, training, career-management, compensation, and command-and-control mentalities are geared toward the less nomadic baby-boom generation. These programs will need to be revamped as other generations rise through the corporate system.

Identifying Key Knowledge Holders and Other Valuable Employees

Corporations can take steps to diminish the harmful effects of turnover and retain the knowledge they have invested in their employees—and in so doing create competitive advantage. The most valuable types of knowledge are often business contacts or work-around skills learned on the job. Such knowledge is frequently undocumented in training manuals, documented incorrectly, or otherwise absent in formal knowledge-retention systems.

To preserve this information, corporations must identify key knowledge holders as well as employees recognized by their colleagues as having the influence, skills, and expertise to help them be productive. In addition to key knowledge holders, there are three other types of employees whose sudden departure could create unexpected difficulties at any organization: *problem solvers*, *mentors*, and *bridges*. Corporations should manage these four types of employees as they would any other high-potential or valuable employee.

- *Key knowledge holders* have expertise or information that a significant percentage of the corporation depends on to get its work done. These employees might have specialized technical or process knowledge but also could own important supplier or customer relationships. Key

knowledge holders are not necessarily individuals; they may be groups or teams.

- *Problem solvers* help others work through roadblocks or serve as sounding boards or thought partners. They are valuable because they help others remove obstacles to getting things done. Usually, they are particularly skilled in knowing how to “work the system” to accomplish tasks or achieve business goals.
- *Mentors* possess a combination of coaching capabilities, political savvy, and interpersonal skills. They can be excellent individuals to enlist in change programs because of their influence over others.
- *Bridges* help connect individuals who would otherwise not be in contact with one another. They may be simply networkers par excellence, or they may be a productive link between two interdependent departments, such as sales and engineering, that don't usually collaborate. In a multinational company, a bridge could also be someone who understands cultural sensitivities and working assumptions. It is important to identify when bridges have unique individual skills and when they are in roles that demand coordination and communication skills. In the former case, rotating these people into roles in which cross-functional or cross-cultural challenges exist can quickly benefit the organization. In the latter case, high-potential individuals can be transferred into roles that expand their network, influence, skills, and cross-functional knowledge.

These employees exist everywhere in a company—not just in the top ranks, in highly skilled positions, or among those identified as high-performing or high-potential employees. Companies should search broadly and systematically for employees who possess such knowledge or skills, but such a search can be difficult. Managers are often most impressed by the employees who excel at “managing up” and making a good impression. They will identify those favored employees as key knowledge holders, problem solvers, mentors, or bridges, whereas employees in the trenches will often single out a very different set of people whom they rely on.

There are a number of ways to identify this hidden talent. A top-down analysis can capture management's perspective, whereas widely distributed and specially designed surveys can elicit the bottom-up view. A survey helps flag several key facts and relationships:

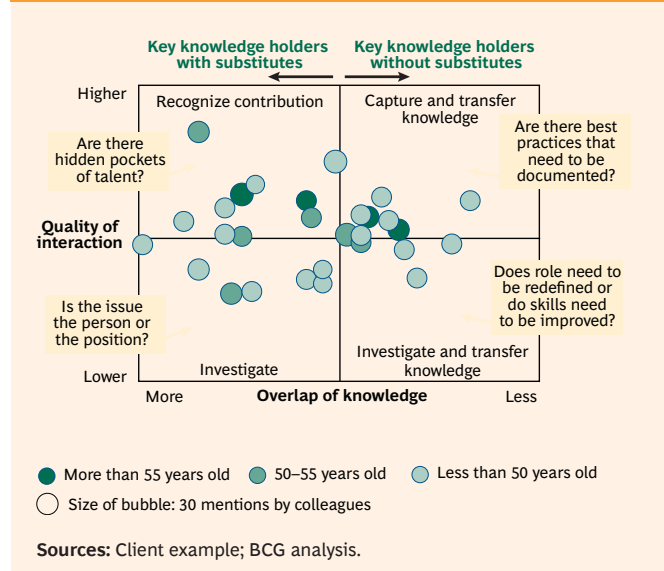
- Who knows what
- Who has the authority to make decisions
- Who is considered trustworthy
- Who is effective

This approach is particularly powerful if the survey is conducted through the lens of network analysis. Companies can ask employees which individuals they go to for different kinds of knowledge and support and how often, and then have them assess the value of those interactions. With the results, companies can create a grid showing knowledge flows that can be fed into sophisticated network-analysis tools. This approach is useful in identifying opportunities to build and strengthen the existing and future knowledge network.

One U.S. industrial-goods company used a combination of tools to identify the four different types of employees. Of approximately 5,500 employees, about 1,000 were identified as key knowledge holders, 24 as mentors, 77 as problem solvers, and 93 as bridges. These individuals crossed all boundaries in terms of age, function, and tenure. This distribution highlighted the need to revamp thinking about how to retain nomadic younger employees, who were leaving at an alarming rate to seek better opportunities because most of the lucrative jobs were held by entrenched baby boomers. The company analyzed its employees through multiple lenses, including their risk of retirement, the quality of their interactions with other employees, and the degree to which their knowledge overlapped with that of other employees. This analysis helped the company develop a finely tuned plan to retain knowledge. (See Exhibit 1.)

Not all key knowledge holders are created equal. We estimate that about 10 percent of key knowledge holders are also *critical knowledge holders*. These employees possess knowledge or expertise that is essential to the functioning of their project, department, or company. If a critical knowledge holder leaves and his or her knowledge is not retained, the project will experience a significant setback or stop altogether. At the industrial goods company, for example, one individual was in charge of all change orders and kept track of them with “sticky notes” pasted to her wall. In a world of finite resources, it may be desirable but impractical to go to the expense of transferring knowledge from every single key knowledge holder. But companies should do

Exhibit 1. Companies Can Capture and Transfer the Valuable Knowledge of Employees Who Are at Risk of Leaving



everything they can to capture the knowledge of critical knowledge holders.

Linking Knowledge with Human Resources Strategy

As with many similar activities, companies should de-average the problem of knowledge loss in order to develop a granular understanding of their vulnerabilities and then craft an effective HR strategy. (See Exhibit 2.) At the industrial goods company, for example, approximately one-half of the sales force was nearing retirement, but in other areas the risk of knowledge loss was far more manageable.

Once they have completed this type of analysis, companies can start to design programs in order to transfer the knowledge. Among the steps they should take are the following:

- Prioritize where to retain or disregard knowledge or mitigate its loss
- Identify and implement practical options to retain knowledge or mitigate its loss through documentation, training, mentoring, shadowing, or reengineering processes

- Monitor and evaluate knowledge-retention and training plans, making sure to continually update information and processes as necessary
- Develop and monitor the effectiveness of recruiting and retention strategies, career path and job design, and training and development programs in light of key knowledge loss

As its role shifts from the transactional to the strategic, the HR department must anticipate both external and internal pressures, such as an acquisition or a restructur-

ing, and actively prepare for disruptions such as those caused by knowledge loss. Incorporating this analysis into the HR life cycle can help in this effort. By utilizing key knowledge holders, problem solvers, mentors, and bridges, corporations can more successfully plot and steer change initiatives and better manage and develop talent.

Companies will have to prepare for the nomadic career choices of Generation X and Generation Y employees by preserving their expertise. Key knowledge holders and other valuable employees may come and go, but it is incumbent on companies to figure out how to keep the knowledge they have generated and learn how to build on it.

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Exhibit 2. An Analysis of Key Knowledge Holders Can Help Companies Develop an Effective HR Strategy

