

BEST PRACTICES



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Reversing The Aging Work Force Crisis

IBM's w3 Intranet Sharpens Its Corporate Memory

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EXECUTIVE SUMMARY

It comes as no surprise that the baby boom population bulge is approaching retirement age. Large and small firms, and state and local government agencies alike, are alarmed at the prospect of so many seasoned employees walking out the door, taking their business and process know-how with them. But this retirement boom doesn't have to be a crisis — smart organizations should use it as a catalyst to collect and share information more efficiently and effectively. IBM's intranet, w3, offers useful examples of memory preservation as a core business strategy and a way to establish a culture of sharing that welcomes new employees.

RESEARCH CATALYST

Forrester spoke with Liam Cleaver, manager of work force enablement for IBM corporate, about the company's best practices in mitigating the risks associated with an aging work force.¹

THE WORRY: BABY BOOMERS ARE APPROACHING RETIREMENT

It's no secret. Fifty percent of federal government workers will be eligible to retire by 2005.² And 76 million baby boomers will be eligible to retire within the next two decades, with only 46 million Gen Xers available to replace them.³ Much of the press on this topic has the hyperbolic tone of the pre-Y2K doomsday predictions, which describe it as a "demographic collision" or a "retiring tsunami."⁴

Is The Potential Loss Of Corporate Memory A New Crisis Or A Wake-Up Call?

As the boomers retire, they take with them their unique knowledge of how drugs are formulated, who the suppliers are, where the records are kept, and how the guts of hardware or software products work. But for most enterprises, worrying about skills walking out the door really means that they haven't yet:

- **Documented expertise — which employees know which subjects.** While most firms have some sort of telephone directory of employees, their catalogs of employee traits are almost always limited to reporting structure and contact information. Employee directories offer no clues as to what each employee's area of expertise or specialization is, what their background is, or whether they are in the office at any given time. In contrast, the Blue Pages component of IBM's w3 intranet provides employee profiles that are populated with each worker's biographical

information, resume, certifications, areas of expertise, and whether they are online for a quick instant messaging query.

- **Offered an infrastructure to help employees help themselves.** In many enterprises, email or poorly maintained internal Web sites are workers' only resources for finding the information they need to do their jobs. But at IBM, more than 250 information brokers nominate content and send links of relevant information for specific topics into an enterprisewide taxonomy, such as financial services, procurement, or CRM. The result is that reps in the field can search for terms like "SAP" and "CRM" and find thousands of documents, online resources, and even employees who have profiled their involvement in SAP's CRM. Add the words "Samsung" and "Korea," and the search is narrowed to a handful of employee experts who can offer help on a project.
- **Created an electronic environment for meeting and sharing.** Even in organizations where geographically dispersed workers need to collaborate frequently, most meetings are still held via conference call or in person, and email is the primary mechanism of electronic information sharing. In contrast, IBM's w3 provides online team workspaces and electronic meeting environments that enable inexpensive, real-time collaboration — and keep a public record of ideas, conversations, and shared documents. IBM has also used w3 to run global online events, including a threaded discussion for 30,000 managers to engage in a time-limited discussion about management issues.⁵
- **Institutionalized processes for high-skill positions.** Although many firms worry about losing employees with unique expertise in areas like procurement, sourcing, hardware repair, and legacy system maintenance, few require important process documents like RFPs and repair orders to be logged. But within the IBM w3 intranet, searchers can find the title and specialty of these types of contract negotiations. And the procurement processes have been altered to ensure that RFPs are entered into a system, making them subsequently retrievable.

THE SOLUTION: START NOW ON THE LONG-TERM FIX

To prepare for changing work force dynamics — both the out- and inflow of people — execs should examine how they enable employees to document and find information and use it to collaborate with each other. The w3 project was launched within a 1996 effort by former IBM CEO Lou Gerstner to "salvage the company." Its mandate: To create a work force strategy that would reduce complexity, empower employees, and make all workers more productive.⁶ Although the project has been very successful, it has taken IBM eight years of effort to reap the benefits across such a large organization — even one in which employees have high degrees of both geographic dispersion and interdependency.

Enterprises that are worried about the impact of departing expertise over the next decade should therefore evaluate progress in four valuable — and admittedly very difficult — projects to help preserve enterprise memory:

- **Establish a platform for collaboration.** Most firms are still in the experimentation stage with collaboration tools, spawning a gaggle of vendor point solutions for team collaboration, Web conferencing, and instant messaging.⁷ The most sophisticated companies will, like IBM, forge a firmwide collaboration strategy.⁸ This not only enables corporate memory retention, but it also allows firms to save big bucks by consolidating redundant infrastructure and retiring the tools that run on it.⁹ As an intermediate step, companies should use portal technology for lightweight publishing, community portal sites, and integration of IM tools as portlets.¹⁰
- **Organize critical content so that it is retrievable online.** As firms inventory their software assets en route to an enterprise collaboration strategy, they may include the use of an enterprise content management (ECM) framework to capture and organize documents, Web content, email, or other records. Firms must also evaluate whether the search tools of either the collaboration platform or the ECM framework are adequate as they begin to replace existing information silos and previous failed search implementations.¹¹ They must decide whether the enterprise benefits from centrally managed/distributed maintenance of topic categories, as in the IBM w3 environment. As an intermediate step, firms should build an index across both ECM and legacy sources with a single set of retrieval algorithms.¹²
- **Integrate expertise location into directories and jobs.** From the employee perspective, expertise locators within the intranet help them to find out who knows what, and even allow them to ask a question. But to make sure that experts are willing to be found, supervisors should integrate the update of information into workers' job requirements and ensure that it is up-to-date at review time. They should then mandate populating a complete profile as part of the new hire process.¹³ And there is no substitute for managers who set examples of their own willingness to be contacted online. Evaluating expertise locator software is a good intermediate step.¹⁴
- **Document and automate critical business processes.** Now is the time to settle on a business process management (BPM) strategy, starting first with high-cost manual processes, such as paper-based records management and forms-based processes. BPM technologies use rules engines to capture key policies in an application-independent, human readable form, and they include tools that allow those policies to be maintained by practitioners, not IT.¹⁵ To capture process knowledge, companies should make sure that new, automated processes output a record of key transactions, and they should add documentation of these new processes to the ECM repository.

RECOMMENDATIONS

TECHNOLOGY IS THE EASY PART — THE REAL WORK IS WITH PEOPLE

As IBM's multiyear effort to change the company illustrates, organizational memory retention goes well beyond the technology. Organizations faced with a large prospective retiring work force over the next few years should:

- **Create a map of who may leave and when.** Although HR staff may have overall demographic awareness, they should map out the vulnerability of specific groups or geographies to help individual managers prepare and formulate plans, including the creation of incentives to populate the electronic memory — and keep it up-to-date.
- **Bring senior staff into the new-hire training process.** As employees get closer to retirement age, firms should accelerate time-to-productivity for new hires by pairing them up on the job with senior staff, or by making it part of the new hire's startup process to seek, find, and get to know these experts.
- **Make it attractive to retire gradually.** Several large companies are pioneering innovative processes. For example, MITRE helps retirees to continue in a part-time capacity, the Aerospace Corporation helps employees "try on" retirement, and Monsanto allows retirees to re-enter later if they decide they want to come back.¹⁶

ENDNOTES

- ¹ As of August 31, 2004, 51% of IBM's 326,023 employees were age 40 or older.
- ² The Office of Personnel Management in 2002 estimated that 69% of the work force that year was age 40 or older. <http://www.opm.gov/feddata/demograp/demograp.asp#AgeData>.
- ³ Arlene Dohm, "Gauging the Labor-Force Effects of Retiring Baby Boomers," *Monthly Labor Review* 123.7, 2000, pp. 17-25.
- ⁴ See "Statutory Reforms Needed to Allow Phased Retirement by Baby Boomers," The Urban Institute, December 2002.
- ⁵ Nearly 50% of IBM's work force is mobile — without an office location where they can share information face-to-face.
- ⁶ To read IBM's public description of w3, see http://www.intranetjournal.com/articles/200209/ij_09_25_02a.html.
- ⁷ The four phases toward an enterprise collaboration strategy include: 1) traditional collaboration; 2) experimentation; 3) proliferation of tools; and 4) enterprise strategy and standardization. See the February 19, 2004, Quick Take "Stop Experimenting And Develop A Collaboration Strategy."

- ⁸ Firms should develop enterprise collaboration strategies to avoid false starts, fill in functionality gaps, and obtain greater value from collaboration investments. See the August 2, 2004, Best Practices “Road Map To An Enterprise Collaboration Strategy.”
- ⁹ IBM’s claim is that the w3 Intranet saved \$2 billion per year in both hard and soft costs, including online meetings that replaced travel and redundant infrastructure shutdown.
- ¹⁰ On the way from intranets to an enterprise collaboration strategy, firms should capitalize on the technological advances in portal software for more effective search and collaboration. See the August 4, 2004, Quick Take “Your Intranet And Extranet Are Obsolete.”
- ¹¹ Organizations should evaluate enterprise search separately from other middleware initiatives when consistent, secure information retrieval is required across corporate boundaries. See the March 19, 2004, Tech Choices “Get Smart To Evaluate Search.”
- ¹² Over the next few years, a consistent, adaptive infrastructure will emerge that will bind together information from both structured and unstructured sources. See the May 12, 2004, Forrester Big Idea “Organic Information Abstraction.”
- ¹³ IBM notes that 50% to 60% of its employers to date have less than five years’ tenure at the company.
- ¹⁴ AskMe Information Technologies and Tacit Software are two vendors with current packaged solutions for expertise location. See the August 20, 2004, Quick Take “When You Say ‘Knowledge Management,’ What Do You Mean?”
- ¹⁵ BPM offers the capability to help firms document and handle processes in a standard way, while at the same time helping them come into compliance with regulations like Sarbanes-Oxley and Basel II. See the August 5, 2004, Trends “The Real Significance Of Business Process Management Solutions.”
- ¹⁶ Julia King, “Smart companies entice older, wiser IT workers to remain on the job,” *Computerworld Australia*, September 9, 2004. <http://www.computerworld.com.au/index.php/id;1583424541;fp;2;fpid;2>.