Outdated or Wise? Innovative or Naive?

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A knowing chuckle spread across the room of utility executives and senior managers. A show of hands revealed that one fourth will retire within five years and about half in 10 years. That magnitude of loss was true from the company managers all the way down to the craft workers.

Everyone agreed that this was a problem. Was it a technical problem that could be solved through changing hiring practices and implementing training programs? Or was it an adaptive challenge where employees and the company would have to make hard decisions about what they valued most?

Aging workforce is a well-known problem for utilities, as it is for other industries. When utilities expanded in the 1960s and 1970s, they hired a large number of people that were just entering the workforce and these employees, many of whom have now worked for the same company for 30 years, are nearing retirement. Some people worry that when these employees go, a lot of knowledge, wisdom, and loyalty goes with them. Others are happy to see the older generation go.

Who is right, those who worry or those who can’t wait? Probably both. Aging workforce presents both a threat and an opportunity for companies facing a changing economic and regulatory climate. The key questions companies have to answer include:

- What from the past does the company need to retain to be successful in the future?
- What from the past holds the company back from future successes?
- What losses are the older generation experiencing that may cause them to sabotage knowledge transfer?
- What beliefs and attitudes do the new generation possess that may cause them to reject the most important lessons from the past?

Some of the knowledge to be kept is obvious: Where are problems likely to occur in the transmission lines? What is the best way to communicate with emergency management officials when a major storm hits? However, some traditions that pass for knowledge may hold a company back. Rivalry between organizational silos can keep a company from adapting as circumstances change. Memories of failed expansions into new lines of business can make a company overly conservative. And predominance of close relationships with like companies can reinforce conventional wisdom.

How can a company develop a culture that can determine what from the past to remember and what is best left behind? One company – not an electric utility – developed interdisciplinary experiment teams, whose mission was to identify and carry out trials that would test conventional wisdom and new ideas. Another company organized its troublemakers to openly debate the questions others wanted to avoid and expose the company to threats that others pretended didn’t exist. In a third company, the CEO allowed disgruntled employees to vent at him publically, thus establishing a culture that celebrates the discussion of elephants in the room.
How can a company address the losses, beliefs, and attitudes that separate generations? Some companies establish programs that honor the roles of aging employees and help them establish new roles outside the company, maybe within the community or in an organization that celebrates the company’s past. Other companies hire pools of talented, young employees that rotate through the company during their first few years of employment. Yet others develop leadership academies that expose younger employees to all aspects of the company and to senior employees, and have the academy participants work in interdisciplinary teams on experiments of their choosing that test new ways for the company.

The wrong approach to addressing the aging workforce issue is to assign it to HR, treating it as a personnel issue. The adaptive challenges of aging workforce cut across all dimensions of an organization and involve everyone.

What happens if a company ignores the adaptive challenges of the aging workforce? The 50 percent or so of employees who are going to retire will do so, and the company that is left behind will be a consequence of attempts to put new wine in old wineskins: It won’t be the company created by the retired generation because they will be gone. It won’t be a company formulated by the new generation because it is simply being fit into the old generation’s structure. Nor will it be a company jointly developed by the best that the old generation and the new generation have to offer because they never worked through what to keep from the past and what to create anew. At best, the company will be an accident of history. At worst, it will belong to somebody else.

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