

**Teacher and Employee Retirement Incentive
Employee Knowledge Transfer Process**

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STATE DOCUMENTS

The State of South Carolina has a Teacher and Employee Retiree Incentive program (TERI). TERI allows an employee to retire and begin accumulating a retirement annuity on a deferred basis without terminating their employment. By participating in TERI, an employee may defer receipt of their retirement annuity for up to 60 months. At the end of the 60 months, the employee must terminate their employment. However, the employee is not required to participate in the TERI program for the entire sixty months. The employee may choose to end their participation at any time. The Budget and Control Board lacks a systematic process to transferring the knowledge of our tenured employees. This is creating a lack of qualified applicants in our internal applicant pool. By developing a structured knowledge transfer process, we will be able to close this knowledge gap within our existing employees.

The three strategic initiatives of the Budget and Control Board are customer service, employee well being and return on investment. This knowledge transfer process has direct impact on two of these initiatives, employee well being and return on investment. Feedback received from our employees through surveys, exit interviews and the Leadership Academy projects indicates that our employees are dissatisfied with their promotional opportunities. The ceiling created by bringing retirees back into their positions can potentially limit an employees' career development and available promotional opportunities. This directly impacts our employee well being due to their dissatisfaction. Our employees will seek out promotional opportunities elsewhere thus creating turnover. Turnover has a direct impact on return on investment. A conservative estimate of the cost of turnover in the private sector is about three month's salary. Given

most private sector companies produce and/or manufacture a consumable product and the Board provides mainly services, we will use two months salary for our equation. The Board's average salary according to the state Human Resource Information System is \$50,039. The turnover percentage for calendar year 2007 was approximately 12.2%. Currently, the Board has 1,115 filled positions. Using this information, the cost of employee turnover to the agency equals \$1,134,467 (1,115 filled positions x 12.2% x \$8339.83). Included in the cost of turnover is the investment the Board makes in its employees through training and development. When employees leave for better opportunity, they take that knowledge and investment with them. By not having a knowledge transfer in place, we have to rely on rehiring our TERI retirees so that we can continue to meet our objectives and goals. This aspect of our culture is causing a negative effect on our ability to retain our talent.

The Budget and Control Board (the Board) consists of approximately 1,200 employees which includes FTE positions, Time-Limited positions, Temporary Grant positions and Temporary positions. According to the Human Resource Information System for the State of South Carolina, there are currently seventy-seven Board employees participating in the TERI program (Graph 1.) Within the next three years, one hundred and forty one employees will be eligible to retire or participate in the TERI program (Graph 2.) Of those, twenty three employees are in positions that are in a pay band eight or higher and thirty four employees are in a pay band seven. These are positions that would be available for our junior talent to move into leadership roles within our organization. The Board has rehired sixty state retirees into temporary, time-limited

and FTE positions predominantly due to needing them to return because of a lack of knowledge transfer. This has caused great concerns given the increasing number of employees who will be eligible to retire/enter TERI or end their TERI participation in the next three to five years. The solution for this agency is not to rehire but to develop and train existing staff to assume these duties and roles within the organization. Better planning is needed to prepare our Offices and Divisions for the retirement of their employees.

Board Human Resources (Board HR) has developed knowledge transfer tools. These tools are located on the Board's intranet in the Supervisor Toolbox.

Figure 1

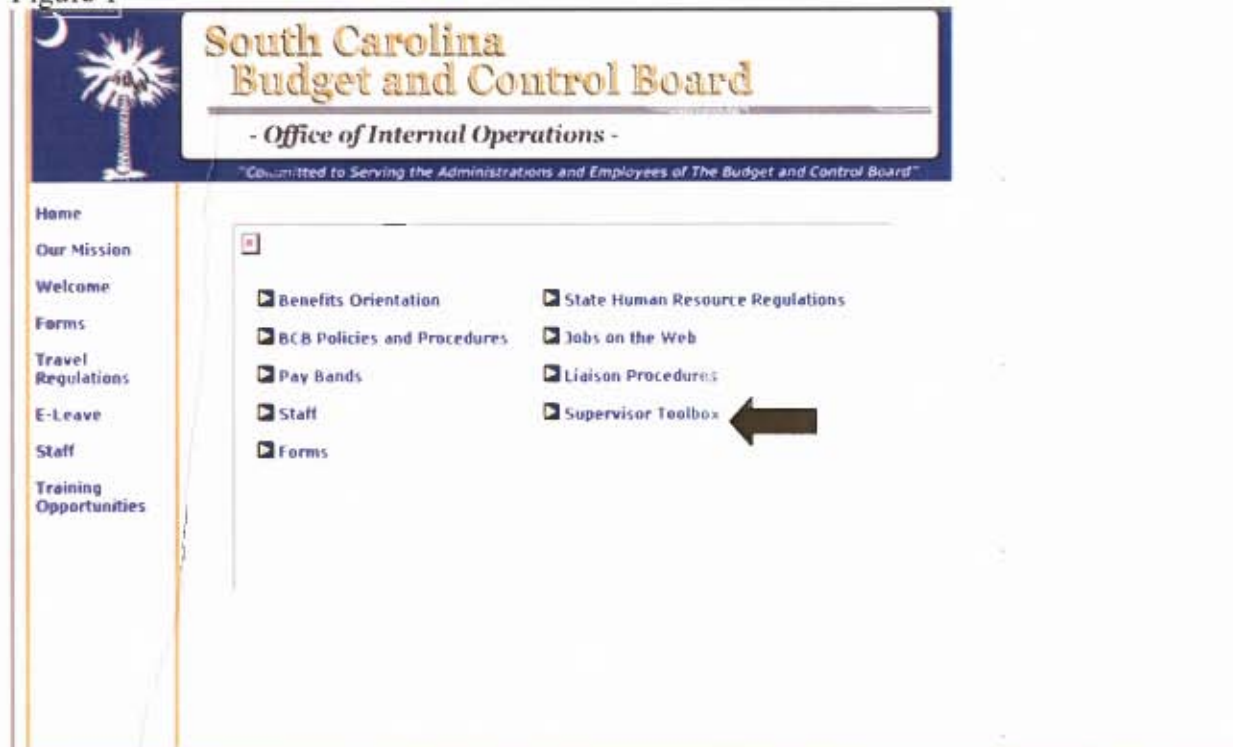
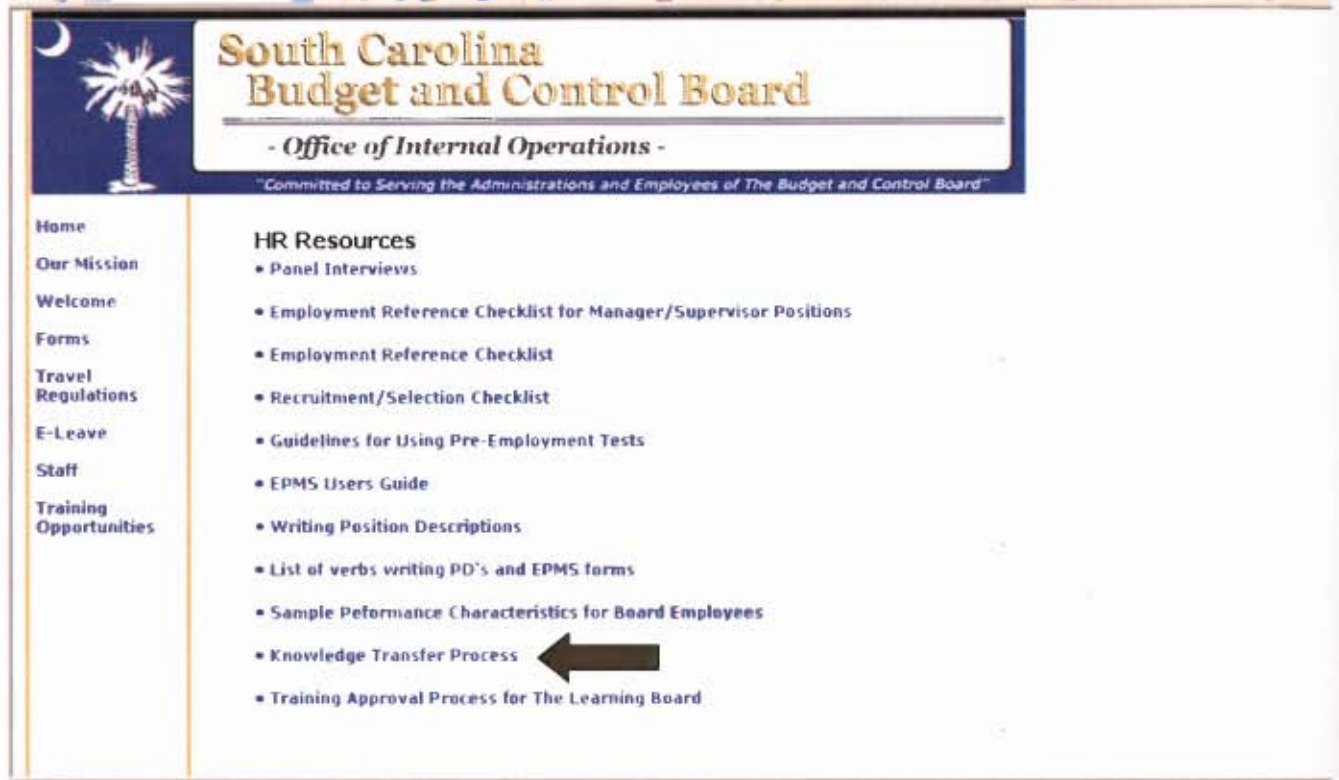


Figure 2



Supervisors can find the guide to developing a knowledge transfer plan there. Board HR has included various items for their review and included a knowledge transfer worksheet. Although these tools are available, they are not specifically designed for TERI participants. We have a policy in the places that requires knowledge transfer plans for critical and hard to fill positions. The Board has not taken the steps to encourage support to develop skills in use of the tools.

Figure 3



The Board's Employee Performance Management System (EPMS) policy does not require an EPMS to be completed for an employee not covered by the State Grievance Act. The policy states "The provisions of this policy address the appraisal process of both probationary and covered employees." Any employee who enters the TERI program after June 6, 2005 is not covered by the State Grievance Act. Since a TERI participant is neither a probationary employee nor a covered employee, the Board has taken the stance that the EPMS policy no longer is applicable to them. To continue with the EPMS process with a non-covered employee would set a precedent and the Board would be inconsistent in administering its EPMS policy. There is not a valid business necessity to warrant providing an EPMS evaluation to one group of non-covered employees and not the other groups of non-covered employees. In addition, an EPMS evaluation may give an employee an expectation that the substandard process would be used should they be below expectations in any essential job function or objective which

significantly impacts performance. Instead, managers will be expected to use the TERI Knowledge Transfer process to provide feedback to their TERI employees.

Implementation

When an employee enters the TERI program, Board HR would notify the supervisor/manager of the employee. The Board has a universal review date for EPMS. However, an employee may enter the TERI program at any time so it is not practical to have all TERI Knowledge Transfer forms be completed on a universal date. The manager would complete the first year form based on information gathered from the employee. Since participation for the full sixty months is not a requirement of the TERI program, it is critical that the manager discuss the timeframe that the employee is anticipating. This will assist the manager in determining the timeline for the knowledge transfer. In addition, the manager will give the employee a questionnaire to assist the employer in reviewing aspects of the position in order to focus on the functions that need to be part of the knowledge transfer (Attachment 1).

There will be three stages of the TERI Knowledge Transfer process. They are Preliminary Stage, Execution Stage and Wrap-Up Stage. The KT website tools will include guided steps and questions for these stages. Supervisors of employees that plan to complete the entire sixty months, can use the suggested guidelines for each stage to the maximum months. In the guideline (Attachment 2), the stages are outlined and examples of knowledge transfer goals are listed. The goals are just suggestions and each individual manager/supervisor will be responsible for developing the knowledge transfer plan that

best suits the work unit's business needs. Each individual manager or supervisor will have the discretion to determine what amount of knowledge transfer will happen each year. This is very similar to the discretion each manager/supervisor has when developing an EPMS planning document. As outlined in Attachment 2, no person to person knowledge transfer will happen until the last stage of the knowledge transfer process. There are many variables that would have to be considered when determining the time frame for the person to person transfer. Some of these include the available internal applicant pool, is the position typically hard to fill, the technical skills required and the amount of training that would be needed.

The form will be an automated form similar to the online EPMS form the Board recently implemented (Attachment 3). The manager/supervisor will be notified by their office/division Board HR consultant when one of their employees enters TERI. At that point, the employee will no longer receive an EPMS. The Knowledge Transfer Plan for TERI Employee will immediately become applicable. The review period is a year and the dates are based on when the employee enters the TERI program. For example, if the start date is July 1, 2008, then the review period would be from July 1, 2008 to July 1, 2009. The supervisor will work with the employee to create the planning document. The Knowledge Transfer Plan form will be submitted electronically to Board HR. During the course of the 12 month period, supervisor and subordinate will meet periodically to review the progress of the plan. At the end of the year, the supervisor will evaluate how successful the employee was with meeting the performance expectations and the desired outcomes on the knowledge transfer plan. The employee will either be rated an

outstanding, acceptable or needs improvement in the performance feedback section. If the employee's performance is rated a needs improvement, the supervisor is directed to contact their manager and Board HR to discuss an improvement plan for the employee. If the employee is unable to meet the expectations as outlined by their supervisor and management, Board HR needs to be contacted to discuss the employee's continued employment. The knowledge transfer progress would be rated based on the attainment of the outlined activities for that particular year. If an employee is deficient in achieving the knowledge transfer goals, the manager will be responsible for placing greater emphasis on the knowledge transfer activities. Each year, the process would start again.

Prior to complete implementation, the Board's Division/Office leadership would be presented the educational campaign about this new process during their monthly meeting with the Chief of Staff. At that time, Board HR would ask for volunteers for the a focus group. We will select three to five employees that have recently entered the TERI program and meet with their supervisors/managers. This group will be trained on the new form and given access to the online document. We anticipate creating this group and meeting with them no later than April 1, 2008. In the initial meeting we will review the Knowledge Transfer tools available on the intranet and provide coaching and informal training for the supervisors on use of the Stages Guideline and the Employee Questionnaire. They will meet with their TERI employee, administer the employee questionnaire and explain the knowledge transfer process. Based on their experience, the focus group would provide Board HR with feedback on the Knowledge Transfer Tools and the Review of Knowledge Transfer Plan form. After reviewing the recommendations

of the focus group and implementing the selected recommendations, we would roll out the process to all the Board's Offices and Divisions. Our target date for roll-out is June 1, 2008. At that time, Board HR consultants and the Training Coordinator would assist in contacting all managers that currently have TERI employees. That assistance will include marketing the form, providing the guidelines, questionnaire, and other tools, and explaining the requirements of the process. In addition, communication would go out to Board HR liaisons regarding the list of TERI participants who no longer need EPMS evaluations and replace the EPMS with the knowledge transfer form. The deadline for these forms to be submitted to Board HR will be September 1, 2008.

Board HR consultants will play a pivotal role in educating managers and supervisors on use of the knowledge transfer process. Upon receiving notification that an employee from one of their assigned offices/divisions has entered TERI, it would be the consultant's responsibility to contact the manager/supervisor. During that conversation they would deliver just-in-time training. The manager/supervisor would receive the Knowledge Transfer Stages document (Attachment 1). Board HR consultants would review this tool with the manager/supervisor, creating dialogue to assist them in reviewing the position and the organizational needs. Initially, demand may dictate the necessity for delivering training sessions. Board HR consultants would work with the Employee Development team to create training materials and offer sessions to educate managers and supervisors on the knowledge transfer process. After the initial wave of managers and supervisors are trained, Board HR consultants will continuously work with

managers on a one-on-one basis to educate them and assist them with the knowledge transfer process.

There are potential obstacles that must be considered. Managers and supervisors must be committed to completing this process. This particular obstacle is similar to the EPMS evaluation. Board HR has worked diligently to overcome this with the EPMS process. We have put in place a notification system for due dates and also have built in follow up to ensure that EPMS evaluations are being completed in a timely manner. The online EPMS form allows us to track who has received planning stages. Our online knowledge transfer form would do the same. We would also have a notification process and have built in follow up with the knowledge transfer evaluation form. A second obstacle to consider is the TERI participant. Although a TERI participant has up to sixty months, they could leave employment at any time without notice. The manager must be prepared for this possibility. This is why it is essential that as much information be collected from the employee in the beginning years of TERI.

Board HR will measure the success of this process by monitoring several metrics. We should see a reduction over time of the amount of TERI retirees rehired. Bi-annually will review the data to determine if this process is having a positive impact on reducing the numbers of rehires. Board Human Resources will monitor our turnover rate and internal promotion percentages. We will evaluate the number of positions vacated by a TERI participant to determine if these positions are being filled with internal candidates. In addition, we will review the average length of time an employee participates in TERI

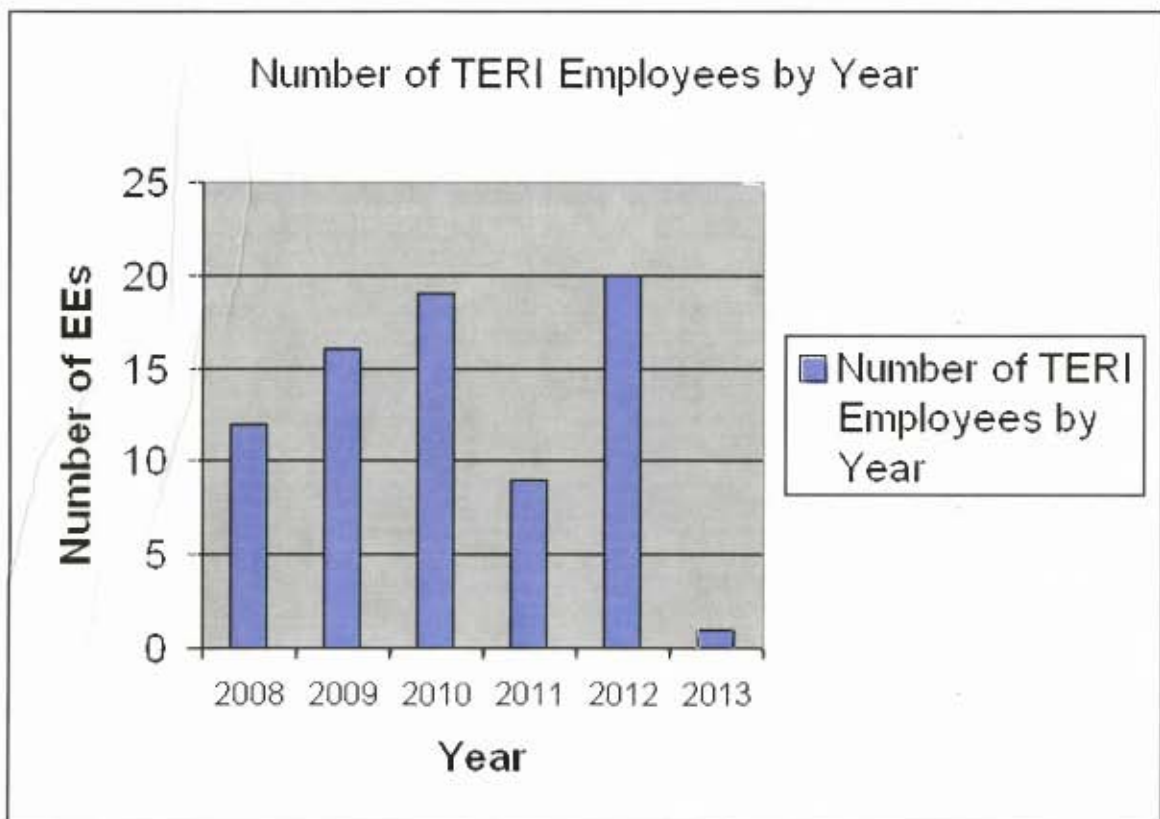
to consider adjusting the process to accommodate the length of time needed to complete the knowledge transfer process.

This process is critical to the continued success of the organization in managing the transitions of retiring employees. As our workforce retires, there will be a tremendous loss of institutional knowledge. Our ability to capture as much of this information as possible to allow the successors to these employees to continue to achieve the mission and goals of our organization. In order to retain our junior talent, we need to offer opportunities for career growth and development. If the Board continues to rehire its retirees rather than develop our internal talent, we will lose our high-potential employees to other state agencies and the private sector.

Graph 1

Number of Current TERI Employees by Year
(Based on the ending date)

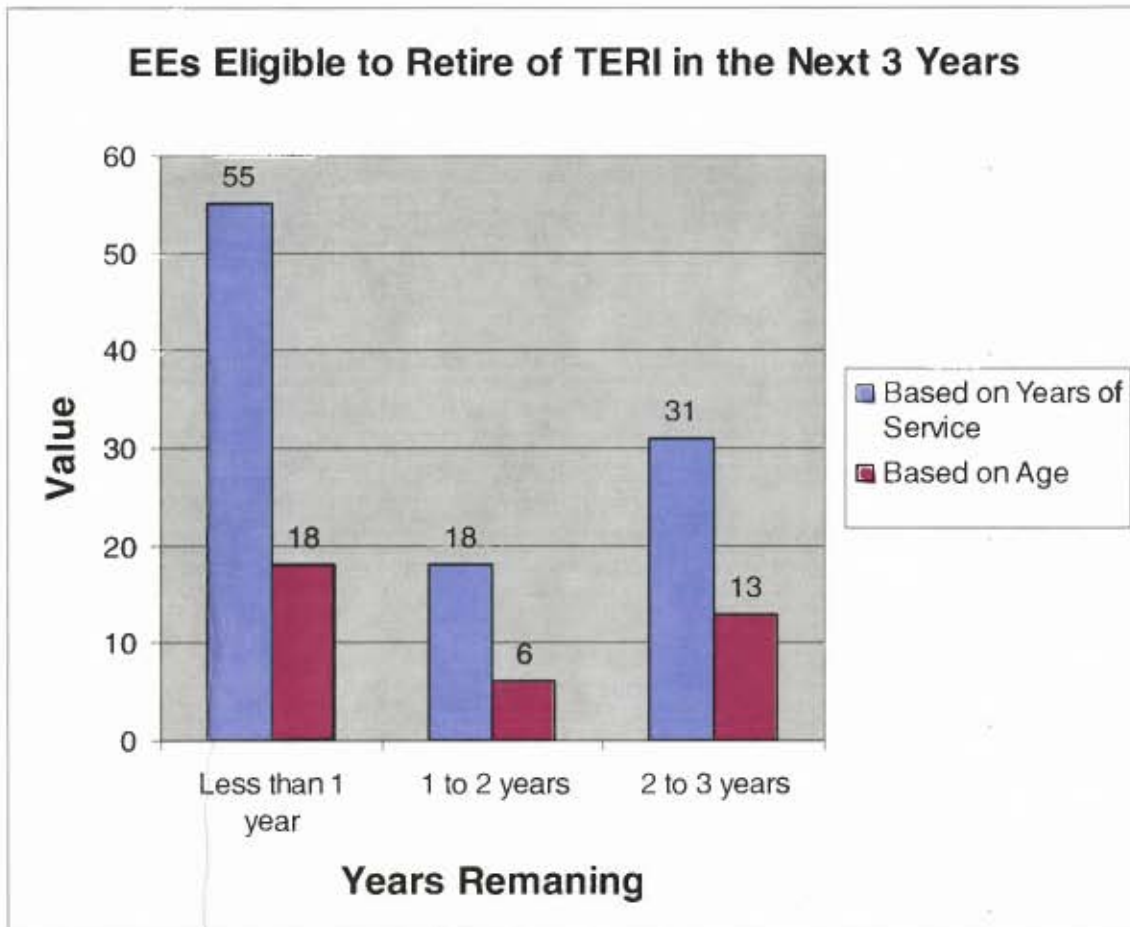
Year	# of Employees
2008	12
2009	16
2010	19
2011	9
2012	20
2013	1



Graph 2

Employees Eligible to Retire or TERI in the Next 3 Years

Years Remaining	Based on Years of Service	Based on Age	Total
Less than 1 year	55	18	73
1 to 2 years	18	6	24
2 to 3 years	31	13	44
	104	37	141



Attachment 1

Knowledge Transfer Employee Questionnaire

These questions are designed to assist you in mapping the areas of your job functions that require the majority of your attention in the course of your normal work. Please describe the types of knowledge exchanges that happen while performing your duties. This includes your interactions with staff members, internal and external customers and stakeholders. You should include who the interaction is with, who initiated the interaction, what was the purpose and what is involved. By completing the questionnaire, it highlights the frequency of these interactions and the amount of time it consumes.

This exercise will assist your manager in determining the competencies needed for your role and the type of knowledge transfer that is needed.

Name:

Office/Division:

TERI Start Date:

1. Who do you contact most frequently for assistance in order to complete your job tasks?
2. List the resources you use most frequently to obtain information to complete your job tasks.
3. What do you believe are the five to ten most important tasks of your position? Is there anyone else on staff that can perform these tasks?
4. What are the most important things you need to know in order to perform the tasks assigned to you? Does anyone else on staff know this information?
5. What are the most frequent issues and/or questions that are brought to you for your assistance? How much time does each of these consume?

Attachment 2

TERI Knowledge Transfer Form Stages

After the employee completes the questionnaire, review the position description, the employee's answers, and the work unit's business needs. Below are areas to address on the knowledge transfer form depending on the stage. The time frames for each stage can be adjusted based on the length of time the employee is expected to participate in the program.

Preliminary Stage: up to the first eighteen months

- What functions need to be performed?
- Are there any functions that can be absorbed by other employees in the work unit?
- Can any of these duties be outsourced?

Once you have answered these questions, it is time to complete the TERI knowledge transfer form. In the Knowledge Transfer Section, you would list the specific knowledge transfer activities you want completed during the year period. Some examples may include:

- Documenting work processes
- Completing process mapping
- Process Improvement
- Creating a Procedures Manual
- Critical Incident Review

Execution Stage: up to a two year period

During this phase, the supervisor should begin seeing the completed tasks from the preliminary phase at work. Some questions to address:

- Are the documented processes being used?
- What are the necessary competencies and technical skills for the position?
- Have you identified other employees that have these competencies and technical skills?
- Will the expected services expand or change?
- Are any of these tasks something only one person can do?
- How will you select who you knowledge transfer to?

The knowledge transfer plan could include:

- Mentoring
- Job Shadowing
- Cross training of several co-workers
- Best practices meetings with the TERI participant as the lead

The purpose of this stage is to execute the transfer. During this time the manager should be identifying a pool of candidates to receive this knowledge transfer.

Wrap-Up Phase: up to 18 months

In this phase the TERI employee's priorities are to complete any outstanding projects. During this time, the TERI employee should not be assigned to any project that would not be completed prior to the end of their TERI participation. Some questions to consider:

- Does the organization have a pool of internal employees that would meet the requirements of the position? What knowledge, skills and abilities does this position require?
- If not, how long prior to the end date of participation in TERI should the new employee start?
- Is there a training plan established for the successor?
- Has the knowledge transfer taken place among the staff so that we can operate once the TERI employee exits the workplace?

The knowledge transfer form should reflect measurable objectives that indicate that knowledge transfer has taken place. It should reflect duties that include implementation of the knowledge transfer plan.

Completing the Form

You would outline each task and give the expected results for each task assigned. This process is a joint process between the manager and the employee. The form should be completed at the beginning of each year in the TERI program. The planning document would be submitted to Board HR via the electronic online form and periodic meetings between the supervisor and employee should occur to review progress. At the end of the year period, the supervisor and employee would review the plan to determine if the expected results were achieved.

Attachment 3

**Performance Evaluation and Review of
Knowledge Transfer Plan for TERI Employee**

This form is used to provide performance feedback to non-covered TERI employees and to document the knowledge transfer process for the employee. This form should be completed for employees who entered the TERI program after June 6, 2005. The TERI Knowledge Transfer Plan will take the place of the EPMS process for this category of employee.

Name: _____ Classification: _____

Office/Division: _____ TERI Date: _____

Knowledge Transfer Review From: _____ To: _____
(TERI date, or TERI anniversary date) (one year increments)

PERFORMANCE FEEDBACK SECTION

Please check the appropriate evaluation option. If option 3 is selected, please contact your manager and Board Human Resources regarding the employee's continued employment.

1. _____ This certifies that the performance of this employee is outstanding.
2. _____ This certifies that the performance of this employee is acceptable.
3. _____ This certifies that the performance of this employee needs improvement. **(See note above)**

PROGRESS TOWARDS KNOWLEDGE TRANSFER PLAN

1. _____ Employee is making positive progress towards knowledge transfer.
2. _____ Employee should exert more effort in knowledge transfer.
3. _____ Employee is deficient in knowledge transfer and greater emphasis is needed.

PLANNING DOCUMENT COMPLETED

Employee Signature: _____ Date: _____

Supervisor's Signature: _____ Date: _____

KNOWLEDGE TRANSFER SECTION

This section is designed to assist in successful implementation of knowledge transfer. Please refer to Knowledge Transfer process located on the Board's Intranet at www.state.sc.us/dio/KnowledgeTransfer.htm. This section should be completed based on the employee's tenure in the TERI program.

List the Knowledge Transfer Activities and the Expected Results:

1. Activity:

Expected Results:

2. Activity:

Expected Results:

3. Activity:

Expected Results:

4. Activity:

Expected Results:

5. Activity:

Expected Results:

Supervisor's Signature _____ Date: _____

Manager's Signature _____ Date: _____

Office/Division Director _____ Date: _____