



The Brain Drain from a Private Sector Perspective: The Case of Duke Energy

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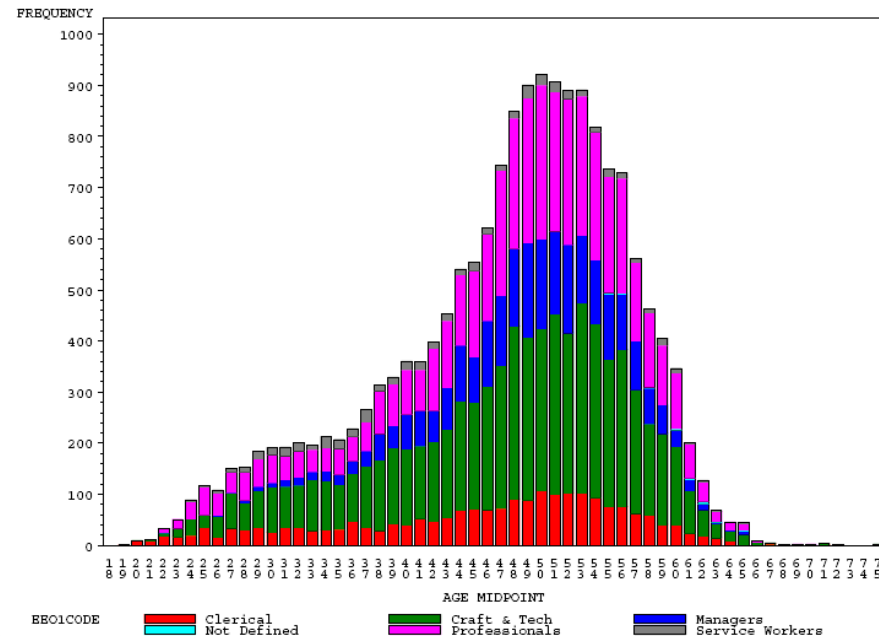
Duke Energy Overview

- One of the largest U.S. electric power companies
- Approximately 18,300 employees
- Assets over \$49 billion with 4 million customers in North Carolina, South Carolina, Ohio, Indiana and Kentucky
- More than 4,000 MW of electric generation in Latin America
- Joint-venture partner in a U.S. real estate company
- Fortune 500 company traded on the NYSE as DUK
- Headquartered in Charlotte, NC



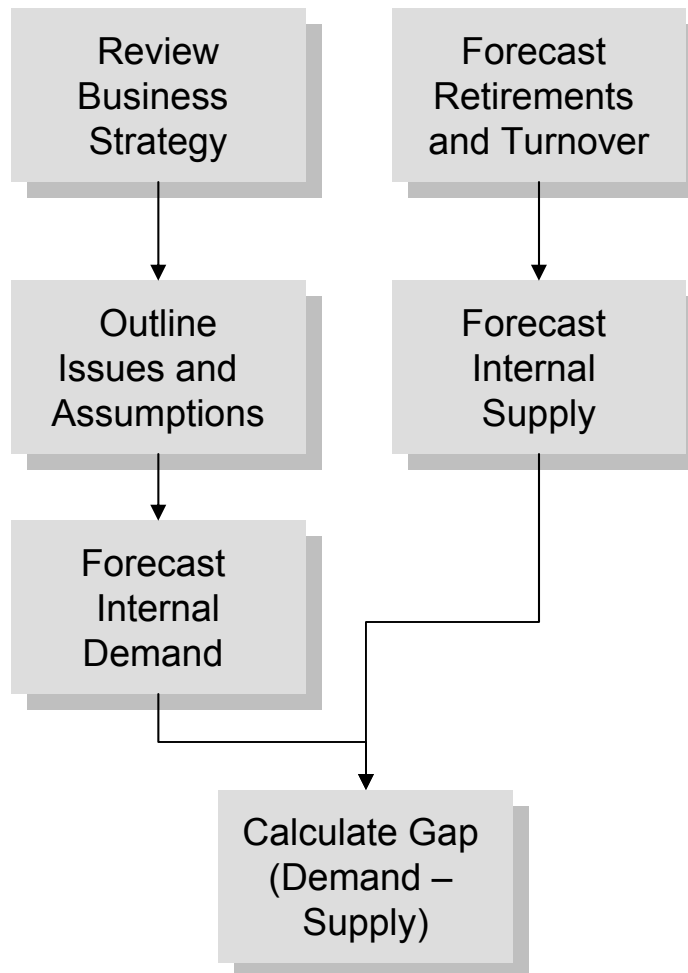
Brain Drain Is a Critical Issue for Duke Energy

- Addressed in Annual Report
- Key demographics:
 - Average age 47 years
 - 47% of employees retirement *eligible* by 2012
 - 43% of employees are skilled craft

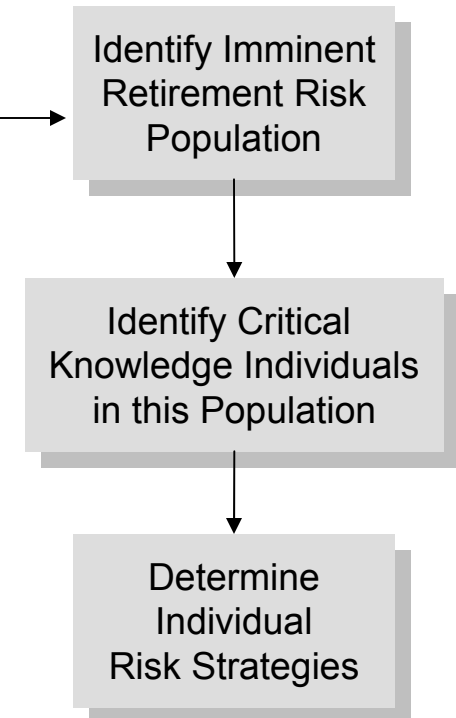


Duke Energy Uses Workforce Planning to Identify Knowledge Loss Risk

Employee Supply, Demand & Gap Forecast



Critical Knowledge Management



Managers Assess the Criticality of Knowledge Loss Risk

Criticality	Knowledge Criteria	5 Confirmed or imminent retirement	4 Above median retirement age	3 Retirement eligible	1-2 Not retirement eligible
5 Extremely difficult to replace	<ol style="list-style-type: none"> 1. Critical and unique knowledge and skills 2. Mission critical knowledge with potential for significant impacts if lost 3. Duke Energy specific knowledge 4. Key contact for strategic relationships that are difficult to establish 5. Critical knowledge that is unique to one employee and generally requires 5+ years of core training or experience 6. No replacements readily available 	HIGH	HIGH	HIGH	Medium
4 Very difficult to replace	<ol style="list-style-type: none"> 1. Critical and unique knowledge and skills 2. Mission critical knowledge and skills with limited duplication and documentation 3. Key contact for strategic relationships that can be transferred orderly 4. Requires 2-4 years of core training and experience 	HIGH	HIGH	Medium	Low
3 Difficult to replace	<ol style="list-style-type: none"> 1. Important systematized knowledge and skills 2. Documentation exists or other employees possess similar knowledge and skills 3. Key contact for relationships that can be transferred orderly 4. Replacements generally available and can be trained within 2 years 	HIGH	Medium	Low	Low
2 Not difficult to replace	<ol style="list-style-type: none"> 1. Possess procedural or non-mission critical knowledge and skills 2. Up to date documentation exists 3. Training programs are current and effective and can be completed in less than 1 year 4. Replacements are usually available 	Medium	Low	Low	Low
1 Easy to replace	<ol style="list-style-type: none"> 1. Common knowledge and skills 2. External hires possessing the knowledge and skills are readily available and require minimal training 	Low	Low	Low	Low

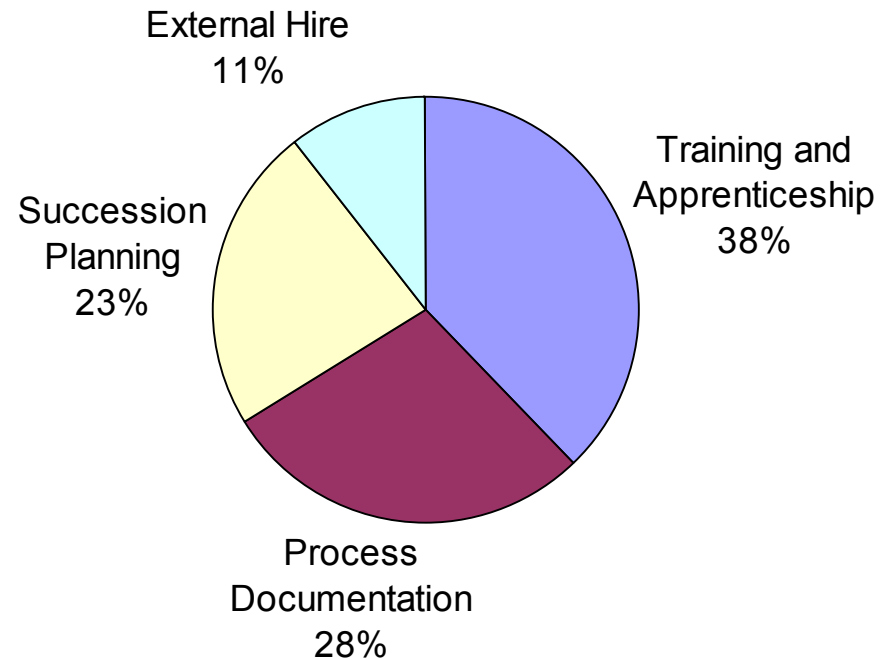
Source: Based on Tennessee Valley Authority's Knowledge Loss Risk Assessment



Managers Identify Individual Risk Strategies

- For each of the individuals flagged as high risk,
- Line management identified a knowledge management strategy

Critical Knowledge Risk Strategies

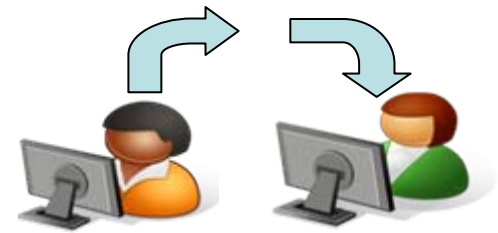


Duke Energy Leverages Various Strategies to Retain the People with Critical Knowledge

- Employee engagement strategies
 - Appealing work assignments
 - Learning and development options
 - Rewards and recognition
 - Flexibility options (e.g., Part time employment, Flexible schedule, Telecommuting, Leaves of absence)
- Targeted retention agreements
- Retiree contracting agreements/staffing agencies



Duke Energy Targets Knowledge Transfer Techniques

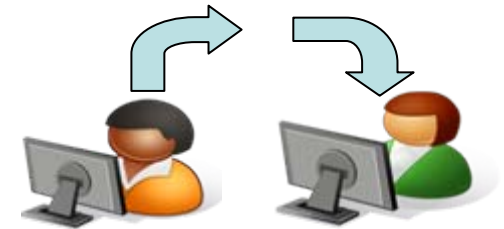


- Duke Energy is using most of the available processes and tools to retain and transfer employees' knowledge
 - ✓ Documented procedures and job aids
 - ✓ Diagrams, maps, models, patents
 - ✓ Document retention standards
 - ✓ Business continuity/disaster recovery plans
 - ✓ Team document storage sites
 - ✓ Searchable web sites
 - ✓ Customer account management tools
 - ✓ Equipment maintenance logs
 - ✓ Case management tools
 - ✓ Blogs/Wikis
 - ✓ Interview guides
 - ✓ Training and apprenticeship
 - ✓ Storytelling
 - ✓ Succession planning
 - ✓ Having a deep bench of experts who can guide others
 - ✓ Having the expert transition relationships to the new employee



Managers Select Appropriate Knowledge Transfer Techniques

- Managers target the technique(s) that are most effective considering:



- Appeal to experts and learners
- Extent the approach conveys implicit/tacit knowledge (*i.e., judgment, experiential knowledge, culture, relationships*)
- Quick accessibility by the learners to the knowledge
- Need for an official version or record of the knowledge
- Ability to leverage the knowledge for multiple learners



Summary

- Successful organizations will:
 - Understand their evolving workforce demographics
 - Deliberately identify their knowledge retention risks
 - Implement tailored knowledge retention strategies that are effective for the experts and future users of the knowledge.

