Guide to Calculating the Value of Employee Knowledge

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How much are your key AS/400 people worth to your company?

What is the impact if your key people leave?

How much effort and budget, if any, should be spent in preparation for either a planned or unplanned departure?

These are obviously very broad questions and there are not simple answers, but here are some factors to consider when calculating costs for employee turnover.

Productivity Most managers have come to recognize that certain people are more productive than others. And that this can vary depending on the particular task or area of the system being worked on.

One calculation that can be made is to project the amount of work foreseen in the areas of the departing employee's skills and estimate the additional costs needed when less productive people do that work.

For example, "Joe is the expert in the Billing application. The Billing work foreseen for the next three years would take Joe about six months. It is likely that the alternate person to assign it to would take about 25% longer to do the work. Additional testing would also be prudent due to that person's lack of familiarity, so the testing estimate should be increased by 15%."

It is also likely that more defects will find their way into production. Production defects are typically fire drills that result in the loss of one or more days of productivity.

> **Databorough Announces Free Step-By-Step Employee Knowledge Transfer Plan**
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> By leveraging the knowledge management capabilities of X-Analysis Databorough provides state of the art knowledge transfer facilities to AS/400, RPG and COBOL organizations.

Management Following the above example, if you are a manager and you rely on Joe to help you analyze, design, estimate and plan projects, your ability to do so may be seriously impacted. What is the value of this type of contribution that Joe makes?

Partly this is a productivity question, as described in the previous section. Someone else will have to do these tasks and it will probably take them longer. In fact, since these tasks have a leveraged impact on results, you may want to assign two people to the same tasks to reduce the risk of serious mistakes. This will cost more by some margin you can roughly estimate.

More importantly, however, is that if you are given bad information for managing and planning you run far more serious risks. Project delays can cause disruptions throughout, not only the IT organization, but the entire business. Faulty analysis and design can lead to increased likelihood of defects finding their way into production. Besides the potential damage to the business, correcting production defects has been measured at 10-20 times the costs of correcting development defects, and even more so when this involves design defects.

The challenge for valuing this aspect of key employees is that there are not direct measurements. One technique that can be used is to describe typical problem

scenarios that might arise, and conduct a thought experiment, asking the question of yourself, and possibly other managers, how much would you have been willing to pay an outside consultant to come in and prevent such a problem from occurring if you had known about it in advance.

"Solutions Knowledge management experts recognize that knowledge retention is a key aspect of knowledge management for corporations. In Better Practices for Retaining Organizational Knowledge", a research report by Accenture, IT itself is pointed to as a key resource for knowledge transfer and retention in businesses. The use of tools to manage and communicate knowledge is a highly effective strategy.

Databorough's X-Analysis is just such a tool for the management and communication of knowledge about AS/400 RPG and COBOL applications. With unmatched breadth and depth of analysis across legacy applications, X-Analysis provides the foundation for highly targeted and organized employee knowledge transfer.

Take advantage of the planning that Databorough has done for this critical problem in the AS/400 community and contact us today for a free consultation on how to prevent the costs and risks associated with employee turnover.

Contact us here for a free discussion of how to lower your risk of defects, delays and excessive turnover costs.