# Migration of key employees to competitors hinders organizational success

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A study by researchers from the Spears School of Business at Oklahoma State University explored the competitive advantage organizations gain when hiring key employees away from a competitor. The loss of a key employee can hinder organizational performance, even in superior organizations that have established advantageous routines via strategic initiatives that set them apart from their competitors, because the lost employees bring strategic knowledge with them to the hiring firm.

The researchers further theorize that competitive advantage of the initially superior organization will be reduced as rival firms learn about their routines from the new employees and develop competitive responses. The findings are now available online and in print next month in Strategic Management Journal, published on behalf of the Strategic Management Society by Wiley-Blackwell.

OSU researchers, led by Professor Federico Aime, studied the competitive engagements between the San Francisco 49ers and all other teams in the National Football League (NFL) from 1979 to 2002. During this time period the 49ers dominated the league under the guidance of Bill Walsh, winning four Super Bowl championships with the "West Coast Offense" he created. This offense was a vastly different approach to the game resulting in a set of advantageous routines implemented in head-to-head competition.

For the study, researches developed a database of yearly information on all NFL assistant coaches and head coaches and collected scores and statistical information for all games played. The study used a sample of 412 games between the San Francisco 49ers and all other NFL teams across the 23 seasons. Results showed that the 49ers had an average victory margin of 6.4 points and won 66% of their games with their offense scoring 23.6 points per game while opponents' offenses averaged only 17.6 points. In those games where the opposing team had a key employee—a coach that had worked directly under Bill Walsh—experienced in the West Coast Offense, the 49ers' victory margin was more than five points lower. In turn, for every three games a coached played against a coach experienced with the West Coach Offense, the team was able to reduce the point margin against the 49ers by one point.

According to the authors, organizations attain superior performance by developing an advantageous set of routines where performance advantage is contingent on competing firms being unable to respond adequately to those routines. "The lack of response is at least partially created by a lack of knowledge regarding the routines," Professor Aime theorized. An organization that hires a key employee from another organization with an advantageous set of routines will increase its ability to imitate those routines or to design an improved head-to-head competitive response," he added.

This is the first study to analyze the effect of key employee mobility on competitive performance outcomes. While data for the study was derived from football statistics, parallels can be made with the business world. "Winning games is as essential to the success of sports organizations as beating competitors to a technology, having better logistics, or having a more successful pricing strategy is to winning in many other industries," concluded the authors.

More information: "The Routine may be Stable but the Advantage is Not: Competitive Implications of Key Employee Mobility.," Federico

Aime, Scott Johnson, Jason W. Ridge, Aaron D. Hill., Strategic Management *Journal*; Published Online: November 12, 2009 (DOI: 10.1002/smj.809); Print Issue Date: January 2010.

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