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A Generational Battle Ahead

That which seems the height of absurdity in one generation often becomes the height of wisdom in another.

—Adlai Stevenson

There's a generational tidal wave coming that's threatening to shake up workplaces throughout the world. A new group is leaving college and joining the workforce in growing numbers. Sometimes referred to as "Generation Y," Millennials are the children of the vast "Baby Boomer generation." Born between 1980 and 1999, the "Millennial generation" is nearly as large a cohort as the Boomers. And as they take their places in the cubicles next door to their predecessors, a pronounced culture clash is inevitable!

When a harried office manager recently announced to his team that an evening of overtime was going to be required in order to finish an important project, he expected to hear a general round of grumbling. But he was shocked when a new member of the team, a 22-year-old recent college graduate, told him he couldn't stay because he had concert tickets that evening.

One company's human-resources recruiter was a little surprised at the middle-aged man that showed up in front of her booth at the job fair, considering that the fair was targeted to recent college grads.

But his purpose became clear a minute later when he introduced the young woman next to him as his daughter, a recent graduate who was considering her career options. The father spent the next 20 minutes asking questions on his daughter's behalf while she listened silently.

One of the directors of a midsize electronics company felt disheartened as one of the organization's most promising young fast-track employees left his office. The young woman had just turned in her resignation after little more than a year with the company. The director had listened to her carefully before laying out a case for why she should reconsider and stay with his firm. He discussed career advancement and exciting new projects. He even hinted that a salary increase might be arranged. But at the end of the interview, he simply couldn't counter her deepest desire, which was to become an entrepreneur and start her own company at the tender age of 27.

The hiring manager at a large retail chain was fuming when a coworker stepped into her office. She had just finished interviewing a young man for a new sales associate position at the store. The interview went well, but she was quite annoyed to receive a thank-you text-messaged from the candidate's cell phone to her cell phone not more than 30 minutes later. "I can't believe he had the nerve to send me a text message rather than a proper thank-you letter," she complained. Her coworker replied, "But he observed the courtesy of thanking you, and he probably figured it was both faster and more economical."

A retirement party for a department supervisor at one company was barely getting under way when one of the younger employees stepped up to the division manager and asked to be considered as the replacement for the departing supervisor. The manager was flabbergasted at the youth's nerve and self-confidence. After listening to a litany of reasons why the 25-year-old would make a good replacement for the department supervisor, the division manager became irritated. He asked, "Don't you think you're just a little young for that job?" The employee asked back, "What does age have to do with it?"

There's an invasion quietly taking place in organizations around the world. It's a revolution with the potential to forever change the way most workplaces function. It also brings with it prospects for new conflicts, as the members of one generation begin to work alongside the members of three older generations.

The Millennials are coming. They're well educated, skilled in technology, and very self-confident. They bring with them to the workplace high accomplishments and even higher expectations.

As the Millennials join the workforce, organizations are finding that their existing employees and managers are often befuddled and confused in trying to understand how the younger generation thinks and acts. Their behavior, their clothes, and their attitudes are becoming subject to scrutiny as they clash with existing corporate cultures.

Millennials will bring a new style and a new perspective to the workforce, but unless organizations are willing to adapt, they risk losing billions of dollars to unwanted turnover and lost productivity.

Smart gamblers play the odds and don't leave money on the table. Corporations would do well to take a lesson from them, because right now, the odds are stacked against most organizations. Too many of them are parting with money they can't afford to waste by ignoring some of the most promising employees ever to show up for interviews—Millennials.

Also known as "Echo Boomers," "Nexters," and "Gen Ys," most companies are playing a losing hand when it comes to employing these young people. And unless something radically changes, companies will continue to lose billions of dollars because they lack a process to attract, hire, and retain this dynamic new generation.

The Coming Tidal Wave

Millennials are moving into the workforce in big numbers, and the need to keep them there is even greater. The U.S. Bureau of Labor Statistics predicts a slowdown in the pace of labor-force growth and

productivity in 2016, as some of the 70 million-plus Baby Boomers retire.¹

And the escalating departure of Baby Boomers from the workforce represents only one facet of the problem. Currently, in the United States alone, about 40 million Millennials make a living in corporations. By 2014, their numbers will climb to about 58 million.² Not only are they a growing force in the workplace to be reckoned with, but reducing their turnover is also sure to become a major focus in the years ahead.

In addition, the Boomers are leaving a workplace that has been designed around them, which is now at odds with the work expectations of the Millennials who will replace them. The clash of workplace cultures is creating puzzlement, consternation, and havoc at companies that now find themselves faced with the need to adapt their cultures to the work styles of Millennials.

The other problem companies face is that Millennials are difficult to attract and once hired, don't stay around long. For many, their per-job tenure maxes out at two to five years. And some may not work for corporations at all, but will go into business for themselves instead. According to the OPEN Ages survey from American Express, Millennials are almost twice as likely as Baby Boomer small-business owners (59 percent versus 33 percent) to be or plan to be "serial entrepreneurs," owning or planning to own more than one business.³

All of this does not bode well for corporations. Unless companies find ways to attract Millennials more effectively—and to resolve their short job tenure—the turnover problem will continue to cost companies dearly. Turnover costs can easily range from 50 to 150 percent of an employee's salary.

But all is not lost. Cutting employee turnover can reduce these costs substantially. Let's assume that the average salary in a company is \$50,000 per year, with a cost of turnover at 50 percent of salary. Therefore, the average cost of turnover is \$25,000 per year per employee who leaves the company.

If a company employs 20,000 and experiences an annual turnover of 10 percent, the annual cost of turnover is \$50 million. By reducing turnover by just 3 percent, the company can save \$15 million annually.

Boomers versus Millennials

Millennial turnover is high for a number of reasons. Millennials move fast and want to be challenged. If they become bored in a job that fails to demand their best for long periods of time, they're gone. What's more, they're not loyal to their employers, as their Baby Boomer parents were. Millennials are loyal to people, however, so manager and peer relationships are important.

And the prospect of switching jobs isn't at all daunting to Millennials. Most of them expect to have an easy time finding employment. According to one Australian study, 52.3 percent of Millennials stated that it was currently "easy" or "very easy" to get a new job, compared to 43 percent of the Baby Boomers surveyed.⁴

Another challenge for companies employing Millennials is addressing the need for work-life balance. Baby Boomers have historically been willing to work 50, 60, or 70 hours a week to get the job done, often to the dismay and displeasure of their family and friends. Over time, as job security dwindled and the apparent rewards of workaholism faded, Boomers began to question that sense of unbridled dedication. In a 2006 KEYGroup survey that included 1,727 responses from multiple generations, one in every five indicated that they were planning to leave their jobs due to work-life imbalance.

Work-life balance means just as much, if not more, to the Millennial generation than it did to their predecessors. To some Millennials, it may even mean more than salary.

Author Morris Massey once said, "What you are is where you were when." His popular video series portrayed the differences between generations by focusing on the significant emotional

events that influenced different generations during their “coming of age years.”⁵

The Boomers grew up in an era of social revolution and widespread turmoil. The Cold War, civil rights, the peace movement, Vietnam, women’s liberation, and similar events defined that generation. They entered the workforce in massive numbers and felt propelled to establish their careers. Like the generation before them, they played by the rules (for the most part)—marrying, starting families, and working their way up the social ladder. They entered the workforce secure in the belief that they could expect to enjoy a long, prosperous career and a happy, generous retirement.

In contrast, the Boomers’ children grew up in a different revolution. The early 1980s saw an explosion of technology that transformed the fabric of our global society. Computers went from being a rarity in the office to being ubiquitous both at home and at work. Voice mail and cell phones permanently altered communication patterns, and video games changed the landscape of childhood. Even that mainstay of the Boomer’s childhoods—television—morphed into a cable-driven, 500-channel juggernaut that consumed ever more hours of childhood leisure time.

Given the differences between growing up in the 1950s and growing up in the 1980s, it’s inevitable that the two generations approach work and life in very different ways. It is those contrasts that foreshadow conflict in the workplace in coming years. But some of the conflict can also be found in the overlap between the shared experiences of Millennials and Boomers.

Boomer Dedication and Millennial Angst

Looking closely at the Millennial generation, one can detect an underlying current of sadness about their childhoods. Some Millennials seem to possess a sense of regret over the absence of their Boomer parents from the life events that mattered most to them growing up.

Under the demands of work and looming deadlines, a great many Boomers were compelled to miss soccer matches, football games, family dinners, musical recitals, and even graduation ceremonies. Millennials have transposed this mourning into a passionate embrace of work-life balance. Their lifestyle plan includes none of the heavy devotion to work that their Boomer parents have lived by. Millennials seek a multidimensional life by satisfying themselves through their work and personal lives. They're responsible and dedicated, but they expect flexible work schedules that will enable them to lead fulfilling lives. They truly work to live rather than live to work.

"My parents did what was necessary for the times," claims one Millennial, "but I don't plan on sacrificing my personal life to the extent that they did for their jobs."

Millennials not only want greater work-life balance, but they also expect to proceed along their career paths more rapidly than their parents. They witnessed their mothers and fathers waiting for years on end to get the promotions they deserved. Millennials want promotions, too, but they want them now; not 5, 10, or 20 years from now.

But Boomer parents haven't been totally absent from the lives of their kids. Quite the opposite, they've made their parental presence felt through massive levels of nurturing, pampering, mentoring, and coaching, all to make their children the best in whatever they choose to do. Millennials bought into this gospel of being the best, but they've also grown up relying heavily on their parents for guidance and help in reaching decisions.

One Boomer (unmarried with no children) was appalled to hear that a colleague's wife, after spending days moving her child into college, stayed in a hotel room close to campus for a week after school started to make sure her daughter was okay.

A Millennial freshman had this to share:

I met Sarah at spring orientation and decided that we would be perfect roommates. We had a lot in common immediately. Over the summer,

I flew to Virginia to stay with her for a week and to prepare for moving day. We moved to North Carolina for school and were both excited. However, I was shocked when Sarah's mother drove several hours from Virginia to North Carolina each week to take Sarah shopping and to do her laundry and cleaning. And if this type of hovering wasn't bad enough, I soon noticed that Sarah's mother was cleaning my side of the room, too! She made our beds and organized desk drawers! When I confronted Sarah about this, she quietly apologized and moved to a new dorm the next day.

Reflecting on this heavy reliance on parents, Professor Richard Mullendore of the University of Georgia has referred to the ever-present cell phones as "the world's longest umbilical cord."⁶

One study shows that about one in every four Millennials consults his or her parents first when making employment decisions.⁷ No wonder many Millennials reach the workplace expecting their bosses to anticipate their needs, just as their parents have done.

Even though they have had highly structured lives and accept the need for some structure in the workplace, their desire for freedom is more than Baby Boomers ever experienced at work. The classic nine-to-five work shift is viewed as a guiding framework for them, not as a schedule to be slavishly followed. They tend to blur the lines between work and play. For example, if a Millennial completes a project by late afternoon and nothing else is due, he or she will likely consider the rest of the afternoon as time to take care of personal concerns. This perspective on work time partly stems from a desire to improve on existing ways of doing things. They have no trouble trying to work in ways that are faster, better, and easier. And if that means freeing up their time for other things, so be it.

High Tech . . . High Touch

In his 1982 best seller, *MegaTrends*, author John Naisbitt wrote, "Whenever new technology is introduced into society, there must be a counterbalancing human response—that is, high touch—or the

technology is rejected.”⁸ In many ways, Millennials are the living embodiment of that observation.

Their high comfort level with technology sets Millennials apart from their Boomer parents. Boomers grew up getting most of their information from television (all four channels) and their entertainment from 8-track tapes and board games. Millennials, on the other hand, have grown up surfing the Internet, listening to MP3s, living off cell phones, and communicating with peers through instant messaging and texting. And woe to those Boomer parents who haven't learned to text message. They may never know where their kids are or what they're doing.

According to a 2005 Kaiser Foundation study, Millennials spend 6.5 hours a day communicating through some kind of medium and manage to clock in 8.3 hours worth of media exposure. That's because they multitask among various media. The same study also showed that 26 percent of the time Millennials interact with media, they're using more than one medium at a time.⁹

Given their natural affinity for technology, Millennials at work expect to have the latest technology at their fingertips. Anything less simply won't do. This expectation extends to much more than the latest computers and includes PDAs, iPhones, and BlackBerrys.

The technology orientation of Millennials carries over into their job searching. They regard the Internet as a research destination where they can ferret out information on companies that catch their interest. They browse corporate web sites to learn about prospective employers and actively use job boards and social-networking sites such as LinkedIn, Facebook, Twitter, and MySpace—hence the need for companies to convey corporate brands on their web sites, and perhaps on other electronic venues that relate to social-responsibility values Millennials hold near and dear. But merely touting these values is not enough. Companies have to show that they follow through on what they claim to value.

Millennials look for companies that truly take an interest in their employees; companies whose leaders inspire and challenge them to

grow, who create ways for them to use their talents and skills, and who provide them with the resources—technological and otherwise—to do their jobs and self-develop. Companies that address these issues on their web sites come out ahead in attracting Millennials.

Getting Off on the Right Foot

But attracting Millennials is just the first step. Next comes hiring. Though highly idealistic, Millennials approach hiring situations and job offers with an equally high degree of pragmatism. For starters, they seek what members of every other generation have wanted in their work lives. They want to be proud of the companies they work for and the work they're hired to do. They seek work that is meaningful to them and that enables them to learn and grow on the job. And even though they may be inexperienced in work matters and protocols, they want to be listened to, appreciated for who they are, and respected for what they contribute to the enterprise, even while at the entry level.

Our client, a large full-service bank, communicates with prospective management trainees through its high-touch recruiting program. This effort consists of a series of hiring events that take place a number of times throughout the year. After each event, the company stages a "Super Saturday," during which up to 40 job candidates interview with different bank executives to learn about the bank's culture. The result is an 85 percent acceptance rate on job offers to college graduates and a retention rate for the program of about 70 percent.

A large investment-management firm recruits college graduates to work as associate research analysts for two or three years to learn the business. The experience enables them to know the company culture firsthand and lays the groundwork for them to pursue a master's degree in business administration.

Companies that take Millennials seriously know they don't seem to have the steadfast loyalty that Baby Boomers demonstrated.

Millennials want more from the companies they join. Employees today need to have job responsibilities that interest them and a clear idea of how they can grow. Thus, the new face of loyalty relates directly to the need that Millennials have to know what their advancement potential is when they take a job.

To address this need, successful companies engage them in “career pathing” or “career laddering,” formal processes that show employees what their career progression can look like—not only up, but also sideways. Career-planning processes are generally competency and performance based. Employees get to know what behaviors they need for each position within a company and what they need to do to advance themselves. Career-planning processes enable companies to engage and keep top talent in their organizations and emphasize available opportunities while adding to corporate competitive advantages.

Show Me the Money

Career aspirations are important to Millennials, but future advancement does not take the place of salary, which research has shown to be an important employment consideration to members of this generation. When it comes to salaries and benefits, Millennials live in the here and now when negotiating these practical realities.

In a 2008 survey conducted by KEYGroup’s research team, 1,020 Millennial respondents listed health benefits as the most important determinant of an attractive workplace. This was followed by work-life balance, promotional opportunities, and then salary. Who would have thought?

To engage Millennials on a deeper level, however, companies need to offer them more than the typical benefits package. A \$160 billion commercial bank-holding company offers new employees benefits that are far from typical. Its Emergency Assistance Fund pays employees up to \$1,500 if they experience a tragic event that

results in severe financial hardship. They also offer flextime, reduced work schedules, part-time schedules, job sharing, telecommuting, pet insurance, and financial help for childcare.

At one of our client companies, a health insurance firm, employees enjoy the free use of fitness centers and may participate in clinically-based health and wellness programs. If employees can't access the fitness centers, the company supplies incentives to join health centers located near where they live. These benefits, in conjunction with other benefits and work-life programs, help the company to hold employee turnover to between 8 and 10 percent.

Creating the Millennial-Friendly Workplace

After Millennials are on board, how can companies respond more effectively to them? Our experience and research have shown that companies that respond best to the workplace challenges presented by Millennials share certain characteristics. During the new-hire orientation, they conduct preengagement surveys and focus groups among the Millennials they bring on board. They often connect them to internal mentors from all generations that provide guidance to new hires throughout their tenure with the company. These companies also realize that Millennials bring to the workplace a number of traits that make them well suited to a global workforce, such as the high value they place on diversity.

Millennials see the world as a union of people and countries connected electronically and technologically 365 days a year, 24 hours a day, and 7 days a week. These companies see to it that Millennials complete a thorough and realistic onboarding process—an extended new-employee orientation process that attempts to socialize new hires, helping them to get more ingrained in the company rather than just giving them an eight-hour overload of company policies and procedures. Ideally, the new hires learn the requirements of their new positions and receive exposure to different

parts of the organization. This is also the socialization or acculturation phase, and for Millennials, an important one. It's where they will begin to establish and develop their social and professional network within the company, which they place a very high value on. It is important to design onboarding programs so that they encourage such interaction.

Today, many companies know that one of their greatest challenges is blending Millennial and Baby Boomer work cultures. But the greater reality is that for the first time in history, the workplace now comprises four distinct generations—Matures, Baby Boomers, Generation X, and Millennials. Hence, a good first step is to establish a process that attracts and retains Millennials while engaging multiple generations in the workplace.

The “Mature” or “Silent generation,” born between 1909 and 1945, displays a loyalty to the company that places duty before pleasure. Baby Boomers, born between 1946 and 1964, are known for being workaholics, for maintaining a love-hate relationship with authority, and for being extraordinarily idealistic and optimistic. Gen Xers, the Music Television (MTV) generation, came into the world between 1965 and 1979. They often demonstrate independence, are results oriented, and are known for their skepticism.

Savvy companies that want to be the best in the eyes of Millennials communicate corporate vision, emphasize respect for diversity, and provide challenging work in which they can make the best use of their individual skills and talents. In an open work environment like this, not only the Millennials but also the three other generations understand where their companies are headed.

In a similar vein, Millennials relate best to companies that provide opportunities for advancement, interesting work, and regular training. Many progressive companies now offer online career-progression platforms in which employees can map out their own careers. They can look at open positions, book-training seminars, and develop skills necessary to continue growing on the job.

Millennials also respond better to managers who can coach them and provide them with real-time feedback. When they don't get it quickly, they are often impatient and may aggressively seek it. Remember, to them, no news is bad news. Those autocratic performance appraisals that are reviewed once or twice a year, so familiar to Boomers and so distasteful, are passé. They don't work for anyone. In KEYGroup's 2006 survey of 1,727 multigenerational respondents, more than half of the respondents indicated that they get feedback less than one time per week. So, they want it, but they don't get it.

Millennials are hungry for mentoring and coaching and respond readily to spontaneous feedback in real time. Feedback in the now helps them to know what they're doing right and how to make corrections and improve. They want to be the best, and they don't want to waste time waiting months on end to find out how they're performing.

So, Millennials are going to bring their high expectations with them to the job interview, and only those companies and organizations that live up to those expectations will have a shot at getting the best and brightest. But in order to keep them on the job, those organizations are also going to have to pay attention to a broad array of factors—from salary and benefits to perks and facilities—to create the types of “cool” corporate cultures that build Millennial loyalty.

But first we have to address these questions: What do Millennials expect from organizations, and what exactly is it that makes an organization cool?

Keys to Chapter 1

- Born between 1980 and 1999, the “Millennial generation” is nearly as large a cohort as the Boomers. And as they take their places in the cubicles next door to their predecessors, a pronounced culture clash is inevitable!
- Millennials will bring a new style and a new perspective to the workforce, but unless organizations are willing to adapt,

they risk losing billions of dollars to unwanted turnover and lost productivity.

- The number of Millennials in the workplace will continue to rise.
- Millennials are more likely than Baby Boomers to own more than one business in their lifetime.
- Unless companies find ways to attract Millennials more effectively—and to resolve their short job tenure—the turnover problem will continue to cost companies dearly. Turnover costs can easily range from 50 to 150 percent of an employee’s salary.
- Most Millennials expect to have an easy time finding employment.
- Millennials seek a multidimensional life by satisfying themselves through their work and personal lives. They’re responsible and dedicated, but they expect flexible work schedules that will enable them to lead fulfilling lives.
- Millennials consult parents before making employment decisions.
- Millennials spend a lot of time interacting with media and using more than one medium at a time.
- Millennials browse corporate web sites to learn about prospective employers and actively use job boards and social-networking sites such as LinkedIn, Facebook, and MySpace.
- Successful companies engage Millennials in “career pathing” or “career laddering,” formal processes that show employees what their career progression can look like—not only up, but also sideways.
- Millennials see the world as a union of people and countries connected electronically and technologically 365 days a year, 24 hours a day, and 7 days a week.
- For the first time in history, the workplace now comprises four distinct generations—Matures, Baby Boomers, Generation X, and Millennials.

- The “Mature” or “Silent generation,” born between 1909 and 1945, displays a loyalty to the company that places duty before pleasure. Baby Boomers, born between 1946 and 1964, are known for being workaholics, for maintaining a love-hate relationship with authority, and for being extraordinarily idealistic and optimistic. Gen Xers, the MTV generation, came into the world between 1965 and 1979. They often demonstrate independence, are results oriented, and are known for their skepticism.