

CHAPTER 1

Hiring Gen Y Makes Dollars and Sense

(Or, Why a 22-year-old with three tattoos who still lives with his mom could make a fantastic employee . . .)

“WHY SHOULD I HIRE YOUR GENERATION?”

Employers ask me this question almost every day. Then they start in with their stories about “people my age.” Two of my recent favorites: “I know all about employing your generation. Last year I hired a young guy right out of college. He had good grades and seemed like a hard worker. A week later I’m in the company bathroom and I hear him talking on his cell phone *in a restroom stall*. And his phone was on speaker! Even worse, he didn’t think he was doing anything wrong. He just kept talking and talking.”

Or, “I gave a 24-year-old woman her annual performance review last week, and she cried right in front of me! I couldn’t believe it. Here I was, a woman who had worked hard to climb the corporate ladder over 20 years, starting at a time when being a woman in the corporate world was hard enough, and here she was, crying on the other side of my desk because she got a good, but not perfect, review. Next thing I know, her mom’s on the phone asking to speak to my boss! What is going on with you people? How am I ever going to build a business with your generation as employees?”

Okay, I get it. My peers and I can be a *little* different when we enter the workplace (which is, on average, about 10 minutes later than you’d like). Sure, we show up to work with our iPod buds dangling out of our purse or backpack, and our ever-present cell phone is ringing loudly during the CEO’s Monday morning pep talk. Yes, many of us have a tattoo (or several); some of us sport nontraditional hair colors; and it’s not uncommon for us to have a piercing somewhere besides our ear lobes (and, no, it doesn’t hurt *much*).

However, in my work consulting and speaking with business leaders around the world, I’ve seen time and again that Gen Y can deliver tremendous workplace performance and loyalty at a substantial value—*when managed correctly*. This combination could not have come at a better time, because the current economic climate is forcing companies to do more with less in an increasingly competitive business environment. It’s my belief—and I’ve seen it in action—that Gen Y can be the strategic differentiator you’ve been looking for.

My interview with Tad, 25, is one example of the kind of value Gen Y can bring to the workplace. Tad graduated from college and went to work for Intuit, where he was placed in a Rotational Development Program. (I talk about creating these types of programs in Chapter 11.) Part of Intuit’s culture is to ask employees to spend 10 percent of their time thinking about ways to better the company or themselves. Tad was part of a group that was trying to come up with a new idea when they realized the area where Intuit could use help was the actual *process of innovation* within the company.

Tackling institutional innovation is a monumental task for an executive of any age, let alone a Gen Yer in his first year of employment at a large company. Undeterred, or possibly too young to know

better, Tad and four of his Gen Y coworkers went to work fixing the process of innovation during their “better-themselves-or-the-company” time. He also worked well past midnight and many weekends without any additional pay—something bosses who haven’t had good experiences employing Gen Y consider impossible, or simply unbelievable.

A year after his initial idea, and *hundreds* of unpaid hours later, Tad and his coworkers, together with several other employees he inspired to champion the cause, released Intuit Brainstorm, a product that has completely changed innovation at Intuit. In the six months after the new technology’s release, ideation at Intuit—meaning the rate of idea creation and advancement within the company—has increased 1,000 percent. Participation by employees in innovation has increased 500 percent, and new ideas have gone from concept to customer demo in as little time as three months—exceptional (and valuable) for a company as large as Intuit. Most impressive, other companies are now licensing Intuit Brainstorm for their own innovation processes, all because a 25-year-old Gen Yer wasn’t satisfied with something that was a cornerstone of his company for *years*.

I asked Tad why he would go so far beyond his normal job description to pursue such a farfetched idea. His response: “I just wanted to make the company better. I thought that if I could make innovation easier and more fun, then more people would want to do it.”

Before you think Tad is the exception to the rule, or that high-tech innovation doesn’t apply in your business, consider the view of Jamie Yarrow, president of Terra Resort Group, who has 500 employees at his hotels, the vast majority of whom are in Gen Y:

Anyone who says Gen Y is lazy, unmotivated, or can’t be a professional, simply doesn’t get Gen Y. Sure, they do some things different, but when you figure out where they’re coming from, you realize they are really driven to make an impact. The difference in the workplace is *how* they might try to make that impact.

As an executive, one of the things I value most about my Gen Y employees is that they don’t care how good I was last year or last month. They want to know what I’m doing *today* that is going to move the business forward. They never give me a chance to settle

for “good enough.” And I’m not saying it’s only my Gen Y managers who challenge me, I mean the Gen Yer who is painting my door wants to know how we are going to grow the business.

I can see where some executives would find this offensive, but to me it is a huge *competitive advantage*. They want me to get better every day—so they can get better every day. That kind of focus on ongoing improvement can build a business that is hard to beat.

While I’ve seen over and over that Gen Y employees can deliver strong performance with the right type of management and leadership, I also know there is a growing generation gap in the workforce that is frustrating employees of all ages. Making the generation gap more extreme, older workers are now delaying retirement, and many who had retired are back looking for jobs. The result is that several of my clients report they have *the largest age gap they’ve ever had* between their oldest and youngest employees—in some cases the age gap is more than 60 years!

I saw this age gap in action when I was keynoting a conference for executives of large companies in the Midwest. I asked the room full of executives to raise their hands if they felt Gen Yers have a lot to learn when we first show up to work for them. All the hands quickly went up (along with some supporting—and some unrepeatable—comments). Then I asked the executives if they, too, had much to learn at their first job. Again, all the hands went up (with some comments like, “Sure, but I started working when I was 12”). Then I gave them the dream new-hire scenario: “I want you to imagine that a member of my generation, Gen Y, has shown up to work for you. It’s our first real job, *so we’re probably . . . 24*. We’re excited, we’re nervous, we’re late. If you could give us one piece of advice based on all the lessons you’ve learned about work since your first job, what would you tell us in one sentence?” Hands shot up again, but the oldest gentleman in the room, who I later learned was in his late 70s, made sure he got my attention. I asked him, “What advice would you give that Gen Yer on our first day of work, at our first real job, that will guide us for the rest of our career?!”

“Pull up your pants!” he shouted. I almost fell off the stage. The entire room burst into laughter, agreement, and applause. Good thing I was wearing a suit and not the jeans I had on the day before . . .

THE GENERATION GAP IS BIGGER THAN OUR BAGGY PANTS

Anyone who has spent five minutes working in a company alongside Gen Y employees, whom I define as being born between 1977 and 1995 (more on why in Chapter 2), knows we bring different personalities and priorities to the workplace. Some of Gen Y's characteristics can add immediate value to an employer (such as text messaging one-handed while driving—ideal for pizza delivery), while others can be downright confusing or annoying (“Can’t you write an e-mail with at least one complete sentence?!”). I often hear employers say, “What’s so hard about showing up on time, turning off your cell phone, tucking in your shirt, rolling up your sleeves, and going to work? That’s what I did.” Clearly the person who says this still has a land line (i.e., home phone) and probably can do magic tricks with a pen, like balance their checkbook *by hand*. But I get where they’re coming from.

The attitude, behaviors, and values gap between Gen Y and other generations—the newest generation gap—shows up in all manner of workplace areas, including differences in communication style (“My boss gives me notes in cursive. *I can’t read cursive.*”), professionalism (“A tie? Where do I get a tie?”), punctuality (10 minutes early versus well, showing up before lunch), and my favorite, customer service (“You want *me* to count your change back to you? Can’t you count?”).

While this divide can sometimes be comical to outside observers (unless it’s your change we can’t seem to count back), it is an absolute crisis in companies that are competing in a global marketplace during incredibly difficult times. This is especially true at companies reliant on Gen Y employees with specialized skills and high starting salaries, such as healthcare or high tech, those with much lower salaries but historically high turnover, such as QSR (fast food) and hospitality, and companies facing an impending retirement bubble or with ambitious growth plans.

HOW I ACCIDENTALLY BECAME THE GEN Y GUY

As a member of Gen Y who sleeps with his cell phone (really) and a business owner since age 18, I was pulled into bridging this growing generational gap by accident. On one hand, I was speaking and

consulting with executives, managers, and entrepreneurs on how to get their Gen Y employees to perform at a higher level and stick around longer without paying us more money (and especially without coddling us). On the other hand, my Gen Y career advice books are estimated to have helped more than 100,000 Gen Yers enter the workforce. I've also personally spoken to more than 500,000 of my peers, representing all 50 states and more than 100 different countries, on how to make the transition into the workplace and the real world.

With this unique vantage point, I was caught smack in the middle of the generational divide. I had unfiltered access to the pressures top business leaders were facing to make the most of Gen Y employees. I also saw the limitations on what business leaders could actually do, given market and operational realities (“No, not all employees get their own computers; we are a cleaning company, after all”). At the same time, Gen Y employees were reading my books, attending my seminars, and then e-mailing me about how “out of touch” their employers were—the *exact same thing* the employers were saying from the other side of their mahogany desks. Clearly there was a growing divide and *everyone* was losing.

I knew there had to be a middle ground that everyone could build on, so I went in search of it. I didn't stop searching until I discovered the solution (more on that journey in Chapter 4). The result of my search is the Y-Size process, which is more than just a few steps on how to best employ Gen Y. This process reveals *how employers can make the most of Gen Y while at the same time respecting and incorporating the strengths of the other generations in the same workplace*. The bottom line: Employees of all ages benefit; no one gets coddled; and companies move ahead faster.

EACH NEW GENERATION ENTERS THE WORKPLACE “THE HARD WAY”

To be fair, the generational disconnect (and head shaking) that many employers are experiencing with Gen Y is not unprecedented. In fact, it's pretty standard. Every new generation that enters the workforce causes stress, frustration, and criticism from the generations already employed. Experienced managers and executives believe the younger “kids” (who might be in their late 20s) need to pay their

dues “the same way they did.” They also believe the new generation had it easier than they did growing up (Okay, I’ll admit that you actually suffered through dial-up). At the same time, I’ve never found a company that did everything right when it came to employing Gen Y *or any other generation*, for that matter.

From an employee perspective, all the executives, managers, and entrepreneurs I have interviewed said they had much to learn when they landed their first real job. Gen Y is no different, except we are entering the workforce later in life, with much less (if any) real world experience, and with even less formal training or preparation. We’ve also been told by our well-meaning parents (and reinforced by society) that if we can dream it, we can achieve it. Talk about a setup for a knockdown, especially in this economy. Sure, you can be CEO, *but not in the first month*, and, by the way, you start out in the mailroom. And yes, that’s mail with stamps.

Although every new generation causes friction and stress in the workplace, there are three factors converging on our current workforce that are extraordinary—factors that are radically raising the stakes for companies to figure out how to best employ Gen Y. These are also the factors that add urgency and weight to the payoff for leading your company through the Y-Size process.

1. The economic downturn now affecting the national and global economy

It seems few industries or geographies are immune. Storied companies such as General Motors are filing for bankruptcy or seeking government intervention. Credit is expensive or nonexistent (even if you pay on time!). Revenue and profit margins have been replaced by losses and resignations. Flat is the new growth. As employers look to reduce costs, they are paying close attention to one specific line item: employee costs. At many companies, employee costs are the largest or second largest operational expense. In determining how to maximize the return on their employee investment, executives and CFOs are finding that the numbers don’t lie: *Gen Y is often the least expensive employee to hire, especially when you factor in benefits.* On the other hand, Gen Y also brings many skills, albeit in need of refinement, that can be valuable right away, with a little instruction. (See Chapter 11 on how to do this in less than 30 minutes.) And there are a lot of us:

Numbering 79.8 million in the United States, Gen Y is also the fastest growing generation in the workforce. The same situation is true in many other countries.

Talk about a generation being at the right place at the right time! Combine all these factors together and you can't miss the potential return on investment from effectively employing my generation. In my view, Gen Y's emergence in the workforce is a huge strategic opportunity for an employer to create short-term gains as well as position themselves for a long-term competitive advantage *if they know how to employ us*. That's what the Y-Size process is all about.

2. Gen Y's fundamentally different attitude toward work

Gen Y is the first generation to enter the current workforce without any expectation of lifetime employment. We have never expected to work for one company for 40 years and retire with a 401k (Good thing, because we think a 401k is a painfully slow Internet connection). Once Gen Y has job options, which will happen when the economy ultimately improves or our workplace skill set develops, our generational viewpoint will also make us more inclined to leave an employer where we don't feel we fit. (However, don't worry: I show you exactly how to retain Gen Y with little extra effort or cost in Chapters 13 and 14.) While on the surface this may seem like Gen Y is born to be disloyal, the opposite is actually true. We are intensely loyal, to the point where we will take a *pay cut* to help an employer we believe in. That said, earning our loyalty means doing a few things differently, but none of these things requires paying us more, and each of these is described later in this book.

3. The multigenerational collision happening in the workplace

These collisions, or disconnects, have reached an unprecedented level because *for the first time ever four distinctly different generations are working side by side*. This has never happened in the modern workforce, and it is creating all kinds of new and unexpected

problems. Companies with a four-generation workforce will likely see disconnects (and possibly straight-up conflicts) in communication, motivation, innovation, teamwork, engagement, professionalism, customer service, and leadership. If companies do not bridge these generations and embrace their newest generation of frontline employees, their operating costs will go up, their effectiveness will decrease, and both morale and profits will suffer (although anonymous blog postings will go through the roof).

On the other hand, if companies can successfully navigate the dynamics of a multigenerational workforce, in particular Gen Y's tidal wave-like entry, they can unlock tremendous workplace potential where other companies only unlock infighting. This will become even more valuable when the 80 million Baby Boomers in the United States eventually transition into retirement or more lifestyle-friendly jobs (which has been delayed due to the economy and their 28-year-old son with a master's degree moving home to "find himself"—by playing online poker).

These three converging factors—the economy, Gen Y's workplace attitude, and a multigenerational workforce—underscore the importance of making the most of Gen Y's emergence during a pivotal time for business competition. Adding to a sense of urgency in the United States, our economy is increasingly dominated by service and knowledge industries. By their very nature, these industries depend on younger workers to open doors (literally), answer questions, and shape the customer experience. This is important because at the most expensive service- and knowledge-based companies—whether boutique hotels or highbrow law firms—the first and last person a customer encounters is often a member of Gen Y. This means members of my generation are literally the bookends of the entire customer experience, and some of us don't even own books!

DON'T CATER TO GEN Y—LEAD US

I think it's important to clarify up front that I am 100 percent opposed to catering to my generation's every whim (after all, who really needs a company car in New York City?). In fact, businesses that coddle Gen Y end up attracting the wrong kind of Gen Y employees (the kind who

quit without notice and then ask for a job reference). You don't want employees seeking to be coddled and catered to. You want employees seeking to make an impact from Day One, employees who are motivated to prove their potential and show how wise you were to give them a chance. The latter are the employees the *Y-Size* process attracts, retains, and develops.

I believe that with the right insight, and a small amount of effort at key employee life cycle moments, employers can easily find a common ground that benefits them and makes the most of their Gen Y employees. This belief is the backbone of my *Y-Size* process, which is inexpensive to implement, easy to customize, and leads to *measurable results*. The secret is to balance larger Gen Y employment strategies with tactical actions so that every business leader recognizes that they can do something *today* to help make Gen Y a cost-effective, highly productive employee group.

GEN Y ROI

When it comes to the bottom line of your business, Gen Y's emergence could not have come at a better time. Companies must compete to win based on price or quality—or risk going out of business. You want to be Wal-Mart or Nordstrom's, but definitely not Mervyn's. Being flexible to compete on price or quality or both will ultimately trump more bureaucratic competitors, who can only watch the change happening around them and ask for a memo (and probably a PowerPoint summary). Employers also have realized—and are telling me—that despite the fact that unemployment is at a 25-year high, good, reliable, affordable employees remain hard to come by, and they are more valuable than ever because employers have to do more with fewer resources.

Here's the good news: If you've picked up this book, you realize that Gen Y is an opportunity masquerading as a problem (albeit a problem with big expectations). I'm here to help you find the opportunity within the problem, to leverage it strategically and tactically, and to do so while saving you money and growing your business. Before I share my *Y-Size* process, it's essential to dive a little deeper into who Gen Y is and what we are thinking

(especially when we got that tattoo at 4 AM). These insights in the next few chapters will help you to see why and how the *Y-Size* process will benefit you as a business leader and your company as a market leader.

Y-SIZE QUESTIONS

1. Do you depend on Gen Y employees for the successful operation of your business?
2. Is your company experiencing difficulties with employees in Gen Y?
3. What one thing would you like to see your Gen Y employees do better?

