Chapter 1

THE NEW WORKPLACE REALITY

Clinging to the past is the problem. Embracing change is the solution.
—Gloria Steinem, *Moving Beyond Words*[1]

Since the first major round of corporate downsizing in the 1980s, the longtime traditional employment trajectory has been in flux. Gone are the days when people entered the workforce as young adults, worked until their mid-50s or so, and then sailed off into retirement while younger generations took their place. Instead, the average retirement age has steadily been creeping up in recent decades as older employees—in particular, the Baby Boomers—stay in the workforce either by choice or by necessity. Medical and technological advances mean we're living much longer than previous generations. But the financial instability caused by the 2008 recession has taken a massive toll on retirement plans, requiring many older employees to remain in the workforce longer. Boomers aren't continuing to work only because they *have* to, though: many of them continue to work because they *want* to, thanks in part to the growing availability of office jobs that people can continue to do regardless of age. In addition, many Boomers just enjoy the camaraderie and social connectivity of the workplace. And Boomers often have a lot of pride in their career—a sentiment that can make them inclined to stay in the workplace longer.[2]

In recent years, though, a new generation has become the largest group in the labor market: the Millennials. In early 2015, a Pew Research Center study found that for the first time the workplace included more Millennials (nearly 54 million) than Baby Boomers (nearly 53 million) or members of Generation X (just under 45 million).[3] With so many younger employees joining the workforce, one might assume that the median age of US workers was decreasing. Surprisingly, that is *not* the case.

According to the Bureau of Labor Statistics (BLS) at the US Department of Labor, in 2004 the median working age was 40.3 years but in 2014 it had climbed to 41.9 years—and by 2024 it is expected to hit 42.4 years.[4] Interestingly, although the Millennial numbers are far greater than the current figures of earlier generations, the BLS report states that "the average annual growth rate of the 55-years-and-older group [is] projected to be 1.8 percent, more than three times the rate of growth of the overall labor force," adding that "the group's share of the labor force is anticipated to increase from 21.7 percent in 2014 to nearly 25 percent in 2024."[5] These projections indicate that not only will Baby Boomers continue to work alongside their current Generation X and Millennial colleagues, but that they will still be around when Generation Z join the workforce.

That is potentially good news for companies experiencing a shortage of workers, particularly in skilled trades. But when three or even four generations are sharing the office, getting everyone to work together toward a common goal becomes even more challenging. Senior leaders, managers, and HR professionals need to be prepared to manage a workforce spanning multiple generations with wildly different ideas about work ethic, work-life balance, and long-term career goals, among many other issues. Each age cohort brings its own expectations, goals, motivations, and experiences into the office every day, and company leaders, managers, and human resources executives who want to succeed must understand those differences in order to minimize conflict and create a productive workplace.

THE CHANGING NATURE OF LEADERSHIP

As the Loretta Lynn song says, "We've come a long way, baby." Over the past half century or so, workplace practices and expectations have changed dramatically—and for the better. When the first Baby Boomers entered the workforce, they were taught that leaders give orders, ensure that the orders are followed, and deal with employees who don't comply. The dictatorial leader is rapidly disappearing from today's workplace, though, having been replaced by leaders who are expected to build partnerships both inside and outside the organization—a shift in leadership styles that recognizes that coalition building can be more effective for companies than rigid control. Does this shift mean that a manager can't make decisions unless all of his or her direct reports agree with them? Of course not. It *does* mean, though, that employees of any age will expect to have input on decisions that affect them, and that the lack of such input will significantly diminish their commitment to accomplishing the company's goals.

The changing expectations for company leaders are also being shaped by the fact that employees of all ages lack trust in corporate America. During the 1980s, Baby Boomers and Generation X lost that trust during the heyday of building shareholder value through layoffs, when even healthy companies joined the downsizing movement in order to increase their market shares. Millennials, too, aren't exhibiting great faith in the business world today, and if these trends continue, this lack of trust is likely to still be around when Generation Z begins to enter the workforce. Regardless of the decade or the generation, though, this lack of trust—and the resulting lack of strong loyalty to a company—can affect *everyone* negatively, particularly when employees favor pursuing career advancement elsewhere over staying with their current organizations. In order to prevent that exodus, managers need to figure out how to adapt to changing expectations about employee loyalty.

The changing demographic within the United States (nay, the *world*) is another cultural shift that will require leaders to rethink not just their leadership styles but their entire business plans, because the employee base isn't the only population that's changing: customers and suppliers are changing as well. Over the next few decades, the United States will become an older and more ethnically diverse country. For example, according to the US Census Bureau, over the next few decades, nonwhite ethnic groups will increase in number dramatically, and by 2042 no single ethnic group will be the majority. The Hispanic population will be the leaders of this demographic shift, with its size "more than [doubling], from 53.3 million in 2012 to 128.8 million in 2060."[6] Also expected to double in size by 2060 is the population age 65 and older, which will grow from 43.1 million to 92.0 million.

Many would argue that corporate leadership has had to deal with managing change for at least the past decade or so. As Ad J. Scheepbouwer (then-CEO of Royal KPN) pointed out in IBM's 2008 survey of 1,000 CEOs, "We have seen more change in the last 10 years than in the previous 90."[7] Technological advances drove most of that change and continue to do so, with Scheepbouwer's words still applicable nearly a decade after he uttered them. In spite of widespread awareness of such change, many companies' management practices have failed to respond to the new workplace reality.

Shocking but true: even though the first Millennials joined the workplace roughly 10 years ago, many companies *still* struggle to figure out how to cope with the Millennials in their midst. And with the first members of Generation Z poised to enter the workforce full time in just a few short years and other changing workplace demographics, the stage is set for disaster for those companies still lagging in their management practices. Even with these realities staring them in the face, though, many companies *still* resist change. Why? Because change is hard—even when (and sometimes especially if) it's absolutely necessary. But market-leading organizations recognize the importance of change and achieve success in part because of their ability to adapt rapidly to the changing needs of their customers and clients. Those companies embrace change because doing so lets them create new opportunities *ahead* of their competitors.

Enacting change at your organization means updating your leadership tactics, which in turn means letting go of old habits and instead thinking about motivation and engagement in a new light—a task that isn't easy to accomplish in even the most relaxed and low-stakes situations, let alone when engaging in something as difficult (and somewhat esoteric) as managing employees. Unfortunately, managing employees is even more complicated by the fact that according to Gallup only "one in 10 people possess the inherent talent to manage"—and companies fail to pick good managers a staggering 82 percent of the time.[8] When this is combined with the added challenge of having four generations in the workplace, the odds increase that companies will experience high turnover or low employee engagement (both of which can hugely affect an organization's bottom line)—and managing becomes a lot more complicated.

THE CHANGING ROLE OF THE MANAGER

Managing employees has always been tough for newbie and veteran managers alike. If you're like most managers, you didn't start your career in management but got promoted to a supervisory role based on your superior contributions as an employee. Consequently, you may find yourself with direct reports who may or may not be at your skill level (and may even be more skilled than you). As a manager, you're expected to motivate them to complete their tasks on time and to your quality specifications, but you have to be careful that this motivation doesn't cross the line into micromanagement. Easy, right? Not quite.

Getting work done through the efforts of others is incredibly different—and far more challenging—than doing it yourself, and few new managers are fully prepared for that shift when they're promoted. And help in dealing with that shift is in short supply: in a 2011 CareerBuilder survey, for example, nearly 60 percent of respondents said they "didn't receive any management training."[9] When that lack of training meets the various (and sometimes conflicting) expectations of employees in a multigenerational workplace, the result is a potent mix of management challenges! Baby Boomers want respect for their experience, Generation Xers want autonomy and money, and Millennials want a team environment coupled with more frequent recognition. Even when the generations agree on certain issues (such as a shared desire to increase work-life balance through more flexible work schedules), addressing them can still present plenty of challenges for managers.[10]

Finding ways to accommodate employees' needs in order to motivate and engage them (and actually accomplish the work for which their managers are ultimately responsible!) has become a critical part of management in recent years—and one that not only differs greatly from management's role in the past but a task that can be tough to accomplish, particularly in companies without policies that support their employees' needs.

As you progress on your own management journey (whether you're just starting on this path or have been on it for a while and seek to expand your existing skills), keep in mind that being an effective manager in the new workplace will require much more adaptation from you than from your employees. Throughout my 20 years in management, I've found that the challenge of managing and motivating others doesn't diminish over time. Even as you become more experienced, typical company turnover as well as changing career trajectories mean that you're constantly dealing with new people. Some of your reports will be promoted outside your group, be reassigned to other departments, or move to other organizations, for example—or perhaps *you* will be the one who is promoted, is reassigned, or changes organizations. Every time you think you've put together a cohesive team, the group will change (either by addition or by subtraction), and you'll have to start the process anew.

Even though it's important to recognize that each generation has different expectations, it's equally important to recognize the dangers of stereotyping someone based on his or her age. When managing individuals, always keep in mind that they have unique needs that are determined by their particular life circumstances and personal goals. So even as you consider how generational influences may manifest in the office, remember that successfully managing *anyone* to achieve his or her best will require you to treat the person primarily as an individual and not exclusively as part of a generational cohort.

For example, during my eight-year tenure with Oxygen Media, I managed a total of 55 employees who were spread across various departments and whose ages spanned 40 years. It would have been easy for me to categorize them based on their ages (and, based on those, my assumptions about their needs). In practice, though, I found that each individual sought different kinds of fulfillment in his or her work. Each employee also had different expectations of me as the manager, and everyone needed me to motivate him or her in different ways. For example, one of my direct reports needed to be left alone for the first hour of the day so she could ascertain her priorities—and give time for her espresso to kick in—whereas another preferred to start his work day with a brief meeting with me. One of my main responsibilities as a manager was to figure out what each *individual* needed to do his or her job well and then do my best to provide it.

In fact, over the course of my entire work life, I've found that individual motivation is always the main influence on employee behavior. This has been true right from the beginning, when I first started my career as an engineer at Allison Gas Turbine, an aircraft engine manufacturing facility in Indianapolis. The ages of the 52-member all-male maintenance crew I managed ranged from 15 years older than me to 44 years older than me. The six-decade age span was a bit daunting at first, but I soon realized that in spite of the vast age differences, we all had *the work* in common, and the key was to understand how each *individual* sought fulfillment in that work. Some employees needed my approval before proceeding on even the most mundane tasks, for example, and others preferred not to see me at all until the job was done. Some employees fought for overtime, and others avoided it like the plague. Each man cared about different things and held different expectations of me.

At first I thought I was going to lose my mind trying to navigate all the different personalities! Eventually this job—my first management assignment—taught me a very valuable lesson that I've carried with me ever since: *figuring out what makes each person perform at his or her best is one of the most satisfying experiences a manager can have in corporate America*.

When managing others, you are directly responsible for helping each person perform better, and succeeding at that task can give you a pretty powerful and wonderful feeling. So as you contemplate what it takes to manage and lead others, keep in mind that you'll need to adapt your style to meet the individual needs of your employees. And if you're older than—or younger than—your employees, keep your eye on the goal (helping them do their best work) and not on your age differences.

If you're a Millennial who's in a management position, for example, not knowing how to ask someone older than you to do something is no excuse for bypassing or ignoring senior employees who possess information critical to the company. By that same token, if you're an older manager, you need to recognize that Millennials are essential to the future growth and *very existence* of every company and that being able to keep them engaged and excited to work with you is of paramount importance. By stepping up your management game, you'll have a better shot at keeping the brightest and best employees—whatever their ages—working for you.

THE CHANGING ROLE OF HR

Managing in the new workplace reality is hard on everyone but especially for those in HR who are charged with overseeing a company's human capital programs. During the recent recession, companies had the upper hand when it came to talent: because there were more people looking for jobs than there were available jobs, employees were extremely wary of leaving their positions. With the improvement of the economy, however, the pendulum has swung the other way, and in the post-recession years organizations are having to work harder than ever to recruit top performers. Companies are currently experiencing the HR version of real estate's buyer's market: there are too many jobs and not enough people to fill them. Consequently, current and prospective employees can be a lot pickier about what positions they fill.

For example, over the past decade, Millennials have entered the workforce to find it already a very crowded place, full not only of Generation X employees but also of older workers who haven't been retiring in the numbers that were expected (and highly discussed) around the turn of the millennium. Complicating matters further is the fact that many Millennials expect to love their jobs and want more than just a paycheck: they want missions that they can support and companies that are interested in their personal growth. For these reasons, more so than any other generation, Millennials are far more likely to quit a job that they don't like (whereas Generation Xers and Baby Boomers are a little more patient about waiting for a promotion or more opportunities). Millennials aren't the only ones being choosy, though. As any HR executive can tell you, when Generation X or Baby Boomer employees find that their needs aren't being met, they, too, will look for other opportunities.

Adding to the challenges facing the HR executive are the company leaders who do not fully embrace the policies and practices that support the expectations of today's workforce. Corporate leaders love to tout inclusion and diversity as company priorities, but in many instances their efforts amount to little more than merely checking a box and don't actually have an effect on corporate culture. If diversity and inclusion are treated as "nice to have" initiatives (and not as high-priority business imperatives), they can receive mixed support from up high—and there's only so much HR can accomplish in an organization without strong support from senior management. If your company fits this description, it's important for you to demonstrate the bottom-line value of diversity and inclusion *before* trying to make any changes. If the top executives don't see that value, you'll find it difficult to update existing programs or roll out new ones designed to engage employees of all ages.

What do most senior management teams care about? The bottom line. Focusing on that is the key to persuading your executives to embrace the business case for diversity. A great place to start is by analyzing your customer base (that's right, your *customer* base) first—even before looking at your employee base. Discussions about sales will certainly get your CEO's attention. So involve the senior sales executives and review the generational demographics of your current clients or customers. Does your workforce reflect the generational makeup of your customer base? Is the company missing any opportunities by not servicing all age levels with its product? If so, how can the organization best reach those overlooked age groups?

Next, review projected growth for your company, both in terms of volume and in terms of product offerings. Discuss the following questions:

- How does the projected growth compare to the projected makeup of your employee base in the future? Are the two proportionately equal?
- Will the generational makeup of your employee base 5 or 10 years from now reflect your customer base at that time?
- Does your product age with your customers, or will your customers look to a competitor as they (and your existing product) grow older? How can you keep your customers coming back to you and buying more of your product instead of moving to your competitors?

Mirroring your employee base on your customer base can help ensure that your products stay relevant to your customers as they age. As your older employees find their own needs changing, they'll know how to adapt your products to meet the needs of your similarly aged customers. Having diverse ages in the workplace can also help reduce the groupthink that can dominate employee populations that are homogeneous in age and background (the "like hires like" phenomenon), thus providing the broadest range of ideas possible for your products and services. Pay attention to whether the local population is aging (or trending younger), and how that shift might affect both your sales numbers and your recruiting and retention efforts. The savviest organizations are radically modifying their business practices *now* in order to prepare for future changes in their employee base and (perhaps more importantly) in their customer and client bases as well.

One reality that's having a huge impact on the bottom line is the difficulty many companies are having filling open positions with people who have the particular skills needed to do those jobs. The so-called skills gap continues to grow each year, making hiring increasingly difficult and bringing challenges to retention as well. If your most experienced employees leave your company, does that help or hurt its skills gap? What is the sweet spot where your company has sufficient employees of all ages with enough diverse skill sets (including both experience and newer skills) to mitigate—or even eliminate—the skills gap?

If bringing in younger talent is widening your skills gap, how can you utilize your older workers to bridge that gap? The real challenge lies in figuring out how to adapt HR policies to retain older workers. One possibility is to offer something many mature workers value (such as more flexible schedules) in exchange for their learning new skills to help bridge a skills gap in your organization. (For example, one major drugstore chain keeps older workers on board and engaged [rather than headed out the door into retirement] by offering them flexibly structured positions with fewer hours—an enticement that's been very effective at helping managers and HR executives staff difficult-to-fill retail positions.) What other incentives can you offer to existing older workers? Also consider whether there are demographic changes occurring in the geographic area where your company is located that can affect your employee base.

The ability to understand and respond to consumer demands is critical to your company's future survival, and as many HR executives are figuring out, it will take outside-of-the-box thinking to ensure that your workforce is prepared to meet your customers' needs. Linking your company's projected growth to the makeup of your workforce can safeguard your organization's relevance now and in the future. Figuring out answers to these questions can arm you with the data you need to approach your top executives. If you can clearly demonstrate that such policies will have a positive effect on the company's bottom line, you're more likely to get senior management on board with enacting policies that support the endeavors and goals of an age-diverse workforce.

THE CHANGING ROLE OF THE EMPLOYEE

These days, the ideal employee isn't someone who's good—or even great—at his or her job. The ideal employee is someone who not only excels at his or her work but also understands how to be part of a diverse workforce.

At the time I first started working as an engineer at Allison Gas Turbine, the company had two employees who were among the very few subject-matter experts in a highly technical field. Their specialized knowledge and skill sets allowed them to get away with inappropriate behavior (such as yelling at other employees or giving attitude to their bosses), because management considered them "too smart to let go." By the time I left Allison several years later, though, the company had replaced those two employees with individuals who were not only good at their jobs but who had been hired specifically because they were also able to get along with their fellow employees. What many companies (including Allison) have learned in the past decade or two is that great companies are built on many great individuals working together. Arrogant hotshots are less tolerated now, even if they have valuable skills, because their bad behavior can adversely affect the entire company in numerous ways, such as driving away great employees or making the organization vulnerable to lawsuits. Having a subject-matter expert or rainmaker on board can be fantastic for the company—as long as he or she understands the importance of getting along with others in the workplace.

Does that mean you need to stifle differing opinions or refrain from saying what you mean? Hardly. In fact, one reason to diversify your employee base (not just in age but in many other ways, such as ethnicity and gender, among others) is so that different experiences can weigh in on business decisions—these multiple perspectives can ensure that you're bringing the best ideas to the table. Homogenous groups have homogenous viewpoints. Although diversification can expand the knowledge and experience base that can yield ideas for future growth and broadening the customer base, keep in mind that inviting differing opinions means you must be open to new ideas and embrace the differences that arise.

BUILDING ON THESE CHANGES

Based on its 2015 survey of over 7,000 business and HR leaders in over 130 countries throughout the world, Deloitte has identified the greatest challenges for businesses today:

- Culture and engagement
- Leadership
- Learning and development[11]

At the heart of every company lies its culture, which sets the tone for how the employees are treated (by both management and each other), which in turn sets the tone for how those employees treat customers. If employees feel disposable or poorly treated (particularly by senior leaders), they will reproduce those negative feelings in their interactions among themselves as well as those with clients. The converse also holds true: employees who feel valued will then spread that sentiment to others. Culture matters because it has such a strong effect on every transaction (both internal and external) relevant to a company, and managers who underestimate its importance do so at their peril.

The link between culture and the issues of a multigenerational workplace is clear: when the company culture doesn't value the contributions of employees of all ages, the entire organization suffers. Smart company executives know that culture starts at the top and will focus on engaging employees of all generations to put their best and brightest ideas to work for the company. Management experts often debate whether culture creates engagement or engagement leads to culture. The "which comes first" discussion is irrelevant, though, as long as senior leaders understand the power of culture to create an age-*unbiased* environment.

But merely proclaiming "Now we're inclusive!" won't take a company very far. Without human capital processes in place to truly support a change in management philosophy, an organization can't accurately claim to be a welcoming and inclusive multigenerational workplace. Developing those processes requires an understanding of each generation's background, interests, and motivations (while still recognizing, of course, that such understandings take a back seat to awareness of individuals' needs). Let's take a close look at the characteristics and goals of each generation.

NOTES

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