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Managing today's
multigenerational workforce



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Demographic trends in the United States have brought us to a unique place and time. Americans are extending their careers and, as a result, we are seeing an unprecedented phenomenon: no fewer than four generations coming together in the workplace. From Baby Boomers to Gen Y, corporations must find ways to get optimal performance from everyone in their workforce. Each generation has its own attitude and style, which leads to frequent misunderstandings among the different generations. Proper communication is critical — the better each generation understands the other, the better they'll all work together.

The findings and recommendations in this paper are based upon careful observations by experts who have studied generational differences and likenesses in the workplace, as well as our years of experience helping people manage their workforce and build their careers.

Our objective is to provide you with a better understanding of your employees and the demographic trends impacting the way we work today. Ultimately, we hope the insights here help you create an environment where your staff works in harmony and performs at a higher level to make your organization stronger from the inside out.

Today's workplace: a compilation of four generations

For the first time in history, today's workplace spans at least four generations. The Silent Generation is about 95% retired already, while Baby Boomers are delaying their retirement plans. Generation X is climbing the corporate ladder and Generation Y is just entering the workforce. This collision of generations — unless fully understood and properly managed — could create long-term turbulence in the workplace.

Here's the big picture.

Together, Generation X and Generation Y now make up 50.5% of American workers. Following close behind, Baby Boomers make up 41% of the workforce, but they still hold the lion's share of leadership positions in most organizations. As these Boomers begin to turn 60, the majority will forgo traditional retirement and continue working in some manner. At the same time — the Silent Generation — the oldest, most experienced workers who have great institutional knowledge, traditional work values and ethics, have already left the workforce in droves.

The challenges of an evolving workforce.

Today's workforce is growing older. Currently there are five million workers aged 54 and over and 2.7 million between the ages of 65 and 69. Generation X is a smaller generation in number, providing a shrinking pool of prime-age workers. Currently two workers exit the workforce for every one entering. While the demand for bright, talented leaders in Gen X will increase, the supply will be decreasing, potentially creating a leadership deficit.

The shift away from traditional career paths (i.e., long tenures at the same company and lifetime-lasting careers), and work values (i.e., loyalty and work ethic) will accelerate in the coming years as the age differences

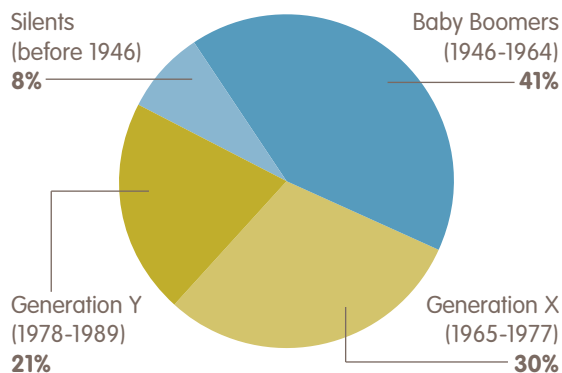
in the workforce become more pronounced. All these trends in the population will conspire to force us to rethink — and indeed revamp — how we hire, manage and train employees.

We anticipate younger staffers will need to develop faster, take on important positions and acquire leadership skills at relatively early stages of their careers. The competition for older, more experienced decision-makers will intensify, setting off a recruiting war for these premium knowledge workers and managers. Companies will need to implement more aggressive retention measures and recruit more competitively than ever to prepare their organizations to meet the challenges presented by these evolutionary changes in the workforce.

Some questions to consider as you plan for the future:

- Is your company prepared if a sizeable group of executives and managers leave the workforce as they plan for retirement?
- What kind of impact would such an event make?
- How will your department and organization recover?

Generational snapshot



Source: RainMakerThinking, Inc. 3/21/05

Understanding each generation and what's shaped their careers

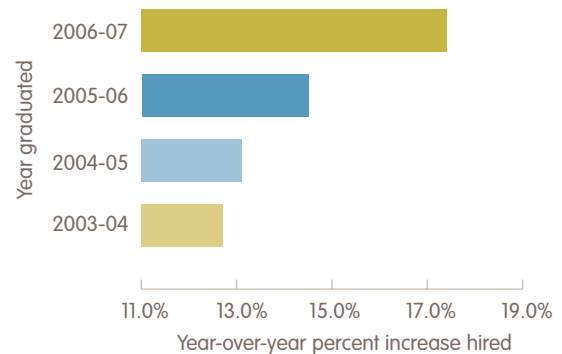
Four generations, countless differences.

Today, because so many organizations are now “flatter” and free of hierarchy, employees of all generations — once segregated by age and position — are now working more closely together. The differences in age among employees working side by side will only widen in the coming years. In fact, according to the National Association of Colleges and Employers (NACE), companies expect to hire a greater number of younger college graduates than in the previous two years.

Members of each generation bring distinct sets of values, attitudes and behaviors to the workplace. The four generations in the workforce today come to work with different expectations, assumptions, priorities, and approaches to work and communication. If these differences are ignored, they can grow into a source of misunderstanding and conflict. However, when appropriately managed, they create opportunities for collaboration and synergy among the different generations of workers, giving the organization a competitive edge.

For example, today's younger generation of workers has a much different perspective on work, life and culture in general than do older employees. Generation X — comprised of men and women born in the 1960s and 1970s — was influenced by technology, television, day care, and divorce. Gen X is accustomed to — and adept at — the use of technology, from iPods to computers to Blackberries. They're also conditioned to jump more often from job to job. Many Gen-Xers who began their careers during the tech boom of the 1990s, are used to work-life flexibility, and have changed jobs frequently for increased salaries, more benefits, and to climb the corporate ladder.

College graduates being hired



National Association of Colleges and Employers (NACE) Job Outlook Survey

Baby Boomers are typically more accustomed to interacting face-to-face or using the telephone when working with colleagues, whereas younger managers are used to facing a computer screen and emailing to communicate. Boomers' workplace tempo varies from their Gen X and Gen Y colleagues — Boomers grew up in a more leisurely time, Gen X in an age of accelerated schedules, multi-tasking, and information.

The following profiles provide a more detailed overview of several characteristics of each generation, including demographic information, psychographic characteristics, lifestyle and work-style traits.

Questions to consider as you review the generational profiles:

- What motivates your employees at work? At home?
- What influences their decisions?
- What does work-life balance mean to them?
- How can you incorporate these insights into how you manage your multigenerational workforce?



Currently two workers exit the workforce for every one entering.

According to a recent study by the Conference Board, by 2010 about 64 million workers — 40% of the nation's workforce — will be poised for retirement, though not all will choose to leave. The number of people ages 35 to 44 in the nation's workforce actually will decline by 10 percent, while the number of workers 45 to 54 will grow by 21 percent, and the number of 55- to 64-year-olds will grow by 52 percent.



Silent Generation profile

Demographics

- Born 1925-1945
- 49 million Silent Generation members
- 83% of pre-retirees and 90% of retirees are confident they have enough money to live comfortably until at least age 85 (MetLife Study)
- Almost 2/3 are married and 29% are widowed/divorced/separated
- 3/4 are grandparents
- Education: 60% attended high school, 38% earned a high school diploma, 26% went on to earn a college or post-grad degree
- Male/female ratio: about 46% men; 54% women

Lifestyle

- Have money to spend
- Wealthy generation feels it's now-or-never time to splurge for that big-ticket item
- View themselves as active people who are in the prime of their lives
- Like to help others, particularly their grandchildren
- Many are finally doing things they've never done: traveling the world, adopting new hobbies, etc.
- Least technologically-savvy generation
- Hobbies include outdoor gardening, crosswords and golf

Psychographics

- Brought up with the mentality of being seen and not heard
- Grew up during World War II
- Fought in the Korean War
- Raised when simple things were rationed, saving for a rainy day was considered prudent, and morals and ethics defined the character of an individual
- Married earlier — Men: 23; Women: 20
- Started divorce epidemic
- Appreciate discipline, hard work, and self-denial and overall they are social and financial conservatives
- Slow to embrace anything new, distrusts change and would prefer the status quo

Work style

- 95% retired
- Quickly rose to the top and became the management and superiors of the great mass of Baby Boomers that came after them
- Work ethic is built on commitment, conformity and responsibility
- Not likely to "rock the boat," break the rules or disrespect authority
- As they look ahead to the next chapter, many are reconsidering how and if they will integrate work with their personal time

Baby Boomer profile

Demographics

- Born 1946-1964
- 78 million Boomers
- Most are married, many more than once, and nearly 25% have been married 25+ years
- Half are without kids
- 1/3 are grandparents
- 77% are employed; 2/3 work full time
- More than \$2 trillion in income
- Boomers represent half of US households with an income of \$100K+
- Nearly 1/3 own homes valued at \$200K+
- 49% graduated high school or equivalent; 39% have Associates Degree or higher; 12% did not graduate from high school
- Male/female ratio: 49% men; 51% women

Lifestyle

- Healthy food and alternative healthcare
- Enjoys the outdoors, exercise and gardening; health conscious
- Likes adventure travel
- Spends most on personal care products/services
- Enjoys eating out as well as entertaining at home
- Online shopping is popular; Wal-Mart, Target are hotspots
- Enjoys action/adventure movies
- Appearance-conscious and fashionable, especially women
- 20% are volunteers
- Newspapers and Internet are most popular media
- Avid readers and word-game players

Psychographics

- The “Me” generation; selfish, but optimistic and idealistic
- Experienced at filtering hype
- Wants to have fun, while seeking balance and simplicity
- Personal growth a key goal
- Nostalgia
- Autonomy, self-sufficiency
- Fought in, or organized opposition to Vietnam
- Believe the world can be changed
- “50 is the new 40”

Work style

- Internet savvy
- Attitude toward work: a career for 53%; just a job for 24%
- Independent
- Works long hours
- Struggles with work-life balance
- Overachieving
- Multi-taskers

Generational profiles information sources:

- Wikipedia.org
- MRI Data
- American Demographics Magazine

Generation X profile

Demographics

- Born 1965-1977
- Best educated generation in the U.S.
- Divorce rate is 50%
- Education: 40% have earned a college degree or higher
- Nearly 2/3 are parents; 1/2 are working parents
- More than 60% own their own home
- More than half have a household income above \$50,000 per year
- Male/female ratio: 48% men; 52% women

Lifestyle

- Into healthy food and alternative healthcare
- Money is an important motivator to this generation
- Materialistic — as teens, they earned money and they were allowed to spend on whatever they wanted — clothes, cars, stereos, compact discs, and entertainment
- Accepting of, if not comfortable with, change
- Most media savvy generation
- Enjoy cooking, baking and BBQs
- Outdoor excursions include going to the beach and the zoo
- Physical activities include cycling, swimming and weightlifting
- Grew up alongside MTV

Psychographics

- Survived a hurried childhood of divorce, latchkeys, the space shuttle explosion, open classrooms, the fall of the Berlin Wall, the end of the Cold War and inflation and recession economies
- Divorce rates grew as did significant alternatives to traditional marriage — from remaining single to same-sex couples to merely “living together”
- Concerned with financial and emotional security
- More global, technologically-oriented, and culturally diverse than the generations before them
- Often lean towards non-affiliation politically
- Many reject the idealism of the 1960s and see their grandparents (Silent Generation) as ideal versus their Baby Boomer parents

Work style

- Internet savvy
- Embrace risk and prefer free agency to loyal corporatism
- Sometimes criticized as “slackers,” yet are widely credited with a new growth of entrepreneurship
- Jump from job to job, are unwilling to conform to organizational demands that do not suit them, and leave jobs that bore them and are not “fun”
- Adopted the philosophy there are “no guarantees,” and they are not interested in working their way up
- Want to be valued immediately for their skills
- Require more coaching and feedback from their supervisors than previous generations

Generation Y profile

Demographics

- Born 1978-1989
- Largest consumer group in the history of the U.S.
- Total incomes exceeding \$211 billion
- Spends \$172 billion per year
- Saves \$39 billion per year
- 38% are nonwhite, 15% African-American, 14% Hispanic and many identify themselves as multiracial
- 29% of the U.S. population, or approximately 61 million consumers
- 30% of those 18-24 are currently attending a college or university
- Among those 18-24, 50% men; 50% women

Lifestyle

- Volunteer in communities more than any other generation in American history
- Teens now form the most religious age group in the U.S., and their participation in church groups rose to 28% from 17%, while drinking among college freshmen is the lowest since 1966
- 49% prefer to shop for clothes and 24% prefer to shop for home electronics, compared with 18% of all other consumers
- Most likely generation to participate in a range of sports: soccer to softball, rollerblading to snowboarding
- "Gaming" is popular throughout the diverse span of ages

Psychographics

- Exhibit an altruism that embraces the environment, poverty, and community problems
- Parents, family, religion and generosity are central to this generation
- Two life-altering events played a big role in shaping the consciousness of this generation — the terrorist attacks of September 11 and the shootings at Columbine
- Celebrate diversity — display a high degree of tolerance towards different cultures, lifestyles and behaviors
- Self inventive/individualistic

Work style

- Raised in comfort and with the Internet
- Work on their own terms — command of technology and having experienced affluence so early in life puts them in a unique position to negotiate those demands
- Want to be "paid volunteers," joining an organization not because they have to, but because they really want to, and because something significant is happening there
- Pragmatic and hard-working
- Among those 18-24, about 45% are employed full-time and 22% are employed part-time

Generational profiles information sources:

- Wikipedia.org
- MRI Data
- American Demographics Magazine

Effectively managing a multigenerational workforce

Familiarizing yourself with the perspectives, needs and influencers of these key generations can help you become a more effective manager. The following are some overarching insights that will help address some of the challenges you might face in a multigenerational workforce environment.

Silent Generation: keep them plugged in.

The Silent Generation holds more institutional knowledge and has more industry experience than any other group, but more than 95% of them have already retired. However, organizations that place a premium on the intellectual capital and institutional knowledge that those remaining from the Silent Generation hold are granting valued retired employees an “emeritus” status and calling upon them now and then for wisdom.

Younger workers benefit from the mentorship they receive from the Silent Generation. From a conversation, meeting or informal presentation, newer workers can profit from the perspectives, insights and experiences of those who came before them. Many of the lessons they learned from their time in the workforce are still relevant today. The Silent Generation preceded the Baby Boomer generation, taught them what they know now and influenced how Baby Boomers manage their businesses and teams today.

Additionally, the Silent Generation has developed and maintained professional relationships over many, many years. Often, these are important relationships with top decision makers and

influencers in a particular industry. Introductions, a meeting, and a relationship-building exercise are great ways to capitalize on your Silent Generation workforce.

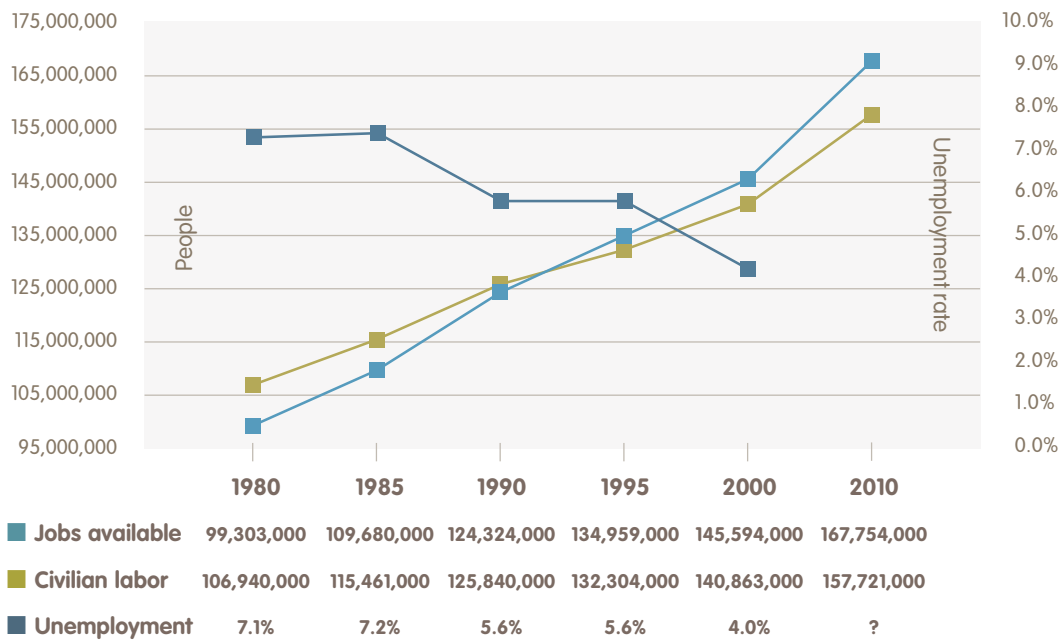
Baby Boomers: keep them on board for as long as you can.

The Baby Boomers are the “Me” generation, the first generation to become Internet savvy and make work-life balance a movement that has permeated our workforce culture. They are also one of the most valuable segments of our workforce today. Many Boomers are planning for retirement, which will potentially inflict the largest “brain drain” corporate America has ever experienced.

Employers are most concerned about losing this segment of the workforce because they are the managers running their businesses and servicing their clients. What employers must do to help their organizations soften the impact of the age of Boomer retirements is to find ways to keep them (and their institutional knowledge) on board for as long as they can.

Knowing that work-life balance and independence is important to the Boomer generation, employers should find ways to provide flexibility and ownership of projects or teams for their valued Boomers. More than half of this generation is career-oriented and loves “the good life.” The organizations that initiate ways to help Boomers continue working and making an income on their terms so they can enjoy more of their life will retain more of these premium workers than those companies who try to stick to the standard ways of management.

Impending crisis: skilled labor shortage



Source: Bureau of Labor Statistics

It is highly likely Boomers will be working longer than expected, with some staying in the workforce for a sense of usefulness and others for income. However, they all won't remain working forever and, since they are the largest segment of the working population today in leadership and management positions, companies should consider the potential impact of their retirements on their workforces immediately.



According to the Family & Work Institute, 73% of Baby Boomers give younger bosses low marks on being supportive of their success.

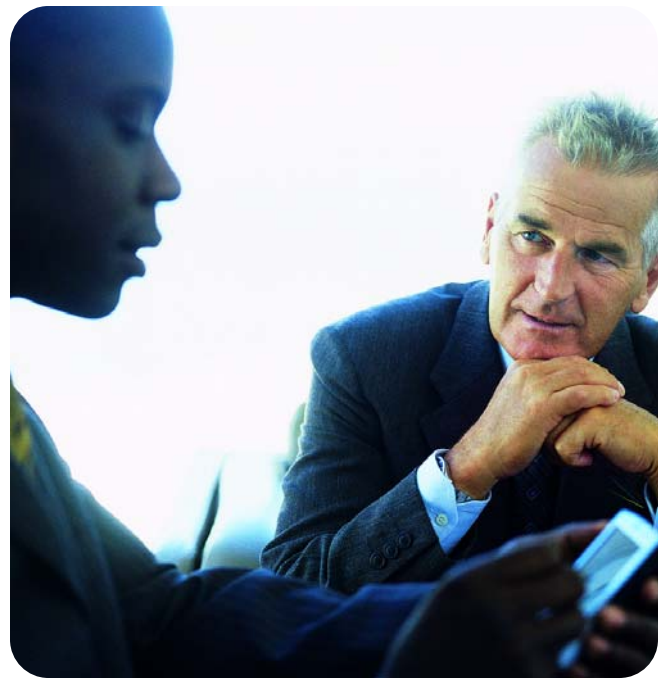
Effectively managing a multigenerational workforce

Generation X: start developing them into leaders for tomorrow, today.

Generation X will be called upon to fill leadership positions as Boomers start to retire over the next 10 to 15 years. The future success of many organizations relies heavily on how they are developing this next generation of leaders. A critical aspect of the multigenerational workforce at present is that today's Boomer leaders are responsible for cultivating the leaders of tomorrow from the Gen X segment of the workforce. Is your company working to develop high-potential employees today and prepare them to take over leadership roles tomorrow?

Gen X is the most well-educated generation in the U.S., making them prime candidates for playing strong leadership roles today and in the future. Many are goal-oriented. Money is an important motivating factor to them and they are more apt to respond to "free agency" versus expectations of loyal corporatism.

So, by leveraging these insights, how can companies motivate Gen-Xers to become leaders? Sink or swim doesn't work with this generation — coaching, guidance and increased opportunities and responsibility are what most will respond to well. Presenting them with opportunities to go out of their "comfort zone" to enhance their management and leadership skills with coaching from the sidelines can help foster a leadership mentality. Once Gen-Xers have experienced a few of these opportunities that result in success, you will see an increase their confidence, as well as their desire and ability to lead.



Gen X is the most well-educated generation, making them prime candidates for leadership roles in the future.

Just as Boomers made work-life balance a movement, Gen-Xers led the dot-com boom and are leaders of the new era of entrepreneurship. To get the most out of this generation, create an atmosphere where they have a high degree of independence, are constantly challenged and can work hard while having fun.

Generation Y: train and nurture them.

Gen Y spans a diverse range of ages. Born 1978-1989, this generation is sometimes referred to as “Echo Boomers” since they are the children of the Baby Boomer generation. Gen Y is expected to make a significant impact on the overall workforce — and they are well on their way.

Bruce Tulgan, author of “Managing Generation Y” (HRD Press, ©2001) states in his book, “While it’s risky to draw too many conclusions about the working lives of young people, many of whom are still teenagers, one thing is certain: These 29 million young people will make the next major impact on the workplace. Already they’re posing new challenges to business leaders and managers, who are spending more time, more energy, and more money than ever before recruiting and training the young talent they need to compete in today’s high-speed, high-tech world.”

Gen Y shares many of the same work-style traits as their Gen X colleagues. Gen-Yers also like to work with a high degree of independence, constantly seek new challenges and have fun at work. In addition, they truly like to work on their own terms and figure things out for themselves. They want to understand an assignment or project and determine how to get it done on their own, and won’t hesitate to let their managers know it.

Managing Gen Y can sometimes be challenging for Baby Boomer managers or even Gen X managers since Gen-Yers don’t hesitate to challenge the status quo. To overcome this, managers should understand how to be democratic and “partner” with their Gen Y workers and treat them as equals. Those who can manage their Gen Y workers with a “we’re-all-in-this-together” attitude will find this segment of employees to be pragmatic and hard-working with a strong sense of self and individualism.

Last but not least, volunteerism is important to this generation, so companies who respect and support this altruism can help recruit and retain Gen Y workers more successfully. Not only does this group of budding talent respond to an inherent desire to serve society, but formalizing volunteerism programs and rewarding employees for participating can also foster teamwork, pride and fun among each generation in your organization.



Retention measures you can use across generations

Telecommuting

- Makes managing work/life/home/friends scheduling easier for employees
- Often increases morale and productivity
- Should be balanced with regular visits to the office to meet with teams and clients
- Makes an organization more attractive to potential employees
- Indicates a high degree of independence and trust

Education

- Training inside and outside the office is important to career-oriented people; they view training/education as building their credentials and their personal and professional capabilities
- Investing in education gives employees a sense that the organization cares about their development
- Companies that support the education of their employees get a smarter, increasingly-talented and dedicated workforce in return

On/off-ramping

- For people who want to take off a few months or a few years from work to raise families or try something new, on/off-ramping programs are one way to retain employees who might otherwise not come back
- Many companies are beginning to formalize on/off-ramping programs, especially for working mothers
- Helping to keep on/off-rampers in touch with what's happening at the company and their overall profession ensures your organization is top-of-mind should they want to return to work

Flexible schedules

- Enabling employees to have flexible schedules is a liberating and motivating benefit — many believe it's not about how many hours you spend in the office giving face time, it's about how effective you are at your job, no matter when it gets done
- Flexible schedules are a great way to retain mature employees who enjoy (and deserve) independence and may want to change their work style/schedule after having invested so much of their lives in their work/career
- Many companies enable employees to work an abbreviated week or share managerial roles with colleagues in their same positions to support flexible schedule models

Sabbaticals

- People often learn a lot while on sabbatical and many times return with a renewed sense of purpose and enhanced perspectives
- It is a wonderful reward for Boomers who have been with the organization for a long period and deserve to have some time to themselves/their families to explore an outside interest
- It allows your employees to experience a regenerative process — reset, recharge, refresh and return more productive
- Many industries, including professional services and IT, have implemented these programs widely in the past couple of years since it has become such an essential retention tool in tight labor markets



One size does not fit all.

As we stated earlier — there is no one-size-fits-all solution to managing a multigenerational workforce. However, we hope that, by sharing our point of view on this subject, you have gained some insights that will help guide you through this ever-evolving and dynamic landscape. Those who utilize foresight, acknowledge the impending change and make timely adjustments will likely come out ahead. And, in an increasingly transactional, commoditized business world, where people are often your foremost differentiating asset, ensuring the success of your human capital strategy is essential to overall business success.

For more insights on today's multigenerational workforce, and how its evolution will continue to impact you, contact Lee Hecht Harrison at 800.611.4544 or visit lhh.com.

Lee Hecht Harrison

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