

# Decoding Generational Differences: Getting Back to Work



TALENT LEADERSHIP

## HCI White Paper

February 4, 2008

By Carolyn Sprague



## INTRODUCTION

Many organizations today have employees that come from three or four distinct generations. Judy Corner, Director, Consulting Services for Insala, states that almost synonymous with the word "generation" is the word "gap." By definition, a "gap" is a "break in a barrier," a "separation in space," or an "incomplete or deficient area." These definitions carry a negative connotation. Corner points out that today there's a focus on the negatives that arise from generational differences rather than the positives. She recommends considering instead how we might make the most of the generation gap. Listening to each other, having candid conversations, and identifying what different generations share for mutual goals is the topic of *Decoding Generational Differences: Fact, Fiction, or Should We Just Get Back to Work*, presented by Stan Smith. Smith, National Director of Next Generation Initiatives at Deloitte, has been investigating the topic of generational differences since 2001. This paper will highlight research that Mr. Smith has conducted and will address what individuals and organizations can do to make sense of the "generation gap" and help turn the gap into collaboration.

## RESEARCHING GENERATIONAL DIFFERENCES

The generational differences that show up most distinctly in today's workforce are unlike what has been seen at any time in the past, according to Smith's research findings. Since 2001, Smith has been looking at generational differences in the workforce from a variety of different perspectives. He began his investigation of today's unique "generational differences" topic as a result of what he termed a "throw away comment" from his CEO

at Deloitte. The CEO made the following comment to Smith: "My kids are very different than me, and it's not just about me being old and them being young - there's something more to it. Would you look into this and figure out what it's all about?" What the CEO noticed was that the newest generation of workers (millennials) will bring to the workforce completely different ideas about values, ethics, challenges, and opportunities.

Smith says he runs into three different kinds of people (peers) in business today. Each of these three groups has a different outlook about what today's generational differences mean. Smith has summarized the outlooks or beliefs that he encounters regarding his peer's perceptions of generational/work differences:

1. Some believe that work has fundamentally changed as a result of the entry of the millennial generation into the workplace and that as a result the workplace will be forever changed.
2. Others believe that the work world is not much different today than it has been in the past. This group sees the issues as young vs. old and experience vs. inexperience; the overall belief is that the new generation of workers will outgrow their attitudes and adjust or adapt as previous generations have done.
3. A third belief is that there are differences, but there isn't a need to dwell on them. Time will take care of these "challenges," so we should just get back to work.

Smith's research is invaluable in helping to determine what is really going on in today's work-

place and provides guidance about how business can adapt. According to Smith, there will need to be a certain amount of goodwill exhibited by employers to develop the next generation of business leaders. Employers must take the initiative to arm themselves with some facts about younger workers. Older workers, who make up the majority of managers and leaders, will need to literally build bridges over the gaps; the good news is, according to Smith, that this is an achievable goal.

Figure 1 outlines a number of key differences between three generations that are currently in the workforce, as seen from the perspective of the Baby Boomers. The following are accepted as definitions of the three generations:

- o Baby Boom generation 1946-1964
- o Generation X- 1965-1980
- o Generation Y- 1981+

The Baby Boom generation has largely defined itself by and through work, and as such has difficul-

ty accepting "work ethics" and "work attitudes" that don't align to theirs. Generation X workers moved away from the work-centric focus that their parents had, questioned total allegiance to work, and asked for more flexibility in how work could be done. It is the Generation Y workers, however, that challenge the sensibilities of the boomers most profoundly. According to Smith, Boomers see the Generation Y attitude as "why are you asking me to do more work?" when it can be more accurately described as "I'll work any time - on my terms." Smith cautions that while Generation Y workers have an "attitude," some of the Generation Y attitudes are ones from which Baby Boomers can learn.

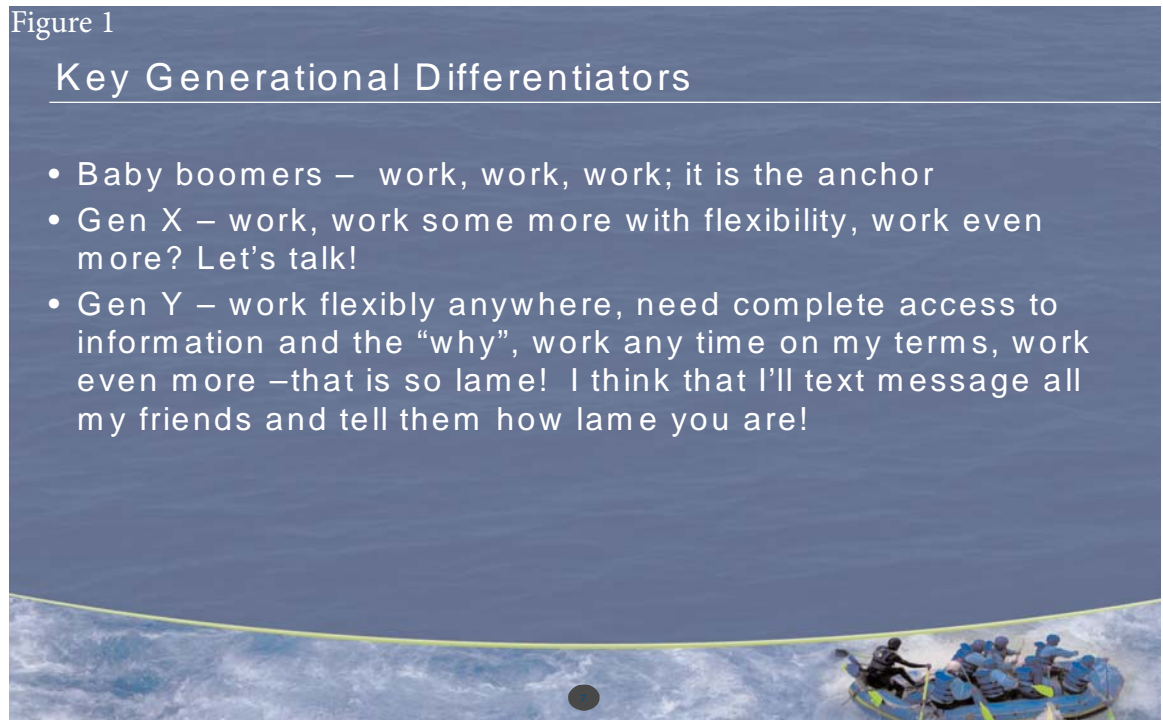
### THREE STRATEGIC DILEMMAS FOR THE FUTURE WORKFORCE

The current workforce is composed of workers from four distinct generations: Matures, Baby Boomers, Generation X, and Generation Y. According to Smith's research, there are three distinct dilemmas to be faced in our future work-

Figure 1

#### Key Generational Differentiators

- Baby boomers – work, work, work; it is the anchor
- Gen X – work, work some more with flexibility, work even more? Let's talk!
- Gen Y – work flexibly anywhere, need complete access to information and the "why", work any time on my terms, work even more –that is so lame! I think that I'll text message all my friends and tell them how lame you are!



force. The resolution of these dilemmas requires an understanding of the fundamental differences between the Baby Boom generation and the newest entrants to the workforce, Generation Y.

The formative dilemma stems from the conditions that produced the Baby Boom generation and enabled them to become professionals; these conditions are "largely gone and are never to return." We cannot therefore create tomorrow's leaders in our own image. According to Smith, a major challenge for today's Baby Boom workforce is to figure out how to develop young people into tomorrow's business leaders under a totally new set of rules.

Table #1 outlines a number of differences that have shaped the formative experiences of Baby Boomers and Generation Y workers and helps to explain the "rational response" of each generation to the conditions each faced during their formative years.

Table #1: Formative Dilemma

Baby Boomers	Generation Y
Education that emphasized basic literacy fundamentals	Education that leaves students largely lacking in basic literacy skills and fundamentals.
Lower level of consumerism; fewer products and services	Very strong consumer mentality; every experience is a consumer experience
A sense of personal security	Highly scheduled childhood; lower sense of personal security
Lack of digital connectivity (phone, TV, and radio were mainstream technologies)	Constant, high-speed connectivity 24/7 with seemingly limitless technology options
Face-to-face communication	Digital communication preferred
Relaxed attitude about turnaround time	High expectation in turnaround time for almost everything; microwavable experiences
Comfort with traditional workplace and defined business hours	Expectation that work can be done from anywhere at any time

The Readiness Dilemma addresses a number of salient points having to do with workforce preparedness. According to Smith, businesses today use a considerable amount of resources to prepare new employees to do basic work. There are a number of high profile companies that are finding that they need to teach their new high-talent graduates how to write effective business communications. Businesses are struggling to address the gaps in what are seen by many to be "basic competencies." Generation Y attitudes about "you want me to do more work?" and pressure to meet expectations often show up in college or before. One particularly telling example was recounted to Smith by a college history professor. According to the story, the professor assigned a major research project two weeks before the semester was to end. The professor was confronted by one of his best students who took exception to such a large amount of work being assigned so close to the end

of the school year. The student accused the professor having "no regard for the other parts of our lives" and putting "undue" pressure on him and other students. When the professor explained the consequences that would be incurred if the student did not complete the project, the student simply stated that he was willing to accept the consequences - in this case a likely "C" grade. The student told that professor that he simply saw his college degree as a "ticket to be punched" and he couldn't see much correlation between his college grades and his future success. This story and many others like it are indicative of a generational "attitude" that employers will need to grapple with as they develop Gen Y workers into future business professionals. Table #2 offers a comparison of a number of differences in worker "readiness."

### EXPERIENCED TALENT DILEMMA

The experienced talent dilemma is a critical challenge for today's organizations. While there is currently a sufficient supply of workers with experience (40+ in age), census figures confirm

what has long been known: the workforce is aging and there are fewer workers coming along to replace those who are retiring. Add to the dilemma the fact that there will be fewer knowledge workers in the coming generations, and the business challenges are easy to see. Smith points out that businesses need to leverage their current supply of experienced workers while at the same time "rethink" how to do work.

Smith polled HCI members to get their feedback and thoughts about the strategic dilemmas that he had outlined as part of his research. Smith was pleased that HCI members found his dilemmas to be of valid concern. These dilemmas are based on data that Deloitte collected in its research efforts; an acknowledgment that these dilemmas exist is the first step toward resolution. The challenge of having multiple generations in the workforce means that leaders and workers need to acknowledge differences and get on the same page when making a response. Smith published a book entitled *Decoding Generational Differences: Fact, Fiction, or Should We Just Get Back to Work*, which

Table #2: Readiness Dilemma

Baby Boomers	Generation Y
Significant number of workers as knowledge workers	Fewer number of workers and fewer will be knowledge workers
Possess good fundamental skills, ready and able to write and communicate effectively for business	Deficient in basic skills, require remedial skills training for writing
Understanding of how the world works, especially the business world	Gap in fundamental understanding about how the world works
Very work-centric; work, work, work	Willing to work, but not to work so much that other parts of life are sacrificed

was written to assist managers at Deloitte in dealing with the new generation entering the workforce. The book is available in PDF format and is free for all who are interested.

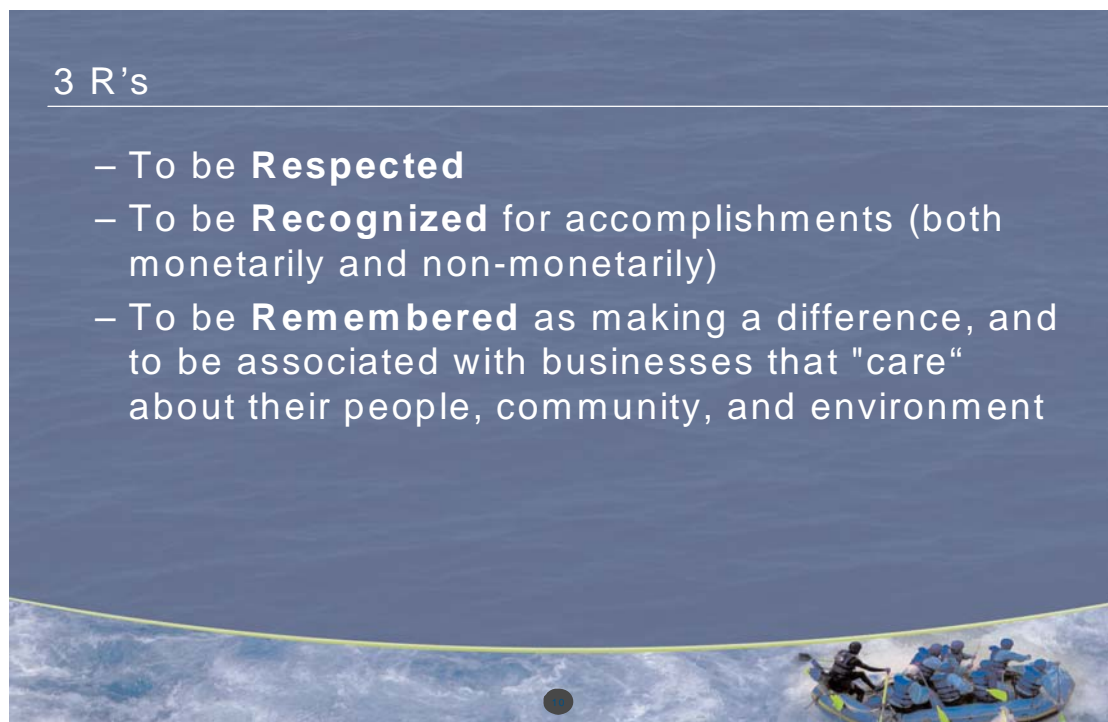
## UNIFIERS IN THE WORKFORCE

Regardless of age and background, nearly all employees respond positively to certain approaches in the workplace. Smith has grouped these unifying strategies into two groups: the Three R's and the Three C's. Smith states, "The good news is that all employees want [essentially] the same thing from the work experience; the bad news is that they want these things delivered a bit differently. Regardless of the delivery method, however, the Three R's and the Three C's are universally sought after by employees as what makes work, work."

### Three Rs

The Three R's shown in Figure 2 include being Respected, Recognized, and Remembered.

Figure 2



Respect in the workplace can be defined by various components. Employees seek interesting work that they enjoy; they want to have opportunities to learn, grow, and improve in their careers. Employees want to work in a positive environment, have trust in their leaders, and have that trust reciprocated. Additionally, employees state that they want to be loyal to their employer, but expect the same level of loyalty in return.

Recognition, the 2nd R, is more straightforward: employees want to be recognized for their accomplishments, but not necessarily with money. Recognition can come from success in a project or through feedback from supervisors or peers.

The 3rd R that employees want is to be remembered. It is important for many employees to feel that they are making a difference in the organization. Being remembered also includes a desire by employees to work for a company that they feel fosters socially-responsible values and ideals.

## The Three Cs

The Three C's, like the Three R's, are workplace unifiers that are important to employees regardless of their generation. The Three C's shown in Figure 3 include: Coached, Consulted, and Connected.

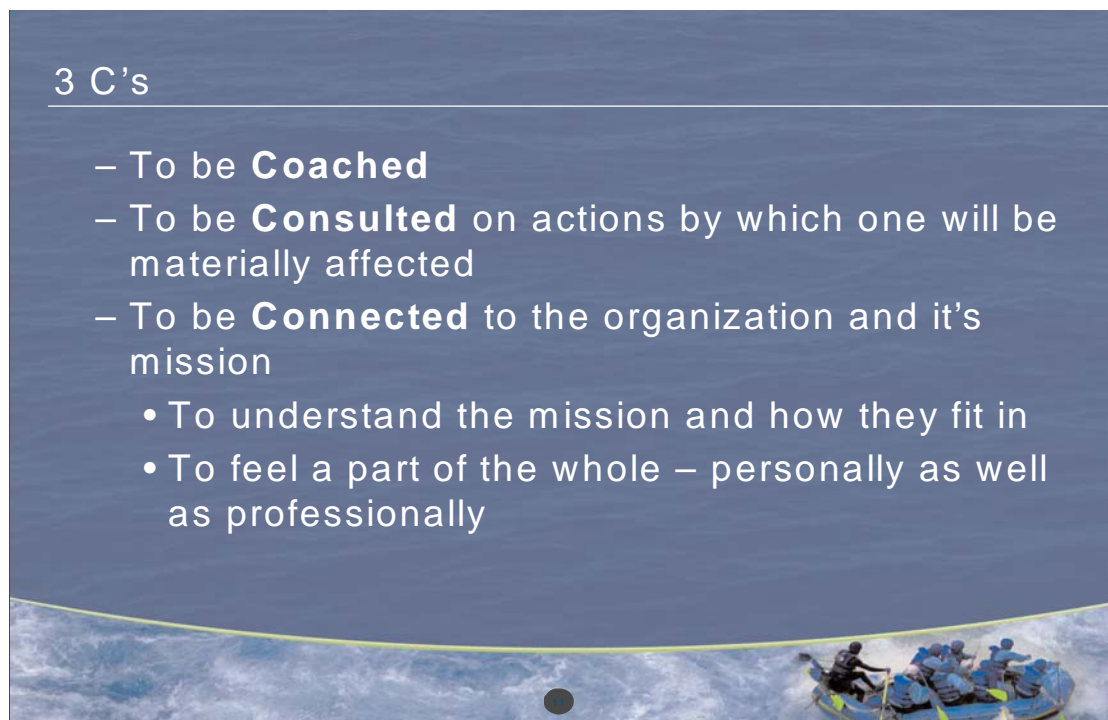
Employees appreciate an atmosphere where coaching is used. Most people respond negatively to fault finding and blame. Smith points out that much of performance management today is structured around identifying what is wrong with employee performance rather than what is positive. Research indicates that employees of every age and background are much more receptive to coaching than criticism. People want to be consulted about actions that affect them materially so they feel like they are involved in the process. Being connected to an organization and its mission also fosters loyalty and collaboration. When employees believe in the goals and objectives of the company that they work for, the situation is beneficial for both employee and employer.

## THREE DIVIDES

### Technology

For perhaps the first time in history the younger generation has more knowledge than older workers in the area of technology. Historically, older people had more wisdom to impart to the younger generation. When it comes to technological competency, young people are "natives." The intensity and extent of exposure to technology affects how, where, and when people will work. Constant access to connectivity breaks down boundaries, particularly in the workplace, and people's perception of work. Without technical constraints, boundary lines disappear and challenge the way we work in today's 24/7 digitally-connected workplace. One generation is likely to see technology as a tool or toy while the other sees it as a way to interact with the world as an "extension of themselves"; it becomes their oxygen, according to Smith.

Figure 3



## CONSUMER ATTITUDES

Generation Y individuals are consumers of everything, even careers. They have been raised to be consumers, and they demand the ability to exercise rights as consumers in every aspect of their lives and experiences.

Smith recounted a conversation that he had with a college accounting professor. Students told the professor that they "would like to know why you are qualified to teach us?" The professor was appalled and taken aback by the question, but Smith pointed out that this is a good example of millennials demanding to know value. Smith paraphrased the following as questions that the students were really asking.

- o After 25 years of teaching are you still engaged and enthused in your work?
- o Are you still in the game and on top of things?
- o Am I going to get my money's worth out of your class? My parents are paying a lot of money for my education

The consumer mindset of these young people seeking value is evident everywhere, and they will exhibit these attitudes in the workplace as well, according to Smith.

## BUSINESS VALUES

Research shows that young people from 12-21 believe that corporate values place financial gain over the value of employees at the company. These perceptions have come about largely due to young people's knowledge and experience regarding the negative impact of mergers and acquisitions and

other recent business trends. One college student pointed out that she would be loyal to an employer if the employer was loyal to her; she was, however, skeptical that corporations actually operate that way. Companies have a lot of work to do to "win over" this generation and change their attitudes. Businesses need to overcome skepticism before Generation Y workers will "get on board."

## POLL ABOUT THE VALIDITY OF THE 3CS, 3RS, AND 3 DIVIDES.

Many of the issues that are encountered around Generation Y attitudes are not easy to deal with. Some dismiss Generation Y actions and beliefs as childish behavior. Smith cautions strongly against dismissing Generation Y attitudes and states that companies that do, do so at their own peril. According to a poll of HCI members' experiences, these issues are valid and of concern. Smith recounted an example that illustrates a "divide" of which he became aware in his research. In the example, a partner at Deloitte needed a number of young employees to work on a client audit. Part of the audit process involved working on a Saturday to conduct a physical inventory of the client's assets. Generation Y employees told their supervisor that they didn't want to work on a Saturday, because "they had plans for the weekend." Physical audits have historically been conducted on weekends as a way to limit disruption to clients' business operations. They asked, couldn't he, as the partner in charge of this audit, get the client to re-schedule the physical inventory to be conducted during the regular business week? The partner thought he'd teach the Generation Y employees a lesson by asking the client to re-schedule the inventory for the work week. The partner fully expected the client to refuse such an outrageous request. Instead,

the audit partner was told by the client that he, too, was having difficulty getting employees to work on the weekend. The client actually expressed relief that the physical inventory could be rescheduled to happen during regular business hours so both client and auditors could have adequate staff support. In the end, the partner was glad that his young employees had brought up the issue and challenged the status quo. Without having a dialogue about the practice of conducting the physical inventory at an alternate time, neither would have known that "times, they are a changin'." This was an example of how open communication is changing the way some very traditional business practices are being done.

Smith's findings reveal that younger workers welcome mentorship, are willing to learn, and want to do things right. The larger message may be that it is the more experienced workers and leaders who need to take on the role of educating these young people to become professionals and business

leaders. The best approach to addressing the dilemmas and challenges that are presented by today's generation is to view them in the context of what Smith calls, "what's in it for me?" The first two columns on Figure 4 list the benefits to the employee and the employer from the Gen Y perspective. Admittedly, a number of the "benefits" cited could be met with skepticism by employers. For example, "multitasking capabilities" is often thought of as "continuous partial attention" by more experienced workers, but is seen as a clear strength by young employees.

There are opportunities for reverse mentoring in areas of technology and social networking; employers need to rethink ways of leveraging some of the new competencies that young employees bring to a business. The key question is: "What will we get out of cooperating?" Smith emphasizes that businesses have a responsibility to teach young people how to be business leaders. Leaders can mentor young workers by holding them

Figure 4



accountable and finding out what is motivating their actions. Smith recounted an example of how a leader can have a profound effect on the development of a young employee. In Smith's example, a manager and his team were working under a deadline to finish compiling numbers for an important client meeting. The team quit work at 7 pm with the agreement that they would all go home and finish their individual number crunching by 10 pm that same night. The team members would complete the assignment and send their completed work to the manager so he could be ready for a very important client meeting at 2 pm the following day. One young, recent MBA graduate failed to deliver her assignment at 10 pm that evening, even though she had agreed to the deadline. At 9:30 am the following morning, the manager questioned the young woman as to why she had not completed the assignment. She told the manager that she had been asked to do other work that she found to be more interesting and would have his numbers by 1 pm. The manager removed the woman from the project as a result of her failure to meet the deadline, but the manager was not convinced that the young woman even realized that she was being punished. Smith encouraged the manager to speak directly to the young MBA, who was completely unaware of her manager's displeasure. There was a happy ending to the story because the young woman responded very positively to her manager's concerns. She was simply unaware of the "cause and effect" of her actions on the client, her manager, and even her own career.

### CHANGES IN MINDSET

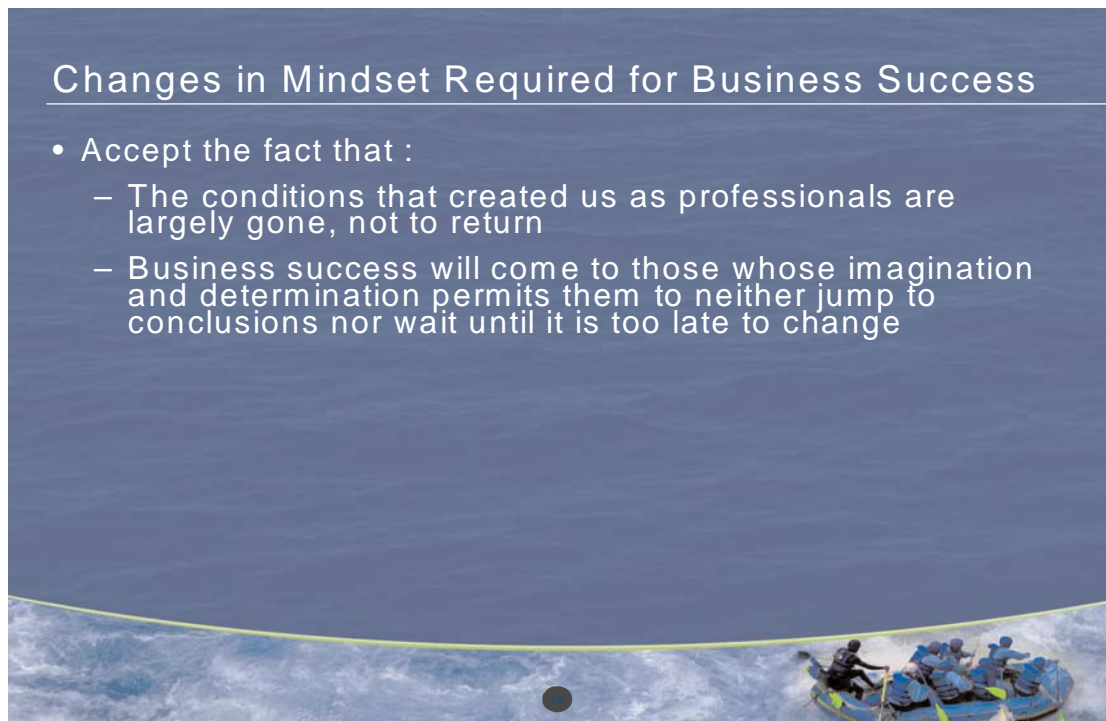
Deloitte is adopting what Smith calls "mass career customization" in order to address the needs of the new workforce. This approach to work allows for

changes in one's career over time. Deloitte understands that at various times in people's careers, they may feel the need to vary the intensity and scope of their work. Allowing employees to have input into the "how and where" they work will allow companies to retain employees and encourage internal mobility. Smith described the new approach to work as one that is more like a career lattice than a career ladder. On the lattice, employees may move up, down, or laterally within an organization, depending upon their needs and desires. Companies like Deloitte are asking "how can someone fit into the organization?" and framing career discussion in positive ways that will benefit both employees and employers. This is not to say that all jobs and all circumstances can and will be customized. Instead, employees and employers will look candidly at the trade-offs without compromising the needs of clients. It can't be overstated that the conditions that created the Baby Boom workers have disappeared. The new generation of workers will not have the same values and ideals that today's business professionals possess. What Smith hopes companies will figure out is that while some things are not negotiable - such as quality and commitment to clients - there may be other approaches to work that are and should be rethought.

### CONCLUSION

The research conducted by Smith provides a valuable framework in which to open discussions about how diverse generations can best work together. The "generational lens" that is being used to investigate age diversity in the workplace is a socially acceptable way to discuss differences, according to Smith. Discussing generational differences opens dialogues that might otherwise

Figure 5



be avoided. Generation Y workers are seen by mature workers as having "attitudes" that challenge the way that conventional business works. Baby Boom supervisors don't feel that they should provide a system of constant reward for Millennials. As one supervisor and HCI member stated, Generation Y employees act as if they should get rewarded for "just showing up." Younger workers need continuous rewards and feedback and have come to expect it. Rather than becoming defensive, Smith recommends that older workers adopt a sense of humor when confronted with attitudes that may be completely foreign to them. "It taxes our resourcefulness," Smith admits. There's plenty of concern that younger workers will not develop into the business leaders that will be required in the future. Many question what the business world will look like in 20 years when Generation Y employees move in to leadership roles. A college professor and HCI member expresses the concern that Generation Y workers

would "get lost in the workplace" when they come into contact with Generation X and Baby Boomers.

Smith's recommendations and reminders include the following points:

- o Generation Y workers don't want to be wrong, and they will respond to mentoring and coaching.
- o Generation Y workers don't trust business and business practices, but once their trust is gained, their attitudes change in a positive way.
- o Counseling and hand-holding are necessary, but it is important for experienced workers to understand that there is a large gap in mindset to be bridged between college graduation and the first job. It is up to seasoned employees to coach younger workers and develop them professionally to close this gap.

- o Generation Y employees often have direct contact with clients and business partners. Companies must clearly articulate expectations about how to "act" around clients and how to represent their organization most effectively.
- o Onboarding practices should not focus on the "how to" of procedures, but rather the overall strategic mission of the organization and how the employee can connect with that strategy.
- o Reverse mentoring opportunities abound in the new workplace; young workers can teach older workers about technology and social networking.
- o Companies must encourage coaching and mentoring that creates positive experiences from the bottom up (younger to older), top down (older to younger), and horizontally (peer to peer).

Different industries will have different challenges when integrating younger workers into their organizations. Many companies have not thought enough about the challenges they will face when newer workers come into their organizations as mature workers retire. Many companies have done little to preserve the internal knowledge that is held by mature workers. In addition to knowledge transfer, a lot of companies have not thought about how to make their business more "attractive" to the younger workers that they will need to hire in the next decade. Companies who have not yet acknowledged that the demographics are shifting in ways that will challenge businesses of the future should realize that "business success will come to those whose imagination and determination permit them to neither jump to conclusions nor wait until it is too late to change."

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## PRESENTERS

### W. Stanton Smith

**Nat'l Dir., Human Resources - Tax**

**Deloitte & Touche USA LLP**

W. Stanton Smith is currently National Director, Next Generation Initiatives (NGI) at Deloitte & Touche USA LLP. Mr. Smith joined Deloitte as a principal in 1998. Since then he has served in a number of senior HR roles. In 2001 Mr. Smith was asked by Deloitte's CEO to study generational differences then beginning to manifest in the workplace. With a strong commitment from Deloitte leadership, Mr. Smith has grown NGI into a key strategic initiative with tangible positive business impact over the past six and one-half years. Mr. Smith's charge is to research demographic and workforce attitudes with the intention of creating and implementing innovative initiatives that foster an environment to which the best talent is attracted and will want to stay and grow. The key innovations that have emerged from NGI are Deloitte Career Connections, the Talent Market Series and the Deloitte Pre-College Outreach program. He has also been designated by the Human Capital practice of Deloitte Consulting LLC as Deloitte's expert on generational issues and related innovations. In June, 2007 he received a Work/Life Legacy Award sponsored by the Families and Work Institute for his pioneering work and leadership in generational studies and flexibility in the workplace. Prior to joining Deloitte, Mr. Smith held a variety of senior HR positions in public accounting, executive search and energy businesses. Mr. Smith

is a native of Houston, Texas. He received a B.S. in Economics from the Wharton School, University of Pennsylvania, and an MBA from the University of Texas at Austin. He has been married to his wife Roz for 28 years. They currently reside near Greenville, South Carolina. He and his wife are opera and classical music fans and both enjoy choral singing. In addition, Mr. Smith enjoys mentoring young people and developing the people who work for him.

### **Judy Corner**

**Director, Consulting Services**

**Insala**

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