Managing the Millennial Generation

By Keith Robinson

In all of our research, we found that the single most important differentiator between effective and ineffective managers was their ability to suspend the bias of their own experience.
—Managing the Millennials (2010, 37)

The firm’s chief executive officer (CEO) was delivering a powerful speech. It was inspiring, informative, and had the employees on the edge of their seats. He scanned the crowd, trying to make eye contact with as many as possible. As he looked to his left he saw a 20-something man busily playing with his smart phone. The CEO was incensed and determined to “let him have it” upon conclusion of his speech.

After the usual post-meeting chit-chat, the 20-something approached the CEO. “Now’s my chance to let him have it,” thought the CEO. But before he was able to unload, the 20-something spoke: “Sir, that was a fantastic speech. In fact I was so inspired I sent a note to a friend of mine who was planning on making a multi-million-dollar purchase with one of our competitors. I told him that based on what I heard here today, he would be crazy to go elsewhere. I then immediately scheduled him on your calendar next week.”

The CEO sheepishly smiled, told the 20-something that he appreciated his ability to bring in business, and walked away, filled with a range of emotions.

Welcome to doing business with the millennial generation.

Millennials are the largest of the three generations in today’s workforce. At 83-million strong, and potentially representing more than 75 percent of the workforce by 2025, they will have a formidable influence in the coming years.

Here are a few statistics about millennials for consideration:

• Millennials total 58 million in today’s U.S. workforce.
• Eighty-five percent say money is not a good measure of success.
• They are the best-educated generation ever and carry the highest level of college debt.
• Sixty percent say they expect their employers to meaningfully contribute to social causes.
• Many state that they would rather have a $40,000 job they love than a $100,000 job they think is boring.
• They keep more than 50 percent of their assets in cash.
• For many, time is the real currency of value.

Interesting, but why should you care? You should care because millennials will have more influence on how we work than any previous generation. As a business consultant, I hear more frustration from managers and leaders about this U.S. workforce demographic than any other. There is a huge gap of understanding about the strengths and weaknesses this generation brings to the industry.

Here is the ironic part: It’s all our doing. We raised them, hovered over them, arranged their playdates, gave them all participation trophies, and told them how special they are. And now we’re living with it. As the teacher and child psychologist Haim Ginott said, “Parents often talk about the younger generation as if they had nothing to do with it.”

One simple factor of cultural influence in the U.S. workforce is generational size. The baby-boomer generation (born between 1946 and 1964) has been the largest to this point. At 80 million, boomers far out-populated both the World War II “builders” generation and the one that followed, generation X (born between 1965 and 1979). Gen Xers, at 38 million, never stood a chance to broadly impact workplace culture and norms. That said, millennials owe a great deal to Xers for paving the way on important workplace issues such as balance, mobility, technology application, health and wellness, and autonomy.

We know that the Xers are more like boomers and builders because they complain nearly as much as the other two generations about millennials. So what’s all the fuss about? Boomers and Xers spend way too much time on the negative aspects of millennials in the workforce and fail to stop and find the positives.

Much of who we are at work is a product of the key influences that shaped our values. In broad terms, this is a reflection of how we grew up, especially in our adolescence or “wonder years” (ages 11–19). Focus Consulting Group has researched this topic and spoken with hundreds of managers at all levels in investment organizations. Workplace friction is driven by the differences between the core values that influence how each generation views work, relationships, and communication. These core values drive their expectations of themselves and other generations.

Baby boomers often have been accused of living to work rather than working to live. Boomer identity comes from one’s role in an organization, level of success (defined by promotions and/or compensation), and a desire to be respected as a consequence of both. This is how boomers were trained
and influenced. They saw their builder predecessors, who lived through the Great Depression and World War II, create a generation of workers founded on loyalty, opportunity, and wealth creation. In the United States, a strong middle class emerged from the ingenuity, sweat, and perseverance of the builders.

Perhaps boomers were not as loyal to employers as builders, but they made far fewer job changes than Xers and millennials over the course of their careers. Boomers were the first generation to be more broadly college-educated. In the investment industry, boomers have been the founders and leaders of a vast number of asset managers. They value loyalty, hard work (i.e., putting in the time), respect, success, and all the trappings that come with it. Boomers have thrived on economic advances, some great investment markets, developing a world economy, and credit. These factors have influenced how boomers see themselves and the generations that follow.

Generation Xers were heavily influenced by several major changes in U.S. culture, most notably a substantial increase in the U.S. divorce rate as well as two-parent household incomes. Both led to the increase in latch-key kids who spent a lot of time by themselves. These influences are the foundation of the Xers’ core values of independence and autonomy, the need for balance, and a greater focus on health and well-being. In the investment industry in particular, due to Xers’ relatively small numbers, however, their influence has been less broad and more targeted; Focus Consulting’s research shows the DNA of the industry to be more driven by boomer values, though this is changing as our data pick up a significant rise in the desired values of leadership development and mentoring, work-life balance, and continuous improvement. The millennials already have an influence.

**Perceived Values/Behaviors**

Espinoza et al. (2010) highlight the core values of millennials that are commonly misunderstood and mismanaged. We find that several of these values directly relate to the investment industry. The following are some important examples and ideas on how to appreciate and leverage several perceived millennial characteristics.

**Millennials Are Unfocused**

They have a propensity to multi-task and don’t appear to be paying attention. Technology is at the root of this characteristic. Millennials have never known an unconnected world, so multi-tasking is all they know. Effective managers are wise to balance patience with providing more direction. Unlike Xers, who want managers to get out of the way, millennials need help getting focused. Once they are focused, millennials can use their technological skills, for example by crowdsourcing ideas. This is a great way to leverage their desire to use multiple sources in a more directed assignment.

**Millennials Are Abrasive and Informal**

We hear a lot of complaints that millennials are too brusque and informal in their approach to work relationships. This generation grew up with parents who wanted to befriend their children. They are used to calling their parent’s friends by their first names.

In a work setting, however, informality, especially with clients, feels disrespectful to boomers and Xers. Yet millennials have been trained to build relationships on informality, which they see as a positive relational tool. Managers must ensure that millennial employees understand the rules of engagement with clients and colleagues to avoid misinterpreted intentions.

**Millennials Are Entitled**

Managers frequently utter the word “entitled” when working with millennials. In our experience, this usually relates to the desire for rapid advancement and rotation in an investment shop. Remember that millennials grew up on affirmation and instant gratification. Why should it be any different in the workplace? The best strategy we know for managing this entitlement is to create an environment of “sprints” for both project management (more milestones and opportunities for success/failure) and career development.

Our experience tells us that advancement for millennials is framed differently than for other generations. Advancement is less about promotions and more about recognition and learning. Creating an environment where development and appreciation are done with shorter duration and a higher frequency of feedback helps leverage two key millennial values: feedback (positive affirmation) and gratification.

Several investment firms have addressed this effectively despite having flat structures and fewer promotions. For example, one firm with a shared analyst pool created a development approach similar to judo belts. As junior analysts acquired and demonstrated more skill, they received recognition, certification, and more complex work. This leveraged the values of feedback and gratification while improving skills and expanding knowledge.

**Millennials Are Indifferent toward Work**

Believe us when we tell you, there is gold for your firm in this perception. Millennial research is quite clear that this generation is not indifferent toward the work. In fact, they are dedicated to the work, provided it has meaning. For years investment firms have been stating that their purpose is to generate alpha and returns for clients. This makes perfect sense to managers and clients raised on the boomer value system. This is important, but millennials are looking for work that goes further. It’s not about making more money for the wealthy. It’s about socially responsible investing, solving the retirement crisis, giving back to the community, and using investing as a tool that serves a purpose. Millennials desire a deeper purpose in their work. Tapping into this desire can provide investment firms with dedicated employees and new markets.

**Communication and Decision-Making**

Now that we understand some of the key values that drive millennial thinking, let’s consider how millennials apply these values in their approaches to communication and decision-making.
How this generation communicates presents an interesting dichotomy. Because millennials leverage technology, you might think that e-mail and video conferencing are the way to go. Wrong. Millennials have been schooled in teamwork and team projects and, like all of us, want to feel special (remember the participation trophies). So effective individual communication with millennials is high-frequency and personal, not technology-enabled and limited. This should not be interpreted as micro-managing or looking over their shoulders, but rather as positive reinforcement and coaching/educating. Authenticity matters when providing coaching, feedback, or mentoring.

This generation is comfortable with efficient communication because millennials are focused on maximum impact with the highest efficiency. This is where technology can enable better millennial communication across a wider audience (think Twitter). Keep in mind that to millennials, results always trump effort, which means that if you have something to say, make sure it’s meaningful and provides maximum impact. Remember that technology is normal for the millennial generation. They are plugged in all the time, so when you communicate is not as important as what you communicate.

This technology-enabled generation leverages the wisdom of the crowd the way a duck takes to water. The use of crowdsourcing has impacted their ability to make more-informed decisions and create an alternative work style like no previous generation. Research is clear that for solving complex problems, more heads are better. With the ability to reach far and wide, millennials have learned to apply this concept to decision-making in complex areas such as investing. In addition, the millennial generation has learned to tap expert networks to solve problems and make decisions based on thousands of data points captured instantaneously.

Politician Adlai E. Stevenson said, “That which seems the height of absurdity in one generation often becomes the height of wisdom in another.” Are we living in absurdity or moving into a new level of wisdom? Most managers we speak to feel it’s the former, but perhaps it’s not. Frustration and friction typically are derivatives of misunderstanding and misaligned values. We believe that there may be some wisdom in this generation’s approach to work, but you have to want to see it. To be as effective as possible with millennials here are some things to keep in mind:

**Honesty is the best policy.** When communicating with millennials, remember that they have a very good sense for truth and authenticity and will respect those who bring both to the conversation. Keep in mind that this generation has grown up on instant feedback and answers enabled by technology. Communicate frequently and honestly, and accentuate the positive balanced with opportunities to learn.

**“I get no respect.”** With apologies to Rodney Dangerfield, this is how many boomers and Xers feel about their interactions with millennials. It may help to know that millennials do value and respect managers and colleagues who know what they’re doing. They place little value on titles or status, but significant value on knowledge and expertise, especially if they can learn from it. If you want respect, it has to be earned by taking a sincere interest in developing the next generation.

**Time is currency.** This generation places a great deal of importance on flexibility and being trusted to get the work done. Meaningful work, development, and balance are worth a great deal more to millennials than equity or money. This has been directly influenced by parents who worked many hours only to see their jobs lost in the 2008 recession, an experience that had a significant influence on the millennial view of work.

**Have patience for impatience.** Career advancement expectations are different in an instantaneous world. Frequent communication, short “sprint” development, and projects with milestones go a long way in retaining a highly motivated millennial workforce.

**Familiarity breeds success.** When you are frustrated with a perceived lack of respect from a millennial who seems too familiar, remember that this is how they were raised. In their minds informality builds relationships. For example, at a restaurant recently I paid my check and was taken aback when the millennial waitress said, “Thank you, Keith.” But being familiar was her way of building trust and maybe getting a bigger tip. To be effective, be familiar and teach them the keys to success with clients and colleagues.

**No purpose, no interest.** Millennials have a strong sense of doing something that has societal impact. They have been raised to give back, volunteer, and support their communities. In fact, many college applications are looking for this type of activity as a part of an admission standard. We have trained them well, so consider your firm’s purpose and the integration of time to volunteer as a requisite standard.

**Remember: It’s about you, not them.** Whenever we work with investment leaders on increasing effectiveness with millennials we tell them, “You need to go to the mountain, don’t expect the mountain to come to you.” Being educated, aware, and leveraging the keys to engaging this generation will pay off in the long run, despite your frustration in the short run. Millennials are the most highly educated generation in history, they are the biggest U.S. demographic, and they will be taking care of us all in the future.

Keith Robinson is managing partner of Focus Consulting Group, where his specialties include management and leadership development, education and training, organizational design and performance, and business strategy. He earned a BBA summa cum laude from Western Connecticut State University and an MBA from the University of Illinois at Urbana-Champaign. Contact him at krobinson@focusgroup.com.

**Reference**