September 20, 2016

**LOL Journal - Managing Millennials (20-35 year olds)**

Should you worry about “generational differences?” That’s today’s question. After all, people are people, so shouldn’t you treat them all the same? With respect and dignity. Fairness. Trust. Same old stuff. Right?

Not according to the top dog at Gallup. When asked, “Are millennials really that different?” Jim Clifton responded, “Profoundly so.” And FCG agrees, having seen their impact on investment cultures. But not all investment leaders see it that way. Here is a vote from a roomful of investment leaders on the topic of managing millennials:

Two dissenting votes. And these two leaders were not dragging their knuckles and breathing heavily through their mouths. Quite the opposite. They were sharp, good leaders. Their rationale on voting no: “If you are a good manager, then you need to understand your people and deal with each of them individually.” Each DID manage millennials and was doing it successfully because they WERE acknowledging the uniqueness of each employee. What these two excellent leaders failed to realize is that many of us could use a “heads up” with regard to millennials. We don’t necessarily see them as different so we make the mistake—in our busy work days—of treating them like boomers, i.e. older workers. And, even if we do see the millennial difference, it still doesn’t answer the question: “So, what are the new rules according to millennials? And how does a firm respond to them?” FCG’s experience with millennials reveals 5 major changes to be aware of:

1. Purpose
2. Development (which includes lots of feedback)
3. Autonomy (made possible by technology)
4. Transparency
5. Causes
Purpose

Gallup describes it as “Purpose over Paycheck.” A survey of millennials showed the following shocker: Over 60% would rather make $40K in a job they love, than $100K in one they think is boring. One of the participants in the classroom mentioned above commented, “I tried to influence my millennial daughter to go into investing and she stopped me and said, ‘Mom, I’d rather shoot myself. I like working in a rescue shelter.’” Ok, then. Boomers and Xers (the “older generations”) seem to understand this drive for purpose, as they chose it above all other motivational factors in this vote:

If you want to engage millennials, you need to understand their desire to do something meaningful. And meaningful does NOT mean “make a lot of money.” Investment leaders have to be able to articulate why their firm is contributing to a better society. In FCG’s view, this should be an easy task, but many older leaders have trouble with it. They’ve never really thought about it. They are practical people who are deep into running the firm. Purpose doesn’t really enter their thinking. So, as a leader of millennials, be able to articulate a solid reason why the firm contributes to a better world. For example: “Our firm exists to positively influence people’s financial lives.”

Development

Note in the graph above, the second highest vote-getter is “development opportunities.” FCG sees this factor in all of the culture work we do. The biggest gap value in firms—that is, the difference between what firms “have” and what they “want”—is “leadership development/mentoring.” And to show you how millennial dependent this factor is, take a look at the “want” vote in one firm when we slice the data by age groups. Employees at the same firm were asked to select 10 values that they want more of. Here is what the boomers said:

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1 Thanks to Michael Falk on our team, as he first suggested this purpose statement which was the driving force behind his recently published book on entitlements and sustainable economic growth. See his website for more on the book and how to order a free copy: [www.letsalllearnhowtofish.com](http://www.letsalllearnhowtofish.com)
Notice, there is no demand for “leadership development/mentoring.” Now look what the same firm’s millennials said:

Notice that “leadership development/mentoring” comes out as the 4th highest aspirational value, with nearly 40% of the millennials choosing it.

This is a typical response at investment firms. So, what are the millennials asking for? They want career paths: what’s next for me? How do I learn new skills and progress? They want coaching and mentoring. Who will show me the ropes and take a sincere interest in my development? They want feedback, and LOTS of it. In other words, they want attention. They had it from their “helicopter” parents and from their teachers, now they want it at work. When millennials quit, the exit interviews often reveal, “I
wasn’t getting enough face time with my boss.” So, if you want to keep your talented millennials, you’d better find a way to meet these needs.

**Autonomy**

Millennials have grown up with technology, so they understand that knowledge work can be done anywhere. Their mantra is, “work is something you do, not a place you go.” Old-school bosses have to re-program their minds to understand this. FCG has responded to this new reality by partnering with Jody Thompson, author of the book *Why Work Sucks and How to Fix it*. Jody developed the Results-Only-Work-Environment (ROWE) concept and has implemented it globally for firms. She has helped boomers understand the shift from face-time to results-only. We introduced Jody to two investment firms, each one a top firm as measured by leadership, culture and performance. Interestingly, one firm embraced ROWE and in fairly short order moved to practices like no vacation policy and no office hours. (In other words, take vacation when you want and spend as much or as little time at the office as you wish. Just make sure you deliver results. Jody is fond of saying, “No results. No job.”) The second firm could not make the mental shift and balked at the program. The first firm’s CEO told us recently that productivity in his view has increased. The second firm still struggles with bouts of employee discontent, as workers complain about being treated unfairly in the “flex-time” arrangement. With ROWE there is complete autonomy so all the grumbling about fair flex time goes away! Here’s the catch: managers in ROWE need to be very clear about roles, responsibilities and deliverables. In other words: accountability.

**Transparency**

Millennials expect full transparency in the work place. They are suspicious of “need-to-know” communication policies. Old-school, command-and-control thinking revolves around the concept that leaders have the information/solutions and workers execute their orders. This approach was fully prevalent in the 1950’s and 60’s. As the workplace shifts from command-and-control to facilitative leadership, where collaboration is the rule, the millennials are asking the obvious question: “why can’t we have full access to information?” The knee-jerk response from many boomer bosses is a chest-grab of fear. “Are you kidding?! We’d lose all control!” (One leader smirked, “You’re suggesting we give the keys to the inmates?”) Then it was OUR turn to do a chest-grab. You think of your staff members as inmates?!

To be clear, some information requires confidentiality for legal reasons or for reasons of integrity (a promise made to NOT share information). We understand that. But far too often leaders withhold information because “we’ve never shared it before.” In other words, there is no valid reason to withhold. It’s just the way it has always been done. FCG has seen many cases of increased trust, respect and morale when leaders open the kimono and begin to share more and more information with staff members.

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2 For more on results-only-work-environment see Jody’s website: [www.gorowe.com](http://www.gorowe.com)
Causes

Millenial’s interest in causes extends well beyond pledging to United Way. Millennials have logged more volunteer hours in their short lives than the Xers and Boomers have combined. Investment firms that allow themselves to be a conduit for volunteer opportunities will attract millennials. Increasingly FCG’s clients have set up foundations to support worthwhile causes. A client example: The mission of our Foundation is to make a positive impact by actively engaging all employees in identifying and supporting charitable organizations of excellence. Another client donates 50% of profits to their foundation which actively engages in causes like ending genocide on the planet. Talk to your employees. Find out what they care about. Get involved.

Solutions and Common Ground

Wise leaders will pay attention to the needs of millennials because they will be over half of the workforce by 2020. FCG offers these tips:

1. Accept that millennials bring new values and attitudes to the work place and respond accordingly. The “big 5” discussed above are important to millennials and must be addressed in some measure. If you wish to attract and retain top young talent, then you have to build a desirable workplace. Millennials differ from prior generations in that they are quick to assess and leave poor cultures. (Boomers leave jobs after 7 years, Xers 5, and millennials 2.)

2. Recognize and leverage the common ground areas:
   - **Collaboration/teamwork.** As you see in the culture survey results above (ABC firm), all generations embrace collaboration. So, you can always bring conflict back to, “We all want to work well as a team.” Invoke mutual purpose and work out a solution.
   - **Respect/trust.** These pillars of strong culture are also important to both generations. Willingness to understand and respect different viewpoints builds trust. Take a curious stance towards different values. Don’t be the leader in the cartoon below...

![Cartoon Image](https://example.com/cartoon.png)

*Courtesy of WuMo by Mikael Wulff and Anders Morgenthaler*
• **Accountability.** Each generation accuses the other of being “entitled.” Entitlement ends when accountability starts. FCG has found that all generations embrace accountability. The key is to create accountability while eliminating fear and blame. This can be done through clear roles, responsibilities, decision rights, and goals. Plus, skillful feedback: both positive and negative. FCG has yet to hear talented millennials or boomers say, “No way. We do NOT want that sort of accountability here!”

Returning to our two dissenting leaders mentioned earlier, we applaud them for doing a fine job managing millennials. Our advice to them? Keep up the good work, but please, don’t spread the word that “all generations are the same, just be a good manager and you’ll do fine.” Why? Many of us are not born leaders and we need all the help we can get. The tips offered above will help. And if you ignore them, you may lose some talented workers. And it won’t be like the old days where they “quit and stay.” They will quit and leave!

Curiously yours,

JW