

Challenges of leading Gen Y in the Credit Crunch 05/10/2009

Laura Heath examines the challenges leaders in Professional Service firms are facing in leading Generation Y in the Credit Crunch. She draws on research that Bath Consultancy Group has conducted both with leaders in professional service firms and Generation Y in their first or second roles

Haven't we been here before?

Most Babyboomers (BB) and Generation X leaders in professional service firms have lived through or been impacted by a previous recession. What we are facing now is different though – in terms of the pace, depth, and global scale. There are also some surprisingly inconsistent patterns of growth and decline in different parts of their business.

What we do know from our previous experience is that all this creates an urgency to focus on the short-term results and the bottom line. But overzealous and not carefully thought through actions will store up problems for firms that will come and bite them in the post recession period.

Dangerous mistakes firms can make

- 1 By cutting graduate and junior level recruitment (or indeed making redundancies) firms create skill and management 'gaps' in future years which can be expensive to fill through buying in the same or even inferior skills at a higher price. It also has a very negative impact on climate of the organisation and on the commitment employees feel to the firm.
- 2 Leaders can feel the pressure to engage more with operational demands focusing more on their area of technical expertise and tending to leave the 'soft' stuff for later. If leaders do not focus on engaging and motivating their people, firms will lose their key people and key tiers in the post recession phase. Leaders can become more 'selfish' in their anxiety to win business and deliver revenue. One senior leader put it like this, "It becomes more like a dog bowl environment with people scrapping over who can get to which bowl and who has the most meat in their bowl. They take their eye off their teams and their people". This limits cross selling and working collaboratively, and influences the management style and climate of the organisation. It can also

- impact the view of more junior employees in the organisation, especially about trust, ethics and values in the business.
- 3 Organisational reporting procedures become more rigid and can be a significant constraint on the development of new, innovative methods and services – so the firm can be slow to respond to emerging opportunities when the upturn comes. In addition clients expect their advisors to work more flexibly and innovatively just at the point at which firms are becoming more conservative. Senior Partners can be less visible and approachable and this can create a disconnect with the rest of the Partners which it takes time to reconnect and 'heal.'

How can leaders reverse these trends?

How leaders in Professional Service Firms choose to lead and manage those in Generation Y (i.e. in their mid/late 20s) will have significant impact not only on how the firm weathers the current crunch but how quickly it will be able to take advantage of the post recession opportunities.

Babyboomer and Generation X leaders in difficult times tend to revert to their traditional directive 'tell' leadership style and reduce their time and focus on softer leadership skills. In research that Bath Consultancy Group has conducted with Professional Service leaders, one Gen Y interviewee said: "We know our Partner does know about Emotional Intelligence but those skills are clearly not embedded – under pressure they have disappeared."

If firms are to avoid the pitfalls above they need to be paying even more attention to how they lead motivate and engage the Gen Y group which is so critical for the successful firm of the future.

Time perhaps to compromise

Here is a danger of stereotyping Generation Y. As in all other generations there are significant differences between individuals in this group and across global cultures. However, as a generalisation those entering professional service firms can be seen to have shared some key social and parenting experiences during their formative years that have impacted their views and expectations of organisational life.

They are characterised as being a generation that is impatient, immediate (living in the present), challenging, demanding, open, collaborative, technologically savvy, and networked. They care about their work/life balance and broader social issues. They are not as willing to follow the 'total commitment' working patterns of those who lead them and question whether they will be able to live a full life **and** be successful in a professional services firm.

Our experience of the impact of this recession on Generation Y is that they're suffering some setbacks and disappointments, as this is the first time they might not have succeeded. This can prove traumatic. One young man we interviewed was frightened to admit to his ('helicopter') parents that his graduate entry scheme had been cut and that he was no longer going to be employed. He said, "I don't know how to tell them. I

feel I have let them down.” For others they see this as an opportunity to “do something different – think about doing things that a year ago I would not have considered”. For many new graduates gone are the possibilities of golden careers in banking and consulting and it is clear that many are turning to smaller organisations and NFP careers. Many are grateful ‘just to have a job’ and have concerns for the late Gen Xers just above them in the organisation who they see as being even more vulnerable to job cuts. Many talk of having to refocus and put some of their ideas about what they want from organisations on the back burner. “I just need to buckle down and pay for my accommodation and start to pay off my student loan,” says one Generation Yer, “Some of the other things that I thought were important in an employer will have to wait”.

What they still need

With the downturn Generation Y is relying even more on their social peer groups and networks to relieve pressures. For employers this means that bad news about an organisation will travel very fast. Carefully constructed employer brands can suffer from isolated incidents.

Research by PWC has shown that they still see non-financial elements of employment as important especially training and development, coaching and mentoring, holiday entitlement, recognition for good work and the CSR profile of the organisation. However, our experience indicates that Gen Y still have a strong need for the ‘positive affirmation’ they have been brought up to expect and can feel quite wounded if they feel they are not getting increased financial rewards for a ‘job done well’ – even when those above them in the organisation are visibly taking pay cuts! This was confirmed in a recent Personnel Today/Ipsos Mori study which showed that despite Gen Y interest in values and work life balance, money and status are highly valued.

Like any employee, they still have an important need for feedback and face time with their managers. For Gen Y this is particularly important: they are a generation that is used to immediate responses and feedback. However, this does not mean they want constant appraisal. They want some chances to “learn new things each day. My manager has so much experience and I want to learn from him. I need that sense of his interest and involvement in how I am doing,” said one interviewee.

Even with the recession they still do not see the need to agree with convention and want to be able to challenge and improve things. Finding new solutions is what energises them but many feel constrained and frustrated by the rigid organisational processes and systems they see kicking in as a result of cost controls.

Key intergenerational challenges

Leaders (Baby Boomers and Gen X)	Gen Y
"seen this before"	First experience of economic scarcity
Feeling a need to provide structure, direction and control	Want to see the big picture – WHY are things being done this way
Focus on targets	Want to be informed and engaged
Become more focussed on clients and managing 'upwards'	Want even more contact with their leaders and feedback
Can become rigid	Want latitude – ability to come to own solutions and use their flexibility and adaptability
Can see change as something to be managed	See change as part of what we are here to do
Need the tasks done / hard work	We will do it in our own way and time (not necessarily at our desk in work hours)

What the most effective leaders do

The most effective leaders will continue to invest time in their people through two-way listening and being open about their own anxieties in the current climate – trying to 'protect' Gen Yers or provide false 'certainty' does not work well. Importantly, effective leaders will communicate with Generation Yers in ways that help them to make sense of what is going on around them and to see the big picture.

Leaders will help Generation Y find a focus and a sense of urgency about key tasks and deliverables while not over structuring how work is done. This will provide them with a sense of what is important and also a sense of their own worth and value to an organisation.

There are some key attributes of Generation Y that leaders can use to their own advantage: using Gen Yers flexibility and adaptability to move them around projects in line with market need; harnessing their mobility and willingness to work abroad; and using their creativity and flexibility to set up problem solving groups.

Importantly, leaders need to encourage cross-generational teams to work on key issues and projects. Likewise, encourage social networks in-house – that way you tap into one of the most valuable assets you have in the organisation and make Gen Yers feel at home. Values and ethics are absolutely key to Generation Y, so leaders should keep CSR and corporate ethics at the top of the agenda – particularly at a time when so many corporate ethics have been under question.

Although budgets are tight, leaders must maintain focus on training and development. One professional services leader said, "We have fewer graduates but they have a higher level of training and support. We know this will pay dividends in the long run." One participant in the training programme said, "I am amazed at how much they support my development – it makes me feel so glad I am part of this organisation." This group will also benefit from coaching and mentoring – but equally important is reverse mentoring where leaders can get Generation Y ideas and input on critical issues in the business.

With the downturn, organisations are in danger of becoming too risk adverse, imposing rigid frameworks and processes. This will stifle creativity and innovation just when the firm needs it most. It will also isolate the future talent for the organisation, leaving the firm more vulnerable when the market returns. Those who can lead Gen Y effectively will be better placed competitively and will have a more loyal and committed young workforce who will want to shape and be part of the organisation of the future.

<http://www.changeboard.com/resources/article/2723/challenges-of-leading-gen-y-in-the-credit-crunch/>