RIGHT NOW, managers of people are operating in full recessionary mode. They’re wrestling with whether and how much to reduce head count, weighing alternatives like furloughs and pay cuts, and generally trying to get by with less. Not many are focused on what just a few years ago was described as “the war for talent.” As the economy recovers, however, companies will return to the challenge of winning over enough highly capable professionals to drive renewal and growth. Only then will they realize that the rules of engagement have changed – that the landscape of talent management has been transformed.

The combination of Generation Y eagerly advancing up the professional ranks and Baby Boomers often refusing to retire has, over the course of a few short years, dramatically shifted the composition of the workforce; each of these generations

Your oldest and youngest talent cohorts demand many of the same things in a workplace – and have the numbers to get their way.

by Sylvia Ann Hewlett, Laura Sherbin, and Karen Sumberg
is roughly twice the size of Generation X, which lies between them. More important, Boomers and Gen Ys are together redefining what constitutes a great place to work. As we will show, they tend to share many attitudes and behaviors that set them apart from other generations. These shared preferences constitute a new center of gravity for human resources management.

Going forward, what will it take to be an employer of choice? Last year, the Hidden Brain Drain Task Force, a group of 50 multinational companies committed to global talent innovation, took up this challenge. Four of the companies—Booz Allen Hamilton, Ernst & Young, Time Warner, and UBS—spearheaded two large-scale, nationally representative surveys: one, in June 2008, of 3,782 employed college graduates and the other, in January 2009, of 1,046 people from the original sample. The resulting data allowed us to unpack the work aspirations of high-echelon talent across age groups and sectors. We augmented the survey results with qualitative input from 30 focus groups and 40 interviews. Stated at the highest level, our finding is that people, especially Gen Ys and Boomers, are looking for what we call a “remixed” set of rewards: Flexible work arrangements and the opportunity to give back to society trump the sheer size of the pay package. That was true before the downturn hit and remains so even as its full brunt is being felt.

This rewards remix is both challenging and liberating for talent managers. It’s challenging because it means letting go of cash as the prime motivator and tangling with the difficult task of redesigning incentives. It’s liberating because if nonfinancial rewards are less expensive to fund, companies can lay out more plentiful options. Perhaps that explains why we found managers experimenting with a whole range of such rewards—figuring out how to use time, for example, as currency, or a green workplace as a retention tool. In a period when many were not able to offer raises or bonuses, some realized it was the right time to respond to the attitudinal changes they were already sensing in the air. Because some of their initiatives deftly address the demands of the 800-pound-gorilla cohorts, Gen Ys and Boomers, we believe they show the way to tomorrow’s best practice.

It’s All About a Wider Purpose

When a young man we’ll call Aaron Johnson received an employment offer from UBS in early 2008, he readily accepted it yet felt a tinge of regret. Having interned at UBS between his junior and senior years at Stanford, he knew he’d enjoy the work of an analyst. But the job was to start right after graduation, giving Aaron no break between one highly structured situation and another.

Fortunately, in the spring of his senior year, UBS informed Aaron about its new graduate deferral program. The initiative gave new hires the option of postponing their arrival for a year and devoting the interim period to community service or the acquisition of new skills. For pursuits UBS considered worthy, it was offering to pay half the base salary associated with the accepted position, plus a stipend for health insurance—while holding the promised job open for the individual’s return. Aaron wound up spending that gap year in India with a nonprofit organization that trains paramedics, helping a California-based nonprofit develop AIDS-education tools for underserved populations, and writing a novel. Others in the program used the year to learn Spanish in Argentina, do economic development work in Vietnam, study advanced econometrics, work on an offshore oil rig, and rebuild houses destroyed by Hurricane Katrina.

Meanwhile, CVS/pharmacy, the retail division of CVS Caremark, was offering an option that many employees at the opposite end of their careers considered heaven-sent. As one of America’s largest pharmacy chains, CVS has stores in every region of the country—and in every regional climate. So in 2004 CVS created its Snowbird Program to let experienced store employees move seamlessly among CVS locations according to their seasonal preferences. As the program’s name implies, many of the participants are mature workers who enjoy wintering in southern states and summering in northern ones. Since the program started, over 1,000 employees, ranging from retail clerks to pharmacists and managers, have enthusiastically participated, earning CVS a high-profile award from the American Society on Aging.

And in yet another industry, Time Warner recently developed a mentoring program that engages people on both ends of their careers. In this case, some of the company’s senior executives were challenged to stay at the forefront of a rapidly evolving new-media landscape. To raise their awareness of digital media, Time Warner launched Digital Reverse Mentoring—a program in which tech-savvy college students mentor senior executives on emerging digital trends and...
Flexible work arrangements and the opportunity to give back to society trump the sheer size of the pay package.

Flexible work arrangements and the opportunity to give back to society trump the sheer size of the pay package. Technologies such as Facebook, Twitter, and other Web 2.0 applications. In addition to imparting technical skills, Gen Y mentors provide Boomer mentees with a peek into the values, consumer behaviors, and communication styles of the younger generation.

What’s the thread running through these three HR initiatives? A certain type of hard-nosed manager might say they all smack of indulgence: paying people to find themselves, surf the net, and surf the net. On that score, it’s worth noting that these programs earn their keep by even the most shortsighted accounting. UBS trims payroll costs in the near term while keeping hold of talent that it invested in recruiting and that it will need when the economy improves. CVS mobilizes employees to match the seasonal migration of its customers. Time Warner enjoys the immeasurable benefit of a more market-attuned leadership team. In a broader sense, however, is 70 million strong – roughly double the size of Gen X (1965 through 1978). Under any circumstances, that large a cohort would be a force to be reckoned with. In this case, its influence is compounded by the fact that the huge Baby Boom generation (1946 through 1964), unlike any previous cohort at its age, remains very present in the workplace – and these two oversize “bookend” generations have an extraordinary amount in common. To be sure, they are not indistinguishable, but emerging from our survey data were several common themes.

Odyssey. Both Boomers and Gen Ys, we found, are drawn to opportunities that allow time out to explore passions, hobbies, and good works. For example, 47% of Ys say it’s important that the company they work for offer sabbatical leaves – that such perks boost commitment and performance. It’s a preference that also resonates with Boomers, 29% of whom report having taken time out.

Achieving balance with flex and remote working. Overwhelming majorities of Gen Ys (89%) and Boomers (87%) say that having flexible work options is important. Similar percentages (87% and 83%, respectively) say that work/life balance matters to them, so it’s not surprising that roughly two-thirds of both groups also wish for opportunities to work remotely. Having the freedom to choose when and where to work is very powerful, particularly for young employees: 83% of Ys say this freedom motivates them to give 110% effort. (That’s also true for Gen Xers, although to a lesser degree.) But the desire to work remotely is tempered by Ys’ and Boomers’ love of teamwork and community. While some (27% and 16%, respectively) would even give up a personal workspace to be able to work remotely, most who want a remote option would prefer working from home just one day a week.

Mentoring and generation-jumping. Gen Ys are usually the offspring of Boomers – and a famously doted-upon set of children. Perhaps that’s why these two generations seek each other out in the workplace. Boomers delight in taking Ys under their wing: 65% say that members of the younger cohort look to them for advice and guidance. Generation Y’s motto, meanwhile, seems to be “Trust those over 50.” Most Ys (58%) say they look to Boomers, rather than Xers, for professional advice, and over three-quarters say they enjoy working with Boomers. The fact that 42% of Ys go to Boomers for mentoring is also remarkable, given the layers that typically separate them in a corporate hierarchy.

“Kippers” and Velcro relationships. The parent-child bond that creates such close connections between Gen Ys and Boomers also involves demands on time and resources. A large proportion of Ys (42% of women and 30% of men) report that they talk to their parents every day. The fact that many of their generation are still financially dependent on their parents has given rise to a new acronym: Kippers (for Kids in Parents’ Pockets Eroding Retirement Savings). We
Portrait of Gen Y

To satisfy your Gen Y employees as they become a large proportion of the labor pool, you’ll need to address what makes them tick. Here are five facets of their inner workings.

Ambition
These are go-getters: About as many Gen Ys who call themselves very ambitious say they are willing to go the extra mile for their company’s success.

Loyalty vs. Quest
Gen Y employees fully hope to remain faithful to a workplace, but the clear majority say they also want work to bring a range of new experiences and challenges. They may be more susceptible to wanderlust than they realize.

Multicultural Ease
Gen Ys are clearly at ease with diversity, whereas only 27% of Boomers have such a comfort level. Even when it comes to networking, Gen Ys excel at diversity: More than a quarter network primarily with people of a different ethnicity.

Healing the Planet
Gen Y workers want an employer who shares their eco-awareness and social consciousness, even down to the details of office energy use. Nearly one quarter say it’s very important to work in a green, environmentally conscious workplace.

Networking by Nature
Working in teams is a top motivator for Gen Y employees. They love to connect with others and enjoy working in offices that are open and conducive to socializing. They want people, even bosses, to be readily accessible.

Rewards remix. Finally, Gen Ys and Boomers share a sense that financial gain is not the right reason to join or stick with an employer. Both generations rate four other forms of pay as at least as important as money: a great team, challenging assignments, a range of new experiences, and explicit performance evaluation and recognition. (Women, in particular, of both generations place high importance on receiving recognition for a job well done.)

We must note that we don’t know why these markers of a shifting value proposition show up in the bookend generations more than in Gen X. If a 38-year-old man is less likely to crave an odyssey or opt for a rewards remix, is that because he is more likely to have a hefty mortgage and school-age children? In other words, is it a matter of life circumstances rather than underlying values? (Interestingly, Gen X’s conventional value proposition gets more complicated when we unpack our survey data by gender: Gen X women are 19% more likely than Gen X men to rate flexibility as very important.)

How the trend will unfold is unclear, but the fact that differences exist today is incontrovertible. A Gen X worker is 9% less likely than a Gen Y worker to want an odyssey, and 23% more likely than a Boomer to rate high compensation as very important.

The New Workplace Imperatives
Few companies in today’s knowledge-intensive economy would deny that they compete on the caliber of their people. With this richer understanding of the two generations that now dominate the workforce, the challenge becomes clear. Companies whose employment offers align best with the shared values of Boomers and Gen Ys will enjoy a major talent advantage. If we were designing a workplace from scratch today, or consulting to a big employer, we would insist on five crucial elements.
1. **Modularity.** By this, we mean the kind of “chunking” of work that allows Boomers to scale back their hours and breadth of control but still tackle the sophisticated tasks that their years of experience equip them to handle. It’s what we’ve seen at American Express, whose “phased retirement” approach keeps workers in their sixties contributing meaningfully on an individual-project basis; and at Novartis, where a program called PrimeForce invites retired managers to return for short-term assignments. In some organizations, like Harvard University, it means specific training for the “second act” that retirees tend to choose: social entrepreneurship and leadership of nonprofit organizations.

2. **Flexibility.** This can—and should—come in many forms. Financial services companies, for all their recent troubles, have been hotbeds of innovation in this regard. CitiGroup’s Alternative Work Solutions program, to name one, has successfully maintained productivity while allowing people to work where and how they want. At the heart of such programs is the kind of trust and clear goal-setting that electronics retailer Best Buy built into its Results-Only Work Environment, an initiative for headquarters staff launched in 2006. As the name suggests, people are held accountable for results, not the particular hours they keep at the office. Or, as one of the program’s founders told BusinessWeek, it’s “like TiVo for your work.”

3. **Opportunities to give back.** UBS’s gap year program, described earlier, is a great example. So is Ernst & Young’s Corporate Responsibility Fellows Program, which allows employees to use their accounting and managerial skills to help entrepreneurs in parts of the world where management capabilities are scarce. By helping these small businesses, typically by providing services that they couldn’t otherwise afford, Ernst & Young hopes to jump-start growth in emerging markets while cultivating the talents of its high-potential employees and increasing their attachment to the firm. Many companies support their people’s fa-

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**Portrait of Baby Boomers**

To keep your Baby Boomers happy as they age, you’ll need to address these five dimensions of their work expectations and ethos.

**Staying in Harness**

Fourteen percent of Boomers now say they don’t think they will ever retire. Although insufficient savings and children’s college bills are the deciding factors in some cases, many say that they enjoy their jobs and that their identities are intertwined with their work.

**Long Runways**

There’s not much risk of a Boomer-instigated mass knowledge exodus. Indeed, the current global recession is further delaying retirement. In our January 2009 survey, Boomers reported needing to stay in the workforce four years longer than they had expected just six months earlier.

**From “Me” to “We”**

The idealism of the 1960s is alive and well: 58% of Boomer women and 52% of Boomer men volunteer their time to advance environmental, cultural, educational, or other causes.

**Yearning for Flexibility**

Because they are eager to pursue other passions while keeping a hand in at work, Boomers prize flexibility and autonomy in their jobs. Not surprisingly, more women than men call flexibility important: 89% versus 85%.

**Familial Obligations**

Needy family members are pressing in from both sides: Beyond having elderly parents to attend to, many Boomers (41%) contribute financial support to their adult children.
LEADERSHIP in the NEW WORLD

The Best Way to Pay

**GENERATION Y** rates six types of rewards as at least as important as compensation. In order, they are:

1. High-quality colleagues
2. Flexible work arrangements
3. Prospects for advancement
4. Recognition from one’s company or boss
5. A steady rate of advancement and promotion
6. Access to new experiences and challenges

**BOOMERS** rate seven types of rewards as at least as important as compensation. In order, they are:

1. High-quality colleagues
2. An intellectually stimulating workplace
3. Autonomy regarding work tasks
4. Flexible work arrangements
5. Access to new experiences and challenges
6. Giving back to the world through work
7. Recognition from one’s company or boss

For younger colleagues, the generation in charge will need to understand that a younger generation of workers brings a set of imperatives that are different from the past. As people become more concerned about global climate change, many companies have discovered that a progressive work environment is deeply appreciated. Genzyme’s eco-friendly building bespeaks a commitment to the planet’s health that its people can point to with pride. Bloomberg’s office environment is progressive in other ways, having been designed to foster collaboration and innovation. Its many open spaces keep people circulating so that they can have the informal chance encounters that often spark ideas. Add to that a profusion of art and you have a refreshing change from the acres of cubicles that dominate much corporate real estate.

**4. Progressive policies.** As people become more concerned about global climate change, many companies have discovered that a progressive work environment is deeply appreciated. Genzyme’s eco-friendly building bespeaks a commitment to the planet’s health that its people can point to with pride. Bloomberg’s office environment is progressive in other ways, having been designed to foster collaboration and innovation. Its many open spaces keep people circulating so that they can have the informal chance encounters that often spark ideas. Add to that a profusion of art and you have a refreshing change from the acres of cubicles that dominate much corporate real estate.

**5. Intergenerational mentoring.** The best examples we’ve seen are at Time Warner (discussed earlier), Cisco, and Booz Allen. At Cisco, the effort is an outgrowth of the company’s long-standing facilitation of internal employee networking. One active network known as the Legacy Leaders Network, for Boomer-aged executives, has partnered with another called the New Hire Network. Both groups are learning from the cross-pollination. At Booz Allen, an innovative information and social networking site called Hello.bah.com drew in 36% of employees within a few months. Using blogs and wikis, it connects a workforce that spends a lot of time away from company offices – on the road, at client sites, and working from home. Internal sponsors told us that Hello.bah.com is not only improving information flows but also forging intergenerational relationships. Gen Ys are encouraging Boomers to join the site and teaching them how to utilize it effectively. Boomers are welcoming the chance to share knowledge and business contacts with much younger colleagues. Informal mentoring is running both ways.

**Open Season**

More important than any program or set of imperatives is the insight that every new generation of workers brings with it particular values that reflect not its members’ youth but, rather, their fundamental makeup. Sometimes, lacking sufficient heft and arriving in subordinate roles, they – and their preferences – hold little sway. In other eras, like this one, they get what they want.

That’s why large organizations will find themselves in a curious position over the next several years. As Baby Boomers slowly step out of full-time posts, Gen X will take on the highest executive roles – and will have not only a very dissimilar cohort to oversee in its juniors but also the unprecedented challenge of caring for its lingering elders. Thus, the generation in charge will need to manage a workforce it is fundamentally out of step with. Just as marketers in training are constantly reminded “You are not the customer,” these executives will have to come to terms with the fact that they are not the talent.

Managers with open minds and newly energized growth plans will find ways to satisfy the workplace demands of the talent they seek. And they will continue to monitor the changing attitudes of workers. The transformation of the workforce they are now experiencing is a particularly dramatic one, but hardly the last. The organizations that thrive will be those that recognize their people’s shifting values and preferences – and that find ways to make the work meaningful on those terms.


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