VISTAGE PODCAST
ONE CULTURE, EVERY GENERATION:
HOW TO BUILD A UNIFIED WORKFORCE

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Introduction

DN   Welcome to a special edition of the Vistage Podcast series. I am Dave Nelsen, a Vistage member since 2003, part of CEO Group 676 in Pittsburg and your podcast host.

Today I am joined by Gustavo Grodnitzky, PhD, and we're talking about the highs and lows of CEOs. Dr. Gustavo, that's what we all call you, welcome!

GG   Dave it's great to be with you. Pleasure to be with you working again.

DN   Fabulous! So let me just get a quick overview for those who have not yet had the opportunity to see you at one of their group meetings. Dr. Gustavo Grodnitzky is a speaker, consultant, psychologist and the author of the brand new book, *Culture Trumps Everything*. Fabulous book, by the way.

He spends his time focusing on issues related to Gen X and Gen Y, sometimes called the Millennials, as well as corporate culture. I can personally say that as a Vistage member who's been lucky enough to see him in action speaking to our group, Dr. Gustavo was one of my favorite Vistage speakers and I know I am not alone in that opinion because he was recognized last year as Vistage's Speaker of the Year, an incredible honor.

Multiple Generations And The Workplace

So Dr. Gustavo, let's jump into it. ***How do multiple generations affect a workplace environment say compared to a single generation or monolithic team?***

GG   It's a great question, Dave. I think that there are a couple of ways that the workforce is affected by multiple generations and it really largely depends on the culture and how they value multiple generations.

In a **monolithic organization**, let's say, with a single generation **there tends to be very similar perspectives. So I would argue the problem solving actually becomes more difficult** because – or at least innovative, creative problem solving becomes more difficult because people bring or tend to bring a very similar perspective.

When you have a variety of generations in the workforce you bring different experiences, different perspectives, and different approaches to problem solving that a single, monolithic organization doesn't have.

So the argument I make is the broader the range of experiences that you have in your organization the better off you are when it comes to problem solving, creativity, and innovation.

DN   Yes, I think there's a lot of research that shows that diverse teams generally outperform those that might suffer from what you call group think, where everybody's sort of on the same exact page, same exact experiences.

Primary Human Drives: Relationships and Cause

Well, so as a consultant you see many, many different employers, businesses – ***what are the biggest challenges that you find employers experience when trying to bridge multiple generations and maybe the so-called gap?***

GG   I think the biggest challenge is they fail to understand that while every generation has let's say its own proclivities or its own tendencies, everyone is a human being and I would suggest to all the listeners that 99% of all your employees are human, which means that….

DN   Okay, 99%!

GG   99%, I am not sure about that last 1% but at least 99%.

DN   Okay!

GG   So because of that **we are all driven by what I refer to in my book as primary human drives**. **Primary human drives are to connect and to belong**. Connect means to build relationships with. Belong means to belong to something larger than ourselves or what you will hear me speak about at these <u>Vistage Executive Summits</u> as cause and **when organizations learn how to use relationships and cause to motivate human behavior they get behaviors that they cannot buy, sell, or trade**.

So the challenge really is how do we stop looking at people as – well, first let me say, the challenge is to first understand that people from different generations will have different tendencies yet we all as human beings rally around relationships and cause.

Defining The Generations

DN   *Since we're talking about the different generations, could I ask you just to, for those that may not have a concrete definition in their head, what defines the baby boomers versus Gen X versus Gen Y?*

GG   Sure, so rather than just those three, let me talk about all four generations in the workforce because **for the first time in the history of mankind we have four generations in one workforce**.

So **the oldest generation in the workforce are people born between 1925 and 1945. They're referred to as the Silent Generation**, if you look at genealogical historical studies. They are referred to as traditionalist if you look at employment studies.

So those are people who this year are between 70 and 90 years old. So there are only 35 million remaining in our population but still they still very much are in the workforce. Many people listening to this podcast I am sure will have people from that generation, again the Silent Generation, '25 to '45.

The largest generation, not only in the workforce but ever by population size is the baby boomers. **Baby boomers are born between 1946 and 1964**. They number 84 million and they continue to hold a tremendous amount of influence in this country both politically and financially because of that demographic size.

It's important to understand they're not only the largest generation. This is the wealthiest generation of any generation before or since per capita at any age. So they are a very powerful and influential generation in our society.

DN   Indeed!

GG   **The next generation – the next generation is Gen X, born 1965 to 1981, and they are a much smaller generation**. Gen X is only numbered 68 million, which creates a 16 million person gap between Boomers and Gen X'ers.

Gen Y's are born 1982 to 2000 and they number 79 million. So they're another large generation, not quite as large as Boomers but almost and that makes them the next most powerful and influential generation not only in the workforce, but in society.

So as – the issue with generations is this. **Currently Gen Y's make up 20 to 25% of the workforce. By the year 2020 that number will be 49%.**

DN   Wow!

GG   Yes, so that's because as **Boomers retire and they are retiring as many as 10,000 per day**, between Boomers and X'ers there's a 16 million person gap. The first place we're going to have to look to fill that 16 million person gap is going to have to be Gen Ys.

So Gen Ys are born at the right place at the right time and in the right number to have a career with tremendous growth.

DN   Wow! Now you put that in the context of employees but I read an article, I think it was the Journal or maybe The New York Times, about Hilton recently and in the article it said that today or somewhere maybe plus or minus a few months but essentially now, half – 50% of all business travelers are already the Gen Y'ers. I guess they're maybe a little quicker to volunteer to travel even if they're not 50% of the workforce yet.

GG   Yes, no, I absolutely agree and think about it, Dave. When you look at the big, like the multinational consulting firms like Deloitte as an example. **Delloite expects by 2020, 80% of their workforce is going to be Gen Y**. That's because they are hiring these out of school Gen Y'ers who are much more willing to travel and go places that more established, older generation people might not be willing to go.

So absolutely! While I didn't read that article it makes perfect sense to me that they're going to be half or more than half very shortly of the business – of business travel.

DN   Yes, it's got Hilton scrambling to redefine their process for everything for how do you book your hotel? You get to pick your room. You get to get into your room using your iPhone or Android. They've woken up to it and so I guess the take away here is whether

we're employers or a company selling to customers some of us are having to deal with the incredible Gen Y, we'll call it Tsunami, sooner rather than later.

GG   I think airlines have really lead the charge on this and I know several airlines have apps that are not only user friendly but that's all you need. You can absolutely be paperless when you go to airports now with certain airlines.

DN   Yes, I love the airline apps and it's a very Gen Y, kind of friendly process because you get to pick your carrier, your route, your seat, you get your boarding pass right on the phone. I mean it's fabulous and then, you know, you end up at a hotel, you got to go to a person. They pick your room. They pick your floor. They give you a plastic thing called a key.

GG   Yes

DN   There's real discontinuity there.

GG   Exactly!

Uniting The Different Viewpoints

DN   ***Well so how can companies unite the different viewpoints that these – since you've made the key point – these four different generations bring to create a stronger, more cohesive team?***

GG   Yes, again for me and this is where I talk about, in my Gen Y presentation, my culture presentation, again I go back to primary human drives meaning to connect and belong. In business we talk about that as relationships and cause and relationships mean people need to be tied to one another in a meaningful way, in a genuine way. People need to take genuine interest in one another and cause means, again, something larger than ourselves.

You know, in my presentations I've worked with – I talk about I've worked with a rebar manufacturer whose cause became, "We build the things that bring people together." I've worked with a tire changing company whose cause became, "We get people back to work." I've worked with a paving company, regional paving company, whose cause became, "We pave the way for today and the future."

The idea is regardless of the level of a person in the organization, whether they are entry level or the CEO, they are all – everyone in the organization is tied to the same cause.

And let me emphasize one other point here. **<u>Profit is not a cause</u>**! Profit to business is like breathing to a human being. It is necessary for life but it does not define a meaningful life. **So profit is necessary. Everyone acknowledges it but profit is a result of creating and sustaining an outstanding organizational culture**.

DN   By the way, I love your example. No offense to any listeners who might be running a rebar company but it sounds like a pretty mundane, boring, about as basic a business as

you can get and yet I love your reframing of that, you know, "We build the bridges and the arenas and the stadiums that bring people together." That actually is inspirational.

GG   And that rebar company gave – and you heard this because you heard the presentation. That rebar company, when I first started working with them, they had zero Gen Y. They actually had two employees in their 70s, a handful in their 60s, a handful in the 50s, two employees in their upper 40s were Boomers at the time. They had no Gen X'ers, no Gen Ys and they brought me in specifically around recruiting retention. So they were dying for employees. **We made all sorts of cultural shifts but part of those shifts were creating a cause that everyone could tie to and that cause in the last, almost five years that I've worked with them we've hired six Gen Y's and lost zero of them**.

DN   Oh wow! And I've heard that. That they tend to move around on average every 18 months for most of employers but if you can get it right and they've got a cause and a boss and a team that they like being, you know, part of then they can be incredibly loyal and I think you've just cited an example of exactly that.

GG   You know, and I think that's a key piece of – let me just say, their loyalty, and that's the piece that people don't understand, **their loyalty today is to people and causes. That's what they're loyal to**.

So if an organization claims they have a cause but it's just lip service, it's not real, they will leave but if everyone in the organization is tied to each other and tied to something larger than themselves, a cause, I've had Gen Y's stay four, five, six years, which is much longer than the average non-Gen Y which today is about four and a half years.

Treating The Generations Differently

DN   *Interesting! Well, I take it that companies if they try to treat all generations, all people, in sort of a general catch all they're doing themselves a disservice. So how should a company treat the generations differently, you know, according to their attributes, believes, passions? What's your recommendation?*

GG   Great question. I think it's again we begin by understanding what are their primary core values.

<u>**So for example, Boomers had a core value of a stellar career. A stellar career means material and financial acquisition.**</u> So generally speaking, I want to be clear that I am talking broad brush strokes, there are going to be exceptions to these broad brush strokes. Generally speaking Boomers are motivated by financial and material acquisitions. So money! Boomers are – if you want to incentivize Boomers very often that incentive should come in the form of financial reward.

<u>**Gen X'ers on the other hand are motivated by work/life balance**</u>. That is their core value. Gen X'ers have a tendency to separate their work lives from their home lives and they put both on equal priority.

So X'ers came into the workforce after the Boomers. Boomer colleagues and supervisors. "You know, all the stuff you got is nice but we don't want so much of it. We don't need so much of it. We want to work to live, not live to work. We want work/life balance."

So that concept of – **if you're talking about Gen X, part of the reward you may want to offer them is a sense of flexibility**. So the ability to manage their time at work and time outside of work in a very autonomous way is a very big reward for Gen X'ers.

For Gen Ys, their main driver I would argue would be blended life. Now blended life for this generation, Gen Y, means if everything I do has cause, meaning, significance, big picture purpose then it doesn't matter where I get it done, it just matters that I get it done.

So for Gen Ys I really focus on very clear metrics with regards to frequency, quality, duration – whatever it is you're wanting them to create make sure they understand it and then give them the autonomy to go figure it out. They'll figure it out in a way that's very often a different way than older generations might have done it and very often much better.

So I try to give Gen Ys very clear metrics, very clear goals while maintaining again the sense of their connectedness to their supervisors, to their peers and a cause, something larger than themselves. That's what they're loyal to. That's what they'll make sacrifices for and – because it allows them to blend their life.

Five Factors

Retaining a Long-Term Workforce

DN   *Interesting! So how can employers build and retain a workforce of long-term employees if these different generations want such different things out of the company that they work for?*

GG   Great question! So here, particular in my presentation, I talk about five factors. There are five factors that employees today are using to recruit or retain, let me start first with Gen Ys and these are very clear. If you look at your usual suspects, the Googles, the Microsofts, and Starbucks they're all using these factors but there are also some atypical suspects, companies like Liberty Hardware, Hardware Manufacturing based in Winston-Salem, North Carolina, Delloite Consulting, Best Buy, REI, Timberland. These are companies that are across geographies and across industries. So we're not just talking about technology companies in the Northwest part of the country.

If you look at these companies they use the following five factors: time, flexibility, growth, relationships, and cause.

One: Time

So let me talk about a couple of seconds about each one of these. **<u>Time is time outside of work</u>. Time outside of work means what is the relationship you have, as an employer, with your employees regarding time off?**

Traditional companies use three buckets of time: vacation, holidays, sick time. Progressive companies are using PTO and LWP. PTO stands for paid time off. LWP stands for leave without pay.

So that shift from traditional to progressive, paid time off to leave without pay, allows a philosophical shift. It says to your employees, "You're an adult. You don't have to tell us why you take time off. You should just tell us when you take time off." Companies that have made this shift have learned that with regards to time off there's much less abuse and much less time abuse because the time belongs to the employee and they use it much more sparingly. So that's time.

<u>Two:</u> Flexibility

<u>Flexibility is time at work</u>. So time is time outside of work, flexibility is time at work. Time at work simply means, and we mentioned this a little bit earlier, allowing people to manage their time at work based on productivity, based on goals, based on what they're required to do, what they're expected to do and as long as they meet their goals nothing else matters. That's flexibility.

<u>Three:</u> Growth

<u>Growth means personal growth – personal and professional growth</u>. Here in my presentations I talk about breaking out of the mindset of career paths and looking at the mindset of skill set development. People generally want to grow their skills regardless of generations and if you allow them to grow their skills in an effective way connecting to people inside the organization who can help them learn those skills they tend to stay longer.

<u>Four:</u> Relationships

Relationships, we spoke about, is taking genuine interest, people genuinely interested in one another.

<u>Five:</u> Cause

And cause again is something larger than ourselves and I gave you several examples of that.

So those are the five factors. When I, in consulting relationships and in Vistage presentations those are the five factors I really talk at length about because those are the factors that companies have proven that are useful to both recruit and retain Gen Ys but here's the key piece because the question was "What about all generations?"

If you go to a Boomer who's into their career and you say to them, "I'd like to offer you a little bit more flexibility in your work schedule," what do you think they're going to say?

"Don't give me any of that!" Yes, it's unlikely. The fact is while these are Gen Y magnet factors, these are factors that work for every generation.

So my point in every presentation is we don't want to build one culture for Gen Y and another for everyone else. We want to build one culture for every generation in the workforce and these five factors become the foundation of that culture.

Organizations That Are Getting It Right

DN   *That's fabulous. So you've mentioned some companies along the way. Could you summarize who you think are the best organizations in terms of standing out, getting this right, that are really able to leverage the uniqueness of the different generations for the benefit of employees, the business, customers?*

GG   Sure! So like let's say in a traditional or very mature market I would argue Whole Foods as an example. Whole Foods is a grocer, not the country's largest grocer but one of the most profitable because they build a culture first and they have employees of multi-generations.

Costco! Costco is another great example. Costco competes directly with Sam's Club, less directly but still competes with Walmart. Walmart has had six consecutive quarters of flat or declining growth. Costco continues to boom in its organization again because of the culture they build.

DN   I know people love working there. They're legendary.

GG   They absolutely are and if you ever go to Costco look at the cashiers. I look at their names because under their names they have the year that they started working and you see some cashiers who have been there for 20-plus years and that is very, very rare in today's day and age and if you – and I always ask a question because again I always talk to people and being organizationally-minded I always ask, "Do you like it here?" and two to one they'll say something like "Great company! Love working here!"

Costco is just a great example of that because again they, particularly again relationships and cause are the two things they leverage. They build a culture first and understand that profit is a result of creating and sustaining an outstanding organizational culture.

Looking Forward

DN   *How do you see companies evolving in the future? The Boomers are retiring. It will be a while. I guess if I am doing the math right, the youngest Boomers are 51 so they'll be with us for a while but as we see less of them, what do these companies look like? Do they consist ultimately of a single generation?*

GG   Great question! You know, when you look at the future, and I talk about this in my culture presentation Dave, there is a new model of successful business. **The traditional model is referred to as classic capitalism.** Classic capitalism comes out of a book published in 1776 called *Wealth of Nations*. Blocking out the first name, the last name is Smith!

DN   Adam!

GG   Blocking out the name. Thank you! Adam Smith! Thank you! **Adam Smith, *Wealth of Nations*!** And so in *Wealth of Nations* Adam Smith managed to codify and understand the Industrial Revolution and what he says and what – he says many things. One of the things that *Wealth of Nations* states is that it is a role of an organization to build a machine of business. It's a mechanistic model trying to explain Industrial Revolution – to build a machine of business in which capital is put in in the beginning, it's run through the machine of business and out the back pops profit, which is then returned to owners and investors, otherwise known as shareholders.

The new model of business, and this was codified in 2006 in several books. I use the term social capitalism. **It is synonymous with conscious capitalism and also conscious business.** Those are three terms for the same concept. Again codified in 2006, originally in the book called ***Firms of Endearment* written by Raj Sisodia** and in this book he – **social capitalism functions on two premises**.

Number one, **it is the role of an organization to build an outstanding organizational culture which balances the needs of all of its complex constituencies**. A constituency otherwise known as a stakeholder! A stakeholder is anyone who comes in contact with your product or service.

So your business partners, your suppliers, your employees, your customers, and your shareholders, they are all part of your stakeholders. So that's social capitalism one says we must balance the needs of all our stakeholders.

The second premise of social capitalism is no one stakeholder should be allowed to **benefit at the expense of another**. So social capitalism companies do not take profit at the expense of their suppliers. They do not take profit by beating down their employees' salaries.

Social capitalism companies build profit first by creating a culture. They understand that outstanding financial performance and outstanding organizational culture are inextricably linked and culture comes first.

And again Costco is a great example of that. Whole Foods is a great example of that. Tesla Motors is a great example of that. There are lots of companies. Patagonia is a great example. Lots of companies that are really leveraging the concept of social capitalism.

DN   Wow! Well, as always Dr. Gustavo fascinating speaking with you. Thanks so much for joining us on the podcast today.

GG   My pleasure, Dave! Thanks for the opportunity. I look forward to working with you in Denver.