

Passing the Baton

Strategies for shifts in generational leadership

No single generation in the history of the United States has had quite the impact of the Baby Boomers. The population explosion that followed World War II was so great that every decade since has been shaped by where the Boomers are in their life path. In the 1950s, they began flooding schools. In the 1960s, they changed the structure and politics of college campuses. In the 70s and 80s, they began filling and transforming the workplace. Their healthcare needs, child-rearing habits, personal tastes, cultural proclivities, and political preferences have always caused major ripples in American culture and commerce, if only for the sheer size of their demographic.

The next wave of Baby Boomer influence is looming on the horizon, but the United States institutions most affected by it – institutions, corporations, and organizations of all kinds – are only slowly acknowledging it. In the next five years or so, Baby Boomers will begin retiring in waves never before seen in history. Few organizations are prepared for the repercussions of this exodus, both in terms of the experience and knowledge

that will be leaving and the new population that will be entering.

This article will address the need to develop:

- 1** New perspectives and insights into the competencies required to promote the effective transfer of generational leadership.
- 2** New techniques for supporting and coaching Baby Boomers and younger generations to work together effectively toward common organizational goals.
- 3** New strategies for facilitating successful transitions, and creating organizational cultures that support a new workforce.

The Numbers

It is not hard to do the math. The boomer generation is generally defined as those individuals born between 1946 and 1964. (Some 76 million Americans were born in this period.¹) That means the oldest boomers will turn 60 in 2006. By 2015, half of the boomer population will be 60.

The current U.S. workforce is comprised of about 145 million workers. Of these, the boomers comprise the largest contingent. By 2010, half of the Baby Boom cohort will be aged 54-64, and just that partial boomer influx will increase that demographic 46 percent over its 2000 population.² The percentage of workers over 45 will rise from 33 percent in 1998 to 40 percent in 2008.³ Between 2002 and 2012, the over-55 component of the labor force will increase at a rate more than four times that of the overall workforce.⁴ As a result, in 2012 the median age of the labor force will reach 41.4 – the highest ever recorded.⁵

The exodus of Baby Boomers from the U.S. workforce represents the single biggest brain drain in the history of American business. And this is significant in a time when companies need individuals' intellectual knowledge and capital. At client after client, we are seeing projections that as many as 40 percent of the workforce will be eligible for retirement over the next three to five years.

What's more, according to the Mature Market Institute, 83.1

percent of boomers are white.⁶ The generations coming up behind them are much more diverse. The U.S. Bureau of Labor Statistics projects that by 2012, one out of every three workers will be a person of color. From 2002 to 2012, the number of whites entering the workforce will increase at a rate of only 0.3 percent annually. By comparison, the black labor population will increase at 1.8 percent annually, Hispanics at 2.9 percent, and Asians at 4.2 percent.

In addition, immigration will be the chief source of growth for the U.S. labor force over the next 30 years. (Immigration currently accounts for 40 percent of the overall population growth.) Indeed, this is not merely a trend, but a necessity: According to the Committee for Economic Development, without immigration, the working-age population in the United States would actually start shrinking in the next 20 years.⁷

The Challenges for Organizations

All of this means that not only is one large, knowledgeable, and experienced segment of the workforce about to disappear from many organizations, but also that another altogether different one is poised to take its place. The departure of Baby Boomers from the workforce creates two great challenges:

- 1 To capture their wisdom before they leave, so the organization can

maintain the knowledge base and expertise it needs to function; and

- 2 To be prepared for the “diversity influx” that follows the boomers’ departure. Younger workers often have very different life and career needs and expectations.

In both areas, U.S. organizations are not yet doing what is required to meet these challenges.

Failure will certainly bring harsh consequences. In the worst cases, organizations will literally lose a significant amount of access to the wisdom and institutional memory it needs to operate successfully, and may suffer – perhaps fatally – in their marketplaces as a result. Even organizations that weather the initial storm may need to hire retirees as independent contractors, a practice that is often very expensive and creates difficulties in motivating and working with people who do not need to work for their primary livelihood – that is people who will be impervious to threats of termination or poor evaluations.

Furthermore, relying on certain indispensable retirees is a very person-dependent way for an organization to exist. There need to be processes in place to transfer institutional wisdom, in order to guarantee the organization is always ready and smart.

Capturing wisdom on its way out the door. In order to survive the loss of so much institu-

tional knowledge and experience, organizations need to be very conscientious and strategic about capturing the wisdom of departing Baby Boomers. This requires more than succession planning. It requires a full-scale strategic effort aimed at transferring information – both formally and informally – from one generation to the next.

This must start with a comprehensive assessment of what talent is expected to leave in the next three to five years.

The organization needs to be clear about the skill sets and expertise that it anticipates will be walking out the door, in order to plan an effective strategy for managing the resulting change. Given the fact that many organizations find it challenging to manage and plan human resources for the next six months, this is a considerable hurdle.

The organization also needs to create institutional structures and norms that allow younger people to work directly with older people. (See sidebar) Professional interactions between incoming and outgoing people are essential for preserving and conveying organizational wisdom.

Knowledge and experience can’t be summarized in a document.

Too many companies rely on mere documentation to fill the potential void created by the absence of a tenured associate, in the belief that a person’s contributions and years of experience can be captured in

a document or formal procedure. Few organizations have truly comprehensive and up-to-date documentation of their many positions and activities. And given the knowledge gained over the years by in-the-know workers, even a well-documented methodology might run up against an unexpected problem: doing things “by the book” that have really never been done that way before. (That extra turn of the widget, or slap on the side of the machine that keeps things running smoothly will be lost.)

All employees – and certainly the best employees – bring those personal touches and hard-learned lessons to their work. They know the right person to call for different problems that arise. They know the solutions that have worked – and failed. They know how to navigate a particular vendor’s internal politics, or the kind of approach that works when dealing with a specific client or customer. These can be critical pieces of information, but they are rarely included in written procedures and job descriptions. Tenured associates have developed unique and irreplaceable relationships with key customers and suppliers.

Creating inclusive organizations. The workplace that Baby Boomers entered was very different from the one they are leaving. One of the major differences is the wider range of diversity. Given that many organizations have struggled over the past ten years to make diversity work and to value

5 Things to Do Right Now to Prepare for Tomorrow

- 1 Accelerate development opportunities for younger people.
 - 2 Create highly involved sponsorships of younger people by tenured people.
 - 3 Pay for expectations.
 - 4 Populate key functions and future opportunities with younger people.
 - 5 Create forums for senior leaders to interact with younger people, in which they can share their knowledge and expertise.
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and include all people, this influx will prove disastrous for organizations not prepared. They need to do the culture change work that will make their environments attractive to an increasingly wide range of populations, work that will allow all people to contribute their talents and perspectives in a way that leads to higher and higher performance.⁸

The good news is that a diverse, inclusive culture can be the strongest asset an organization possesses. In this sense, the demographic shift that the boomer retirement wave produces offers great opportunities for the organization that is prepared to leverage that asset. However, organizations that do not learn how to gain value for their diversity, or try to minimize its impact by stressing assimilation into a monocultural work style, may well find themselves consumed by conflict and chaos.

The workplace – like the United States population itself – has become increasingly diverse

over the past few decades, a trend that will accelerate over the next ten years.⁹ Given that many organizations have struggled in the past to leverage diversity by creating a truly inclusive culture, the work required to prepare for and develop next-generation workers needs to begin immediately. The business imperative for inclusion grows stronger every day.

The need for a strategic approach. With an incoming workforce that is more diverse than ever before, organizations need to understand and support a greater range of identities and styles. Given the nature of the turnover about to begin – one population aging out of the workforce and being replaced by younger generations – there is a need to be particularly cognizant of creating a work culture that is sensitive to age differences.

Research suggests that the people who followed the Baby Boomers into the workplace – members of the so-called Generation X and Gener-

ation Y – are vastly different than the boomers when it comes to job expectations. Occasionally derided as demanding and self-absorbed, these, in fact, are people who have assimilated the lessons they have learned about the 21st Century work relationship. Downsizings and lay-offs have destroyed loyalty. Younger workers will negotiate for the opportunities and compensation they desire. As a group, they are also much more interested in work-life-family integration than their predecessors and will forego salary for the sake of structuring their work around their desired lifestyles and needs.¹⁰

Organizations should find new ways to prepare younger people for the duties they need to perform as attrition facilitates their rise. Training is an important part of their on-boarding process, of course, but formal education sessions alone won't do it. Effectively integrating younger workers into the essential functions of the organization requires a strategic approach and new behaviors that most organizations are only beginning to struggle to understand. These might include:

1 Moving young people into stretch positions that accelerate their developmental opportunities. Strict adherence to seniority and an old-fashioned concept of dues-paying will deprive the organization of new energy and new ideas, and leave high potential young people feeling stagnant and

frustrated. People need to be given the opportunities to learn and grow, and the grace to make inevitable mistakes along the way.

The shrinking of organizational structures and hierarchies in many organizations over the past ten years has meant fewer developmental opportunities for younger people – fewer rungs on the ladder for them to climb. Companies looking to increase the knowledge and experience of younger talent should increase their opportunities for movement within the organization.

2 Emphasizing sponsorship. Many organizations have mentoring programs, but their effectiveness varies widely. Many lack the focus and direction needed to develop younger people to the degree required by the imminent boomer exodus. Creating sponsorship relationships between tenured people and the succeeding generations is essential to creating a network of shared wisdom.

3 Paying for expectations. Compensation must reflect the organization's faith in its younger people to grow into their positions. Pay based on current performance does not acknowledge a person's potential or the organization's goal of developing people. Younger people are famously mobile and ready to move on to other

opportunities; organizations need to make the financial investments that indicate their long-term commitment to valued people.

4 Populating all levels of the organization with younger people. Every project team and staff needs to have an age spread, so that whenever senior people are talking, younger people are listening. This kind of direct exposure to the ideas, work habits, experiences, and perspectives of the soon-departing Baby Boomers is the single best conduit for transferring knowledge.

5 Making sure that senior leaders are constantly interacting with younger people. This means including them in staff meetings, having them head projects that report directly to upper management, and periodically meeting with them as sounding boards. Direct contact is essential to making sure that younger people learn from leaders... and that leaders learn from younger people (including learning about the needs and expectations of this key organizational constituency). Senior leaders need to acknowledge a direct responsibility to develop and promote younger people.

Conclusion

Baby Boomers are exiting a workplace that they have

radically altered over the past forty years. The generations succeeding them are having just as large an impact. The exit of one work population and the entrance of another create organizational challenges that extend beyond human resource management; they affect every area of the organization's effectiveness, productivity, and overall work culture.

High performing organizations can't wait for the brain drain of boomer retirement to decimate its knowledge and experience base over the next decade; they must move now to transfer the outgoing wisdom. At the same time, they need to understand the younger people coming into the organization, creating developmental opportunities for them, and making sure their culture is an inclusive one that leverages the diversity and opportunity younger people represent.

Endnotes

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