



RAINMAKER**THINKING**[®]

White Paper

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The Great Generational Shift:

The Emerging Post-Boomer
Workforce

By Bruce Tulgan

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“...the final stage of a historic period of profound change globally and a corresponding transformation in the very fundamentals of the employer-employee relationship.”

There is a “Great Generational Shift” underway in the workforce today. This is the post-Baby Boomer shift that demographers and workforce planners have been anticipating for decades. It is not only a generational shift in the numbers in the workforce, but an epic turning point. This is the final stage of a historic period of profound change globally and a corresponding transformation in the very fundamentals of the employer-employee relationship. The generational shift presents a whole new set of challenges for employers, employees, and for managers at all levels.

We have been tracking this transformation for more than twenty years. This White Paper presents the latest findings from our ongoing Generational Shift study, including (to date) more than 200,000 managers, tens of thousands of non-managers, as well as internal data reflecting millions of employees, and management practices reviews of more than 400 different organizations since 1993.

What follows:

1. The Numbers Problem: Workforce 2020
2. Powerful Forces of History: An Era of Uncertainty and Change
3. Transformation in the Very Nature of Employment

4. What Does the Generational Shift Mean for Employers?
5. What Does the Generational Shift Mean for Individual Workers?
6. What Does the Generational Shift Mean for Leaders, Managers, and Supervisors?

1) The Numbers Problem: Workforce 2020

While there are always different people of different generations working side by side in the workplace, today there are as many as six different generations, depending on which demographic definitions one uses. The workforce is aging on one end of the spectrum and getting younger on the other. In the middle there is a gap, with the prime age workforce shrinking as an overall percentage of the workforce.

Generations in the workplace in 2016. The oldest, most experienced people in the workplace, “pre-Boomers,” those born before the post-WWII “Baby Boom” began in 1946, are still greater than 1% of the workforce. The Baby Boomers (born 1946-64) are 30%, Generation Xers (born 1965-77) are 27%, and The Millennial Generation is 42%.

Because both the Baby Boomers and the Millennials are such large generations with such long birth-year time spans by the broadest definitions, we have found it useful to split them each into first-wave and second-wave cohorts. Based on our model, here is a chart of the generations in the workplace today:

	2016
Pre-BB (pre-1946)	1%
BB First Wave (1946-1954)	13%
BB Second Wave (1955-1964)	17%
Generation X (1965-1977)	27%
Gen Y, First Wave Millennials (1978-1989)	28%
Gen Z, Second Wave Millennials (1990-2000)	14%
Post-Millennial (2000 -)	0%

(NOTE: These percentages apply to North America and are similar in most of Europe, Japan, and Russia. However, in other parts of the world, the percentages of young people are much higher.)

“...the prime age workforce is shrinking as an overall percentage of the workforce.”

The age bubble. On the older end of the generational spectrum, the workforce is aging, just as the overall population is aging. This is particularly notable in Japan, most of Europe, and North America. In North America alone, ten thousand Baby Boomers have been turning 65 every single day since 2011. The Boomers are filling up an “age bubble” in the workforce such that there are many more people at or near the ordinary age range for retirement. The exodus of the first-wave Boomers from the workplace – postponed for several years by the economic crisis that began in 2008 – is now swift and steady. By 2020 Boomers will be less than 20% of the Western workforce; older Boomers (born before 1955) will be less than 6%. What is more, Boomers who do remain in the workforce will continue trending heavily toward “reinventing” retirement and late-career-pre-retirement: Working less than full-time, often partially telecommuting, and often working nonexclusively for more than one employer.

The youth bubble. At the same time, the fastest growing segment of the workforce is made up of those born 1990 and later, so there is a growing youth bubble on the younger end of the spectrum. The youth bubble is growing even faster in “younger population” regions of the world. But even in “older” North America, Europe, and Japan, the youth bubble in the workforce is rising much faster than in recent years because employers are once again hiring new young workers after several years of formal and informal hiring freezes resulting from the economic crisis. By 2020, second-wave Millennials (those born 1990-2000) will be greater than 20% of the Western workforce and another 4 – 5% will be made up of post-Millennials born after the year 2000. And in most of the world, the youth bubble will be much, much larger. The rising global youth tide will bring to the workplace radically different norms, values, attitudes, expectations, and behavior.

Workforce 2020 – Remember “2020, 20, 20.” By the year 2020, the Western workforce will be made up of less than 20% Baby Boomers and more than 20% second-wave Millennials, (plus another 4 – 5% of post-Millennials).

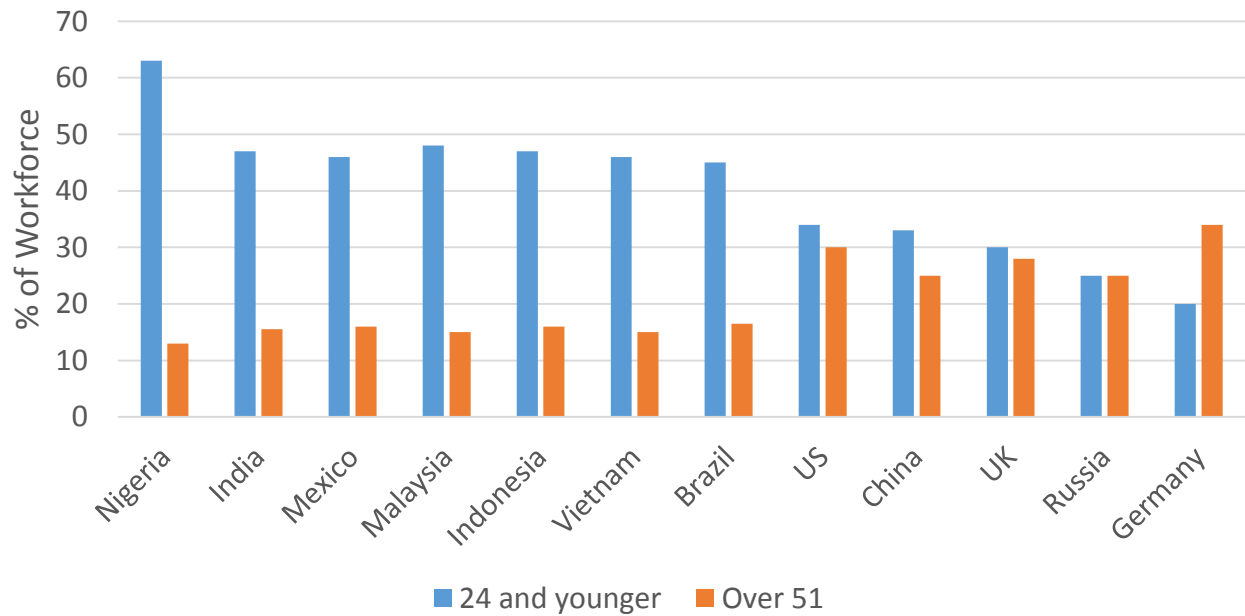
	2016	2020
Pre-BB (pre-1946)	1%	0%
BB First Wave (1946-1954)	13%	<6%
BB Second Wave (1955-1964)	17%	13%
Generation X (1965-1977)	27%	26%
Generation Y (1978-1989)	28%	27%
Generation Z (1990-2000)	14%	24%
Post-Millennial (2000 -)	0%	>4%

(NOTE: These percentages apply to North America and are similar in most of Europe, Japan, and Russia. However, in other parts of the world, the percentages of young people are much higher.)

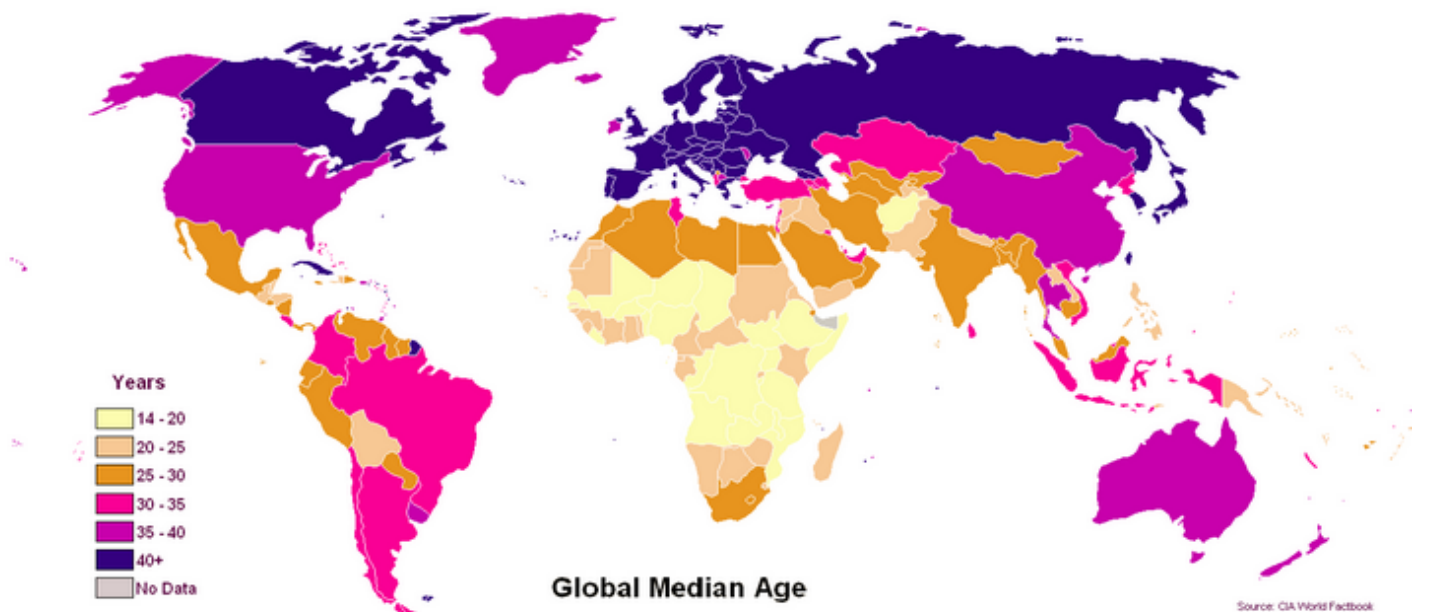
The rising global youth tide. The youth bubble is much, much larger in Africa, Latin America, and much of Asia. Second-wave Millennials are already, in 2016, greater than 45% in India, Mexico, Brazil, Indonesia, and Vietnam; in Nigeria greater than 60%. By 2020, in these younger parts of the world, those born 1990 and later will be more than 60% of the workforce. Considering the increasing globalization of the workforce, one important feature of the growing youth bubble is that it will be increasingly global, with a much greater percentage of the new young global workforce coming from outside of North America, Europe, and Japan.

“The ‘Generational Shift’ is no ordinary generation gap in the workplace.”

Global Workforce Youth Gap Comparison – 2016



The youth bubble is much larger in Africa, most of Asia and Latin America



2) Powerful Forces of History: An Era of Uncertainty and Change

“...the youth bubble in the workforce is rising much faster than it has in recent years because employers are once again hiring new young workers...”

The “Generational Shift” is no ordinary generation gap in the workplace. Because this is an era of profound historical changes, generational difference today is not only an important diversity issue, but also a powerful lens through which to understand the changing labor market, the changing workforce, the changing workplace, the changing nature of employment, and even changes in the very nature of work. We should not expect the new Millennial workforce to eventually “grow up and settle down” and start thinking and behaving more like those of previous generations. Rather, the “grown-ups” will find themselves thinking and behaving more and more like the Millennials. That’s because the second-wave Millennials have been shaped by the same historical forces of change driving the fundamental transformation of life and work for us all. The great “Generational Shift” is an epic turning point driven by profound historical trends that have been unfolding in plain sight for at least two decades.

Globalization. We are all now capable of connecting and traveling to work across borders in every direction and combination. Unlike any other time in history, we can all look forward to a lifetime of interdependency and competition with a rising global youth tide from every corner of this ever-flattening world.

Technology. The pace of technological advance today is unprecedented. Information. Computing. Communication. Transportation. Commerce. Entertainment. Food. Medicine. War. In every aspect of life, anything can become obsolete at any time – possibilities appear and disappear swiftly, radically, and often without warning.

Institutional insecurity. Ours is a world threatened by terrorism and environmental cataclysm, one in which the economy fluctuates wildly from boom to bust; governments sometimes shut down or run out of money; and great companies conquer or fail or merge or continually downsize, restructure, and reengineer. Institutions in every domain have been forced into a constant state of flux just in order to survive and succeed in this constantly changing world. We all

know that we cannot anymore rely on institutions to be the anchors of our success and security.

The information environment. We are all now forced to think, learn, and communicate in a never-ending ocean of information. Ours is an information environment defined by wireless internet ubiquity, wholesale technology integration, infinite content, and immediacy. We have infinite access to information and ideas and perspectives – unlimited words, images, and sounds.

Human diversity. In every dimension, the world is becoming more diverse and more integrated. Each generation is more diverse than the last. That's true in terms of geographical point of origin, ethnic heritage, ability/disability, age, language, lifestyle preference, sexual orientation, color, size, and every other way of categorizing people. Every single individual, with his/her own combination of background, traits, and characteristics, is his or her own unique diversity story.

Virtual reality. We are all plugged in to an endless stream of content and in continuous dialogue – through social media-based chatting and sharing and gaming – forever mixing and matching and manipulating from an infinite array of sources to create and then project back out into the world our own ever-changing personal montage of information, knowledge, meaning, and selfhood.

3) Transformation in the Very Nature of Employment

The worldwide business environment has become one of fierce competition, high risk, erratic markets, constrained resources, and unpredictable resource needs. Organizations and individuals are forced to adjust to the new normal of constant change and uncertainty.

Employers of all shapes and sizes are constantly trying to become more lean, flexible, and high performing.

Downsizing, restructuring, and reengineering are now accepted as constants of the workplace – taken for granted now as “continuous improvement.”

The myth of job security is dead. Employers are more likely to undertake major organizational changes that eliminate jobs regardless of employees' length of service. Such changes include mergers, acquisitions, spin-offs, restructurings, and liquidations. Employers are also more likely to implement new technologies that eliminate jobs due to reengineering. Meanwhile, there is a strong trend among employers of hiring fewer "employees" (full-time, exclusive workers), while hiring more contingent workers; and most employers' staffing strategies for the future continue to move in this direction. As a result, the number of traditional "employees" is diminishing as a percentage of the overall workforce, while the percentage of "contingent workers" is increasing. This has meant a fundamental change in employment practices, away from long-term stable employment relationships and toward a more efficient supply-chain management approach – known as human capital management. The goal is to optimize human resources: That means having the right people in the right places at the right times, employing them exactly as long as you need them and no longer, and paying them the market value of their contributions and no more. Because of these new realities, employers are now less likely to make formal or informal guarantees about continued employment and job security.

The new normal. Organization charts are flatter; layers of management have been removed; reporting relationships are more temporary; more employees are being managed by short-term project leaders instead of "organization chart" managers. Employers are less likely to award status, prestige, authority, flexibility, and rewards on the basis of seniority; and employers are more likely to award status, prestige, authority, flexibility, and rewards on the basis of short-term measurable goals. Employers are also reducing long-term fixed pay as a percentage of overall employee compensation, while increasing the percentage of variable performance-based pay; and employers' compensation strategies for the future reflect this change. Part of this new compensation strategy includes a reduction in the percentage of employee "benefits" (paid for by the company for full-time, exclusive workers) in relation to overall compensation. Further, employers are increasing the percentage of "employee services" (paid for by the worker on a pre-tax basis), such as health insurance and retirement savings.

“...traditional ‘employees’ are diminishing as a percentage of the overall workforce, while the percentage of ‘contingent workers’ is increasing.”

Employees today are much less likely to believe employers’ promises about long-term rewards. While many employees may doubt the sincerity of long-term promises, that is not the biggest problem. Many more employees worry that their prospects for receiving long-term rewards are vulnerable to a whole range of external and internal forces that might shorten the natural life of the organization employing them. Workers worry openly about events or circumstances that have little or nothing to do with business, such as politics, diplomacy, war, terrorism, and natural disasters. They worry about broad business-climate factors, including monetary policy, global market shifts, change in particular industries, and organizational changes. As well, they are acutely aware that the organization employing them might simply lose out in the fiercely competitive marketplace. Workers also worry about the continued employment of their immediate supervisors and other leaders who know them best.

The free-agent mindset is now the prevailing workforce mindset. Without credible long-term promises from employers, employees no longer labor quietly and obediently. Rather, most employees work anxiously to take care of themselves and their families and try to get what they can from their employers – one day at a time. People of all ages and all levels realize nowadays that they are “free agents” because they have no other choice.

There is no going back. There is no going back to the workplace of the past, in which the default presumption was that employer-employee relationships would be long-term, full-time, on-site, and based on a one-size-fits-all hierarchical career path. Because organizations will need to continually increase productivity, quality, and cost effectiveness, employment relationships will become increasingly short-term, transactional, and highly variable. The traditional employer-employee relationship will finally fade away.

Workforce of the Past - vs - Workforce of the Future

	Workforce of the Past	Workforce of the Future (And the Future Is Now)
Globalization	Means threat	Means opportunity
Technology	Eliminates jobs	Creates jobs
Institutions	Anchors of security	Hubs of resources
Information	To be gathered and analyzed	To be filtered, vetted, harnessed and leveraged
Change	Reluctant, cautious	Expected, embraced
Relationships	Hierarchical	Situational
Learning/Training Preferences	Directed and facilitated; defined curriculum; specific goal orientation	Self-directed, collaborative; ongoing, open-ended, and multiple-source
Communication Style	Formal, through proper channels	Constant, ongoing; high-tech and high-touch
Problem Solving	Relying on expertise and standard operating procedures	Forced to improvise due to so many “first ever” problems
Innovation	Research and development; trial and error	Iteration, testing, reiteration
Decision Making	Team informed	Team consulted, involved, and persuaded
Legitimate Authority	Position; rules; chain of command	Talent; respect; influence; quid pro quo
Attitude about Life and Career	Build a life around my career	Build a career around the kind of life I want to have
How They Look at Employers	Where do I fit in your organization?	Where do YOU fit in MY life story?
Work Habits and Conditions	One size fits all	Customization of everything
What They Look for in a Manager	Please just let me do my job...I'll let you know if there's a problem and please do the same for me	Please help me do my job...Give me guidance, support, and feedback every step of the way
Performance Evaluation	Annual or semiannual review	Regular and frequent; daily
What They Are Looking for in a Job (Other than Money & Benefits)	Job security	Flexibility
Leadership/Management Style	Authoritarian; directive	Coaching, teaching, dialogue; transactional

4) What Does the Generational Shift Mean for Employers?

As the aging Baby Boomers exit the workforce, they will take with them a great deal of skill, knowledge, wisdom, institutional memory, relationships, and the last vestiges of the old-fashioned work ethic. Organizations with significant “age bubbles” in their employee demographics will be facing these losses and cascading consequences as their aging workers leave the workforce. This will require dedicating substantial resources to support knowledge-transfer and what we call “wisdom transfer,” as well as flexible retention, succession planning, and leadership development.

As the global youth tide continues to rise, the new young workforce will bring a whole new set of expectations and behavior that takes for granted the short-term transactional nature of employment. Organizations that rely disproportionately upon young workers have a permanent “youth bubble” in their employee demographics. Such organizations will be facing the challenges of an increasingly high-maintenance workforce in which employees will not hesitate to make suggestions, special requests, and demands – in particular related to rewards and flexible work conditions. This will require dedicating substantial resources to staffing strategy, attraction, selection, on-boarding, training, performance management, accountability, differential rewards, and retention.

Organizations with significant “youth bubbles” will also face the retention challenge we call “the development investment paradox.” The paradox is that employers must invest in developing their new young employees, but the more an employer invests, the more negotiating power the new young employee has in a short-term transactional labor market. With the employer’s development investment in hand, the new young employee becomes more valuable and can leverage the employer’s development investment by selling it to another employer or by negotiating for increased rewards. This gives today’s most valuable young employees more negotiating power in the employment relationship at an earlier stage in employment. What appears as “high-maintenance” is actually this new power to ask for more.

Employers will have many fewer long-term traditional employees. There will be many more people who flow in and out of organizations – in highly variable roles and arrangements. The most successful employers will still maintain core groups of key talent and critical longer-term stakeholders. But these core groups will get smaller and smaller. Meanwhile, any work that can be streamlined will be done through highly efficient production (“churned and squeezed labor”) that can be staffed-up quickly and staffed-down just as quickly. Employers will need to have many more fluid/flexible ways to employ people and leverage talent – full-time, part-time, flex-time, on-site, off-site, telecommuting; as consultants, temps, vendors, franchisors, franchisees.

Employers will face perpetual staffing shortages. The pressure to get more and more work out of fewer and fewer people means staying lean staffed, always. At the same time, the rising demand for high-skilled labor – especially in the STEM (Science, Technology, Engineering, and Math) fields – promises ongoing staffing shortages and technical skill gaps. Employers in every industry will be struggling to attract, motivate, and retain the best talent.

The successful organization will have as many different career paths as it has people. Flexible work conditions, learning/knowledge management, pay-for-performance, and coaching-style leadership will be the keys to being an “employer of choice” for in-demand talent. The ability to get people on board, up to speed, and delivering results quickly will be the key to most staffing challenges. Opportunities to earn more money and flexibility will go to the employees who most consistently deliver the most value. Employers will be forced to pay high premiums with lush benefits, lavish work conditions, and lots of flexibility for in-demand talent: What we call “dream jobs for superstars.” As well, more and more non-superstars will be looking for more and more of at least some of these “dream job factors.”

5) What Does the Generational Shift Mean for Individual Workers?

Individual workers of all ages are living through these profound changes together. The biggest difference between older workers and younger workers today is that the older workers are experiencing radical change while the younger workers have never known the world any other way. Millennials are shaped by the same forces shaping the workplace of the very near future.

Individual workers of all ages today know that job security is dead. Most workers today – regardless of generation – assume that most employment relationships will be relatively short-term and transactional. In relative terms, older workers tend to lose and younger workers tend to gain – at least in the short term – from the diminishing importance of seniority and longevity of employment.

Individual workers of all ages today are under more pressure than ever as work becomes more demanding for everyone. In every industry, in nearly every organization, individuals are working harder and facing increasing pressure to work longer, smarter, faster, and better. Meanwhile, workers must routinely learn and utilize new technologies, processes, practices, skills and knowledge, all the while adjusting to ongoing organizational changes which cause growing fear of imminent job loss. While younger workers may have certain advantages in this environment, they tend to suffer more than older workers when they receive less management guidance and support.

Individual workers of all ages today want, expect and often request greater flexibility in work conditions. As the pressure increases, so does the need for some relief from the pressure. That's why "work-life balance" is such a powerful counter-trend. What "work-life balance" means most of the time is "more control over my own schedule." The rest of the time it means "flexible location" or "flexible dress" or "flexible something." Sometimes it means an employee can bring his dog to work. People of all ages want greater flexibility in their work conditions. The biggest difference with Millennials is that they are much more likely to make specific requests for

"The biggest difference between older workers and younger workers is that... younger workers have never known the world any other way."

immediate (rather than long-term) increases in pay, benefits, and work conditions and they are more likely to make those requests earlier in their tenure of employment than workers of previous generations would have.

6) What Does the Generational Shift Mean for Leaders, Managers, and Supervisors?

Managing people is going to keep getting harder. It has always been hard to manage people, but it's going to get harder as the workplace becomes more and more high-pressure and the post-Boomer workforce becomes more and more high-maintenance.

High-pressure workplace. Managers will be under ever-increasing pressure from senior executives to get more work and better work out of fewer employees, while utilizing fewer resources. Even while managers juggle their own tasks and responsibilities, managerial spans of control (the number of employees officially reporting to each manager) are still increasing and most managers also have a steadily growing burden of administrative duties. It seems to most managers that they have less time than ever to devote to people-management, even as workers of all ages need more regular guidance, direction, support, and coaching in this high-pressure workplace. Younger workers typically require more regular guidance, direction, support, and coaching. Millennials in particular – stereotypically raised by “helicopter parents on steroids” – tend to thrive on strong, highly-engaged leadership; the more structure and boundaries the better. Millennial workers are very unlikely to give their best efforts to a leader whom they perceive as weak or disengaged.

High-maintenance workforce. Managers will need to deal with and accommodate the growing needs and expectations of an increasingly diverse post-Boomer workforce. Workers of all ages today rely every day on their immediate managers for help meeting their basic needs and expectations and dealing with a whole range of day-to-day issues that arise at work. Millennials are the most likely to make specific requests regarding work conditions including the assignment of tasks, resource planning, problem solving, training, scheduling, work

location, work space, dispute resolution, guidance, coaching, recognition, promotions, raises, benefits and other rewards.

High-maintenance workforce, take two. Workers of all ages today are more likely to disagree – often privately and sometimes openly – with their employers’ stated missions, policies, and decisions. Millennials are the most likely to disagree.

High-maintenance workforce, take three. Workers of all ages are more likely to question or challenge employers’ rules, managers’ instructions, employment conditions, and established rewards structures. Millennials are the most likely to question or challenge.

Most workplaces are severely under-managed considering the requirements of the post-Boomer workforce. For workers of all ages, weak leadership – what we call “under-management” – leads to diminished productivity, greater worker error rates, lost resources, increased conflicts among coworkers and other personnel problems, higher turnover among high performers and lower turnover among low performers, as well as managers spending more time on lower level tasks. In today’s increasingly high-pressure workplace, with today’s increasingly high-maintenance workforce, managers cannot afford to be weak and disengaged.

To be effective in today’s environment, managers must be strong and highly-engaged. Highly-engaged means conducting ongoing structured communication to provide every worker with regular guidance, direction, support and coaching. Strong means finding ways to do more for workers when they really earn it. That means doing more for some workers and less for others, based on their performance. That means holding people strictly accountable on a daily basis: Setting expectations clearly, providing candid feedback, correcting problems, rewarding good work, and especially rewarding discretionary effort.

Conclusion

This “Great Generational Shift” underway in the workforce today is an epic turning point. It is a shift in the demographics of the workforce, but also in the norms and values of the workforce, and a corresponding transformation in the very fundamentals of the employer-employee relationship. The “Great Generational Shift” presents a whole new set of challenges for employers in every industry, employees of all ages, and for managers at every level. We hope this White Paper will help you plan and prepare for the challenges ahead. Let us know if you need our help.

– Bruce Tulgan, Founder/CEO, RainmakerThinking, Inc. ®

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About RainmakerThinking, Inc.

RainmakerThinking, Inc. is a management research, training, and consulting firm and the leading authority on generational issues in the workplace. It was founded in 1993 by best-selling author Bruce Tulgan.

RainmakerThinking continues to lead three longitudinal workplace studies: THE GENERATIONAL SHIFT IN THE WORKFORCE (since 1993), LEADERSHIP, MANAGEMENT, AND SUPERVISION (since 1995), and HUMAN CAPITAL MANAGEMENT (since 1997). Hundreds of thousands of individuals from hundreds of different organizations have participated in this research since 1993.

Based on our ongoing research, RainmakerThinking has provided custom research, training, and consulting services for more than 400 different organizations ranging from the United States Army to Wal-Mart. RainmakerThinking has produced twenty books, hundreds of articles, and has been the subject or source for thousands of news stories around the world.

About Bruce Tulgan

Bruce Tulgan is internationally recognized as the leading expert on young people in the workplace and one of the leading experts on leadership and management. Bruce is a best-selling author, an adviser to business leaders all over the world, and a sought-after keynote speaker and management trainer.

Bruce is the author of numerous books including his most recent book, *Bridging the Soft Skills Gap: How to Teach the Missing Basics to Today's Young Talent* (Wiley, 2015), the best-seller *It's Okay to Be the Boss* (HarperCollins, revised & updated 2014), *The 27 Challenges Managers Face* (Wiley 2014), and *Not Everyone Gets a Trophy* (revised & updated, 2016). Bruce's first book was the classic, *Managing Generation X* (W.W. Norton, 2000; first published in 1995).

He lives in New Haven, Connecticut with his wife Debby Applegate, Ph.D., who won the 2007 Pulitzer Prize for Biography for her book *The Most Famous Man in America: The Biography of Henry Ward Beecher* (Doubleday, 2006).