

## Five generations: Is the need for new workplace structures myth or reality?

### Don't dwell on the differences: Evidence for Generation We

#### Executive Summary

With five generations in the workplace today, organizations have an opportunity to challenge the concept that a multi-generational workforce may not be as happy or productive as others due to generational differences.

Is the conventional wisdom about generational differences in the workplace correct? Does a firm's leadership have to motivate someone much older in a different way than someone younger? Do employees of different age groups need to be catered to? Are age differences really the reason for poor knowledge sharing? What can be done to encourage employees of different generations to work together to increase productivity and, ultimately, the value and reputation of the organization? While these questions and more will be answered throughout this paper, it is important for business leaders and real estate professionals to consider the generational differences in the workforce and the manifestations of generational tension.



"It's your job to help your employees recognize that they each have distinct sets of skills and different things they bring to the table,"<sup>1</sup> said Jeanne Meister, partner of the executive development firm Future Workplace and co-author of *The 2020 Workplace*. But do organizations really need to provide specific differentials in the work environments, technology and HR protocols we provide to a multi-generational workforce? Or does the real path to a productive environment, greater staff well-being, and higher, sustainable operating margins and profits arise from better engagement and communication with employees? In other words, does that path result from developing the 'we' generation rather than the 'me' generation? We intend through the course of this white paper to examine these issues, allowing our readers to direct their thoughts to how their own organization may better manage a multi-generational workforce to increase profit and business value.

#### A LEADERSHIP PERSPECTIVE

*"We have tried to create an environment to satisfy the needs of all of our people. Complexities are not only generational, but across geographies, business units, and through levels of technology enablement. Providing work settings that support various activities that one may participate in throughout the day is being driven by the immense amount of data and analytics we now have. Creating a workplace of the past is not an acceptable option and creating a work environment that supports all age groups to support collaboration, mentoring and learning from each other drives our high-performing teams and strengthens engagement. We also recognize that through technology enablement and data analytics that the office is not the only work environment for our people."*

Trex Morris, Global Real Estate Leader, EY<sup>2</sup>

<sup>1</sup> Knight, Rebecca, "Managing People from 5 Generations". *Harvard Business Review*. September 25, 2014.

<sup>2</sup> Morris, Trex. Telephone interview. September 2, 2015.

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Who do you think you are?

The shorthand to describe the five generations that are now associated with the global workforce goes something like this<sup>3</sup>:



### A global picture: The rise of millennials (Generation Y)

There are some very valid arguments for focusing on the demographics<sup>4</sup> of the workforce in order to address business risks and increase profits and business value. According to the U.S. Census Bureau, in the U.S. alone, millennials are the largest generation YET – some 83.1 million strong, which represents more than one quarter of the nation's population.<sup>5</sup> This generation is starting to have a major impact on the workplace. By 2020, it could make up nearly half the global workforce even with many baby boomers delaying retirement.

<sup>3</sup> Novak, Jill. "The Six Living Generations in America". [www.marketingteacher.com](http://www.marketingteacher.com). May 8, 2014.

<sup>4</sup> Miller-Merrell, Jessica. "Introducing the Five Generation Workplace". [www.blogging4jobs.com](http://www.blogging4jobs.com). February 28, 2013.

<sup>5</sup> *Millennials Outnumber Baby Boomers and Are Far More Diverse*, Census Bureau Reports. U.S. Census Bureau news release. Release Number: CB15-113. June 25, 2015.

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## MILLENNIALS HAVE BIG SHOES TO FILL

2015

2025

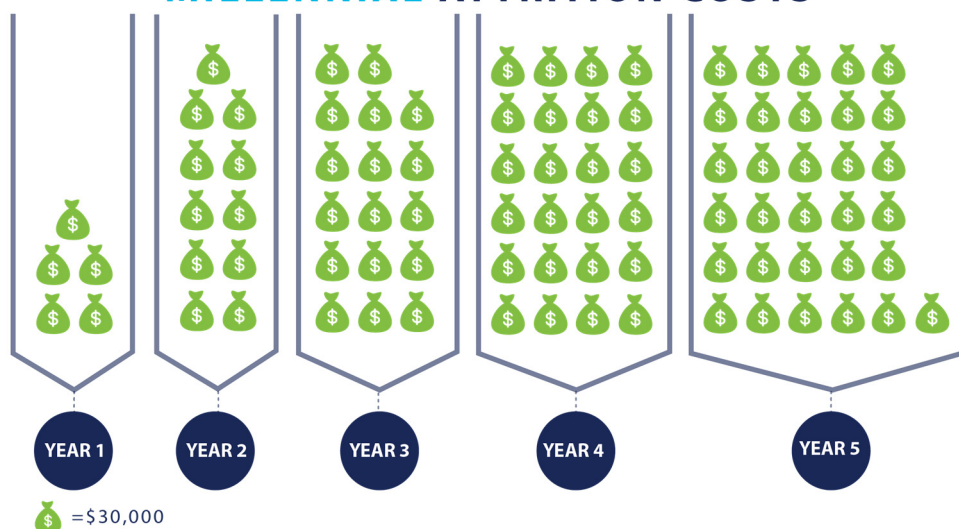
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☞ = \$1,000,000

The baby boomers are leaving big shoes to fill. It is estimated that there could be 5.5 million unfilled knowledge worker jobs due to retiring baby boomers in the U.S. by 2020.<sup>6</sup> Many are beginning to leave the workforce and are taking their knowledge and expertise with them. While some of these roles are being filled by gen-Xers, many can only be filled by millennials.<sup>7</sup>

Millennial attrition costs are currently viewed as one of the biggest business risks with turnover rates being nearly twice that of older workers. For an organization of 1,000 employees, the additional cost of replacing millennials could average as much as \$300,000 annually.

## MILLENNIAL ATTRITION COSTS



These are real issues for organizations and certainly can be viewed as age-related; but is every issue being linked to generational differences? Consider this: Are organizations in danger of using generational stereotyping as an excuse for not engaging fully with the workforce to build business transformation solutions that drive improved employee retention and knowledge sharing?

### A LEADERSHIP PERSPECTIVE

*"The key for us has been the amount of data we have gathered. Getting feedback from our local team is why our work style survey has been so important. We can come back and tell them, "You are so similar to everybody else" or "Your people are commenting about the similarities; here are any major tweaks or differences." You are listening to the people rather than having a canned solution."*

Trex Morris, Global Real Estate Leader, EY<sup>8</sup>

<sup>6</sup> Hansen, Tim. "The Future of Knowledge Work, Intel Workplace Transformation". White paper. 2014.

<sup>7</sup> Lutz, Ashley. "See How Millennials Are Quickly Taking Over the Workplace". *Business Insider*. August 3, 2012.

<sup>8</sup> Morris, Trex. Telephone interview. September 2, 2015.

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## Where the stereotypes can lead

It is common to hear negative stereotypes — such as, the silent generation who can't learn technology and will never retire; the boomers who are resistant to change and tend to micro-manage; the cynical gen-Xer who prefers to work alone; and the entitled millennials who are permanently connected to their smartphones. Too often, these stereotypes are used to dwell on the differences between people in the workforce and, in turn, their requirement for different work environments and supporting technologies.

According to Jennifer Deal,<sup>9</sup> a research scientist with the Center for Creative Leadership who surveyed 3,000 U.S. corporate leaders, such stereotypes are not valid.

"Our research shows that when you hold the stereotypes up to the light, they don't cast much of a shadow," wrote Deal. "Everyone wants to be able to trust their supervisors, no one really likes change, we all like feedback, and the number of hours you put in at work depends more on your level in the organization than on your age."

Undoubtedly, people of different generations see the world — and, in turn, their workplace — in different ways, but are generational differences used too often as an excuse for the underperformance of our people? Could this lead to misdirected capital investment schemes that bring limited return on investment (ROI) in regards to real productivity improvements?

In a recent survey by Cornerstone OnDemand,<sup>10</sup> 2,009 Americans aged 18 and over who are in full-time employment were asked about their workspace and what matters:



The results shown on the left clearly suggest that many of the stereotypes attributed to generational differences are far from true. Regardless of the generation, there is a pressing need for privacy — not only for heads-down work, but to cope with the intensity of work today.

To address the needs of employees, organizations have to rethink their assumptions about generational conflicts, which are largely driven by miscommunication and misunderstanding.

### A LEADERSHIP PERSPECTIVE

*"While productivity is tough to measure, we want to ensure our workplace does drive high performance and is user-friendly for the entire workforce. We want our people to get great value out of the workplace and ensure the work environment supports the way we are working today and looking ahead at tomorrow."*

Trex Morris, Global Real Estate Leader, EY<sup>11</sup>

<sup>9</sup> Deal, Jennifer. *Retiring the Generation Gap: How Employees Young & Old Can Find Common Ground*. Jossey-Bass. 2006.

<sup>10</sup> *The State of Workplace Productivity Report*. Cornerstone OnDemand. November 10, 2014.

<sup>11</sup> Morris, Trex. Telephone interview. September 2, 2015.

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## Common ground across generations

In her recent research,<sup>12</sup> Deal found some important similarities across all generations:

- **All generations have similar values.** For example, family tops the list for all of the generations. The most striking result of the research, Deal says, is how similar the generations are on the values that matter most.
- **Everyone wants respect.** Everyone wants respect, but the generations do not define it in the same way. In the study, older individuals talked about respect in terms of "giving my opinions the weight I believe they deserve," while younger respondents characterized respect as "listen to me, pay attention to what I have to say."
- **Leaders must be trustworthy.** Different generations do not have notably different expectations of their leaders. Ultimately, people of all generations want leaders they can trust.
- **Nobody likes change.** The stereotype is that older people resist change while younger people embrace it. These assumptions do not stand up under the research, which found that people from all generations are uncomfortable with change. Resistance to change has nothing to do with age; it has to do with how much you stand to gain or lose as a result of the change.
- **Loyalty depends on context.** It is said that younger generations are not as loyal to their organizations as older workers. However, the research shows that the amount of time a worker puts in each day has more to do with his or her level in the organization than with age. The higher the level, the more hours worked.
- **Everyone wants to learn.** Learning and development were among the issues brought up most frequently by people of all generations. Everyone wants to learn and to ensure they have the training to do their job well.
- **Everyone likes feedback.** According to the research, everyone wants to know how they are doing and to learn how they can do better.

## Busting the myth

As business leaders and real estate professionals, we may believe we are entering a new era where workplaces, employee engagement and development strategies need to be customized to fit the generations. That perception is a myth. The reality is that all generations have similar values, resulting in more similarities across generations in the workplace than differences. Yes, those values may present differently for different generations, such as with the example of respect described above. But the promotion of a 'we' culture built on recognizing, engaging and developing employees pays dividends. One clear way this can be reflected in our physical environment is by focusing on activity-based work and providing 'places to work' rather than workplaces.

### A LEADERSHIP PERSPECTIVE

*"Every location is unique, yet when we do our workstyles surveys (which is the start of our change management process), we find the results are very similar as we look across the globe. People feel like they do not have to come into the office to be seen but they come into the office for a purpose which is all about how we want to support our clients."*

Trex Morris, Global Real Estate Leader, EY<sup>13</sup>

<sup>12</sup> Deal, Jennifer. *Retiring the Generation Gap: How Employees Young & Old Can Find Common Ground*. Jossey-Bass. 2006.

<sup>13</sup> Morris, Trex. Telephone interview. September 2, 2015.

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## Developing a 'We' generational workplace

Shifts in business performance and productivity are, of course, driven in part by the age of the workforce, but the evidence that generational differences are a major factor in this are slim.

As more and more businesses look for workplace solutions that will directly improve the bottom line, they understand the importance of employee-wide engagement in developing productivity-first solutions that can be supported by the right real estate strategies.

### A LEADERSHIP PERSPECTIVE

*"At the end of the day, we do this to best support our clients and to be an employer of choice which is what sets EY apart. However, if we do it right, some of our investments in technology and people do get offset by a reduction in our occupancy costs as we create a new workplace that is so much more aligned to the Business, HR and IT strategies."*

Trex Morris, Global Real Estate Leader, EY<sup>14</sup>

In the past, real estate professionals have been focused on achieving cost savings, reducing risk, generating free cash flow, providing environments that fit a purpose, and delivering functional improvements via a traditional cost and portfolio-based approach involving such elements as space analysis, redesign, furniture, architecture, etc.

The 'we' generation workplace-strategy approach also accounts for the human factor: people management, communication, leadership buy-in, engagement, recruitment, retention and motivation.

Keynote presentations and roundtable discussions from a recent Property Directors Forum session<sup>15</sup> confirmed that the top priority for creating an effective workplace strategy is now maximizing employee productivity followed closely by attracting and retaining the best talent. Space was important in helping support the more significant drivers of value. Additional results of the roundtable debates concluded that organizations today are focused on:



- Increasing employee engagement, satisfaction and retention
- Creating environments that foster innovation and collaboration
- Reducing occupancy costs and associated supply costs
- Increasing an enterprise's ability to attract talent
- Developing cultures that are more prepared to adapt to the changing nature of work and the needs of the enterprise – 'places to work' not 'workplaces'

All of these features are linked and are central to a 'we' real-world workplace strategy. The outputs of a workplace strategy will, in turn, drive key policies around demographics, real estate, facilities, IT, HR reward and training.

<sup>14</sup> Morris, Trex. Telephone interview. September 2, 2015.

<sup>15</sup> *Maximising your Business's Value through Workplace Strategy*. Proceedings from Property Directors Forum, London, UK. June 18, 2015.



### Organizational initiatives for the 'We' Generation – 'places to work' rather than workplaces

Many businesses are already changing the way they view work, and by adopting new initiatives, they are supporting employees of all generations in their attempts to meet personnel and organizational targets. Continued improvement derived from better communication and engagement is being driven by the need to create higher, sustainable operating margins and profits. These initiatives may well be the building blocks that will dictate the way we work in the future.

- **Human resources:** Shifting towards more flexible working contracts to increase the mobility of employees and entrepreneurs and support an emerging range of unconventional working patterns.
- **Real estate:** Portfolios that are dispersed, focused more on delivering the needs of occupiers, and multi-purpose functions, adaptability in where and how they are located.
- **Facilities management:** Technology-based service solutions that focus on end-user needs and greater demand for agility.
- **Technology:** Solutions that can be both long- and short-term and created on demand to meet the agility profiles of employee roles and innovations in the market.
- **Wellness:** Providing employees with eco-friendly environments that enhance productivity, reduce the chance of stress-related illness and promote well-being.
- **Organizational framework:** Changes to management competencies to deal with dispersed team structures, and tailored training programs aligned to remote managing.
- **Service excellence:** Tracking the user experience and continually improve environments through intuitive employee-to-workplace interfaces.

### Conclusion

Generational differences are certainly not a myth; however, the belief that they should be the sole reason for new workplace structures fails to recognize the reality of today's complex and fast-changing global economy. Finding a balanced approach that builds harmony between the generations should be part of any organizational workplace initiatives and can be achieved by:

1. Understanding the make-up of your workforce;
2. Embracing flexibility and scalability in the built environment to promote collaboration;
3. Matching workspace with work styles to optimize the utilization of space;
4. Mixing generations to enhance the transfer of experience and energy;
5. Engaging and communicating to build trust and successfully implement strategies;
6. Defining and promoting a vision for your future workplace;
7. Providing environments that allow knowledge workers to collaborate easily;
8. Remembering the need for balance between 'privacy and transparency';
9. Integrating co-working environments into the portfolio in major urban markets; and
10. Supporting the virtual workforce.

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## About Avison Young

Avison Young is the world's fastest-growing commercial real estate services firm. Headquartered in Toronto, Canada, Avison Young is a collaborative, global firm owned and operated by its principals. Founded in 1978, the company comprises 2,100 real estate professionals in 75 offices, providing value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial and multi-family properties.



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