Workforce Management

Feature: Deloitte Reaches Across Generations

Deloitte Reaches Across Generations

The consulting firm's growth strategies hinge on its ability to blend employees from four different eras into a cohesive workforce.

By Garry Kranz

W. Stanton Smith has written the book on the widening generation gap in the American workplace—literally. Don't look for Smith to do promotional book signings or speaking engagements, though.

His book, *Decoding Generational Differences: Fact, Fiction, or Should We Just Get Back to Work?* is part of a cultural learning exercise at Deloitte, one of the Big Four accounting and consulting firms. Deloitte is a global company with several lines of business and advisory services. In the U.S. alone, where Deloitte has offices in about 80 cities, its business units generated $9.8 billion in combined revenue in 2007.

Decoding Generational Differences is part of a series of internal executive briefings that aims to help Deloitte's leaders understand, and capitalize on, the generational diversity of its 37,000 U.S. workers.

It is not some stodgy treatise about learning theories. The narrative is informative and entertaining, blending humor and strategic thinking into a volume that can be quickly read by Deloitte leaders.

Four generations of employees work at Deloitte: veterans (those born before 1946), baby boomers (born between 1946 and 1964), Generation X (born between 1965 and 1980) and Generation Y (born after 1980). Each group embraces different attitudes and has different expectations from their jobs, complicating the task of professional development, says Smith, who serves as Deloitte's national director of next-generation initiatives.

"Our research has born out that there are real differences that can be bridged. But those differences are not just figments of someone's imagination," nor can Deloitte managers ignore them and remain credible with employees, Smith says.

Deloitte, along with other large consulting firms, must weather a storm in the labor market. Stricter accounting and auditing regulations will trigger employment growth in the field of 18 percent by 2016, or about 226,000 new accounting and auditing jobs, according to the federal Bureau of Labor Statistics. That is faster than the average growth rate for all occupations.

Yet the supply of new talent entering the profession is well below the levels needed to meet anticipated demand. In fact, finding successors and developing new talent are two top concerns cited by accounting firms in a 2007 survey by the American Institute for Certified Public Accountants, a trade group based in New York.

Deloitte, with two-thirds of its customer-serving business consultants age 35 or younger, perhaps feels the pangs of the generation gaps more profoundly than most. Smith's title reflects an emerging business strategy at Deloitte to recruit and develop a new generation of business consultants and accountants.

"The young have always appeared different to their elders, but the current Gen Xers and Gen Yers—and particularly Gen Y—seem increasingly different in high-impact ways," Smith says. "Our issue at Deloitte is, how can we become attuned to these young people, who now constitute the majority of our workforce below the partner, principal and director level?"

Smith and his research team at Deloitte discovered three main "dividing lines" that distinguish Generations X and Y from baby boomers and veterans: namely, the younger generations' heavy reliance on technologies, their attitudes about how and when work gets accomplished and rewarded, and a "consumer mind-set," in which they expect employers to demonstrate exceptional interest in their professional growth.

Younger employees expect constant challenges and stimulation, Smith says. That requires Deloitte's managers to learn new ways of coaching, mentoring and communicating expectations.

"We are addressing [the issue] by being willing to answer more questions and by showing people that there is value in the way we're asking them to work," Smith says.

Deloitte's story probably sounds familiar. Companies of varying sizes—but particularly larger firms with more to lose—are grappling with how to address career planning amid momentous demographic shifts in the U.S. labor market.

Frustrating many companies' attempts is the arm's-length view young people often adopt toward jobs and careers, says training consultant Dianne Durkin, president of Loyalty Factor in Portsmouth, New Hampshire.

"These [newcomers to the workforce] want three things from a job: flexibility, fun and money. But the reality is that they're not willing to sacrifice" for the sake of work, and that's an attitude that can be maddening to their baby-boomer managers, Durkin says.

The laws of supply and demand also favor Generation X and Y workers, who have the leverage to demand more from prospective employers. This appears especially true in the professional services field.

Based on Deloitte's research, Smith says there are about 16.5 million high school students in the U.S. in grades 9 through 12. But only about one-third of that number, or 5.4 million high school graduates, will earn college degrees during the next four to six years.

Furthermore, only 2 percent of those college grads have evinced an interest in accounting, consulting or related careers, which equates to about 31,000 new entrants to the job market each year. That compares with about 54,000 accounting graduates who join the profession annually now.

All told, the Big Four professional services firms hire 20,000 to 25,000 students directly from college each year, setting up a fierce scrimmage for a dwindling supply of talent.

"The worst case is that the industry could see about a 40 percent drop in supply" during the next several years, Smith says.

Deloitte can't change the demographic realities, but it is adopting an "offense is the best defense" strategy. A major component lies in the concept of what Deloitte calls "mass career customization." The objective is to help employees envision their careers through a series of interactive exercises and online resources. Employees are urged to think not only about their current role, but how careers tend to ebb and flow over time.

Deloitte has established a Web site that gives employees a "consistent framework" for exploring their career options. Insala, a Dallas-based software company, provides users with fresh content and a suite of career management tools.

Included are self-assessment modules, a template for beefing up their résumés, as well as access to virtual coaches, a team of about 15 HR generalists and recruiters within Deloitte.

In concert with their managers, Deloitte's workers are given an opportunity to imagine their careers on four different dimensions: their current role, the pace at which they choose to develop, the geographic location and/or types of future jobs, and their workload.

Deloitte doesn't want to think of its employees merely as assets, says Smith, but as human beings with goals, preferences and aspirations.

The idea isn't to lock people into a career plan, but rather to give them a defined set of jobs they could grow into at Deloitte.

The customized career tools appear to be a big hit. Roughly 10 percent of Deloitte's U.S. employees access the online resources each week, a fairly high usage rate, says Phillip Roark, Insala's president and CEO.

More important, the program is paying dividends in the form of higher retention. Each time an employee leaves, it costs Deloitte about $150,000 to recruit a replacement, based on average annual salaries of $75,000. Since launching the Mass Career Customization program in 2002, Smith estimates that about 1,000 employees have elected to stay at Deloitte who otherwise would have left.

Multiply 1,000 people by a factor of two times their annual salary, "and you're talking about real money," Smith says.

Initially open through a pilot program to about 7,000 Deloitte employees, the customized career program eventually will target every member of the company's U.S. workforce. Within a year, Smith says, each employee is expected to start preparing an individual long-range career profile, in conjunction with their direct managers.

Leaders shoulder major responsibilities for employee learning at Deloitte. Sometimes that means overcoming long-ingrained negative stereotypes that senior workers harbor toward less-experienced colleagues.

"Some of our partners look at our younger employees as slackers who don't want to work as hard as they did. The fact is that [younger employees] grew up in a very different world, and it's unreasonable to expect them to behave the way people did 30 or 40 years ago," Smith says.

For example, only about 4 percent of Deloitte's employees take advantage of flexible-work arrangements, although the company encourages their use. The most often cited reason for not seeking flexible schedules is that people believe it might automatically disqualify them from advancement opportunities.

Deloitte is educating its leaders to let employees know that using these programs won't harm their chances of earning promotions, Smith says.

Durkin, the training consultant, applauds Deloitte's proactive approach. She says employee development can be especially effective with younger employees, despite their mercurial nature.

"The reality is that once they get into a good job situation, they're like most people: They hate to move," Durkin says.

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