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## Leading Financial Professionals in a Multi-Generational Workplace: Strategies for the Future that Continue to Serve Clients

Southern California

Association for Financial Professionals



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## Memory Lane Ice Breaker

- Pair Up With Someone
- Identify Markers That Changed Your Generation, e.g.:
  - Music & entertainment
  - Politics & society
- Discuss How Your Markers Impact Your Attitudes & Behavior Today



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## Overview

- Challenges Facing the Treasury/Cash Management Industry
- Meeting the Generations
- The Generations as Clients
- The Generations as Colleagues
- Taking Action



## Challenges Facing The Treasury/Cash Management Industry

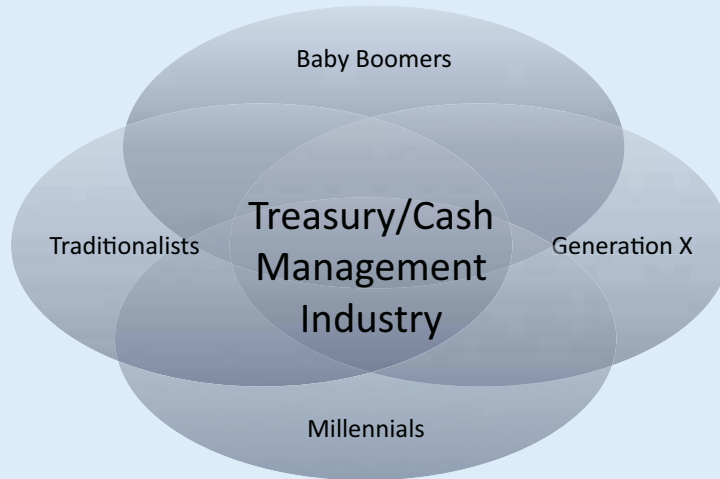
- Changing Client Needs & Expectations
  - Financial values & education
  - Communication channels
  - Delivery of financial services
- Changing Employee Needs
  - Aging workforce and below 1:1 replacement ratio
  - Employment in the field is projected to grow about 29 % through 2018
- Changing Employee Talent Pool
  - Skills sets
  - Interpersonal styles & incentives
  - Work/life balance expectations
  - Attitudes toward financial services
  - Increased regulation



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Association for Financial Professionals;  
Bureau of Labor Statistics; Deloitte Consulting

## Facing the Challenges: Four Generations & Financial Services



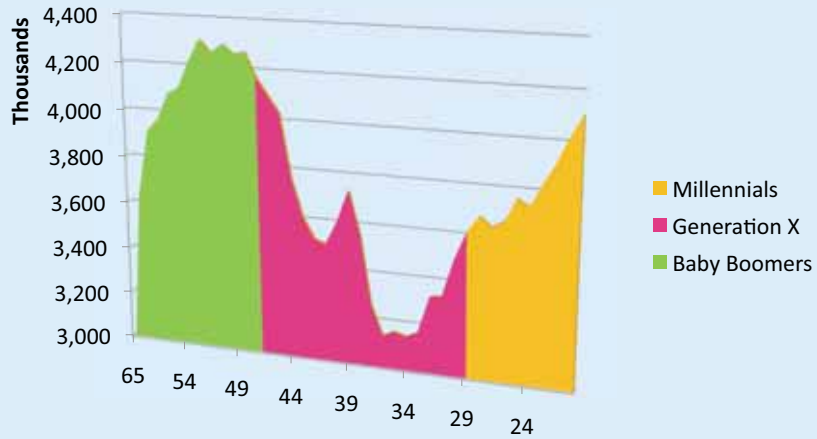
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## US Birthrates



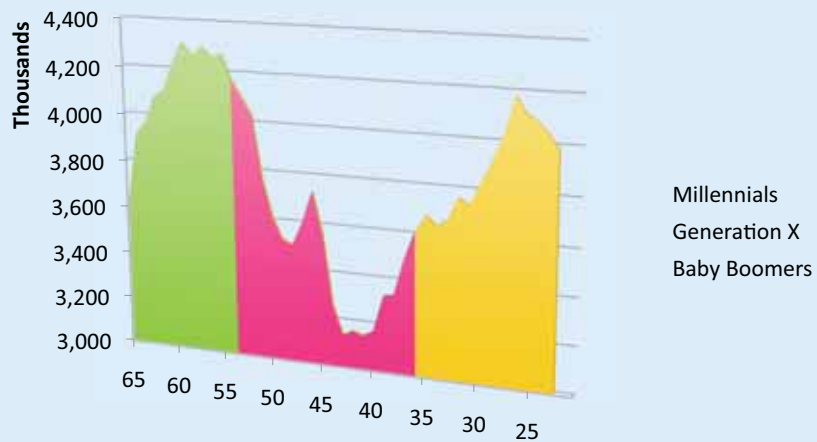
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## US Working Population (2010)



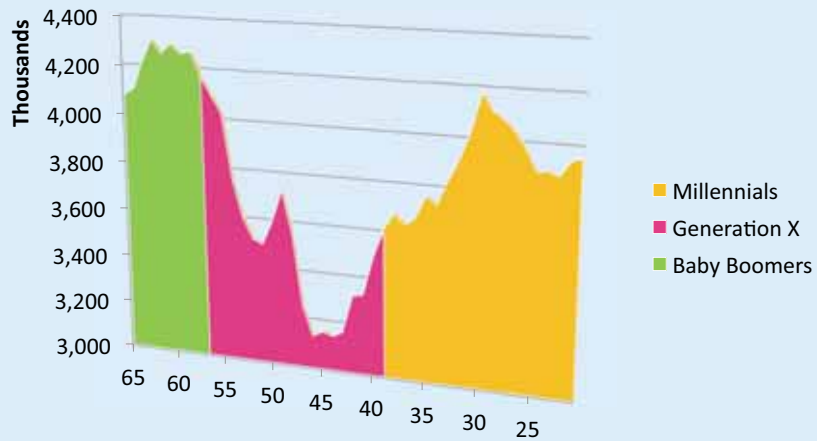
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## US Working Population (2015)



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## US Working Population (2020)



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## Meeting Challenges by Meeting Four Generations!



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# Defining The Generations

## The Generational Language Of Doors

- Traditionalists
  - Born 1925-1943
  - “Schedule an appointment”
- Baby Boomers
  - Born 1944-1962
  - “If my door is open, knock & ask if you can come in”
- Generation X
  - Born 1963-1981
  - “Check my cubicle to see if I’m there”
- Millennials
  - Born 1982-2000
  - “Door, What Door?”



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# Traditionalists (1925-1943)

## *“Schedule an Appointment”*

- Influences Growing Up...
  - Great Depression
  - Silver screen & radio
  - World War II & Korean War
  - Growth of suburbia & travel to work
  - Play clothes & school clothes
- Values Today...
  - Patience & loyalty
  - Hierarchy & authority
  - Hard work & dedication
  - Public recognition
- Financial Experiences...
  - Cash
  - Lay away
  - Saving for a rainy day



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## Baby Boomers (1944-1962)

*"Knock and see if you can come in"*

- Influences Growing Up...
  - Little League & Halloween
  - Television & rock radio
  - Vietnam War
  - Women's & civil rights; political assassinations
  - "Summer of Love"
- Financial Experiences...
  - Credit cards
  - 401(k)'s
  - 37% have significantly changed spending habits due to economy
- Values Today...
  - Water cooler talk
  - Professional identity
  - Competitive nature
  - Optimistic outlook
  - Health & wellness



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## Generation X (1963-1981)

*"Check my cubicle to see if I'm even there..."*

- Influences Growing Up...
  - Tripled divorce rate
  - Corporate downsizing
  - AIDS
  - Challenger explosion
  - MTV & video games
- Financial Experiences
  - Recession
  - Conservative spending
  - ATMs
  - 36% have significantly changed spending habits due to economy
- Values Today...
  - Autonomy & independence
  - Flexibility & balance
  - Critical thinking & reality checks



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## Millennials (1982-2001)

*“Door? What door?”*

- Influences Growing Up...
  - Constant coaching
  - Girl power, green movement
  - Technology is given
  - War in the Middle East
  - FaceBook, Twitter, YouTube, Digg
  - iPhones & iPads
- Financial Experiences
  - Lack of financial education in schools
  - Online & mobile banking
  - Stored financial information
  - 25% have significantly changed spending habits due to economy
- Values Today...
  - Optimism & confidence
  - Diversity
  - Teamwork & participation
  - Positive feedback
  - Variety & multitasking



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## Financial Services And The Generations



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## Traditionalists (1925-1943)

### *Creating a Legacy*

- Financial Service & Planning Needs
  - Conservative attitudes toward finances
    - Focus on creating a legacy & financial security
    - Fixed income & financial planning
  - A lifetime of savings & assets
    - Spend money on grandchildren & travel
    - Value philanthropy & home ownership
- Traditionalist Clients
  - Personal relationships
    - Branch visits
    - Value reputation & legacy of financial institution
  - Traditional financial services products
  - Increase in online use



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## Baby Boomers (1944-1962)

### *Recalibrating for the Future*

- Financial Service & Planning Needs
  - Anxious about financial security & retirement funds
    - Only 13% feel that they will have enough money to retire comfortably
  - Need to plan for spouses & dependents
    - Powers of attorney, trusts, wills & bank accounts
    - Women more likely to care for elder parents—and putting income on hold
  - Redefining retirement & aging—high spenders needing to shift to saving
- Boomer Clients & Product Needs
  - Characteristics
    - Own 77% of all financial assets in the US
    - Increasingly prefer lower risk products managed by other Boomers & smaller shops
  - 401(k)'s
    - 58% are aware of changes to Roth 401(k) conversions
    - Rollover 401(k)'s as Boomers move from one employer to another
  - Increasingly leveraging technology to manage finances
    - ATMs, online & branch banking
    - Portability as Boomers move & travel



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Employment Benefit Research Institute

# Generation X (1963-1981)

## *Having a Life*

- Financial Service & Planning Needs
  - Largely Ignored by Industry
  - Spouses & dependents
    - Need for economic security yet overspending on luxury & children's goods
    - 71% have children under the age of 18
  - Economic situation worse than boomers
    - First generation to start adult life with debt—student loans
    - Need 11% growth to recapture recent market losses
    - 82% have no IRA
- Generation X Clients
  - Characteristics
    - Value expediency, efficiency & convenience
    - Direct service—no middlemen who don't add value
    - Bare bones & low fee products
  - Technology
    - Will do their own research
    - ATMs & Internet banking



Center for Retirement Research; PriceWaterhouseCoopers  
Economic Mobility Project;  
*Customer Relationship Management, 2008*

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# Millennials (1982-2000)

## *Having it All*

- Financial Service & Planning Needs
  - High level of interdependence with Boomer parents
    - 20% of 26-year olds live at home
  - Ambitious expectations & goals in a tough climate
    - 60% intend to keep banking relationships beyond college
    - Income predicted to increase by 85 % over next 10 years to \$3.5 trillion
    - Unemployment is more than 15 % -- for every % point increase in unemployment, new graduates take a 6 % pay cut
  - Average 3 credit cards...
    - 20% carry balances of over \$10,000
    - 25% believe they will never be debt-free
- Millennial Clients
  - Characteristics
    - Transparency & ethics
    - Higher discretionary income than other generations BUT
  - Focus on technology & options
    - Mix of online and branch banking—hip, retail style
    - Less concerned about security & Id theft than other generations (21% vs. 30%)
    - 64% check their balances wirelessly before making purchases above \$300
  - Green investments



Sources: PriceWaterhouseCooper;  
Deloitte Consulting; BAI Online; Fidelity

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## Generational Style Colleagues at Work



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## Should We Be Concerned?

- Executives that are concerned about Xers and Millennials leaving:
  - **66% worry about Millennials**
  - 49% worry about Generation Xers
- Who actually plans on leaving when the economy turns?
  - 54% of Millennials
    - 25% expect to stay for life (December, 2009, up from 14% in 2008)
  - **63% of Generation Xers**
  - 50% of Boomers
  - 48% of Traditionalists



Deloitte; Fidelity

“Please schedule an appointment”

## Understanding Traditionalist Style

- Why Companies Need Them
  - Knowledge transfer & legacy codes
  - Mentoring
- Motivating Traditionalists
  - Focus on legacy & giving back
  - Formal interactions with respect for tenure & experience
  - Adjust schedules, part-time & project based employment
- Communicating with Traditionalists
  - Scheduled & structured meetings
  - Dress professionally
  - Hard copy documents, telephones, some email



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“If my door is open, knock and ask if you can come in”

## Understanding Baby Boomer Style

- Why Companies Need Them
  - Knowledge transfer & succession planning
  - Leadership in challenging times
- Motivating Boomers
  - Focus on money & prestige
  - Professional identity & career development
  - Offer alternative career & employment forms to recalibrate
  - Professional attire for work
  - Appreciate professional accomplishments
- Communicating with Boomers
  - Meetings & memos
  - Hard copies, telephones & structured email



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“Check my cubicle to see if I’m there”

## Understanding Generation X Style



- Why Companies Need Them
  - Future leaders
  - Bridge to sustain through current & continuing labor shortage
- Motivating Generation Xers
  - Focus on independence & personal autonomy—no seat sweeps
  - Create opportunities for transferable skill development
  - Offer alternative work forms & flexible options—telecommuting
  - Respect need to find balance
  - Reward quarterly results, not face-time
- Communicating with Generation Xers
  - Value informality
  - Limit number of meetings & keep them focused
  - Expect more electronic communication than in-person meetings

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“Door? What door?”

## Understanding Millennial Style

- Why Companies Need Them
  - Future of the industry
  - Hard to recruit & replace existing workforce
- Motivating Millennials
  - Focus on participation & teamwork
  - Create opportunities for rapid, visible growth while experiencing new projects
  - Offer coaching, mentoring, & ongoing positive feedback
  - Transparent metrics & frequent rewards for achievable results
  - Strong benefits packages & work/life balance options
- Communicating with Millennials
  - Anytime, anywhere, anyplace
  - Include in meetings, but manage expectations
  - Texting, emails & soft copies preferred
  - Offer immediate rewards for results
  - Very informal dress code—may need guidance



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## It's Time to Take Action!

1. Analyze current workforce and client profile in terms of changing generational demographics
2. Implement employee and client engagement surveys that are targeting and analyzed on generational differences
3. Audit internal and external communication channels, messages, and styles to ensure flexibility and adaptability
4. Engage and develop Boomers and Traditionalists in critical business roles
5. Examine your employer brand to ensure cross-generational attractiveness and engagement
6. Review and update career development opportunities and paths
7. Consider radical changes to flexibility in work and product delivery
8. Update mentoring and coaching efforts to include generational needs and expectations
9. Build on areas of commonality



## A Thought to Consider:

“The shrinking of the younger population will cause an even greater upheaval [than other changes to work], if only because nothing like this has happened since the dying centuries of the Roman Empire.”

– Peter S. Drucker (*The Economist*, 2001)



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## Contact Information



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# Generational Action Plan

Reflect on your notes and the material that we have covered today. Identify an intergenerational situation that you feel that Financial Professional organization s must address within the next 3 -6 months and the potential impact on business. What are one or two steps that you feel can be taken right away to get you started?

Business Goal

Intergenerational Situation

Impact on Business Imperatives

First Action Step

Second Action Step

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