Regeneration

As Generation X makes the gradual transition from middle management to the boardroom, Human Capital investigates the inevitable shift this will engender in how we run our workplaces - not to the mention the potential showdown with the Baby Boomers.

Peter Fuda

Generation X is probably starting to get a little tired of being written about. Ever since Douglas Coupland popularised the term with his 1991 novel of the same name, there has been an endless stream of feature articles, documentaries and studies into just what made people born between the early 1960s and mid to late 1970s different, what contribution they would make to society and how it would change once they took control. The reason they're tired of all this attention, is that their rise to power keeps being held up by one thing - the Baby Boomers; the most prosperous and numerous generation in history.

This generation, those born around the end of World War Two into the 1950s, currently occupies most of the important positions in corporate Australia and is faced with the task of keeping Generation X - its supposed heir - satisfied with second-in-command positions for a little while longer. For HR departments, there are two main challenges; ensuring potential conflict between the generations does not flare up and harnessing the two groups abilities for the greater benefit of the organisation.

Peter Fuda, a change-management consultant who is currently writing his PhD thesis in leading Generation X at the Macquarie Graduate School of Management, says today's effective leaders understand the importance of engaging Generation X and accept that, thwarted or not, its influence is only going to increase. An Xer at 33, Fuda is founder and regional director of Professional Change and Development (PCD) and refers to his generation as "self-raised" latchkey kids (the first modern generation to experience dual-income households and a high divorce rate) with high levels of self-reliance, self-belief and cynicism. The lack of loyalty shown by institutions to their staff, decline in jobs for life, downsizing and seeing their parents retrenched with little to show for 30 years' service in a job has also caused a very different attitude to the world of work. Essentially, says Fuda, "Generation X believe in themselves and not much else".

Conversely, says demographer and author Bernard Salt, a consultant in KPMG's assurance and advisory group,

Baby Boomer business leaders have relied on stability and constant growth for their prosperity. Since they gained ascendancy in corporate Australia 20 years ago, the country's population has risen from 8 million to 19 million - providing plenty of unexploited markets and customers. With only about 6 million more Australians expected over the next 20 years, opportunities for growth through increasing production or opening new branches will not be as abundant. Boomers - many of whom graduated in the early 1970s, walked into a job and quietly moved up the ranks - could be lost in a low-growth world where they must create wealth through efficiency and flexibility by exploiting opportunities in the moment from a consumer base in atrophy.

Indeed, PCD's recent inaugural HR Directors' Forum found one of the key trends identified by HR leaders from companies including Bayer, American Express and Mastercard International was that the skills and values leaders learned on the way up were not necessarily what they needed to go forward. And Generation X could have all the skills to exploit such an environment. Salt says Xers have been "far more mobile and less committed to employers, locations or relationships of any kind"; ideal training for a faster business world, based on collaboration and moving in and out of relationships and partnerships.

Seven keys to maximising the contribution of Generation X in the workplace

- HOT communication (honest, open and transparent) - I'm not easily fooled
- Guide, coach and facilitate - directive leadership styles limit my contribution and de-motivate me
- Instant and ongoing feedback - performance improvement can be a daily conversation
- Train and develop - while I'm learning, I'm engaged
- Business literacy - let me see what you see and how I make a difference
- Individuality - recognise my unique contribution
- Walk the talk - values are a behaviour, not a communication

Source: Professional Change and Development

A different relationship with work means different requirements from the workplace. Human Synergistics International (HSI) data that compared generations' attitudes found Generation X was more focused on the future than the Boomers, thought leadership was more important than strong management, had a greater focus on self-development but - perhaps counter-intuitively - had a greater commitment to the firm's success than their own. Generation X may resist control and question authority but is anything but ambivalent towards the workplace. "The supposition is that because Generation X wants a balance between getting the job done and people, they leave a legacy around IP and knowledge," says Fuda, "leaving a better palace than when they joined."

Generation X seeks career security, rather than job security, flexibility rather than stability, dialogue over direction. Fuda says this reflects a need for greater investment in training and development. "It's no longer a case of train them and they'll leave, but train them and they'll stay." He believes his generation's working ethos is based on "a different way of doing business" - working with people you want to rather than anyone who comes along. His firm operates on project-based retainer fees rather than billing by the hour. The business model is based on "few quality relationships with likeminded people"; in fact the company is "not interested in one-sided, transactional relationships and actively avoids them". For Generation X, he says, it's a case of "win-win or no deal".

Succession Planning

ANZ CEO John McFarlane - an early Boomer born in 1947 - indicated in October 2003 that he would stand down at the end of his current contract, which expires in 2006, after nearly 10 years in the role. McFarlane said the bank would "really need some new ideas" by then. Could these come from Generation X? McFarlane has said an internal hire is likely. In 2006, Xers - such as ANZ's managing director of personal banking and wealth management Elmer Funke Kupper, a member of the company's management board - might be ready to fill his shoes. ANZ played down McFarlane's statement - but it might just have been a masterstroke in keeping its bright young things interested.

But if Generation X is so smart, then why are there only a handful of leading companies with CEOs under 42 - perhaps the highest-profile being Virgin Blue's Brett Godfrey, born in 1964. Salt thinks he can explain. "You get people saying the Boomers are more than ready willing to step back but I actually don't think that's the case," he says. Australian census information from 1986 showed Australians reached their prime earning potential between the ages of 39 and 43 - the age most Boomers were at the time. Fifteen years later, the 2001 census found Australians' income peaked between 43 and 48, an age bracket again occupied by Boomers.

Most CEOs are currently Boomers aged between 45 and 55. If the Boomers continue to drag the age of peak income and success forward (or would that be back?), as the census data suggests, this means the next generation could have even longer to wait, possibly until after 2010 (when the eldest Xers are hitting 50 themselves) before it wrestles control. "This has got to come to a head," says Salt.

For many Xers, it certainly seems the 'glass ceiling' proposition has shifted from one of gender to one of generation. As Mark Davis wrote in his 1997 top-10 bestseller Gangland - one of the first popular critiques of tension between Boomers and Xers - "many people under the age of 35 or so feel stuck in a never-ending 'apprenticeship', constantly being told they are 'not ready'." Resentment will only gain momentum throughout the rest of this decade, says Salt, as Xers demand that their superiors "let go, move on and create opportunities for those following". Gangland claimed this refusal to let go was killing innovation in entire industries, not least mass media, where the so-called "men with moustaches" took over in the 1970s and have thus far refused to cede control to younger, and possibly brighter, things.

Things change, says Salt, and it's actually quite natural for the Boomers to hold on to wealth a little longer as life stages are blurring and people are living longer. However, for Generation X, the question is whether opportunities are being created and communicated to overcome the frustration of hitting the glass ceiling. Salt recommends having clearly defined and communicated succession plans in place. "Make that a transparent process," he says, "that encourages those down the ranks to compete and improve. If a succession plan is laid out then you can see movement and change; otherwise, there's frustration and perceived lack of opportunity."

Fuda says feedback and communication is the key to conflict resolution - especially as the younger generation demands constant feedback so it can focus on self-improvement - but "there's a limited understanding in Australia of how to give and receive feedback". People fear it, he says. "I am stunned by people's lack of technical ability to deliver feedback non-offensively and receive it non-defensively," he says. "That's only going to end in tears or conflict."

Organisations hoping to bridge the gap between the generations and minimise conflict as the Boomers gradually give way to Generation X need to focus on developing a common language, common dialogue and a common model for leadership and culture. "It's a wonderful thing when a CEO switches on and says 'these people really want to take part in the business and make a contribution'. When you allow people to contribute, they often surprise you." Moreover, a well-structured inter-generational leadership team can be a very powerful thing. Fuda says the discipline and work ethic of the Baby Boomers matched with the entrepreneurial streak of Generation X can work wonders for ailing organisations. "If you take the best elements of both generations, that potential conflict becomes an opportunity."