Staff Recruiting & Retention: How to Motivate a Changing Workforce

By Bob Nelson, PhD

American Association of Motor Vehicle Administrators

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- Executive Strategist, HR Issues
- *New York Times / Wall St. Journal* Best-selling Author
Dr. Bob

“Men and women want to do a good job, a creative job, and if they are provided the proper environment, they will do so.”

Bill Hewlett
Co-Founder
Hewlett Packard
Working Harder, But Less Valued

- 90% of companies have had recent cutbacks
- 40% of the “undownsized” are less motivated
- 74% report being less productive
- 67% of companies report engagement is down, currently at an all-time low
- 85% feel overworked and underappreciated
- 56% somewhat/completely dissatisfied with their job
- 54% plan to find new jobs as the economy improves (25% of top performers; 76% of younger workers)

Challenging Times = Less Loyalty

As a result of the current economy, are you less loyal to your employer? If yes, why?

- 58% Poor management
- 52% Low company morale
- 49% Decrease in company pay
- 41% Poor communication
- 29% Decreased training/development
- 28% Decrease in benefit coverage

Kelly Global Workforce Index
Stress = Excitement

“The war for talent is over:
Talent won.”

Carl Camden
President and CEO
Kelly Services
### Four Generations in Today’s Workforce

<table>
<thead>
<tr>
<th>Generation</th>
<th>Age</th>
<th>% Workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditionalists</td>
<td>(69+)</td>
<td>2</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>(50 - 68)</td>
<td>34</td>
</tr>
<tr>
<td>Generation X</td>
<td>(30 - 49)</td>
<td>28</td>
</tr>
<tr>
<td>Millennials</td>
<td>(21 - 29)</td>
<td>36</td>
</tr>
</tbody>
</table>

70 MM Boomers retiring  
50 MM Gen Xers can’t replace them  
44 MM Millennials are here; 46 MM more are coming

### Traditionalist Characteristics  
(b1925-1945)

**Outlook:** practical

**Work ethic:** dedicated

**View of authority:** respectful

**Leadership by:** hierarchy

**Relationships:** personal sacrifice

**Perspective:** civic
What do Veterans Want in a Job?

- **Mission**: Strong Sense of Mission Alignment with Personal Values

- **Momentum**: Credit for Experience Careful Crafting of Job Descriptions

- **Mentorship**: Genuine Leadership Access to Leadership Development

- **Money**: Fair Pay for Contributions Understanding of Market Value
Why Isn’t Money Enough?

“Economic incentives are becoming rights rather than rewards. Merit raises are always introduced as rewards for exceptional performance. In no time at all they become a right…”

— Dr. Peter Drucker
Management Guru
“Less than 3% of base salary separates average from outstanding performance.”

— Compensation & Benefits Review

Baby Boomer Characteristics (b1946-1964)

Outlook: optimistic

Work ethic: driven

View of authority: love/hate

Leadership by: consensus

Relationships: personal gratification

Perspective: team
60% of Baby Boomers indicate they are behind in saving for retirement

93% indicate they want to remain in the workforce because of financial reasons

86% of Baby Boomers report benefits to be the most impactful aspect of their job quality.

53% see voluntary, non-medical and retirement benefits as more important than their employers do—and are willing to pay for them.
73% of employees across all generations are interested in receiving help from their employer regarding retirement & financial planning advice.

“We need to get rid of the idea that retirement is freedom from all work, and change it to the notion of retirement as freedom to do different kinds of work.”

— Ryan Johnson
Director of Public Affairs
WorldatWork
Modified Retirement Plans

48% offer flexible work schedules
47% offer/considering phased retirement
43% offer alternative job design
42% offer consulting assignments to older employees

Generation X Characteristics  
(b1964-1980)

Outlook: skeptical
Work ethic: balanced
View of authority: unimpressed
Leadership by: competence
Relationships: reluctant to commit
Perspective: self
### Expanded Benefits Options

- Paid time off/extra vacation
- Child Care and adoption services
- Sabaticals/educational assistance
- Short and long-term disability insurance
- Group term insurance
- Co-pay, co-insurance, deductible limits
- Annual/lifetime maximum health insurance amounts

### Insurance Benefits Desired by Younger Employees

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Desired by Gen X &amp; Y</th>
<th>Currently Offered by Biz</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home/Auto</td>
<td>44%</td>
<td>2%</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>41%</td>
<td>20%</td>
</tr>
<tr>
<td>Disability</td>
<td>40%</td>
<td>8%</td>
</tr>
<tr>
<td>Dental</td>
<td>38%</td>
<td>11%</td>
</tr>
<tr>
<td>Critical Illness</td>
<td>38%</td>
<td>10%</td>
</tr>
<tr>
<td>Vision</td>
<td>38%</td>
<td>9%</td>
</tr>
<tr>
<td>Pet insurance</td>
<td>35%</td>
<td>5%</td>
</tr>
</tbody>
</table>
Millennial Characteristics
(b1980-2000)

Outlook: hopeful
Work ethic: ambitious
View of authority: relaxed, polite
Leadership by: achievement
Relationships: loyal
Perspective: civic

Millennials will soon dominate workforce in numbers and attitude

<table>
<thead>
<tr>
<th>Year</th>
<th>Millennials</th>
<th>Traditionalists, Boomers, Gen Xers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>46%</td>
<td>54%</td>
</tr>
<tr>
<td>2025</td>
<td>75%</td>
<td>25%</td>
</tr>
</tbody>
</table>

MILLENIALS
TRADITIONALISTS, BOOMERS, GEN XERS
“76% of younger workers plan to find a new job as the economy improves.”

— Harvard Business Journal

Current Millennial Tenure = 1.8 years

Promotions are More Limited

“In a survey of 700 organizations, 43% reported they would have fewer opportunities to promote people in the years ahead.”

— The Washington Post
We need to help shift Millennial career focus from a Ladder to a Lattice.

TECHNOLOGY

- iAnything
- Texting, IM
- Facebook

75% have a profile on Facebook 44% read blogs 76% use instant messaging
45% of Millennials preferred social media access & telecommuting over salary in selecting a job.

81% of Millennials want to be able to choose the social media device or be allowed to bring in a personal device.

What Millennials Want in a Job

55% Career Advancement Opportunities
52% Salary
42% Interesting & Challenging Work
30% Benefits
27% Training/Mentorship
Millennial Job Priorities

- Exciting, Meaningful Work
- Training & Development
- Personal Mentoring
- Social Interactions
- Experiential Rewards
- Recognition/Feedback

Recognition Is...

- Acknowledging and Appreciating People for Their Achievements
Although Most Employees Want Recognition…

99.4% of employees expect to be recognized when they do good work

Source: Post-doctoral research conducted by Dr. Bob Nelson

Few Employees Feel Recognized Today

• Only 12% of employees feel recognized in important ways

• Almost 34% feel they are NOT recognized in meaningful ways

– Maritz Research Poll
The Most Proven Principle of Management is
You Get What You Reward

When You Get Serious About Performance
You Have to Get Serious About Recognition
**Value of a Culture of Recognition**

- 5 times more likely to feel valued
- 7 times more likely to stay with the company
- 7 times more likely to strongly endorse their company as a great place to work
- 11 times more likely to feel completely committed to their jobs

**Committed Employees Deliver 57% More Effort Than Uncommitted Ones**

Source: Towers Watson Engagement Research
“Compensation is a right; recognition is a gift.”

— Rosebeth Moss Kanter
Professor of Management
Harvard University
Case Study

Zappo’s Mission:
“
To Live and Deliver WOW”
Questions?

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Thank You!
It takes different incentives to motivate people from different generations. CMI columnist and author of *1,001 Ways to Reward Employees* Bob Nelson has ideas for every age group. **BY BOB NELSON, PHD**
There's no single way to motivate a 23-year-old who views work as a hobby and a 45-year-old Type A personality who wants everyone in the company to know about his every accomplishment. These two age groups live in separate worlds.

Yet today's workplace finds the Silent Generation, baby boomers, and Generation X and Y's working side by side. Never before has there been such a diverse group in the corporate population — a work force that, at times, spans more than 50 years.

Abbott Laboratories, Chicago, is a regular on the lists of best companies to work for, in part because of its focus on the different generations that comprise its work force — 50,000 employees worldwide. For the youngest, Abbott offers flex-time, telecommuting, full tuition reimbursement, and an online mentoring tool. For employees with young children, there's on-site child care at headquarters (and a discount for child care elsewhere), and employees are allowed to take "sick days" to care for an ill child. For employees with older children, there's a Summer Camp Fair and a "tweens program called
“Summer of Service.” The company’s oldest employees (more than 2,000 of which have more than 25 years with the company) can take part in free “Lunch & Learns” on financial planning and retirement issues.

There’s no question that the programs are having an impact: The company’s turnover is less than 7 percent a year, which is unusually low for the pharmaceutical industry.

Following are many other generation-focused rewards I’ve uncovered through my research and experience with companies around the world.

The Silent Generation (Born 1920-1945)

Nearly 16 million Americans age 55 and over are either working or seeking work, representing about 21 percent of the workforce. In one AARP study of mature workers, 40 percent to 50 percent of those polled said that they would work past retirement age if they were offered flexible schedules, part-time, and temporary employment. They like the idea of re-entering the job market or keeping a foot in the labor pool.

Employees who fall into this group have generally had predictable career paths, working hard for one or two companies and moving up the ladder of success. They are characterized by their dedication to their employer, and as a group are considered to be non-risk takers and conformers.

WHAT DRIVES THIS GROUP? For the Silent Generation, the more formal and public the recognition is, the better. For example, Ceramics Process Systems Corp., a technical ceramics manufacturer in Milford, Mass., gives out an Extra Mile Award each year to several people who have gone above and beyond the call of duty. The winners’ names are announced at a company meeting and then are engraved on a plaque that hangs in the lobby. The chosen employees also receive either cash or equity in the company.

Other ways to publicly recognize and motivate this group might be to take photographs of top performers as they are being congratulated by the company president and then hang the pictures in the lobby, or to write articles about their achievements to print in the employee newsletter. Some companies engrave a plaque with the names of employees who have reached 10, 15, 20, or more years of service and display it prominently.

Workers of the Silent Generation are pioneers of the team approach, and they value programs that recognize the contributions and successes of teams. At First Chicago Bank, the Service Products Group Performance Award recognizes high-performing groups of employees each month. The award includes a group outing to the theater, including dinner, as well as a plaque for the group. All winning team members then attend the annual SPG Performance Banquet, at which additional awards are given. It’s a program geared to the company’s older demographic.

More than any other group, Silent Generation workers value incentives that help them to plan for the future. At Mary Kay Cosmetics, Dallas, employees receive stock contributions in celebration of service anniversaries. On their fifth anniversary, they receive 20 shares of stock; on their 10th, 80 shares; and, on their 15th, 120 shares.

Baby Boomers (Born 1946-1963)

Baby boomers make up the largest population of today’s workers — 76 million strong, accounting for 52 percent of the workforce and most mid- and upper-management positions.

THE DIFFERENT GENERATIONS: Who Are They?

SILENT GENERATION
- traditional
- conforming, not risk-takers
- used to “doing without”
- team-oriented
- at retirement age

BABY BOOMERS
- “me”-focused, individualistic
- ideological, yet hypocritical
- many have workaholic tendencies
- seeking work/family balance
- nearing retirement age

GENERATION X
- resourceful
- tech-savvy
- enjoy working with friends
- expect work to be purposeful
- skeptical of institutions

GENERATION Y
- are not interested in “paying their dues”
- prefer to work from home
- need to be excited about what they do every day

out more about each generation and the incentives that work for them.

36 | Corporate Meetings & Incentives | meetingsnet.com
This group came of age at a time of economic prosperity in the United States. It is a generation that likes to win, to be in charge, and to make an impact. Having grown up in post-war prosperity, boomers were the focus of society—and, as a result, they can be extremely self-indulgent.

"This is the first generation that hasn't had to live with the notion that what you're trained to do, you do for the rest of you life," says Marc J. Wallace, founding partner of the Center for Workforce Effectiveness in Northbrook, Ill. They move easily from one career to the next, and from one company to another—which makes retaining them more of a challenge.

WHAT DRIVES THE BOOMERS? Many in this group are well-traveled and have seen and done far more than their parents. They live for new experiences and adventures. With that in mind, Valvoline Oil Co., Lexington, Ky., chose to reward six buyers from distributor ships around the country with a trip to Road Atlanta, a racing school. There, instructed by professional drivers on racing techniques, guests enjoyed a day racing around the 2.5-mile Grand Prix track.

Boomers also like to be pampered. Realizing this, Nordstrom Inc., a Seattle-based department store chain with many long-term employees in his age group, created the Pacesetter Award for top sales among employees. As a Pacesetter, an employee enjoys a lavish evening of dinner, dancing, and entertainment to share with a guest. Then, for the following year, the Pacesetter enjoys a 33 percent discount on all Nordstrom merchandise—13 percent greater than the standard employee discount.

As many boomers choose to remain in the work force beyond the traditional retirement age of 65, incentives that give them more free time are highly valued. Patagonia, an outdoor-clothing maker in Ventura, Calif., has a flexible policy that encourages employees to take time away from the office for outside activities. (Founder Yvon Chouinard has defined "time" as "anything from two hours or two weeks, as long as your work gets done.") This flex time can be spent with children and family, attending a conference of choice, or working on a hobby.

Generation X (Born 1964-1981)

There are 40 million-plus Gen-X employees, accounting for 26 percent of the work force. This group is fiercely independent, self-directed, and resourceful. They entered the working world in a time of downsizing and cutbacks, and are skeptical of authority and institutions. As a result, their first loyalty is to themselves.

This group seeks a work environment that is exciting, challenging, and meaningful. In the right setting, they can be loyal, committed, focused, and energized, and will give 110 percent to their job.

WHAT WORKS FOR THIS GROUP? Opportunities that let these young employees interact with their managers are very motivating to Gen X'ers. For example, computer superpower Siemens Nixdorf Information Systems, in Padborn, Germany, formed a team of 23 young, talented employees—all under age 40—to advise the company's management on breakthrough technologies, competitive forces, and demographic trends. Being named to this team is a highly valued honor.

Gen X'ers are a group that is used to having fun. They are motivated by a free-spirited workplace, whether that's through company sporting activities or fun office events and competitions. For example, Aerospatiale, a manufacturer of airplanes, satellites, and missiles in Paris, uses a fantasy trip at Space Camp in France as an incentive. There, employees train much the same way as astronauts do, culminating in a simulated space flight.

Training is also an effective reward for Gen X'ers, who have an endless desire for information and to add to their skills, especially technology skills. Rosenbluth International, a travel agency headquartered in Philadelphia,
sponsors monthly seminars to enrich its employees' personal and professional lives. Topics include handling difficult situations, goal setting, food, fitness, recycling, and more.

**Generation Y**  
* (Born 1981-1995)  

Generation Y, also known as the Echo Boomers and the Millennials, is more than 57 million strong — the largest consumer group in the history of the United States. This is a group that wants it all — now. That’s the Gen Y mantra — but is it really that different from previous generations?

Yes and no. This group prefers meaningful work starting from Day One of their careers — not after 10 years of working their way up the ladder. Many in this group prefer to work from home. (“What’s the use of having technology if you don’t take advantage of it?”) They are willing to take on new challenges and responsibilities, but not at the cost of enjoying life and the relationships they value with friends and family. And if you get them excited about work opportunities to learn, grow, and make a difference, they’re going to work longer and harder because they want to, not because they have to.

**WHAT MOTIVATES MILLENNIALS?** One constant remains: Make them feel valued and appreciated. Do so through feedback, thanks, inclusion, trust, and respect. And don’t forget to have fun.

For example, the Scooter Store in San Antonio lets its youthful employees play table tennis in a game room off the front lobby whenever they want to relax and have some fun. American Express, New York, provides personal development training to appeal to what their employees crave.

“Gen Y is very important,” says Joe Hammill, director of talent acquisition at Xerox Corp., Stamford, Conn. “Xerox and other Fortune-type companies view this emerging work force as the future of our organization.”

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