

# CHRO Quarterly

Second Quarter 2014

## Managing Millennials in a Diverse Work Environment

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Executives' Diversity  
and Inclusion Dilemma

**How to Retain  
Future Female Leaders**

**The Why of Gen Y:  
Understanding and  
Managing the Millennial**

**Progress in the  
HR Activities  
That Matter Most**

### Voice of the CHRO

## Gap Inc.

### **Eric Severson**

Senior Vice President  
Global Talent Solutions  
Gap Inc.

### **Dan Henkle**

Senior Vice President  
Global Human Resources  
Gap Inc.

# CHRO Quarterly

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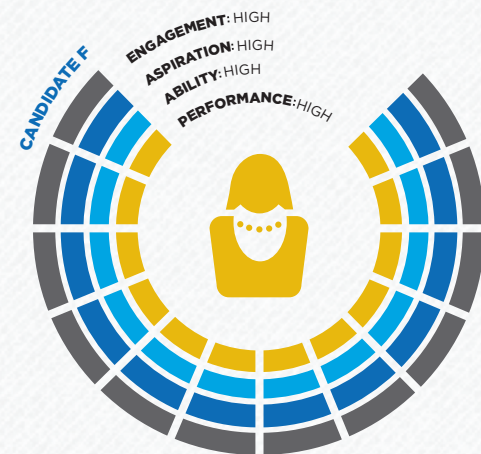
### What Makes a High Potential

**DID YOU KNOW**  
**HIGH POTENTIALS**  
**ARE **TWICE** AS VALUABLE**  
**TO YOUR ORGANIZATION?**

**THEY ARE YOUR**  
**LEADERS OF THE FUTURE.**



## MEET THE REAL HIPO



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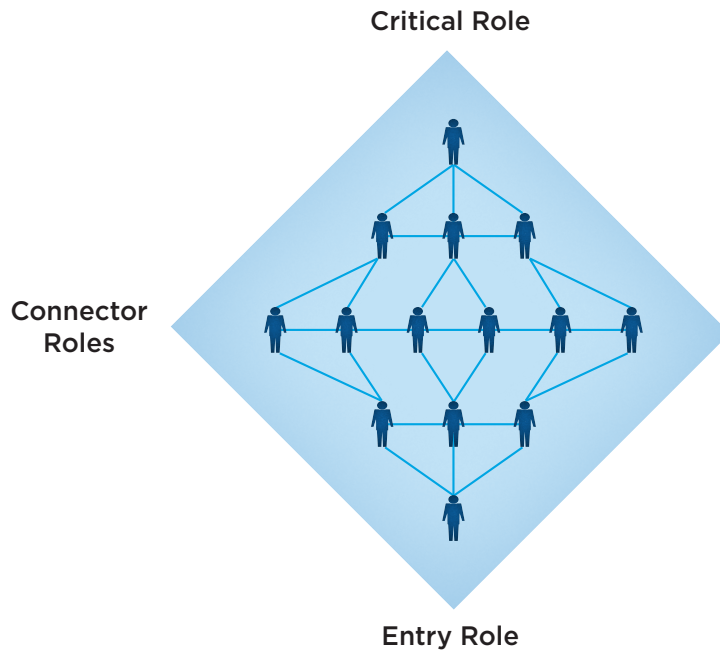
# The Why of Gen Y

Understanding and  
Managing the Millennial

What HR executives need to know,  
from attracting millennial  
job candidates to rewarding  
millennial employees

## Elements of a Career Map

*Illustrative*



Source: National Grid; CEB analysis.

- 1 Build each map for a single critical role to allow employees to more easily narrow career options.
- 2 Frame connector roles as categories and connect them laterally to demonstrate that a linear path will not provide all the experiences needed for the critical role.
- 3 Ensure each map includes entry-level positions, so employees can see the complete journey.

As 25% of the global population, millennials—people born between 1980 and the early 2000s—are likely the fastest growing employee segment at your organization and may already be the largest.<sup>1</sup> Integrating any new generation into the workplace is challenging, and millennials are no exception. The harsh economic climate of recent years and the explosion of online social networking platforms have shaped a generation that is reluctant to invest but willing to share.

To transform millennials into high-performing employees, heads of HR and their teams need answers to two important questions:

- What are the most important differences between millennials and other generations at work?
- How should we tailor talent management strategies for millennials?

### Managing Millennials as a Critical Talent Segment

Millennials' personal values—happiness, passion, diversity, security, and experiences—differ from those of their more experienced peers'—justice, integrity, friendship, and family.<sup>2</sup> At work, these values have translated into a more aggressive pursuit of new opportunities that organizations need to manage. However, some work preferences cross generations. For example, compensation and work-life balance are the top drivers of attraction regardless of age.

The best companies look beyond attention-grabbing headlines about millennials to identify meaningful workplace differences that are supported by data. They adjust and reinvent their talent management strategies for millennials holistically, reexamining each critical step of the employee life cycle: attraction, engagement, development, performance management, and rewards. Here we've developed a five-step plan based on this life cycle for organizations on the journey to transform millennials into high-performing employees.

#### 1. To Attract Millennial Job Candidates, Highlight the Opportunity for “Multiple” Careers

HR executives tailoring their employment value proposition to attract top millennial talent need to provide superior career opportunities. Millennials are 1.5 times more likely than other job candidates to list “future career opportunity” as a top attribute they want in a new job.

Millennials are also still figuring out what opportunities they want, which complicates the challenge of crafting appealing career options. In fact, more than one-quarter of millennial workers left their employer last year to change careers or industries, relocate, or go back to school.

However, HR leaders can tap into these millennial desires by highlighting the opportunity to have multiple careers at their organization. HR can use career maps to illustrate potential career paths. Show millennial candidates how entry-level positions can lead to a variety of “connector roles,” or lateral moves, that provide opportunities to experience different business units or functions. Also highlight the value of broad exposure, particularly for landing more senior positions. The connector roles cause career maps to look more like diamonds that start from a single position with a breadth of opportunities to explore that all lead to a specific senior role.

Career maps must be easy to find and understand for millennial job candidates, who spend less than half as much time learning about potential employers before deciding whether to apply.<sup>3</sup> Broadcast career maps inside the organization too; even your happy millennial workers may be planning to leave.

Among departing employees, millennials are 18% more likely to say they were satisfied in their current role, but left for a better opportunity.<sup>4</sup> For some, this could be the result of limited knowledge about internal opportunities. Others depart because they feel their personal career maps were an unfulfilled promise. It's critical to then surface and address the factors influencing millennial engagement.

<sup>1</sup> “Engaging Tomorrow's Consumer,” World Economic Forum, January 2013, [http://www3.weforum.org/docs/WEF\\_RC\\_EngagingTomorrowsConsumer\\_Report\\_2013.pdf](http://www3.weforum.org/docs/WEF_RC_EngagingTomorrowsConsumer_Report_2013.pdf).

<sup>2</sup> “Inside the Millennial Mind,” CEB Iconoculture, 5 March 14, <http://www.executiveboard.com/iconoculture-blog/inside-the-millennial-mind-2/>.

<sup>3</sup> CEB 2014 Employment Branding Effectiveness Survey.

<sup>4</sup> CEB 2014 Departure View Exit Survey.

## Building Networks: The Advantages of Workflow Shadowing

|                                      | Common Approach  | Best Practice Approach   |
|--------------------------------------|--|--|
| <b>Type of Shadowing Opportunity</b> | <b>Role Shadowing</b><br>Observe how a particular person performs his or her role in the organization. | <b>Workflow Shadowing</b><br>Observe a workflow to understand processes and individuals' roles in them.  |
| <b>Purpose of Shadow</b>             | <b>Broad Exposure</b><br>Focus on gaining exposure to different parts of the business.                 | <b>Specific Objectives</b><br>Select a shadow opportunity that supports specific collaboration and development objectives.   |
| <b>Follow-Up</b>                     | <b>Employee Reflection</b><br>Reflect on the experience and how to apply lessons learned.              | <b>Two-Way Knowledge Sharing and Dissemination</b><br>Meet with the shadowing host to clarify lessons learned and next steps; share key takeaways with the broader team. |

Source: Webster Bank; CEB analysis.

### 2. Increase Engagement by Rebuilding Millennial Workers' Networks

Often in entry-level positions with limited advancement opportunities, many millennial workers are not engaged. Few millennials (14%) put forth high levels of discretionary effort at work and just 26% have high levels of intent to stay. Both these numbers are about one-third less than the global averages for all other employees, which suggests unique engagement challenges for this workforce segment.

The pursuit of better opportunities makes millennials less settled in their jobs than their peers are. However, organizational change contributes a lot to their disengagement too. Millennials are more likely than other workers to expect a major organizational change in the next six months. In particular, relative to other employees millennials are:

- 1.8 times more likely to expect a transfer to an entirely new team,
- 1.33 times more likely to expect significant change in skill requirements, and
- 1.24 times more likely to expect a significant change in job responsibilities.

To boost their engagement, get millennials out of their chairs and actively building and adapting their networks. Consider guiding managers to help their millennial workers identify the right colleagues, across projects and skill sets, to quickly build an engaging network.

Another tactic involves getting millennials to shadow the processes they support. Unlike

traditional job shadowing, which involves following one person across all the tasks they perform, workflow shadowing involves understanding the challenges and interdependencies of one entire process as it moves across the organization. Through workflow shadowing, millennials learn how to better collaborate and achieve overall process objectives while building their networks.

However, HR leaders need to complement engagement initiatives with targeted development to prepare for the one change listed above that millennials are potentially the least prepared for—a change in skills.

### 3. Develop Millennials Through Continuous Network Learning<sup>5</sup>

Compared to their more experienced colleagues, millennial employees are on average 8% less confident in their ability to learn and apply the new skills they need.

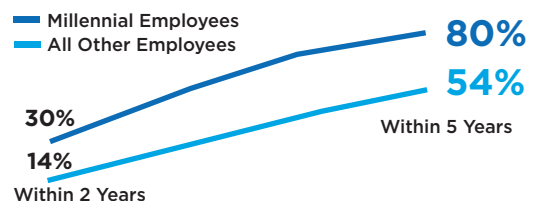
Fortunately, they do know they need to always be learning; one in four millennials recognize continuous learning as a top skill to have. And interestingly, millennials are not more likely to find virtual learning (online and virtual classes and e-learning) effective at helping them develop new skills compared to other employees. But they are more receptive to network learning—learning that is relationship-based, reciprocal, and work-relevant. Millennials are 18% more likely to find this approach effective.

Speed feedback sessions are an effective way to boost network learning. They can be used in formal and informal training. Provide employees with a simple feedback model (such as AID: action, impact, and desired outcome) and create time for them to prepare prior to feedback sessions to ensure that they give and receive honest and actionable feedback from each other. It's important to note though that while millennials are very receptive to learning from peers, they prefer getting performance feedback directly from managers.

### 4. Give Future-Focused Performance Feedback

Many millennials want to build a productive relationship with their managers. They are 17% more likely to ask a manager for feedback on their work than their peers.<sup>6</sup> And they are eager to get this feedback in part to realize their career goals. Three in ten millennials expect promotions in the next two years, and 7 in 10 expect a promotion within four years. Ambitious? Perhaps, but these expectations might not be unreasonable for this employee segment, which tends to occupy more junior roles, especially if they have the right support.

#### Millennials' Expectations for Promotion Percentage of Employees

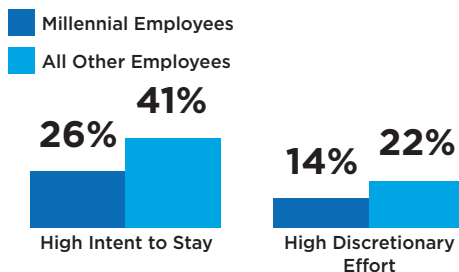


Source: CEB analysis.

<sup>5</sup> Data in this section is from the CEB 2012 High Performance Survey.

<sup>6</sup> CEB 2009 On-the-Job Learning Survey.

#### Millennial Disengagement in the Workforce: Q1 2014 Percentage of Employees



Source: CEB analysis.

However, most millennials have a ways to go. Just 11% are enterprise contributors. As new entrants to the workforce, they need feedback to develop their individual task and network performance. Given that millennials are more likely to ask for feedback, managers should not wait until formal annual reviews to provide it. Encourage managers to embrace the opportunity to give millennials feedback more often and in a way that drives enterprise contribution.

The first step is to give ongoing, future-focused feedback on individual task performance. Merge discussion of past performance with feedback on the capabilities an employee needs to demonstrate in the future to achieve personal and organizational success. This approach increases performance and shows millennials that acting on feedback is critical to moving upward in the organization.

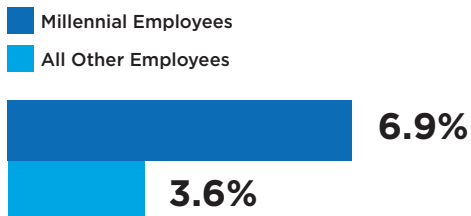
The second step is to boost network performance by clarifying future opportunities for employees to have a broader impact on the business. For example, with numerous and even competing goals, managers should teach millennial employees how to prioritize their own work based on overall business and team impact.

The more accurate and actionable the feedback millennials receive through these ongoing performance conversations, the more their performance will improve. As an added benefit, managers who do this are also better managing millennial employees' merit pay expectations.

#### 5. Calibrate Expectations Before Rewarding Millennial Workers

Compared to other employees, a higher percentage of millennials expect their compensation to grow this year, and they expect it to grow quickly. On average they expect merit pay increases of 6.9%, compared to more modest expectations of a 3.6% increase among their peers.

#### Average Expected Merit Increase This Year in Current Position

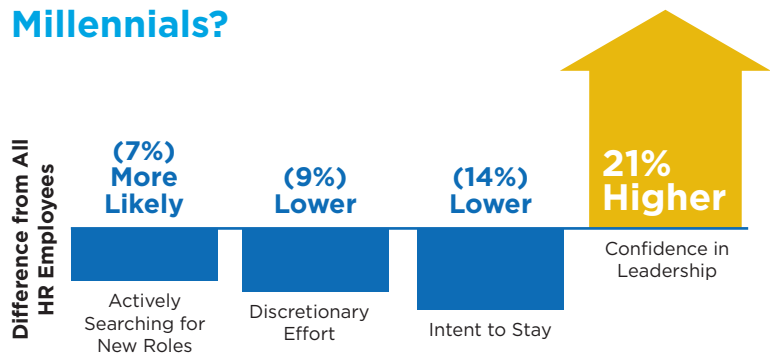


Organizations have to investigate their millennials' pay expectations to determine why expectations are so high. Two particular factors could be inflating millennials' hopes for greater pay. These heightened expectations could be the result of the following:

- Due to their short tenure in the workforce, they are less familiar with how pay is determined. They may mistakenly believe companies tie pay to the cost of living, rather than the cost of labor.
- Misunderstanding pay-for-performance, millennials either think they are high performers or they assume that the business is doing well enough to provide large increases.

Implement a pay transparency strategy to dispel these beliefs. First, make sure managers are defining true high performance (i.e., enterprise contribution) and communicating millennials' performance relative to that standard.

## How Different Are Your HR Millennials?



Second, provide information about the organization's compensation in a way that is easy to find and understand, such as regular updates on the company intranet portal through internal blog posts or an FAQ document.

Third, enlist senior leaders to provide candid information about organizational performance and its potential impact on compensation. Senior leaders are the best source of information for overall corporate performance and should be particularly effective at setting expectations for millennials who have more confidence in senior leaders than their peers.

### What Should CHROs Be Doing Now?

Progressive HR executives are making more and more talent investments based on millennials' needs and they don't regret it. The whole workforce is likely to benefit from better career pathing and performance management. Just as importantly, these heads of HR are moving their organizations ahead of the competition for talent, as millennials become an increasingly large and critical workforce segment.

*Unless otherwise noted the data for this article was provided by CEB's Q1 2014 Global Labor Market Survey.*

### Learn More About Managing a Millennial Workforce

- Read our best practices for creating [career maps](#) and [workflow shadowing opportunities](#) at your organization.
- Equip managers with [easy-to-use resources](#) to have future-focused performance review conversations; evaluate the impact of these conversations with the [Performance Review Effectiveness Diagnostic](#).
- Contact your account manager to access best practices from CEB Compensation on [Pay for Performance Communication Recruiter Training](#) and CEB Learning & Development on [Speed Feedback Sessions](#).