



# The Great Generational Shift: How Will It Transform Your Workplace?

Be sure you're prepared for epic changes to come.

*By Bruce Tulgan*

**T**here is a great shift under way in the workforce. This is the post-baby-boomer shift that demographers and workforce planners have been anticipating for decades. It's not only a generational shift in workforce numbers but also an epic turning point. This is the final stage of a historic period of profound change globally and a corresponding transformation in the very fundamentals of the employer-employee relationship.

## What's the Make-up of Today's Workforce?

On the older end of the generational spectrum, the workforce is aging. Boomers are filling up an "age bubble" in the workforce; as a result, a large number of people are nearing retirement age. At the same time, the fastest growing segment of the workforce is made up of those born 1990 and later, so there is a growing "youth bubble" on the younger end of the spectrum.

The oldest, most experienced people in the workplace, "pre-boomers," those born before the post-WWII baby boom began in 1946, are still greater than 1% of the workforce. The baby boomers (born 1946-64) are 30%, generation Xers (born 1965-77) are 27%, and millennials are 42%. By 2020 boomers will be less than 20% of the Western workforce; older boomers (born before 1955) will be less than 6%; second-wave millennials (those born 1990-2000) will be greater than 20%; and another 4 to 5% will be made up of post-millennials born after the year 2000. And in most of the world, the youth bubble will be much, much larger.

“The very fundamentals of the employer-employee relationship are being transformed.”

## How Is the Workplace Changing?

At RainmakerThinking, Inc., we've been tracking this transformation for more than 20 years. As our research shows, this shift is no ordinary generation gap. Because this is an era of profound historical changes, generational difference today is a powerful lens through which to understand changes in the very nature of the workplace, including the following:

- **The myth of job security** is dead.
- **Short-term rewards and benefits** are the "new normal."
- **Employees today are much less likely** to believe an employer's long-term promises.
- **The free-agent concept** is now the prevailing workforce mindset.

The generational shift presents a whole new set of challenges for employers, employees, and managers at all levels.

## What Does the Generational Shift Mean for Employers?

As the aging baby boomers exit the workforce, they will take with them a great deal of skill, knowledge, wisdom, institutional memory, relationships, and the last vestiges of

## “Organizations will face cascading consequences as their workers leave.”

the old-fashioned work ethic. Organizations with significant age bubbles in their employee demographics will be facing cascading consequences as their workers leave. These organizations will need to dedicate substantial resources to support knowledge and wisdom transfer as well as flexible retention, succession planning, and leadership development.

As the global youth tide continues to rise, the new young workforce will bring a whole new set of expectations and behavior that takes for granted the short-term transactional nature of employment. Organizations that rely disproportionately upon young workers have a permanent youth bubble in their employee demographics. Such organizations will be challenged by an increasingly high-maintenance workforce in which employees won't hesitate to make suggestions, special requests, and demands – in particular related to rewards and flexible work conditions. These organizations will need to spend time and money on staffing strategy, attraction, selection, on-boarding, training, performance management, accountability, differential rewards, and retention.

Organizations with large youth bubbles will also face the challenge we call “the development investment paradox.” The paradox is that employers must invest in developing their new young employees, but the more an employer invests, the more negotiating power the young employee has in a short-term transactional labor market. With the organization's development investment in hand, the worker becomes more valuable and can leverage the investment by negotiating for increased rewards. This gives today's most valuable young workers more negotiating power in the employment relationship at an earlier stage in employment. What appears as “high-maintenance” is actually this new power to ask for more.

Organizations will have far fewer long-term traditional workers. There will be many more people who flow in and out of organizations – in highly variable roles and arrangements. The most successful organizations will still maintain core groups of key talent and critical longer-term stakeholders. But these core groups will get smaller and smaller. Meanwhile, any work that can be streamlined will be done through highly efficient production that can be staffed up quickly and staffed down just as fast. Organizations will need to have many more fluid, flexible ways to employ people and leverage talent – full-time, part-time, flex-time, on-site, off-site, telecommuting; as consultants, temps, vendors, franchisors, franchisees.

Organizations will face perpetual staffing shortages. There will be pressure to get more and more work out of fewer

and fewer people, and organizations will need to stay lean staffed, always. Employers will be struggling to attract, motivate, and retain the best talent.

The ability to get people on board, up to speed, and delivering results quickly will be the solution to most staffing challenges. Opportunities to earn more money and flexibility will go to the employees who most consistently deliver the most value. Organizations will be forced to pay high premiums with lush benefits, lavish work conditions, and lots of flexibility for in-demand talent – what we call “dream jobs for superstars.” And more and more non-superstars will be looking for more and more of at least some of these “dream job factors.”

The successful organization will have as many different career paths as it has people. Flexible work conditions, learning and knowledge management, pay-for-performance, and coaching-style leadership will be the keys to being an “employer of choice” for in-demand talent. 

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**In upcoming issues, you'll learn detailed steps to follow** when hiring and training new workers from the millennial generation. Certain long-standing practices will need to change for good.

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