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Talent

Leading the multigenerational finance department

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By Jeff Schwartz, Ken Kunkleman, and Tina Witney

FOR several years, CFOs have grappled with the issues inherent in a multigenerational finance department, particularly the challenges presented by younger employees and their divergent views of what a finance career entails. Then the forces that rattled the global economy appeared to lessen the need to actively cater to the varied talent expectations of the multigenerational workforce—given that many employees were focused on simply keeping their jobs.

In the years following the recent US recession, however, we find ourselves in an economy defined by a talent paradox: that is, the growing challenge of identifying skilled finance practitioners and leaders in the midst of relatively high unemployment. In addition, given that highly talented finance professionals can easily move between organizations, CFOs face new challenges, including the need to embrace multigenerational dynamics, in assembling their teams. The pressures are being felt either somewhat or strongly by almost 70 percent of finance executives, according to a recent informal poll.[1] And while these phenomena might not be unique to finance, they have implications for whoever is leading an organization or department, which, in the case of finance, is the CFO.

In this issue of *CFO Insights*, we examine the leadership challenges associated with managing diverse age groups across finance. Whether we are talking about Generation X, Generation Y ("Gen Y" or "Millennials"), Baby Boomers, or soon-to-retire (but perhaps later than we think) Veteran employees, each brings

different experiences and attitudes to the workforce (see figure 1). And at a time when critical skill sets are increasingly difficult to secure and retain, finance leaders should have a clear view of how to attract, develop, and retain people of diverse backgrounds and generations and evolve their talent practices to engage these different generations.

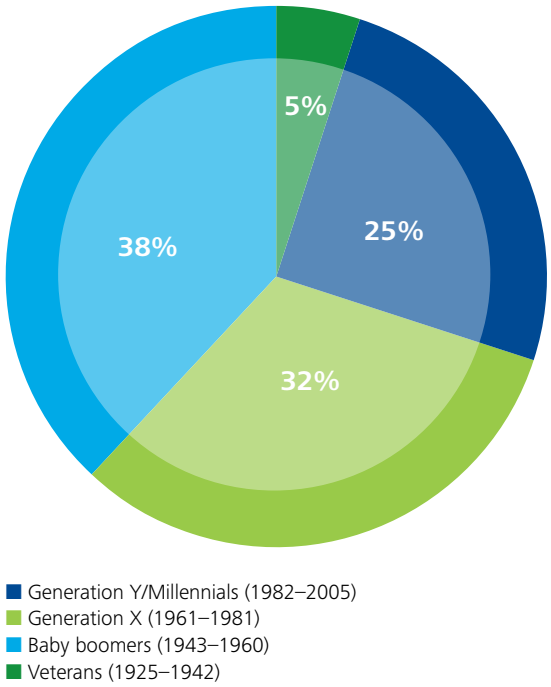
Finance by the generation

Despite the current unemployment rate, demand for critical finance skills continues to outstrip supply. In Deloitte LLP's Q1 2011 *CFO Signals* survey, CFOs noted that while 43 percent are actively recruiting new talent, 37 percent can't find the right people for the jobs.[2] Moreover, given the increased demands on finance, many CFOs are finding their current staff skills lacking. In fact, in the Q4 2011 *CFO Signals* survey, 75 percent of CFOs said they needed stronger analytical skills on their staffs, 60 percent needed better political acumen, and almost half required facilitation skills and macroeconomic knowledge.[3]

Those statistics cross generations, and well-documented labor demographic trends point to even further complications. According to the US Bureau of Labor Statistics, for example, the number of younger workers has dropped almost 7 percent since 2000, and the number of workers 45 or older has increased 28 percent.[4] And since the recession in 2007, the age group that continues to grow rapidly is the over-55 crowd.[5]

This aging of the skilled workforce and the shrinking of the skilled younger workforce, along with educational participation and skills development patterns, are creating challenges for developing effective finance-talent strategies. One major consideration for CFOs is the potential knowledge drain in important areas such as treasury, tax, and compliance as the Baby Boomers retire. At the same time, finance faces the more immediate need of developing specific talent, retaining high-performing talent (particularly among younger generations),

Figure 1. The workforce comprises four generations with distinct work styles



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and filling skill gaps in order to create a continuous leadership pipeline.

The challenges are complicated by the differing values and styles of each generation:[6]

Generation Y (Millennials)—Representing some 25 percent of the US workforce, this younger generation (born 1982–2005)[7] is anticipated to revolutionize the finance workplace due to its members' innovative thinking and demand for technology-centric service delivery.[8] Creating a strategy to effectively engage these ardent multitaskers, who demand flexibility and require meaningful work, will be important to finance organizations looking to harness their innovative thinking and innate use of technology to drive problem solving.

Generation X—This group (born 1961–1981) represents the next finance leadership community.[9] Skeptical and pragmatic, members of Generation X are also looking for a structure that affords them career-life fit and learning opportunities that lead to personal fulfillment and a broader skill set. Finance organizations may need to determine that

they have detailed leadership development plans in place so as not to lose the wealth of knowledge this generation holds when filling open positions.

Baby Boomers—Accounting for 38 percent of the workforce, boomers (born 1943–1960)[10] comprise the majority of executive positions and are the primary source of institutional knowledge within most organizations.[11] Unlike their younger colleagues, they possess a work-to-live mentality and were raised in a corporate culture based on the importance of climbing the corporate ladder. There are other significant differences—such as the value they place on face-to-face interaction and their looming retirement concerns. Succession planning and creative "second career" programs will be important to creating efficient transitions as boomers leave the workforce in droves.

Veterans—While small in number (5 percent), veterans (born before 1943) still make their presence—and needs—known.[12] Most of these employees are grounded in tradition, respect authority, and can be intolerant of the style of their younger counterparts. Still, it is important that the finance function put the appropriate process in place to ensure specific experience is transitioned from one generation to the next.

Benefits of embracing multiple generations

Top talent exists in every generation, of course. But identifying that top talent, particularly among Gen X and Gen Y employees, can be difficult, given a CFO's often limited visibility into their organization's lower levels. Moreover, that same limited visibility may prevent finance chiefs from gaining insight into some of the generational frustrations that might be present in their organization.

To gain a better perspective, CFOs should ask the following questions:

Where are the career-path bottlenecks? Take a candid look at the organization and identify where the finance organization may be creating bottlenecks or points of frustration for leading talent. For example, is each of the people in finance supervisory, management, or leadership roles really the top talent in the organization? Or are some people who have risen to their highest level being allowed to stay because of their longevity? Much of younger talent's frustration stems from a lack of upward mobility, and sometimes reevaluating career advancement opportunities and supporting programs can ease that angst.

What major generational differences exist in my department? Fully engaging multiple generations requires understanding their mindsets and approaches to work (Baby Boomers are uncomfortable with conflict, for example; Gen Y may not have tolerance for boredom), their different attitudes toward respect (Gen X may view respect in conjunction with esteem; Gen Y expects to be heard), and their comfort level with technology (Baby Boomers may adapt to common technologies; Gen Y may seek the latest tools). At the same time, finance can leverage their commonalities, such as the desire for flexibility, continuous learning, and meaningful work, to create customized development plans. For example, members of Gen Y are particularly keen on rotational assignments, which allow them to be valued in the shorter term even if they don't yet have the title and experience needed to move up in the organization.

How do I create a powerful combination of the new and the old? From a cross-generational perspective, what can be done to create the proper mix of seasoned veterans and younger workers with fresh ideas, different perspectives, and new tools? Our client experience indicates that younger generations can be motivated by exposure to new experiences and recognition. At the same time, veterans may be looking for alternatives that allow them to continue to contribute to the workforce even after retirement. While many companies have formal rotational programs to foster the blending of generations, CFOs can move the needle with informal breakfasts and dinners or

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special projects that foster interaction between generations and harness the power of different experience levels to solve a business issue or finance problem.

Why is this something I should pay attention to? Given the talent paradox, it is important for CFOs to a) understand generational issues, b) plan for them, and c) integrate them as part of a finance-talent strategy. Not doing so puts you at a competitive disadvantage, particularly if the talent you don't know you have is walking out the door. Moreover, now is the time to actively develop a multigenerational finance-talent strategy. As the economy improves, people of all generations will likely be considering opportunities to advance elsewhere. CFOs should give finance-talent across the generations a clear set of reasons to stay and grow.

How can finance benefit overall? The case can be made for the benefits of bringing new thinking and energy into any organization. But younger workers also come equipped with certain skills that can improve finance's productivity, bridge the gap with other generations, and enhance business value. For example, organizations with a business- and tech-savvy workforce can enhance core processes through technology solutions, thereby reducing redundancies and potentially enabling the use of shared services. In addition, we have seen the impact of sound multigenerational talent management strategies firsthand at our clients in areas such as product and service innovation, process efficiency, positioning the organization as a market leader, and increased productivity.

Little things matter

Turning a multigenerational finance department into a multigenerational finance team, however, is no easy task. It requires not just a three- or five-year plan, but an even longer-term vision as to how you develop and deploy finance-talent across the organization. Still, it presents a rare opportunity to build a finance-talent strategy linked to business objectives that gets the most out of each generation's different passions and capabilities. Many effective strategies consist of talent management programs that focus on:

- **Connection**—to the organization and to others without regard to generation
- **Customization**—tailored solutions to address different needs, interests, styles, and approaches to career paths
- **Choice**—the ability to select from program options based on needs, preferences, and aspirations

Those three Cs, as we call them, are typically built into core talent programs, including onboarding, learning programs, performance management, career development, and enterprise culture. But there are other steps CFOs can take to both identify future leaders and bridge the gap between the generations to form a cohesive finance team.

Consider the following possibilities:

1. **Get creative.** CFOs, like many executives, are overloaded with information. One way to bridge the gap between upper-level management and junior talent is to engage them in helping ease that burden. Pick several junior staff members and ask them to draft brief summaries of materials you simply do not have time to digest. In short order, you will get a sense of who is choosing the cogent issues and who has an innate understanding of what a CFO at the top of the business needs to see.

2. **Engage senior leadership.** Junior staff members often want engagement with more senior practitioners. Something as simple as having your direct reports nominate junior colleagues to participate in a breakfast or a roundtable with the CFO, say on a quarterly basis, can pay dividends. A global telecom company took this idea a step further by pairing senior leaders with high-potential summer interns to create a customized development plan and jump-start the leadership transformation process for new recruits and next-generation leaders.

3. **Take chances.** Based on our client experience, we know that one of the leading breeding grounds for tomorrow's finance leaders is the financial planning and analysis (FP&A) job family. FP&A may be the hardest area in which to find talent, but it is also most likely to be a feeder to advancement and promotion. But how do you identify who should go into FP&A as early as possible so you can develop that pipeline of leadership? Are you willing to single out young talent at an early stage and take a chance on him or her? And how can you create projects and roles that test and challenge the capabilities of different generations of finance-talent?

4. **Role model finance leadership.** As a CFO, you are in the leading position to demonstrate the attributes of a finance leader. There is only one CFO, and allocating the time to engage with future finance leaders to understand their strengths and identify attributes crucial to the results of the business—such as the ability to deal with strategic ambiguity and organizational agility—is important to building the future pipeline. Being a role model, however, may mean overcoming personal biases. Specifically, from a generational perspective, how you got to the top may not be the preferred way anymore, and remaining open to new models and alternate paths may yield better talent these days.

Overcoming the obstacles

Demonstrating a commitment to generational diversity can build an organization's brand and reputation as an "employer of choice" for highly motivated, skilled finance-talent. We have also seen other benefits such as increased productivity and process efficiency.

There is also a competitive advantage to be had. Currently, less than 10 percent of companies have broad talent strategies that address the specific challenges facing CFOs (development, retention, gaps in skill sets), according to a recent Deloitte Consulting LLP poll.[13] But by making a finance-talent strategy a priority and collaborating with the human resources function to make current programs finance-specific, CFOs can pave the way for an inclusive work environment that values, rewards, and develops employees across generations, reduces costly turnover, and increases finance employee engagement and productivity. In other words, a CFO can create the multigenerational team he or she needs.

Endnotes

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