



WHITE PAPER

Corporate Succession Planning — A Millennial Approach

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Effectively Transitioning a Company to Its Next Leaders

Each year approximately 10-15% of corporations must appoint a new CEO. In 2015, turnover among global CEOs hit a 15-year high. So, who is next in line to fill these roles? Despite the anticipated number of baby boomers phasing out of the workforce, current employees haven't been groomed to assume the helm.

According to a 2010 survey from Stanford University, 39% of boards of directors had no viable internal candidates who could immediately replace the CEO.

Companies considering succession planning need to cultivate employees who currently comprise a majority of their workforce: millennials (Gen Y).

According to Pew Research Center, more than 33% of American workers are millennials (defined as those born between 1981-1997). In 2015, they surpassed Generation X (Gen Xers) to become the largest share of the American workforce. By 2025, millennials will account for 75% of the global workforce.

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Ask about millennials and you're likely to hear a variety of labels: self-centered, job hoppers, lazy. In a recent Reason-Rupe poll, 71% of adults think 18- to 29-year-olds are "selfish" and 65% of them say they are "entitled." In the workplace, 55% of workers tag their millennial colleagues as the biggest complainers.

Whatever people think of millennials, they are—and will be—critical to future business and economic growth. They are the next managers, C-suite executives and CEOs.

Nearly 50% of millennials are already in leadership positions. However, 64% of them feel "unprepared" when assuming these roles, reporting they lacked business acumen, communication skills and problem-solving capabilities (People Matters, 2017).

This white paper focuses on how companies can adapt their current employee attraction, engagement and retention strategies with millennials in mind. This approach offers the greatest opportunity for identifying and growing talent, while successfully transitioning a company to its next set of leaders.

THE MILLENNIAL BUSINESS MINDSET

Millennials are the most tech-savvy of workplace generations. They are connected to friends

and colleagues around the world, consume media via their smart phones and converse with

emojis. Social and business climates in the past 20 years have certainly impacted this generation, but none more so than technology. Unique influences on each generation reveal distinctive characteristics. On a whole, millennials are:

MILLENNIALS ARE:
Entrepreneurial in Spirit
Well Educated But In Debt
Disengaged at Work

Entrepreneurial in spirit: The Great Recession took a toll on millions of Americans, many of them parents to millennials. Hard-working people lost jobs and retirement savings due to no fault of their own. Millennials witnessed how powerless their parents were because of their sole reliance on employers for income and benefits.

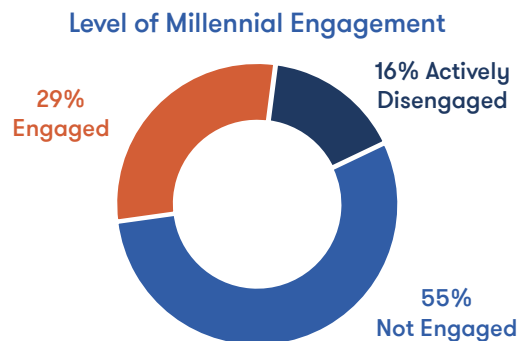
Unlike baby boomers who started with one company, climbed the corporate ladder and then retired from that organization, millennials expect to change jobs. They grew up with the quickly changing and expanding digital world and as such, are adaptable and embrace change.

Gen Y seeks challenges through other employers, but also want to create their own business opportunities. According to a Bentley University study, approximately 67% of millennials have an interest in starting their own businesses. One outgrowth of that vision is the “gig economy,” a labor category characterized by the prevalence of short-term contracts or freelance work as opposed to permanent jobs. A trends report from Intuit says that by 2020, 40% of U.S. workers will fall into this category.

Well educated but in debt: A university degree has become more accessible to millennials and higher education institutions are churning out graduates at record pace. In 2012, for the first time ever, one-third of the nation’s 25- to 29-year-olds

had completed at least a bachelor’s degree (Pew, 2012). This generation may be the most-educated, but they are paying a price for that education. Currently, 71% of bachelor’s degree recipients have college debt upon graduation, with the average graduate owing more than \$37,000 (Rupe-Reason, 2017). College graduates are entering the workplace with a diploma and an IOU.

Disengaged at work: According to Gallup research, 55% of workplace millennials are not engaged, and an additional 16% are “actively disengaged.” We all know, disengagement impacts a business’s bottom line. Gallup notes that millennial turnover costs the U.S. economy



\$30.5 billion annually. Millennials do not define themselves by their employment nor their employer; they define themselves by what they do. They will change jobs if the next opportunity feels worthwhile.

Disengagement should not be confused with being lazy. Millennials plan to work longer than their parents. More than half expect to work past age 65, and 12% say they will likely work until the day they die (Manpower, 2016).

Understanding the aspirations, financial challenges and workplace expectations of millennial team members provides insight for companies to tailor development and retention efforts, while preparing the organization for a seamless and progressive leadership transition.

Developing & Growing Millennials Into Leaders

With an understanding of the millennial mindset and a focus on succession planning, organizations can determine the best ways to cultivate engagement and retention among this important sector of the workforce.

ENGAGING MILLENNIALS

Millennials lack of engagement may have more to do with organizations than millennials themselves. Millennials want to be engaged, but employers have yet to figure out how to do that with this new generation. Companies should adapt management styles to meet two of millennials top workplace values:

Training: Millennials want to grow in their roles, but many aren't getting internal support to do so. Gallup research reports that while 87% of this generation rate "professional or career growth and development opportunities" as important to them in a job, only 39% strongly agree they have learned something new in the past 30 days that they can use to do their job better. Slightly less than one in two millennials strongly agree that they have had opportunities to learn and grow within the past year. Skills development is so important to millennials, that 93% of them are even willing to spend their own time and/or money on additional training (ManpowerGroup, n.d.).

87% of millennials rate career and professional growth an important part of the job.

Clearly there is a disconnect between what millennials want from their employers and what employers are offering. However, millennials thirst for knowledge is a positive trait in the workplace.

Those dedicated to ongoing growth are going to be more knowledgeable and innovative individuals. For this generation, training tools that help identify competencies and create customized curriculum for an employee's growth, will be most effective. Addressing the collaborate nature of millennials, they can work hand-in-hand with their supervisors to plan their growth, career path and ultimately, their leadership role.

Communication: Millennials are comfortable with, and welcome, team-oriented communication, particularly in the workplace. Millennials do not want to work in silos; they want to collaborate. And that extends to relationships with their supervisors. A recent survey by TriNet revealed that millennials prefer ongoing dialogue and specific feedback, rather than the traditional supervisor-mandated annual review.

A give-and-take communication approach resonates well with millennials; it sets the stage for engagement and better performance.

The research further states that 44% of millennials who regularly meet with their managers report they are engaged with their work, and that nearly nine out of ten would feel more confident in their current position if they could have more frequent performance conversations with their manager.

RETAINING MILLENNIALS

As the youngest generation in the workplace, millennials are invested in their development, and their employers should be too. Research

confirms a strong relationship between employee training and development and employee retention (Jehanzeb and Bashir, 2013). Millennials' loyalty to their employers increase when the company offers jobs that accelerate their professional or career development. Only 27% of Gen Xers and

Baby Boomers would leave a job because another employer offered professional development programs, compared to 41% of millennials who would leave a company to take advantage of that benefit (Gallup, 2017).

Corporate Succession Planning

This workforce generation is a vast, challenging and complex group for employers. Despite their volume and multiple differences from their predecessors, millennials bear many characteristics that define good leaders: flexible, social, trustworthy, purpose-oriented and innovative (Little, 2015).

Once companies have invested in developing their millennial workforce, they have created a pipeline

of great talent ready to assume leadership roles. It's now incumbent on organizations to have a systematic approach to succession planning through purposeful training, designed in tandem with their millennial workforce. This approach will help organizations ensure an engaged and committed workforce, ready to successfully transition to leadership positions.

About Pryor Learning

Fred Pryor Seminars and CareerTrack, divisions of Pryor Learning, create one of the most respected international providers of professional training. Since pioneering the one-day seminar in 1970, our organization has built a reputation for high-quality, convenient, and practical business-skills training around the world, in every industry and sector. Our recent name change to Pryor Learning, LLC better represents our full line of training which includes live seminars, online training, and enterprise solutions.

Today, with more than 13 million satisfied customers, we continue to pride ourselves in providing the superior training you've come to expect. Our cutting-edge research and course development are designed to meet the adult learning needs of your employees and your organization.

At Pryor, we offer training for any learning type—in-person and through live seminars, online with videos, quizzes, e-books, webinars. Every learning style is an option based on the company

and employee needs. As a cloud-based LMS, learning is three clicks and three days away from adoption of learning plan.

Tracking and measurement can be cost-effective and simplified. Drive accountability and ROI with Pryor's advanced admin features. Admins can assign, track, and report on training in real-time with single-click reports or export to Excel. Learning objectives can be tied to professional development goals to more accurately gauge employee performance around review time.

With the Pryor LMS turnkey solution, businesses can be up and running quickly. Ongoing support and maintenance is covered. You can save money on resources and manpower to launch and train employees on how to use the system. Built-in custom marketing campaigns are available to aid in the launch and roll-out of company directed business goals such as employee emails or poster campaigns to welcome new learners; and reminders to existing learners on where to access to all online and in-person offerings. ■

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