



# Demystifying the Millennial: What Boards Need to Know about Leadership Development and Compensation

Compensation Series

---

September 28, 2017

**Pearl Meyer**



# Meet The Presenters



**Richard Goeglein** is currently a Fellow and faculty member of the National Association of Corporate Directors and is regularly engaged as a speaker, panelist, and webcast moderator for the Association. He also serves as a Trustee on the Board of Volunteers in Medicine of Southern Nevada, a 503(c) non-profit and is Chairman of the Executive Committee and member of its Finance committee. He was Non-Executive Chairman of the Board of Pinnacle Entertainment from 2003 thru May 2014 and continued as a director thru May 2015.



**Catherine Allen** is Chairman and CEO of The Santa Fe Group, a strategic consulting company specializing in briefings to C-level executives and boards of directors at financial institutions and other critical infrastructure companies. Catherine currently serves as a board member of Synovus Financial Corporation and El Paso Electric Company and is a member of the Risk, Energy and Natural Resources, Public Policy and External Affairs, and Nominating and Governance Committees. She chairs the Security Committee for El Paso Electric. She is co-chair of the University of Missouri's Capital Campaign and sits on the Research and Development Committee. She is also on the board of WomenCorporateDirectors and the Executive Women's Forum.

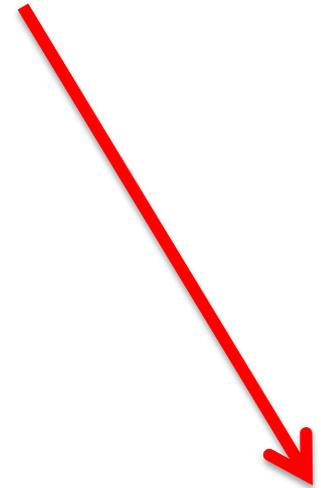


**Aalap Shah** is a managing director in the New York office of Pearl Meyer. He advises public and privately-held companies on executive compensation issues, with focus on aligning leadership strategy with compensation, pay governance, pay-for-performance alignment, and incentive plan design. He has particular interest in the intersection between business strategy, people strategy, and compensation strategy; believing alignment of all three is required to design effective programs. He advises clients in a variety of industries, including technology, healthcare, financial services, consumer products, retail, manufacturing, real estate, and media. He also consults on special compensation programs for IPO and merger & acquisition transactions.

Submit a question and receive your answer directly from Pearl Meyer. You will also be opted-in to receive future executive compensation thought leadership from Pearl Meyer.

Tweet live during the event today with **@NACD** and **@PearlMeyer**.

The presentation slides are available for download at  
<https://www.pearlmeyer.com/knowledge-share/webcast/demystifying-the-millennial-what-boards-need-to-know>  
and within the webinar console



## 1 SKILL-SPECIFIC CREDIT

You will automatically receive 1 NACD credit for your participation.

Credit may be applied to NACD Fellowship programs. Contact [Fellowships@NACDOnline.org](mailto:Fellowships@NACDOnline.org) for more details.

The replay and slides will be available early next week at [www.NACDOnline.org](http://www.NACDOnline.org) and [www.pearlmeyer.com](http://www.pearlmeyer.com).

 Download Presentation

Listen Now



# Agenda

---

- **Getting Grounded: Generational Breakdowns**
- **The New Workforce – Millennials and Gen Z**
- **Myths and Realities**
- **Managing the Multi-Generational Workforce**
- **Key Takeaways**

# Generational Breakdown



## Gen Z, iGen, or Centennials

Born 1996 and later  
**85 million by 2020**  
projected

## Millennials or Gen Y

Born 1979 to 1995  
**80 million**  
approximately

## Generation X

Born 1965 to 1978  
**40 million**  
approximately

## Baby Boomers

Born 1946 to 1964  
**77 million**  
approximately

A vertical timeline graphic on the left side of the slide consists of seven light-colored circles connected by a thin black line. Each circle is positioned to the left of a horizontal blue bar that contains a text label. The bars are stacked vertically, with the top bar at the top and the bottom bar at the bottom.

Columbine High School Massacre

Start of Iraq and Afghanistan Wars

Enron and WorldCom Implosions

Oklahoma City Bombing

O.J. Simpson Trial

9/11 Terrorist Attacks

2007 – 2012 Financial Crisis



# New Workforce is Emerging



**Holly  
Maloney  
McConnell,  
31**

**Managing Director  
General Catalyst  
Partners**

**CFO  
Heinz**

**David  
Knopf,  
29**

**Aniket  
Shah,  
28**

**COB  
Amnesty  
International**

**Independent Director  
Morningstar, Inc. and  
Rosetta Stone, Inc.**

**Caroline  
Tsay,  
35**

# The New Workforce – Millennials and Gen Z



## Millennials

- ❖ Don't just work for a paycheck, they want a purpose.
- ❖ They aren't pursuing job satisfaction, they are pursuing their own development.
- ❖ They don't want bosses, they want coaches.
- ❖ They don't want annual reviews, they want ongoing conversations.
- ❖ They don't want to fix their weaknesses, they want to develop their strengths.
- ❖ They have a collaborative mentality where everyone pitches in and works together.
- ❖ It's not just their job, it's their life.

## Generation Z

- ❖ Money and job security are their top motivators. They want to make a difference but surviving and thriving are more important.
- ❖ They want to accumulate rewarding experiences. Gen Z tend towards being impatient and often experience FOMO (Fear Of Missing Out), so instant feedback and satisfaction are key.
- ❖ They want to be mentored in an environment where they can advance quickly. They want to look their leader in the eye and experience honesty and transparency.
- ❖ They don't want an annual work assessment, they want to be mentored and given feedback on an ongoing frequent (daily) basis.
- ❖ They were raised during the Great Recession and believe that there are winners and losers – and more people fall into the losing category. They want to have the tools to win, either through developing weaknesses or strengths.
- ❖ They are competitive. 72% of Gen Z said they are competitive with doing the same job. They are independent and want to be judged on their own merits and showcase their individual talents.
- ❖ Salary and benefits and how they can advance are pivotal. They are a DIY generation and they feel that other generations have overcomplicated the workplace.

## Assets

- Consumer mentality
- Collaboration
- Goal-oriented
- Highly educated
- Multitask fast
- Optimistic
- Technically savvy
- Tenacious

## Liabilities

- Distaste for menial work
- Inexperienced and need supervision
- Lack discipline
- High expectations
- Lack of skill in dealing with difficult people
- Impatient
- Respond poorly to authoritarian manner/rank alone

## Myth

### Job Hoppers

## Reality

Although most Millennials and Gen Zs expect to have multiple employers during their work tenure, they would not classify themselves as job hoppers.

However, there is a willingness to move on quickly if expectations are not met. Career progression (inclusive of opportunity for development) and pay tend to be the top priorities.

### Implications for Talent Management and Compensation/Rewards

- Merit-based advancement vs. tenure-based is going to be key. Organizations where this is part of the core culture will have a greater level of engagement/retention.
- Pay levels should be commensurate with knowledge and ability to contribute vs. job experience or level of organizational attainment. Organizations should become more comfortable with paying outside the compensation bands or establishing high potential compensation pools.

## Myth

**Want to  
Work  
Less**

## Reality

New workforce actually works more hours, especially if you include hours devoted to professional development.

What is critical here is the desire for flexibility – Millennials (more of a separation of work and life) and Gen Z (more of a blend of work/life) have different views.

### Implications for Talent Management and Compensation/Rewards

- Many organizations have already adopted flexible work schedules and work-at-home initiatives. These don't lead to engagement unless it is clear that career progression won't be hampered.
- Reward systems should be based on results vs. number of hours. Assessment of efficiency and productivity are actually not addressed in most compensation systems.

## Myth

**Don't  
Respond  
to  
Authority**

## Reality

No issue with authority, but will quickly “tune-out” if not working with bright/creative people or if treated solely as an underling – contributions are expected to be valued and respected.

Strongly believe age does not denote expertise, but willing to learn if expertise is there.

## Implications for Talent Management and Compensation/Rewards

- Create an environment where there are multi-generational and multi-level teams – learning process should be constant and interconnected.
- Create mentorship and reverse mentorship programs.
- Establish a transparent link between professional development and compensation – continuous learning will be rewarded by having a portion of your bonus based on year-over-year progress.

## Myth

## Reality

**Want to be  
Entrepreneurs**

Examples of young entrepreneurs abound, however majority have been shaped by seminal events that have resulted in greater risk aversion and significant debt.

### Implications for Talent Management and Compensation/Rewards

- Foster a culture of innovation where “ability to fail” and experimentation is cultivated.
- Adopt metrics that are milestone-based rather than solely financial/operational.
- Consider a performance management matrix where assessment is based on results and potential.

# Managing the Multi-Generational Workforce



## Baby Boomers

- Flex work: telecommuting and adjustable scheduling for family/caretaking
- Continual learning opportunities and new workplace challenges
- Mentorship opportunities
- Recognition-based reward structures
- Phased retirement programs

## Gen X

- Going beyond telecommuting – ensuring that flex is valued and supported
- Prefer autonomy
- Supremely adaptable – results matter, not process
- Feedback is important, but will understand that increased workload is sign of appreciation and respect

## Millennials

- Flex transformed to work/life balance and separation
- Social consciousness permeates both work and life – time to give back is now, not later
- Respect experience outside formal employment
- Tenure is a “dirty word”
- Somewhat easily disenfranchised

## Gen Z

- Flex time 4.0 – work/life blend, no separation
- Foster constructive competition
- Full transparency – career progression and associated rewards
- Will be uniquely focused on creating efficiency – cutting out the “middleman”

## Talent Management

- ❖ Focus on mission, values, and culture of the organization
- ❖ Provide flexible hours, sabbaticals, and work/life balance benefits
- ❖ Show them the path to grow and move up within the organization
- ❖ Leverage their entrepreneurial interests, but understand not all have the ability
- ❖ Provide instant feedback on performance
- ❖ Create team approaches to problem solving

## Compensation/Rewards

- ❖ Enhanced benefits – tuition reimbursement, 100% healthcare, continuing education allowances, life conveniences, etc.
- ❖ Flexibility to exchange monetary compensation for time off
- ❖ More frequent bonus payouts – semi-annual, quarterly
- ❖ Enhanced use of recognition awards / spot bonuses; however, greater personalization increases impact
- ❖ Heightened appreciation for pay-for-performance, but performance not solely characterized by results and pay should not be limited by structure
- ❖ Performance management systems structured to assess both results and potential



# Questions?

---

**Pearl Meyer**



Join NACD and Pearl Meyer for our next program:

November 9, 2017

2:00 – 3:00 p.m. EDT

[Register Now](#)

# NACD Credit and Fellowship Information



If you have any questions regarding NACD credit or the Fellowship programs, please contact:

Meghan Metzbower, Senior Fellowship Program Manager

Phone: (202) 803-6764

Email: [Fellowships@NACDonline.org](mailto:Fellowships@NACDonline.org)

To learn more about NACD Fellowships, visit us at [NACDonline.org/Fellowships](https://NACDonline.org/Fellowships)



# Thank You

---

