

Generational Issues

Human Capital Center Toolbox Series



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What is the PCPS Human Capital Center Toolbox Series?


The Toolbox Series is designed to highlight the learning and tools available in the Human Capital Center (HCC), including templates, action plans, checklists and more. The HCC serves PCPS members by focusing on staffing best practices and providing the resources to master and implement those recommendations. Contributions to the Toolbox Series were made by the AICPA's Specialized Communities, including the Personal Financial Planning, Information Technology, Forensic and Valuation Services and PCPS sections. Visit the 11 segments of the Human Capital Center at pcps.aicpa.org/Resources/Human+Capital+Center/ to discover more.



**This tool icon refers to Tools that are available
in the PCPS Human Capital Center.**

Understanding the Next Generation: Insights for CPA Firms

The makeup of today's firms has changed and will continue to change into the next decade. Our environment includes four generations of workers and numerous combinations of race, gender and belief systems. CPA firms must understand all of these changes to prepare for the future. At aicpa.org/PCPS, you will find resources from the PCPS Human Capital Center, Next Generation Consulting, Inc. and the AICPA's Minority Initiatives Committee that will assist you in addressing the integration of various cultures among your team members.

A photograph showing four business professionals in a meeting. In the foreground, a man in a grey pinstriped suit and blue tie is looking down at a document. Behind him, an older man with glasses is smiling and looking at the same document. To the right, a woman in a dark blazer is also smiling and looking at the document. The background is bright and out of focus.

Next Generation Firms are unique from other firms because:

- they are high-performing workplaces
- they have reputations as great places to work

Understanding Generation Gaps at Work

In a 2008 Generational Issues study conducted by PCPS, members cited finding and grooming new partners and retaining young professionals as the most important generational issues they face as CPA practitioners.

Why do generational issues exist? Let's start by introducing the four generations at work in the 21st century: the Silent Generation, Baby Boomers, Generation X and Millennials. Each has its own perspective, sometimes clashing with one another, about work and their roles at work, and can be understood through a simple comparison to psychologist Abraham Maslow's "hierarchy of needs" theory:

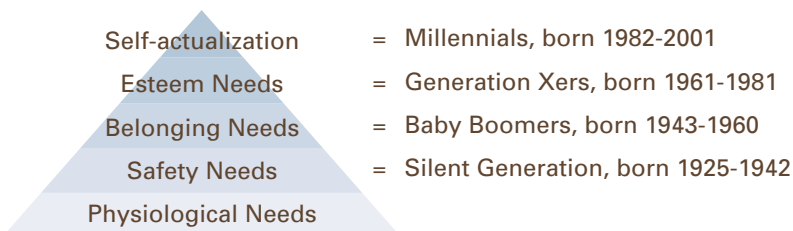
Consider each generation's relationship:

- to time
- to technology
- with others

The Silent Generation was born and came of age during the Great Depression and WWII, when securing food, clothing and shelter satisfied basic safety needs. Baby Boomers, the children of the Silent Generation, set their sights higher

because their basic necessities and safety needs were consistently provided by their parents.

During the next decades, when emotionally charged politics was at its peak during the civil rights movement, Baby Boomers developed the needs for love, affection, belonging and a sense of community — the next level on Maslow's hierarchy. This group became the first of the generations whose members were sometimes known as workaholics.



With two parents in the workforce, the Baby Boomers' children, known as Generation Xers, developed heightened esteem needs, such as confidence, competence, achievement, independence and freedom. In the workplace, this generation is likely to question their leaders and express their desire for independence and self-reliance.

Millennials are often touted as the "Me" generation. Self-actualization, as described by Maslow, is a need that people have to be authentic and aware of their inner selves, to transcend their cultural conditioning, to discover their callings or destinies and to appreciate beauty and other good things in nature and life. Millennials do all of these things, such as learning new languages, waiting longer to get married and taking time off now rather than waiting for retirement to travel, explore and experience life.



When you add all of these work ethics to the same work environment, generational friction is likely to occur, particularly in the following areas:

Time. While the Silent Generation seeks to be on time every time and focuses on the billable hour, later generations focus more on productivity and value.

Technology. While earlier generations feel that young people rely too heavily on technology to communicate, rather than participate in face-to-face meetings, the younger generations counter that older people don't use technology effectively to minimize the need for the face-to-face interaction, which some believe interrupts productivity.

Relationships with others. Older generations rarely ask for special treatment or question authority, a result of being raised in times of war; while younger generations don't trust authority and often question it rather than follow it.

By now, you may be wondering how to address these intergenerational issues. Here are a few suggestions:

- Use the short **Generational Quiz**, which is intended for everyone. Take it yourself and pass it along to everyone in the firm. The lessons learned are a brilliant introduction to the changing makeup of our workforce.
- Use the **Next Generation Firm Employee Engagement Survey** to gauge team members' responses in six dimensions of employee engagement: Trust, Management, Development, Connection, Rewards and Life-work Balance.
- Start a book club focused on generations at work. *Live First, Work Second*; *Generations at Work*; and *Free Agent Nation* are great resources.
- Assign an Intergenerational Issues team to help raise awareness of generation gaps at work.
- Begin the process of becoming a Next Generation Firm. A Next Generation Firm is a place where all generations are valued, and the workplace brings out the best in each person.

Becoming a Next Generation Firm Leader

Next Generation Firms are unique from other firms in two ways:

- They are high-performing workplaces, and they typically outperform their competitors financially.
- They have reputations as great places to work: turnover rates are very low, there are fewer job vacancies, and employee satisfaction is high across all generations.

Becoming a Next Generation Firm starts with leadership. There are six dimensions of Next Generation Firm Leaders:

- **Trust** Leaders communicate often and openly with employees at all levels. They share information or insight and believe that trust goes both ways.
- **Management** Leaders mentor and offer insight to the firm's up-and-coming leaders. They set and communicate clear, ambitious goals.
- **Development** Leaders create an atmosphere of growth and learning. Training is aligned with developing the skills that are valued by clients and are necessary for job performance.
- **Connection** Leaders connect with their employees on social and emotional levels. They want to work with people they like.
- **Life-work Balance** Leaders encourage employees to have a life outside of work, while still pursuing career goals.
- **Rewards** Leaders pay fairly and give credit where credit is due. They recognize a job well done and don't hesitate to give a pat on the back.

The PCPS Human Capital Center provides a self-assessment tool called **Becoming a Next Generation Firm Leader** that gives you the opportunity to assess yourself, reflect on your leadership strengths and opportunities and create a plan of action to transform your organization into a Next Generation Firm.

Becoming a Next Generation Firm Manager

A manager is someone who works in the business; a leader is someone who works on the business. Leaders are responsible for the firm's long-term vision and growth; managers are responsible for developing, coaching, and retaining great employees and delivering excellent client care and service. The same six dimensions discussed earlier in the context of leadership also apply to management:

- **Trust** *Managers communicate often and openly with employees at all levels. They share information or insight and believe that trust goes both ways.*
- **Management** *Managers play a hands-on role with their direct reports. They hold employees accountable to performance goals and expectations.*
- **Development** *Managers foster an atmosphere of growth and learning. Training is aligned with developing the skills that are valued by clients and are necessary for job performance.*
- **Connection** *Managers connect with their employees on social and emotional levels. They want to work with people they like.*
- **Life-work Balance** *Managers encourage employees to have a life outside of work, while still pursuing career goals.*
- **Rewards** *Managers may not have control over their employees' paychecks, but they can – and should – show appreciation.*

The PCPS Human Capital Center also provides a self-assessment tool for management called **Becoming a Next Generation Firm Manager**.

Implementing Solutions to Generational Issues

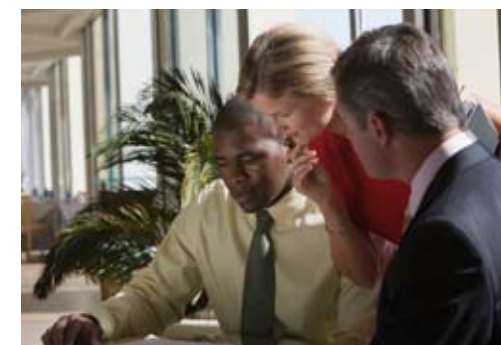
Now that you have a better understanding of these generational issues, you can begin to learn how to address these challenges. The tips that follow are a great starting point; however, this is not meant to be an exhaustive list.

Next Generation Firm Implementation Action Plan

The Action Plan is a simple guide that allows you to effectively follow the steps necessary to transform your firm into a Next Generation Firm.

Recruiting

Develop a reputation for excellence and professionalism. The top talent is seeking professional advancement and career opportunities. By developing a solid reputation as a great place to work, you will find it easier to attract and retain these professionals.



Get organized. Top talent will be impressed by firms that are well-organized and professional when it comes to recruiting. Do you have an established recruiting program with assigned roles and responsibilities? Do you keep candidates well-informed of recruiting timelines?

Provide internships. These programs offer exceptional opportunities to find out if candidates fit with your firm's culture and vice versa.

Retention

Introduce your culture. Make your employees feel like they are part of the practice by providing a proper orientation, in which they will meet future team members and learn office policies. Mentoring programs and buddy programs are great ways to ensure that new staff members will meld successfully into the practice.



Test Your Generational IQ:

Q: Which of the four generations in today's workforce was the first to be described as "lazy, disloyal slackers" in the American media?

(see the answer in the box on page 12)

Ask young people what they want. One way to easily learn what young professionals in your firm want is by developing surveys using survey tools such as SurveyMonkey.com.

Grooming future leaders

Offer more than a generic career path. Taking a scorecard approach over the traditional promotion timeline (which typically entails waiting an arbitrary number of years) is an effective way to encourage younger generations to expand their skill sets while simultaneously seeking promotion based on achievement.

Include upcoming leaders in planning. This serves as an excellent training opportunity, diminishes the steep learning curve upon promotion to the leadership position, and makes professionals feel connected through the firm. They can see how their contributions affect the firm's overall strategy.

Don't neglect non-equity partners. Some firms have a level of non-equity partners who are given a certain amount of responsibility but who do not have ownership in the practice — a sort of partner-in-training cohort. It's important not to give this group the title of "partner" and then neglect to groom them for the job. They should be included in partner meetings, even if they don't have an official vote in decision-making, to expose them to the firm's behind-the-scenes workings and to prepare them for further responsibility.

Tailor business development to each level. Learning how to bring in new business — from existing and prospective clients — is an important part of any future firm leader's responsibilities. It is something that can be nurtured at every stage of a young professional's development. The comprehensive **Firm Competency Model** in the Team Recruitment section of the PCPS Human Capital Center illustrates this point. It lays out various business development tasks for firm members, starting with associate and moving up to the partner level.

Get outside leadership training. On-the-job training is invaluable, but there are many great resources outside the firm that can complement your own internal efforts. Don't restrict these training opportunities to the management level; include up-and-coming talent at the staff level, too. Outside conferences, seminars and workshops can help identify people who are leadership material and provide them with the tools they need to hone their skills.

Human Resources Audit

Assess the firm's HR policies and procedures to ensure that they align with the firm's intention to become a Next Generation Firm by implementing the **Next Generation Firm HR Audit Tool**, which is found in the Generation/Diversity Integration section of the PCPS Human Capital Center. The Audit covers basic HR strategy and functions as well as specific policies and procedures that reinforce a firm's commitment to the six dimensions of employee engagement.

Visit aicpa.org/PCPS and become a member today. You'll enjoy access to an array of tools and resources related to staffing and generational issues. To find out if your firm is already a member, email pcps@aicpa.org.

A: Generation X.

The American media often portrayed Gen Xers as "lazy, disloyal slackers" because they had multiple jobs in their first few years after college.

(The answer to the Generational IQ question on page 10)

Access These Tools At aicpa.org/PCPS

Next Generation Firm™ Implementation Action Plan

Generational Quiz

Next Generation Firm™ Employee Engagement Survey

Becoming a Next Generation Firm™ Leader

Becoming a Next Generation Firm™ Manager

Next Generation Firm™ HR Audit Tool



American Institute of
Certified Public Accountants
220 Leigh Farm Road
Durham, NC 27707-8110

aicpacomunities.org