



# Millennials in Professional Services

## A Special Report



# Millennials in Professional Services

A Special Report based on latest research, client interviews, surveys & academic papers on the role of Millennials in professional services.

The Millennial generation, with their unique attitudes and values, combined with an identified skills gap, pose significant challenges for professional services firms but also provide great opportunities if their potential can be harnessed.

Based on latest Millennials research, client interviews, surveys and academic articles, we have written a short series of articles giving our Points of View on the current situation and outlining potential implications for professional services leaders, particularly with regards to learning and development, HR strategy and future leadership decisions.

By 2020, Millennials will form 50% of the global workforce. It is time for professional services firms to face the challenges and embrace the opportunities offered by this unique generation of employees...

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## Part 1. Who are Millennials and why should professional services firms care?

'Millennials' – also known as Generation Y – are individuals who were born in the early 1980s to late 1990s and will come of age in the noughties (2000s).

For some, Millennials are lazy, narcissistic, job-hopping, praise seeking, entitled, skill-lacking, under-prepared digital addicts.

Others see them as digitally proficient, adaptable, confident, creative, knowledge-seeking catalysts for accelerated business change.

From recent client conversations and speaking to many professional services firms we know that one of the key questions currently being asked by senior managers and directors of professional services firms is how to face the challenges and embrace the opportunities offered by the Millennial generation.

Barry Salzburg, for example, former CEO of Deloitte Global recently said of 'The 2015 Deloitte Millennial Survey';

*"These findings<sup>[1]</sup> should be viewed as a valuable alarm to the business community, particularly in developed markets, that they need to change the way they engage Millennial talent or risk being left behind."*

No student or graduate has ever been fully prepared to enter the world of work, so why should professional services firms now be particularly concerned about the Millennial generation?

Firstly, it is the fundamental role Millennials will play in the future growth of professional services firms. In just five years' time, the Millennial generation will make up over half the total workforce. As the 'Baby Boomer' generation start to exit business life, Millennials will become leaders of the business world, responsible for ideas, strategy, relationships and growth of the firm.

What's more, not only will the majority of the workforce be Millennials, the majority of future professional services clients will also be Millennials.

Unfortunately, as highlighted by recent research, the core 'human' skills and behaviours required to succeed in a professional services environment remain lacking and under-developed among the Millennial generation. In order for firms to develop leaders of the future, certain key 'human' skills such as critical thinking, problem solving and communication must become part of the 21st Century business skill set developed among Millennials by their employers.

Secondly, professional services firms should recognise that Millennials are different.

They have their own unique attitudes and distinct values sets as result of the socio-economic and technological environment within which they have been raised.

Millennials want 'meaning' at work. They seek a "higher purpose" and a "reason for being". They want autonomy, self-determination and to know their work is making a difference. They want their work to create a better society and improve their clients' lives.

Importantly, Millennials want to learn and they want to work hard. They just want to learn and work differently to previous generations and they want to see commitment from their employer. In return, employers will gain a loyal, committed and engaged employee, in it for the long term.

**Reference:**

[1] Mind the gaps – [The 2015 Deloitte Millennial Survey](#) (p.2)

## Part 2. The Millennials' Skills Gap – Why, so what and what to do about it?

No student or graduate has ever been fully prepared to enter the world of work. Recent studies of employers and Millennials find both groups agreeing that current education systems do not help students attain the required 'human' skills and behaviours to succeed in business.

A recent Youth Speak Report found over half of Millennials students (53%) believe there is disconnect between what they learn today and what they will need tomorrow<sup>[i]</sup> and a recent survey by Deloitte found that skills gained in higher education only contribute a third of those required to achieve organisational goals.<sup>[ii]</sup>

### Why should a skills gap among Millennials be of concern to business?

By 2020, half of the workforce will be from the Millennial generation. They will be the future leaders in business, responsible for future growth, building relationships and taking key business decisions.

A recent study by Bentley University should therefore be of concern for business leaders. It found two-thirds of business leaders (64%) agreed that newly hired recent college graduates who are not well prepared harm the productivity of their organisation's day-to-day business.<sup>[iii]</sup>

## **Why isn't further education giving students the required skills to thrive in a real business environment?**

1. Too focused on technical theory – many business schools are still teaching management concepts from the 1990s which don't relate to the real world
2. Students "play the game" at University in order to get the best grades.<sup>[iv]</sup>
3. Success measured in credit hours (mainly in the USA). Time spent in the classroom, reading books, attending lectures, taking tests and exams, all done with the hope of a passing grade.<sup>[v]</sup>
4. Universities are too narrow, rewarding success in written exams and coursework.
5. Decline in Liberal Arts and Humanities degrees (which inherently require critical thinking, skills in analysis and communication skills) in favour of business and occupational degrees.<sup>[vi]</sup>

## **What key skills do businesses really need?**

Business leaders agree that the key skills they require are 'human' skills. Behaviours that cannot be taught in a lecture or read in a book but instead acquired through human experiences, interaction, explanation, modelling, collaboration, coaching, feedback and mentoring.

One recent study found just 19% of business professionals believe hard skills are more important than soft skills, and only 40% say job-specific knowledge is important.<sup>[vii]</sup>

"Yes, they can pass a calculus exam, but can they identify or solve problems on the job, or negotiate, or lead a meeting?"<sup>[viii]</sup>

While basic technical knowledge (i.e. legal / accounting / marketing) is important, many employers agree however, that technical knowledge can easily be taught and acquired on the job.

We believe the fundamental skills and behaviours required to succeed in business, which underpin all core business activities (business development, negotiation, presenting, leadership) are 'human' skills.

Moving beyond the concepts of 'soft skills' and 'emotional intelligence', a recent study by the World Economic Forum and BCG helps to categorise the 'human skills and behaviours' required to succeed in business into two groups: competencies and character qualities:<sup>[ix]</sup>

1. Competencies: critical thinking, problem solving, reasoning and communication
2. Character qualities: leadership, adaptability, social skills, self awareness

## What can be done?

Millennials are keen to learn and develop career skills and they acknowledge that the learning experiences they have encountered before entering the world of work have not equipped them with the skills and behaviours to succeed in the real world.

The future is bright. Compared to Generation X, hiring managers see Millennials as more open to change, creative and adaptable.<sup>[x]</sup> Having grown up in a fast-paced, digital world, Millennials are used to embracing change, instant communication and have developed an ability to access huge amounts of data at the click of a button.

The next step for employers is to determine exactly what skills and behaviours should make up a professional services career skillset for Millennials?

## References:

[i] [Improving The Journey From Education To Employment YouthSpeak Survey Millennial Insight Report 2015](#)

[ii] ["Mind the gaps" – The 2015 Deloitte Millennial Survey](#) p.8

[iii] [The PreparedU Project: Millennials in the Workplace, Bentley University 2014](#)

[iv] Rebecca Flanagan, The Kids Aren't Alright – Rethinking the law student skills deficit, B.Y.U. Education & Law Journal 2015

[v] See [fastcompany.com – This is the future of college](#)

[vi] Rebecca Flanagan, The Kids Aren't Alright – Rethinking the law student skills deficit, B.Y.U. Education & Law Journal 2015

[vii] [The PreparedU Project: Millennials in the Workplace, Bentley University 2014](#)

[viii] See [fastcompany.com- This is the future of college](#)

[ix] ["New Vision for Education – Unlocking the Potential of Technology" World Economic Forum & Boston Consulting Group 2015](#) p. 3

[x] Dan Schawbel And Jaleh Bisharat, Businesses Need Millennials If They Are To Remain Competitive, Talent Development, January 2015 p.22

## Part 3: Defining a professional services career skill set for Millennials

Millennials may be entering the professional services workforce lacking critical skills and competencies, as suggested by employers in recent studies and also by Millennials themselves.

The 2015 Deloitte Millennials survey<sup>[i]</sup> found Millennials believe the skills gained in higher education only contribute a third of those required to achieve organisational goals with clear implications for firms and their future growth.

Our research and experience suggests a 21st Century professional services career skill set for Millennials consists of:

### **1. Digital Proficiency**

### **2. Technical Knowledge**

*Which is most successfully applied when combined with:*

### **3. 'Human' Skills and Behaviours**

#### **1. Digital Proficiency'**

Millennials are digital 'natives' and the majority are highly proficient when it comes to technology. In contrast to older colleagues, the millennial generation have never known anything but digital.

Being digitally proficient, Millennials are ideally placed to help businesses take advantage of the opportunities offered by technology and digital that will continue to arise.

Millennials are used to instant communication and collaboration, mainly online. They are accustomed to accessing huge amounts of information at the touch of a button and they are comfortable embracing new ideas and technology and adapting these advances into their lives.

On the other hand, being a digital native may lead to shortcomings in other areas of skills and behavioural development required in professional services, particularly with regards to 'human' skills that cannot be replaced by a machine, such as critical thinking and communication.

The rise of 'digital' has led to a proliferation of data, with instant access to more amounts of information than has ever previously been possible.

The overflowing availability of data means that potential answers are easy to find without too much effort ('just Google it') and individuals may become lazy, prejudge (confirmation-bias), expect instant gratification and be satisfied to go for the obvious, instant, easy solutions. The prevalence of information also means it is much easier to get 'lost in the data' and waste time, money and effort looking in the wrong place if firms do not have a structured analytical thinking process in place.

Critical thinking is a diminishing art and digital natives may become reliant on computers becoming a substitute for thinking – worrying for professional services, where it is critical thinking that provides real value to clients and the firm.

While technology makes employees more productive some ways, being forever connected to smartphones, tablets, laptops, and other electronic devices has caused many corporate cultures to speed up and become 'always on', leading to a never-ending cycle of unreasonable expectations (both internally and with clients) and a reduction in creativity, innovation, insight and true productivity.<sup>[ii]</sup>

Recent neuroscience and psychology research show that constantly turning to electronic devices at work inhibits an important business behaviour – day-dreaming. While managers might argue this is no bad thing, it has been found that 'mind-wandering' actually facilitates creativity, planning, and putting off immediate desires in favour of future rewards – important behaviours for working effectively.<sup>[iii]</sup>

Similarly, recent research describes how too much screen time induces stress reactions, disrupts sleep, desensitizes the brain's reward system, overloads the sensory system, depletes mental reserves and fractures attention.<sup>[iv]</sup>

Finally, growing up in a world with endless connection to electronic devices means social media and online collaboration may have superseded 'human' interaction with a subsequent reduction in the quality of communication, networking and listening skills attained – fundamental requirements sought by business leaders within professional services.

## 2. Technical Knowledge

Excellent technical knowledge (professional, vocational, occupational) is essential to succeed in today's world of professional services. Mastering theory and staying on top of industry changes (Legal / accounting / marketing / finance / consulting) is a pre-requisite.

Attaining technical knowledge forms the basis of many further education programmes and entry-level positions within organisations.

Technical excellence however, should not come at the expense of other key business behaviours. Organisations perhaps need to develop 'Bilinguals' (as coined by David Meer of Strategy&) – technical experts who can speak both 'technical language' but also understand the wider language of business.<sup>[v]</sup>

As well as being technically proficient, "Bilinguals" need to learn, develop and practice other key behaviours required to succeed in business, with particular attention given to: mastering communication and presentation skills; understanding how business decisions are made; and developing soft skills and nurturing emotional intelligence.

Similarly, career development within professional services firms often leads to young professionals becoming technical experts by being encouraged to specialise in a specific service line and sector and promoted according to this specific ability. Inevitably, employees become too specialised and too narrow to be effective ambassadors or leaders of the firm. They become 'super-managers' rather than partners-in-waiting. They have become 'I-shaped'.

The personal identity of 'I-shaped' experts is rooted to their technical expertise, so they can struggle to learn and exercise broader commercial and consultative skills, particularly business development, listening and communication skills. Technical experts can lack the imagination to create context as they are disposed to focusing on solving existing problems and finding solutions, rather than using a more entrepreneurial focus to create future opportunities.

Instead, professional services firms should aim to develop 'T-shaped' experts, who have mastered technical skills and key human skills. T-shaped experts have the emotional intelligence to listen and understand the other people in the room and their decision making style, with curiosity to find the emotional and political causes of a business problem, not simply focussing on the rational reasons, and with the ability and faith to develop original and captivating original points of view.

*Fundamentally, as illustrated above, Millennials working in professional services will most successfully apply technical expertise and digital proficiency when it is combined with...*

### **3. 'Human' Skills and Behaviours'**

Core business operations, whether business development, consulting, negotiation, presenting, leadership, relationship building, marketing, networking, change management, proposal writing,

meeting management, brand development, R&D, innovation and engagement management (to name a few!) are all founded on learning, developing, refining and practising core 'human' skills and behaviours.

We call these 'human' skills and behaviours because they are acquired through human experiences, interaction, explanation, modelling, collaboration, coaching, feedback and mentoring. It is very difficult for 'human' behaviours to be codified, learnt from a textbook or Internet search.

Moving beyond the concepts of 'soft skills' and 'emotional intelligence', a recent study by the World Economic Forum and BCG<sup>[vi]</sup> categorises the 'human skills and behaviours' required to succeed in business into two groups: competencies and character qualities. We have taken these two groups and slightly adapted them below:

### **Competencies – Needed to approach complex challenges at work:**

- Critical/Analytical thinking
- Problem Solving
- Diplomacy
- Time Management
- Communication
- Creativity
- Collaboration
- Writing skills

### **Character Qualities – Needed in the new work environment:**

- Leadership
- Integrity
- Curiosity
- Adaptability / Flexibility
- Team player
- Initiative
- Persistence / Grit /Determination
- Self-awareness
- Motivation / Positive Attitude
- Empathy
- Social skills
- Cultural awareness

Evidence suggests that a focus on human skills development will not only improve the quality of the new generation workforce and give firms a competitive advantage, it will also drive loyalty, productivity and engagement. Recent studies show the ability to learn regularly emerges as a key engagement driver for the Millennial generation however, only 15% of firms have put in place a specialised development programme for their millennial employees.<sup>[vii]</sup>

## References:

<sup>[i]</sup>Lillian Cunningham, "[Are there too many consultants in the world?](#)", Washington Post, 14th November 2014

<sup>[ii]</sup>Emily Lawson and Colin Price, "[The Psychology of Change Management](#)" McKinsey Quarterly June 2003

<sup>[iii]</sup>Lorrie Lykins and Ann Pace, "Mastering Millennial Leadership Development," T+D – American Society for Training & Development, May 2013 p.42-45

<sup>[iv]</sup>Dorothy Leonard, Gavin Barton & Michelle Barton, "[Make Yourself an Expert](#)" Harvard Business Review, April 2013

<sup>[v]</sup>"[Who are the Millennials?](#)" – Deloitte

<sup>[vi]</sup>Key skills and behaviour change in professional services – an industry snapshot 2014-15, PSfPS Participant Survey 2014-15, September 2015

<sup>[vii]</sup>Lisa Illingworth, "The Secret to Leading Millennials" Finweek, 4th December 2014 p.40

<sup>[viii]</sup>David Rock, Josh Davis & Beth Jones, "[Kill Your Performance Ratings](#)" Strategy+Business 8th August 2014, Autumn 2014, Issue 76

<sup>[ix]</sup>Karie Willyerd, "[Millennials Want to Be Coached at Work](#)" Harvard Business Review, 27th February 2015

## Part 4: Developing 'Human Skills' among the Millennial professional services workforce

Millennials are different. They have their own unique attitudes and values sets as result of the socio-economic and technological environment within which they have been raised. Moreover, for reasons we have previously discussed, the Millennial generation are entering the world of work lacking certain key human skills and behaviours that are critically important to succeed in the 21st Century business environment.

As Jim Moffatt, Chairman and CEO of Deloitte Consulting LLP recently said:

*"Millennials, in particular, want to be engaged in a very, very different way. They want to see the commitment to invest in them. They want to be exposed to the most leading-edge techniques and analytics."*<sup>[i]</sup>

Millennials want to learn and they want to work hard. They just want to learn and work differently to previous generations and they want to see commitment from their employer. In return, employers will gain a loyal, committed and engaged employee, in it for the long term.

Consequently, there is a need to specifically define how key human skills and behaviours are learned, practiced, refined and developed among the Millennial workforce. This article provides a potential framework for organisations to follow.

### **How might professional services firms develop 'human' behaviours and skills?**

In order to bring about real change in the 'human' skills and behaviours of their Millennial employees, organisations must understand that it is thoughts, feelings and beliefs that drive behaviour. Only by carrying out activities that alter the mindsets of their employees will real improvement in human skills occur.

The McKinsey Quarterly of June 2003, featured an article by Lawson and Price entitled "The Psychology of Change Management" which detailed four conditions required for changing mindsets that will lead to behaviour change.<sup>[ii]</sup>

Adapting these four building blocks provide a neat framework for developing the key human behaviours and skills required of Millennials to succeed in the business world.

## 1. Capability Building – learning and refining the skills required

The first step for organisations is to ensure infrastructure and mechanisms are in place for Millennial employees to learn, practice, develop and then refine the human skills required to succeed in business.

To begin, firms need to analyse individual skills and capabilities gaps among their Millennial workforce and then put in a learning and development plan that overtly demonstrates commitment to that employee and highlights career growth opportunities and a promotion plan should those skills and behaviours be improved.

Firms should consider establishing a specialist corporate university or academy to develop the specialist human skills and behaviours required to succeed in their specific industry. A recent survey found that while 56% of firms believe Millennials need specialised leadership development programmes, only 15% currently offer such programmes.<sup>[iii]</sup>

*Capability Building – Putting the theory into practice:*

Consider how Millennials want to learn, particularly regarding the use of technology in a 'blended learning' system. Blended learning might include: classroom learning, experiential programmes, online, gamification and e-learning systems. Crucially, there should also be room for on-going practice and refinement of the new tools and strategies after the 'learning event' and 'on-the-job' follow up application, coaching and modelling.

## 2. A Compelling Story – a purpose to believe in

Employees will only change their mindsets if they can see the point of change and agree with it, which has interesting implications when considering the learning and development needs of the Millennial generation. They want 'meaning' at work. They seek a "higher purpose" and a "reason for being". That is, Millennials want autonomy, self-determination and to know their work is making a difference. They want their work to create a better society and improve their clients' lives. Importantly, they also want to learn and improve themselves.

Employers are more attractive if they have a clear 'social purpose' and can demonstrate how developing human skills and behaviours will improve both the individual's career prospects and also help them achieve their altruistic goals of improving the wellbeing of its employees, customers and society as a whole. By giving Millennials a compelling story they can believe in and take ownership of,

which is also compatible with their unique attitudes and values, organisations can expect high engagement levels and unleash the energy and potential of this ambitious and creative generation.

*A Compelling Story – Putting the theory into practice:*

Demonstrate commitment to your workforce through the development of a "career skills" development programme. Give your Millennials a story they can believe in. Help them to understand how developing 'human' skills and behaviours will not only aid their future career ambitions but also their clients and society as a whole.

### **3. Consistent Role Modelling – coaching and modelling of the right behaviours by mentors**

In order for Millennials to learn the required human skills, they must be exposed to "significant other" role models (those in a position of influence) who "walk the talk" and are able to coach them in the right behaviours.

Recent studies confirm that Millennials want to be coached at work; they want a mentor; personal interaction and to view their manager as a 'friend' rather than a 'boss'.

The Harvard Business Review article *Make Yourself an Expert*<sup>[iv]</sup> provides a framework for 'learning from deep smarts' that could be followed by organisations for their Millennial employees. The article suggests a process called OPPTY: **O**bservation, **P**ractice, **P**artnering and joint problem solving, and **T**aking responsibility.

Interestingly, the article suggests that both the 'Deep expert' and the junior employee should learn from each other. This notion is particularly true when considering the Millennial generation and their more experienced colleagues. In some areas it has been found that Millennials are actually more knowledgeable, such as technology and social media. Deloitte have previously called this phenomenon the "Reverse accumulation of Knowledge."<sup>[v]</sup>

Although there is great potential for collaborative learning between generations, understandably this concept might be a little harder for more experienced colleagues to accept, especially in a professional services culture.

However, more experienced colleagues need to accept that it is their responsibility to model the appropriate behaviours for junior employees to follow if behavioural change is to be embraced and embedded. A recent survey of all our programme participants in 2014-15 found a majority of respondents believe that those with authority to set goals and objectives need to move away from

an 'activity-based' mindset focused on metrics and instant results and move towards company-wide values that encourage peer-to-peer idea sharing, communication of positive stories and role modeling.<sup>[vi]</sup>

*Consistent Role Modelling – Putting the theory into practice:*

Millennials want to be inspired by their managers, so organisations must surround them with great people who will act as mentors and are willing to share their knowledge and demonstrate good examples of 'human' skills and behaviours. The OPPTY model provides a good template for companies to follow.

Organisations should not lose sight of the unique dynamics of the Millennial generation compared to older colleagues when developing a mentor programme. In particular, the Millennials' willingness to question authority and ask 'Why?' and their belief that power does not automatically come from a job title but from knowledge, experience and demonstrating the organisations core values in practice.

#### **4. Reinforcement Systems – structures, management, operational processes and measurement procedures that promote and reward the use of the right skills and behaviours**

The final building block is for organisations to ensure that they put in place 'reinforcement systems' that are adapted to the Millennial workforce and reward and encourage the use of 'human' behaviours.

Reinforcement systems include feedback; appraisals; coaching and providing opportunities for Millennials to practice newly acquired skills on an on-going basis in a live business environment.

In recent times, reinforcement systems have been changing, particularly with regards to performance management, feedback and appraisals.

Once again, organisations should consider the unique values of the Millennial generation who do not want top/down managerial direction but on-going, individual personal development. Organisations who allow managers to impose an authoritarian stance through strict rules and a 'process driven' approach risk 'killing off' their adventurous Millennials.<sup>[vii]</sup>

Recent neuroscience has shown that traditional performance management systems often triggers disengagement, and constricts openness to creativity and growth.<sup>[viii]</sup>

Interestingly, several professional services firms (Accenture, Deloitte, Microsoft) appear to have taken these views on board and have started to remove formal appraisal systems and replace them with regular, fluid evaluation throughout the year.

*Reinforcement Systems – Putting the theory into practice:*

Organisations should not just tell Millennials what to do but help them achieve all that they are capable of doing and being.<sup>[ix]</sup> On-going, honest, personal feedback, from a manager who has their employee's best interests at heart is likely to create an energised, creative and loyal Millennial workforce.

## References

<sup>[i]</sup>Lillian Cunningham, "[Are there too many consultants in the world?](#)", Washington Post, 14th November 2014

<sup>[ii]</sup>Emily Lawson and Colin Price, "[The Psychology of Change Management](#)" McKinsey Quarterly June 2003

<sup>[iii]</sup>Lorrie Lykins and Ann Pace, "Mastering Millennial Leadership Development," T+D – American Society for Training & Development, May 2013 p.42-45

<sup>[iv]</sup>Dorothy Leonard, Gavin Barton & Michelle Barton, "[Make Yourself an Expert](#)" Harvard Business Review, April 2013

<sup>[v]</sup>"[Who are the Millennials?](#)" – Deloitte

<sup>[vi]</sup>Key skills and behaviour change in professional services – an industry snapshot 2014-15, PSfPS Participant Survey 2014-15, September 2015

<sup>[vii]</sup>Lisa Illingworth, "The Secret to Leading Millennials" Finweek, 4th December 2014 p.40

<sup>[viii]</sup> David Rock, Josh Davis & Beth Jones, "[Kill Your Performance Ratings](#)" Strategy+Business 8th August 2014, Autumn 2014, Issue 76

<sup>[ix]</sup> Karie Willyerd, "[Millennials Want to Be Coached at Work](#)" Harvard Business Review, 27th February 2015

## Part 5: Can a 'traditional' professional services firm's culture be compatible with the attitudes of Millennials?

Professional services firms should be under no illusion – the Millennials are coming. In the next few years, Millennials will make up the largest proportion of the workforce and will become the leaders of your firm.

Over the last few months Openside have extensively researched the role of Millennials in professional services with regards to their attitudes and existing skills set and it has become clear that some firms have already started to adapt their policies and procedures to satisfy the unique attitudes, desires and expectations of their Millennial employees.

However, when specifically focusing on professional services an overarching question still remains: *Can a traditional professional services firm's culture ever be compatible with the attitudes and expectations of Millennials?*

### **How could a traditional professional services culture be defined?**

Professional services firms have traditionally had a hierarchical structure. David Maister in his seminal book "Managing the Professional Service Firm" compares the traditional professional services structure to a mediaeval craftsman's shop where there are apprentices (Junior Managers / Graduates), journeymen (mid-level managers) and master craftsmen (Partners and Directors).

These roles have also been described as "finders, minders and grinders." Finders (usually the most senior level) are responsible for bringing in the business, scoping and designing the projects, and engaging in the high-level client relations necessary during the work. The main responsibility of minders is to manage the projects and the team of people working on it. Grinders (the lowest level) perform the analytical tasks.<sup>[1]</sup>

As a result, professional services firms traditionally expect younger recruits to work very long hours and metrics still reward quantity (chargeable time/utilisation) over quality. In the past, junior employees were willing to work these long hours, put up with rigid working practices and accept lower pay in return for the opportunity to learn from a Senior Partner and also in the hope that one day they too would 'make Partner' with the substantial compensation that usually brings.

The traditional leverage structure in professional services (many juniors and fewer seniors) means that the working environment is often very competitive as junior employees strive to gain promotion to a scarce number of more senior roles. As Maister points out, the 'risk of not making it' also serves the firm in that it puts a degree of pressure on junior personnel to work hard and succeed.<sup>[ii]</sup>

### **What are the unique attitudes of Millennials?**

The unique attitudes of Millennials – formed as a result of the socio-economic and technological environment within which they have been raised – have been well documented in recent studies.

Work-life balance, flexibility and opportunity for professional (career) development are at the top of Millennials' desires at work and the level to which they can attain these ambitions drives both their engagement and loyalty to the firm. Many Millennials are not willing to subscribe to the same work regime as their parents or make the sacrifices they witnessed them make while growing up.

Within the workplace, Millennials want to feel they have an opportunity to influence decisions and to be listened to. They want managers to treat them as 'friends' and value transparency and frequent feedback and recognition. Millennials want to feel part of a team and value a sense of community and yet want to retain a level of autonomy and self-determination.

Millennials often have a more altruistic view of the role that they and their firm should play in the wider world. They want 'meaning at work' and to know that their work really makes a difference to their firms, clients and society as a whole. Social purpose and 'reason for being' is critical to them and they want to see these principled commitments carried out in practice by their firm, both internally in the way they treat their employees and externally, with clients and society.

It is perhaps as a result of these altruistic expectations that some professional services firms have recently redefined their mission statements and tag lines. For example, EY's tagline is "Building a Better Working World" and similarly PwC's vision statement: "One firm – a powerhouse of a commercial enterprise that does the right thing for our clients, our people and our communities."

### **An impending problem for professional services firms?**

Is it possible for professional services firms to align the expectations of their Millennial workforce with their own expectations as an employer, which are, in turn, based on the expectations of clients?

The problem for professional services firms is that a large proportion of Millennials have made it clear that the old goals (such as working long hours, for relatively low pay, in a rigid working environment in

the hope of making 'Partner') are simply not worth the sacrifice to their personal lives. Millennials don't want to be treated as 'grinders' but instead want flexibility and work-life balance.

Perhaps the 'risk of not making it' (as described by David Maister) no longer carries the weight or threat it once did for Millennials? Or perhaps, as previously illustrated, 'making it' has taken on an entirely new definition for Millennials?

Making it might now mean achieving a satisfactory work-life balance or being able to work for a firm that makes a positive difference to society?

On a similar note, if career progression is such a key driver of engagement for the Millennial generation, those who evaluate their chances of eventually 'making it' to Partner as low (when there are very few senior positions available in a competitive firm) are unlikely to continue to have the motivation to work long hours with little chance of progression or promotion.

In summary, strict rules, long hours, a process driven approach and a lack of career progression often associated with professional services is likely to kill off the adventurous and ambitious Millennial.

In defence of Millennials, it would be unfair to suggest that those entering and working in the world of professional services are not realistic about the world within which they have chosen to work. Recent studies suggest the majority of Millennials understand well the expectations of the business world they are entering.

Millennials understand the key aim of business (to make profit and have satisfied clients) and the precarious nature of working – they have been raised and entered the world of work in the midst of a global downturn. What's more, recent research shows that Millennials are equally loyal and committed to work as other generations (unless their financial security or work-life balance is threatened).<sup>[iii]</sup>

Millennials are also willing to work their way up the corporate ladder and recognise that it takes time to gain expertise in a job.<sup>[iv]</sup> Importantly however, they are not willing to be 'exploited'.

### **Should professional services firms be expected to change their culture?**

When discussing the issue of Millennials with professional services firms recently, some firms have legitimately asked:

"Why should we even have to change at all? We have a successful business model that has served us well, so far."

This is an understandable position when one considers that each new generation over the years has often questioned the actions taken by those in authority and yet, professional services cultures have predominantly remained unchanged.

It should be noted that it is arguments such as these that have been used by firms who reject the notion of 'disruption' in professional services. Firms ask, why try something new, when what we've been doing has worked so well for so long? A word of caution then from Clayton M. Christensen (a disruption expert):

*"There may be nothing as vulnerable as entrenched success"<sup>[v]</sup>*

Similarly, there are a large proportion of Millennials who are willing to subscribe to the dominant work expectations and cultures of professional services firms. It is a fair argument that not all Millennials should be banded together.

The majority of professional services firms have noted, however, that the attitudes of the Millennial generation are unique and perhaps, unlike previous generations, Millennials are more willing to leave the firm if their employer cannot match their views and expectations.

Firms generally recognise that their existing culture should be adapted and their internal processes reformed if they are to maintain an engaged and motivated workforce. Firms acknowledge that they simply cannot ignore the fact that in five years time half of the global workforce will be Millennials.

### **Can a traditional professional services firm's culture ever be compatible with the attitudes of Millennials?**

From our experience and recent discussions with professional services firms, the answer appears to be 'not entirely' but there are ways a traditional services firm's culture can become more compatible with the attitudes of Millennials.

Importantly, both Millennials and their firms have roles to play if this compatibility is to be realised.

Millennials will need to adjust their expectations and be more realistic about the professional services working environment they have joined and similarly professional services firms will have to revisit their overriding corporate culture and its associated policies, procedures, behaviours and prevailing

mindsets (particularly the mindsets of senior managers and directors) which may have remained fixed (or conditioned?) over many years.

### **What does changing culture actually mean for professional services firms?**

Edgar Schein (Culture expert and Professor Emeritus at the MIT Sloan School of Management) defines culture as a set of beliefs or assumptions that have worked and give meaning to the present way of working. Culture covers how firms think strategically, what their brand or identity is, how they are structured and the daily business processes by which the firm operates. At the deepest level, culture encompasses the beliefs, values and the assumptions that make the firm successful – its core identity. At the surface, culture is demonstrated by the norms and rules of behavior that are embedded in your incentive and reward systems.<sup>[vi]</sup>

Professional services firms will have to revisit each aspect of their culture if they wish to make it more compatible with the attitudes, desires and ambitions of their Millennial workforce, and to ensure there is an emotional connection which drives retention and keeps them committed and engaged for the long term.

A recent study by PWC<sup>[vii]</sup> found that the key drivers of emotional connection in professional services, are:

1. Balance and workload – Flexibility / Work-life balance
2. Engaging work, development and opportunities – Meaningful work / Support for professional development / Knowledge and influence
3. People and teams – Teamwork / Mentors / Friendship at work
4. Competitive pay and job opportunities

Ultimately, Millennials want their professional services firm to create a work environment that allows them to thrive both personally and professionally. Increasingly it will mean that long-standing policies and procedures will need to be adapted.

### **Adapting for Millennials in practice – professional services firms observations from AMCF 'Talent Equation' event in New York, October 2015**

At an event for the Association of Management Consulting Firms in New York, Openside presented and then led a discussion between the Directors and HR/Talent Managers of some of the world's top professional services firms.

The discussions provided thought-provoking examples and observations of how certain firms have begun to adapt their culture, in the form of new procedures, processes and behaviours, to meet the attitudes and expectations of their Millennial workforce:

- i. When a Big 4 firm decided to give their employees a bonus, the HR Director received no 'thank you' emails at all. Instead, when the firm increased the number of benefits, such as a grant for fertility treatment, the Director's mailbox was filled with 'thank you' responses.
- ii. Many firms are aware that work-life balance is a key driver for Millennials but they still question whether client needs and expectations can be met under these circumstances.
- iii. Large firms who have stated that they are removing performance management have yet to settle upon alternative metrics.
- iv. A fast-track manager (from the Millennial generation) argued that a large amount of compensation doesn't really motivate her. However, "getting thanked" for her work really does provide a motivation for her.
- v. New hires have expectations when entering their professional services firm and if these expectations are not met, they are happy to move on to look for other opportunities. As a result, one Big 4 firm is offering new hires the chance to work in different areas of the firm so they can experience different atmospheres, challenges and stay 'fresh'.
- vi. Professional services firms acknowledge that softer skills are often missing among their Millennial recruits e.g. they are prone to communicating in short sentences and their writing skills are generally below par.

Graduate recruits are increasingly being trained in both hard skills and soft skills as firms realise that soft skills are critical to long term success in services.

## Conclusion

Millennials are committed and they want to work hard. They just want to work differently to previous generations. A 'traditional' professional services culture is rarely compatible with these attitudes.

If professional services firms are serious about recruiting and retaining the best talent, they should begin to explore ways in which they could adapt their culture. Practical changes to long-standing work policies, procedures, mindsets and behaviours, in particular those related to work-life balance, recognition, flexibility and learning and development opportunities, are a good place to start.

Whether professional services firms will ever be able to adapt their 'traditional' culture to be fully compatible with the attitudes of Millennials, in reality remains to be seen. It is hard to change the existing mindsets of senior members of the workforce and the nature of professional services work requires a more process driven approach. Equally, Millennials have to be realistic about the working environment within which they have chosen to work.

Leaders of professional services firms should make no mistake – the Millennials are coming. Those firms who continue to maintain a 'traditional' culture could well be perceived as out-dated and old-fashioned and will not be where Millennials decide to pursue a fulfilling and engaging career.

The only way to change a 'traditional' culture is to change its associated traditions. Stop eulogising about the past but instead establish new traditions that are compatible with the attitudes of Millennials.

**Firms should seize the opportunity to redefine their version of 'traditional' – otherwise, be under no illusion, the Millennials and market will redefine it for them.**

### References

[i] [ii] The Anatomy of a Consulting Firm – David Maister 2004 (<http://davidmaister.com/articles/the-anatomy-of-a-consulting-firm>)

[iii] Jennifer J. Deal and Alec Levenson, "Millennials play the long game" – *strategy+business*, 5th October 2015

[iv] Jeffrey Arnett "What really motivates workers in their 20s" *Harvard Business Review*, 25<sup>th</sup> August 2015

[v] *Consulting on the Cusp of Disruption* – Clayton M. Christensen, Dina Wang, Derek van Bever *Harvard Business Review*, October 2013

[vi] Schein, Edgar H. (2010). *Organizational culture and leadership*, 4th Edition. San Francisco: Jossey-Bass/Wiley.

[vii] PwC – *NextGen: A global generational study 2013 – Evolving talent strategy to match the new workforce reality*

## The Openside Approach

### We are not a "training" firm

Too often, "training" is a standalone, off-the-shelf, tick box solution delivered by trainers who are parachuted in, work from a manual to deliver a fixed programme – often based on a standard process or mnemonic – and have no clear idea of the context you operate in. The result is that learning is rarely shared, exemplified or even used after the learning event.

### The Openside Approach is different

- We ensure your professional development is directly aligned with your firm's strategic objectives.
- We invest significant time understanding your current context, firm-wide strengths and weaknesses and the strategic position you want to reach.
- We don't force you into our programmes. Our content is designed and delivered to fit your context.
- We believe that intensive and interactive classroom-based programmes are the best way to develop the behavioural skills required in professional services.

### We'll work with your best and brightest, and meet them at their level

- Our tutors all have senior backgrounds in professional services. They are not 'script readers' but have the calibre and experience to include live opportunities and live cases into most programmes.
- Our deep knowledge and experience within professional services ensures we can help you make the strategic case for your professional development plan.
- We know that post-programme feedback is important — but ensuring measurable and demonstrable value well after the programme has ended is more important.