



Millennials: the next baby boom.

by Craig D. Hafer, President

Few generations in American history have made as much of an impact on the U.S. economy as the baby boomers (born 1946 - 1964). From housing to consumer spending to health care, the impact of baby boomers on the U.S. economy and stock market has been significant. While we tend to think of them as mainly having a great social impact, their influence on the economy has been equally impressive. From construction of new schools in the 1960's, to the housing boom in the 1980's, to the growth in retirement communities in the late 1990's, the impact that baby boomers had on the economy overshadowed that of those born before them (The Silent Generation, 1925-1945), and those immediately after, (Generation X, 1965 - 1980). The influence that baby boomers had on the 20th century was well captured when Bob Dylan sang that "the times they are a-changin'."

Yet, for the first time in their lives, baby boomers are no longer the largest demographic group in the U.S. Millennials (born 1980 - 2000) now number close to 77 million (around one-fourth of the U.S. population), and this has many people wondering what impact this generation will have on the future.

One of the people who has researched millennials is Anne Donovan. Anne is a life-long employee of the venerable accounting firm PwC (the holding company for Pricewaterhouse-Coopers), and worked on the team that was charged with the task of figuring out why the company was having such a difficult time with their millennial employees. What the study discovered is that millennials are nothing like previous generations.

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According to PwC's research, millennials would rather work at a meaningful job for less pay. They value having a flexible work schedule, and are much more open minded when it comes to race, religion, and sexual identity. They have been shaped by technology, and often prefer urban living over the suburbs. While previous generations were apt to marry young and move out of the home, millennials are making this transition later in life. In the work environment, millennials value collaboration and working as a team. If baby boomers were the "Me Generation," millennials may be the "We Generation."

The study conducted by PwC is similar to others that have noted similar findings. Yet, PwC's study was not conducted simply to understand millennials. It was also to figure out why they were not as willing to "pay their dues" as previous generations. After a decade of millennials joining the workforce at PwC, the company started to notice that fewer millennials were willing to commit to the intense work schedule of a junior employee in exchange for the chance to be a partner later on. Worse though was that fewer millennials were staying at PwC. At one point, the company thought that perhaps they were choosing new hires from universities that were too elite, and therefore needed to lower their standards!

What is most interesting about the studies on millennials is that not all of the stereotypes are true. We tend to think of them as always preferring digital communication, as in the cartoon of two millennials seated next to each other texting back and forth instead of talking; however, this is not the case. When it comes to important conversations, such as regarding their careers, millennials prefer face-to-face meetings. They view their bosses as coaches, and they like to receive feedback in their jobs. They have been exposed to professional coaches from youth sports through high school, and they can tell a good coach from a bad one! For a boss who would rather adhere to the traditional boss/employee hierarchy of "Do what I say," this is often a challenge.

While there have been several studies which attempt to paint millennials with a broad brush, what is lacking in all of these studies is an attempt to explain why millennials hold certain beliefs. Too often we view current economic conditions and history as unrelated, when not only do they overlap, but each has a great influence on the other. What a generation does today is often predicated on past economic events. Is it any wonder that millennials graduate from college thinking that they will not work for just one employer their entire lives, when they saw their parents do so only to later be outsourced? Or that they place a higher value on working for an employer that they really like over receiving higher compensation elsewhere, especially when they fear that they may never be able to retire?

Much as baby boomers challenged the norms of the 1950's, millennials are doing the same today. The difference is that the changes we associate with baby boomers tend to be societal and not in the corporate world. Millennials, on the other hand, have already changed an entire business sector. Today's top tech companies are run by millennials who have a much different management style than their predecessors. Not only is "google" now listed as a verb in the Merriam-Webster dictionary, the company is a poster child for what today's tech company looks like. Simply google "Google offices" and you will see photos of pool tables, a slide, bean bag chairs, and a miniature golf course on a rooftop.

For investors, millennials will create many opportunities. As this generation ages, they will consume more products and services for many decades to come. They also will have an impact on how companies operate, as they will not support businesses that don't share their values. Likewise, the idea of work may change from the traditional model to one that is flexible, inclusive, and rejects many of the trappings onto which traditional companies have held. For those who hold on to the past, millennials may pose a challenge. Those willing to look further may see new opportunities, which often occur when the times are a-changin'. 🏆