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## The Invisible Revolution

**Power is shifting to employees and most companies don't even know it.**

**Don't let the revolution start without you.**

A background image showing the silhouettes of five people (three men and two women) standing in a line and holding hands. The silhouettes are light gray and semi-transparent, creating a sense of unity and community.

**5**

things that every HR Professional needs to know to drive business results in the future.



## ***INTRODUCTION***

Submarines revolutionized the way war was waged at sea. Silent, invisible and deadly, submarines challenged the very core of naval strategy. There are similar threats looming in the deep that will challenge the effectiveness of every Human Resources Professional.



And many won't recognize them until it's too late.

Just as the Navies of the world found tools such as sonar and enhanced listening devices to reduce the threat of submarines, Human Resource departments need to develop the tools necessary to peer beneath the murky waters and identify friends and foes. Companies need a system that can find and listen for the "submarines" within their own organizations.

## ***WHY NOW?***

There are five basic trends that will unbalance the company-employee relationship.

Understanding how these trends will impact employees give you the ability to use these trends to your advantage. These are all trends that are occurring now. This is not a discussion of 2060 but a discussion of 2006.

Creating a balance between the company and the human capital required to achieve business objectives is critical to success. Any relationship that is imbalanced will fail in time. Relationships demand a quid pro quo.

The following trends can create an imbalance that will surprise many companies. Each, when viewed individually, may not seem that important but connected they increase the magnitude of employee problems. Some trends you will recognize – others will be foreign – but all are important!

## **Five Trends That Will Change the Employee – Company Relationship**

- Boomer Retirements
- Generation X and Y
- Web Logs (Blogs)
- Social Networking
- Accelerated Business Cycles – “Mission Du jour”

So how will these five trends change the balance?

## ***BOOMER RETIREMENTS***

You've all heard it before. The core group of employees we all know and love are moving on. By 2008, a wealth of skills and experience will begin to disappear from the job market. The first members of the Baby Boom generation will turn 62.

The shortage of workers is not just one of retiring Baby Boomers. A massive skills gap makes it worse. A staggering example is occurring in science and engineering. In the United States, colleges will graduate only 198,000 students to fill the shoes of 2 million Baby Boomers scheduled to retire between 1998 and 2008, according to NASA projections. Likewise, the Bureau of Labor Statistics projects that more than 300,000 of the 1.3 million new IT jobs to be created between 1996 and 2006 will go unfilled.

Boomers make up a third or more of the nation's work force, fill many of its most skilled and senior jobs and thanks to near-workaholic habits, they are among the most aggressive, creative and demanding workers on the market. Boomers are the veterans of the work force. They hold the institutional memory of thousands of companies.

"A tremendous amount of knowledge is walking out the door in a relatively short period of time," says David Cole, chairman of the Center for Automotive Research in Ann Arbor, Mich.

"Corporate America is facing a potentially mammoth talent crunch," the National Association of Manufacturers warns in a new report.

How does a company manage through this kind of change?

And as the people companies traditionally rely on are leaving new employees are demanding a different employment relationship.

## ***GENERATIONS X AND Y***

As one generation exits another enters - Generation X has made itself known and will soon be followed by Generation Y. Generation X is comprised of people born between 1960 and 1981. Generation Y is comprised of 14 to 24 year olds. Generation X and Y are very different than what corporate America is used to. But the good thing is that they are also very similar to each other. This means if you've started to focus on the Generation X'ers in your company, you'll be more prepared for the Generation Y'ers following closely on their heels.



Characteristics of Gen X include:

- They are good at change
- They are comfortable with technology
- They are independent
- They are financially savvy
- They are not intimidated by authority
- They are creative

Generation Y takes up where the previous generation leaves off... at greater speed and with more intensity.

Generation Y:

- Grew up with the specters of crack cocaine, designer drugs, and the AIDS epidemic
- Have been bombarded with violence-packed video games and sexually charged advertising, TV and movies
- Has never experienced life without computers
- Can access worlds of information and master increasing complex systems much faster than their elders
- Is the most education-minded generation in history – Influenced by Baby Boomer parents who value education and a workplace that demands it
- Is the most cross-culture, cross-creed, and cross-color generation in U.S. history



Eric Chester, an author and speaker who coined the term Generation Why, believes those in Generation Y are “stimulus junkies”, easily bored. They are skeptical with well-developed garbage detectors and desensitized, which means that respect isn’t yours by virtue of your title.

This is the future and the company that learns how to motivate them and train them will earn their loyalty

Eric Chester offers the following advice on Gen Y (and by extension Generation X):

- Let them know that what they do matters
- Tell them the truth – don’t try to pull the wool over their eyes (to put it politely)
- In order to get ‘buy in’, explain the ‘why’ of what you are asking them to do and tell them what’s in it for them
- Learn their language – communicate in terms they understand.
- Be on the lookout for “rewarding opportunities”
- Praise them in public – make them a ‘star’
- Make the workplace fun
- Model behavior – don’t expect one thing out of them that you don’t and won’t deliver yourself, be the example

Generation X and Y are more technologically savvy and have found ways to connect to each other using technology and value the opinion of their peers over any one else.

These facts give more power to the next two threats to HR managers in the future: Blogs and Social Networking.

## **BLOGS**

(n.) Short for Web log, a blog is a Web page that serves as a publicly accessible personal journal for an individual. Typically updated daily, blogs often reflect the personality of the author.

The blog revolution is well underway, giving every Internet user the opportunity to become an online journalist. While it is difficult to calculate exactly how many individuals are using Web sites as journals, Blogcount estimates that there are roughly 2.4 million to 2.9 million active Weblogs as of June 2003.

Of this figure, Blogcount attributes more than 1.6 million active users to the top three centrally hosted services. Smaller hosts, intranet blogs, and standalone tools account for the remainder.

How Many Blogs?		
	Registered	Active
LiveJournal	1,121,464	526,535
Blogger	1,500,000	705,000
DiaryLand	850,000	400,000
<b>TOTALS</b>	<b>3,471,464</b>	<b>1,631,535</b>
Note: Based on management reports		
Source: Blogcount		

An excerpt from an article in Business Week Magazine on blogs says it best:

*“Picture the blog world as the biggest coffeehouse on Earth. Hunched over their laptops at one table sit six or seven experts in nanotechnology. Right across from them are teenage goths dressed in black and thoroughly pierced. Not too many links between those two tables. But the café goes on and on. Saudi women here, Labradoodle lovers there, a huge table of people fooling around with cell phones. Those are the mobile-photo crowd, busily sending camera-phone pictures up to their blogs.*

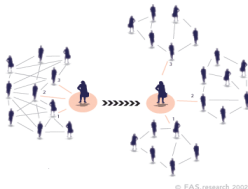
*The racket is deafening. But there's loads of valuable information floating around this cafe. Technorati, PubSub, and others provide the tools to listen. While the traditional Web catalogs what we have learned, the blogs track what's on our minds.”*

Now think of your employees having the same conversation about you as an employer. Scary.

The whole appeal and success of blogs comes from giving people a simple communication tool that allows them to connect to others as people. This brings a factor inside organizations that can be subversive - because organizations are not designed to accommodate it. As we know, people (a.k.a. employees) are supposed to have professional (not human) relationships, both inside and outside the corporate walls.

Bringing weblogs inside an organization shifts the emphasis from the role of 'corporate actor' in which the employee is casted, to the employee as a person. This shift must be addressed. If markets are conversations and if organizations want to be included in these conversations, then organizations must become conversations, too.

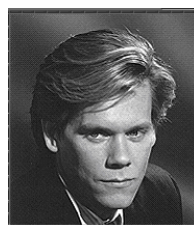
## ***SOCIAL NETWORKING***



In 1967, American sociologist Stanley Milgram devised a new way to test the theory he called "the small-world problem". He randomly selected people in the mid-West to send packages to a stranger located in Massachusetts. They were instructed to send the package to a person they knew on a first-name basis who they thought was most likely to know the target personally. That person would do the same, and so on, until the package was personally delivered to its target recipient.

The expectation was that the chain would include at least a hundred intermediaries, however it only took (on average) between five and seven intermediaries. Milgram's findings were published in *Psychology Today* and inspired the phrase six degrees of separation - popularized by John Guare in the title for his 1990 play.

Six degrees of separation became an accepted notion in pop culture after a computer game on the University of Virginia's Web site - The Oracle of



Bacon - was voted one of the "Ten Best Web Sites of 1996".

## **Social Networks**

A social network is a map of the relationships between individuals, indicating the ways in which they are connected through various social familiarities ranging from casual acquaintance to close familial bonds. Social networking also refers to a category of Internet applications to help connect friends, business partners, or other individuals together using a variety of tools.

In 2003, social networking sites Friendster, tribe.net and LinkedIn started business. Now there are up to 200 social networking sites covering everything from business contacts to dating.

But now some online services seek to take networking and personal connections from the HR toolbox and marry them to technology. "Social networking technology" refers to software and web-based services that enable users to use their personal relationships for networking, hiring, employee referrals and references.

HR professionals are trying products such as Visible Path, which measures the strength of relationships by analyzing company e-mail accounts, and LinkedIn Jobs, an online job board that allows users to visualize how many "degrees of separation" lie between them and potential job candidates.

But don't think for a minute you are smarter than your employees. For every company using social networking to find people, there are 100 employees trying to find a new employer.



We're entering an age of acceleration. The models underlying society at every level, which are largely based on a linear model of change, are going to have to be redefined. Because of the explosive power of exponential growth, the 21st century will be equivalent to 20,000 years of progress at today's rate of progress; organizations have to be able to redefine themselves at a faster and faster pace.

Ray Kurzweil

## ACCELERATING BUSINESS CYCLES

In the last 10 years, the number of times the stock market has moved more than 3 percent in a day has quadrupled. The number of companies in the S&P 500 declaring negative special items in their earning reports—meaning they were caught off-guard by events—has grown from 68 in 1982 to 233 in 2000. In 1978, about 10,000 businesses failed. The number of failures now exceeds 75,000.

Disruptive forces today include the collapse of distance and time reducing product lifecycles and length of product differentiation. Increasing competition from traditional competitors as well as new competitors blurring business boundaries are also driving greater change for companies and its employee base.

In addition, the buyer has increased power through improved information, increased choice and rapidly expanding expectations.

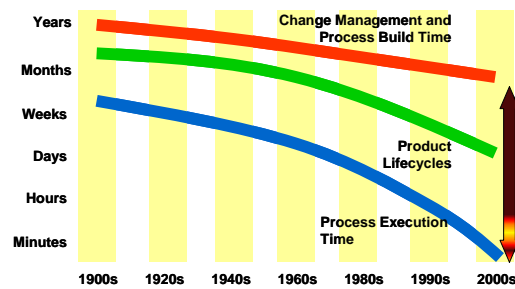
This environment is forcing management to re-examine its mission and business operations more frequently.

Think about that for a minute. Companies are changing their mission and business processes more often – sometimes annually – and yet the one thing most employees want more than anything is consistency of direction; consistency of message from Management. How can a business survive when changes occur so quickly?

Not only is the business environment changing quickly, it is happening faster than the organization can respond.

The time it takes to move to a new business process or business strategy is the new bottleneck for business.

A company can be stable if it is committed to a high level of quality of personnel and the ability to anticipate change. But to anticipate change, an organization needs to enable the people to disrupt things from inside.



**WHAT DOES THIS ALL MEAN?**

**WHAT ARE WE DEALING WITH?**



## ***BRINGING IT ALL TOGETHER***

What we're dealing with is a rapidly changing business environment that requires more knowledgeable and loyal employees during a reduction in supply of quality workers who now have more tools available to them for researching companies and connecting to new employers.

It would seem that the cards are stacked against the corporation. How can the HR Manager or Vice President deal with these changes? How does knowing about these trends help you navigate the new employee-employer relationship?

The revolution is taking place and it can't be stopped. It's fueled by technology, youth, and a desire to change the world.

We believe that the smart companies will find a way to focus these issues and direct them toward furthering corporate objectives.

We recommend that companies think revolutionary to win. The following elements will help companies not only increase employee loyalty, help identify future employees but also provide an early warning system for identifying future issues and opportunities.

### **Identify your key talent and market to them directly**

No different than identifying your key customers it is important that employees be segmented and marketed to differently. We're not talking about "executives" or highly compensated talent, we're talking about the people that truly reinforce your mission and values. If your company is known for its customer service then start looking in your call-center for key employees. Identify them, understand them and market to them.

### **Create communication channels outside your "normal" channels – and make it electronic**

Weekly emails from the boss don't cut it anymore. The only people that your employees really listen to are each other. Provide new communications

tools – online blogs, bulletin boards, etc that allow for more informal conversations between employees. It's revolutionary – but that's why it will work.

### **Allow employees to determine rewardable behavior**

Corporate culture is what is shared by the company not dictated by management. If your employees don't have a way to reinforce the culture and behavioral norms of your business then they aren't engaged. Within your HR strategy should be an element of peer-to-peer recognition and reward that puts the responsibility of reinforcing appropriate behaviors in the hands of those closest to the behavior.

Not only will you be able to understand what your employees feel is important you can be privy to shifts in culture long before they impact your bottom line. If you see employees rewarding the wrong behavior you have the ability to know research why it's happening and begin the process of changing the behavior – or even more revolutionary – decide if you company culture has changed. Sometimes the employees know more than you do.

### **Provide social networking within the company**

The technology for identifying potential employees through social networks exists. Unfortunately, for your current employees it is used to connect with employers other than you. Why not implement a social network for employees to research and find opportunities within your organization. Sometimes the grass isn't greener – just more visible. Allowing employees to connect with other departments gives them more information to make decisions about their future.

In addition, as an HR executive you now have an early warning system to see if there are problem areas within your organization. Is one area having too many requests for information on other areas? Maybe there is a management problem you don't know about? Or even more frightening, do your employees know something about your business



that you don't? Remember, the Captain of the ship is usually the last to know if there is leak at the bottom of the boat.

**Make employee recommendations more important than search firm recommendations – and make them visible**

Good employees want to work with good employees. In addition, good employees know what it takes to survive and thrive in your company. Listen to them. Create a space for referrals into your company. Track the progress, let the employee know why some one they recommended is hired (or not). How many times have you heard employees say, “how did so-and-so ever get hired?” That’s a good indication that the new-hire won’t make it too far with that group. This is critical with some of your more tenured employees (those that will be leaving for retirement). Get the old-timers in the loop. Help them identify new employees and make sure they are rewarded for it. Use your employee segmentation strategy to target soon-to-be retirees for referrals (family and friends are typical starting points.)

**In Summary**

The bottom line is that the issues HR professionals will face in the near future are going to be revolutionary. Take the time now to understand your employees today – and who they will be in the future. Begin setting up the infrastructure that will enable them to be their best.

Establishing new communications, reward and recognition systems will pay big dividends for any company. Who knows, you might even see your company being hailed in a blog and connected to the best talent through a social network.



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