

# Changing of the Guard: How to Avoid a Leadership Shortfall

BY DR. JOSEPH D. REI AND F. LEIGH BRANHAM

Identifying the next generation of leaders is a significant issue for current design firm leadership.

**THE FUTURE OF THE A/E INDUSTRY** and the firms that design our built environment is dubious. The United States and our global society have clear needs, but doubt exists about who will lead the transitions facing the firms and the industry. Increasingly, transitions in the way projects are delivered, in the roles played by design professionals, in the manner in which new professionals are recruited and retained all demand increasingly skilled leadership at a time when the industry's leadership talent pool is decreasing. At risk is the future of these professions.

## The Role of Teams

Design (A/E) firms are project-based businesses that are continuously forming and reforming project teams. The generational research suggests team-based, project-focused firms may be impacted more than other types of firms. The success of a project depends on moving the team to a high level of performance in a relatively short period. When teams contain members from different generations, a series of assumptions and unstated expectations often influence performance. The old adage of "form-storm-norm-perform" that describes team performance should be closely monitored to ensure the firm builds a core competency of teambuilding and team performance.

The popular press has addressed "who" will lead the way in a multitude of forums. The concepts of multiple generations in the workforce and the eventual retirement of the baby boomers are documented thoroughly. Some are enlightened by the research on generations, while others are rankled by the way the generations are stereotyped. Regardless of your take, there is no denying that leaders of design firms are facing significant challenges and workforce issues.

There is an ever-increasing set of complexities that CEOs and firm leaders face regarding how design firms deliver their services and how projects are created and completed. In the May 2008 issue of *Dwell Magazine*, Steve Silberman provided a summary of the *AIA International Committee Report on the Offshore Outsourcing Roundtable (2006)*. In 2006, U.S. architectural firms outsourced 69% of all construction documents, with 9% going overseas. That number is expected to continue increasing, and the AIA Committee estimated that by 2015, 20% to 30% of U.S. architecture jobs would be offshore.

## Sweeping Changes

Sweeping changes over the last 30 years such as increas-

ing divorce rates, single parenthood, and global competition have greatly shaped the development of different generations. Experts argue that the proliferation of video games and computer access have had their effect on the brain conditioning and personality development of large numbers of Gen-Xers and millennials. Such stereotypical perceptions, even if inaccurate, are part of the reality that firm leaders must deal with daily.

Meanwhile, many millennials and Gen-Xers, who have watched parents lose their jobs after lifetimes of sacrifice for the good of the company, cannot grasp why they should be loyal to a heartless corporation. They seek a "new deal"—since they feel they cannot realistically expect lifetime employment. Instead they expect "lifetime employability," which to them means challenging assignments and lots of learning. With the looming talent shortage, talented younger workers know they have other employment options and now insist on better management, including more frequent feedback and more flexibility about where and when they work.

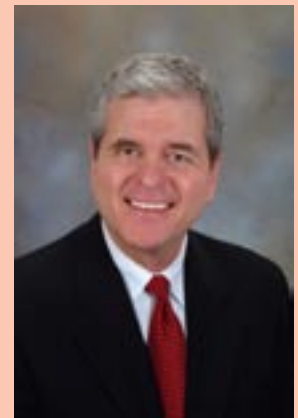
## Polarization

In many workplaces we see a polarization of generations that erodes the trust necessary in developing both current and future leadership for the firm. Both older and younger workers have taken a "we're right, you're wrong" position. This shortsighted stance is not helpful in building an environment that will nurture the next generation of design firm leaders. This, to say the least, is not a recipe for an effective leadership development program.

The first and most critical step



Dr. Joseph D. Rei is the director of executive education with Advanced Management Institute (AMI) and may be reached at [jrei@ami-institute.com](mailto:jrei@ami-institute.com).



F. Leigh Branham is a faculty member with AMI and may be reached at [lbranham@ami-institute.com](mailto:lbranham@ami-institute.com).

## How the Generations Differ in Attitudes and Values

### Large numbers of traditionalists (now age 62+)

- Lack technological skills
- Value loyalty, compliance and dues-paying
- Expect younger generations to value what they value
- Believe their way is the right or only way
- Are disengaging and preparing for retirement

### Large numbers of boomers (now ages 42 to 61)

- Limited in their technology abilities
- By their mere presence are blocking the upward advancement of many Gen-Xers
- Believe "if you train 'em, they'll just leave"
- Believe in and practice "hands-off" management
- Have sacrificed family and work-life balance for career advancement
- Believe many Gen-Xers and millennials lack a work ethic
- Expect younger generations to value what they value

### Large numbers of Gen-Xers (now ages 27 to 41)

- High-tech skills
- Are frustrated with limited promotional opportunities
- Feel more loyalty to their own careers than to the organization and have little reluctance to change jobs
- Think about self-employment as a desirable option
- Believe it doesn't matter when and where they work as long as they get the job done
- Want to have rich personal and family lives outside of work
- Are impatient with "unrealistic expectations" of millennials

### Large numbers of millennials (now 26 and under)

- Eat/Breathe/Sleep technology—they are so skilled, it is invisible to them
- Have received intense parental attention, structure, feedback and coaching
- Expect to receive the same from their managers in the workplace
- Believe they are special and deserving of praise and recognition
- Expect their jobs to be challenging and meaningful
- Want to fit a variety of activities besides work into their workweek
- Believe it doesn't matter when and where they work as long as they get the job done
- Recognize that they have other employment options and do not hesitate to move on when things turn sour

is to recognize several undeniable facts. The first is the changing composition of the workforce. With 78 million boomers on the retirement threshold, only 44 million Gen-Xers in line to replace them and most millennials just entering the workforce from college and lacking the experience to move up, the workplace will look very different in 10 years. How will firms deal with the coming talent and leadership shortages, especially if the economy turns around after the presidential election and reaches previous growth rates?

Leaders with foresight and longer-term perspectives are investing in succession management, creative recruiting, and employee retention and engagement initiatives now, so when the leadership talent crunch increases as 2010 approaches, their firms

will be far ahead of their competition.

## Immediate Concerns Facing Leaders

The more immediate challenge for current leaders is devising how to develop future leaders who may have markedly different attitudes about life-work balance, teamwork and company loyalty. Progressive leaders must start by acknowledging that they must understand the strengths of each generation and work to develop those strengths, as well as finding ways to affect essential knowledge transfers from the firm's senior leaders to its future leaders.

Some firms now recognize that they no longer have the luxury of waiting for a good prospective leader to develop for five or 10 years before the firm expresses an interest. Gen Xers and millennials will not wait long to be tapped for future leadership roles, and they are willing to jump ship to firms that promise them immediate responsibility and advancement. Forward-thinking leaders must engage promising future leaders early, develop them aggressively and provide them with the mentoring that will bring them up to speed in a shorter timeframe than tradition dictates.

## Immediate Actions for Leaders

How can you accommodate differences in approach when this feels akin to compromising your firm's long-held values?

Members of each generation have earned the right to see the world in their unique way. Not all members of each generation share the same worldview, but each generation deserves to have its worldview understood and respected. Organizations and leaders who don't accommodate these diverse needs and expectations, and attempt to impose a uniformity of values, will fail to attract, engage and retain the talent their firms will need to succeed.

The Advanced Management Institute for Architecture and Engineering (AMI) recently conducted a survey with 155 managers and staff of several professional services firms. One of the questions from the survey was "What should we do about intergenerational challenges?" The following are the responses:

- 34% Train all employees to understand and accept generational differences
- 27% Increase coaching of younger generations
- 22% Train management how to manage and motivate other generations
- 7% Perform more selective hiring
- 6% Do nothing at this time
- 2% Conduct selective terminations
- 2% Other: Hold more social events, use mixed teams, etc.

We wonder about the 6% who advocate doing nothing. Perhaps the inter-generational teamwork and communication at some firms is so smooth and clear that no more work needs to be done. Some firms still have so few millennials on staff that the full force of changing expectations has not yet struck home. That said, doing nothing is exactly the wrong way to go.

AMI followed its research with a focus group to help establish best practices for developing the future generations of leaders. The following ideas emerged and, in most cases, are being used to great advantage.

### Self-Awareness

- Leaders must be self-aware. This self-awareness is a precursor to authenticity. Help them become authentic and understand others by using assessment instruments and providing the opportunity to discuss the results.
- Use competency inventories and personality assessments to increase employee self-awareness.
- Share this information within the organizational work teams so that all generations and organizational levels have a better understanding of their team(s) and team members.

### Training and Development

- Allow interns to design their own Individual Development Plans.
- Provide significant training and development opportunities. Young workers no longer expect lifetime employment, but do value lifetime employability. (Paradoxically, they are more likely to stay with employers who make them more widely employable.)
- Allow interns to propose their own training topics, and invite senior staff to attend and participate.
- Train all employees in fundamentals of quality control and improvement, diversity, communication and leadership so that all generations speak a common language.
- Teach the principles of change management and how to overcome resistance to change. Show all employees why logic does not always convince the minds of resisters.
- Teach listening skills and negotiations as a key aspect of change management.

### Coaching and Mentoring

- Allow younger workers to choose or gravitate to preferred mentors.
- Train mentors in coaching and mentoring skills before pairing them with mentees.
- Ask younger employees to provide “reverse mentoring” to older staff and encourage older staff to seek such mentoring.
- Consider group mentoring, where one senior leader meets periodically with multiple participants. This can be a useful option for transferring knowledge of firm history, best practices, client and project case studies and similar knowledge carried by senior leaders.
- Identify early adopters of newer technologies among older generations — they can relate to their peers and communicate with them more effectively than

younger staff. These early adopters may also help bridge communications.

### Ownership and Leadership Transition

The small size of the Generation X cohort may challenge owner transition. In the American workforce, Generation X is the smallest of all the current cohorts and will not be increasing in size. For any specific design firm, this may not be an issue. However, taken as a whole, in 10 years fewer potential purchasers and leaders will be around when the boomers are ready to exit.

This has several potential impacts: Will your firm have a full complement of internal buyers with enough wealth to purchase the shares as priced? Will you have to sell shares to employees who are younger than what you would like? How are you going to prepare them to lead the firm? When making a transition, we recommend separating the ownership issues from the leadership issues. But even that ends in the same questions: Will there be enough? Will they be ready? What will be the strategy to get them ready for the transition?

### Filling the Leadership Pipeline

The vitality of architectural and engineering firms depends on recruiting, hiring, developing, and promoting a steady supply of great staff and employees. The different expectations and needs represented in the multiple generations increase the challenge to this all-important process. The human capital challenges facing senior leaders and managers in design firms should not be taken lightly. Senior managers are being challenged to adapt their managerial style to ensure that individuals and teams perform at their highest levels. Managers and leaders often feel like they are spending too much time in this arena, but there could be no more important job in the firm. The talent of these generations is evident, the differences in working styles are pronounced, and the manager's job is to tap into these sources of energy to produce the highest quality services. **MSC**

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