

# X Marks the Spot

## Developing and Retaining Emerging Leaders



The future effectiveness and success of your organization depends to a large degree on its rising managers and professionals under thirty-five. Training and nurturing these leaders and keeping them on board is critical—but to do so you must first understand who they are, how they think, and what they want.

In an increasingly competitive, global, and technology-driven marketplace, leaders must keep a constant vigil over the management ranks in their organizations. The ability to recruit, train, develop, and retain people for top leadership positions is essential if organizations are to succeed—or even survive—in such an environment. A big part of this challenge involves people who are members of the group commonly known as Generation X—defined here as people born between 1964 and 1978. A segment of this generation—rising managers and professionals who are under thirty-five years old, that is, emerging leaders—is being studied through a CCL research project (see the sidebar “About the Project” on page 18).

There are, of course, members of Generation X who have already emerged as leaders. Some are moving

into middle management and others are up-and-coming vice presidents of major multinational corporations, already in crucial positions and playing a major role in deciding strategic direction. A number of Gen-Xers have started high-tech companies. In fact, according to the *Los Angeles Times*, approximately 70 percent of current start-up businesses in the United States were founded by people under thirty-six. And in some corporations, Gen-Xers are being promoted above older colleagues.

The focus of this article, however, is on people who are just beginning to take on significant leadership and management roles. Researchers, management experts, and leaders of organizations have all been devoting a lot of effort to understanding how to prepare these emerging leaders, how to work most effectively with

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them, and how to make the best use of their distinctive skills and talents. Three considerations are important when trying to gain insight into emerging leaders:

- There are fewer managers to choose from and develop in this age group than there were in the preceding generation.
- Evolving employment patterns have affected this generation's attitudes toward employers.
- The newest generation of managers views authority differently than previous generations did, and this has a notable impact on emerging leaders' attitudes toward leadership.

## A SMALLER POOL

One of the unique challenges of working with emerging leaders is demographic. To put it simply, there are too few of them. In the past, organizations usually had a sizable pool of adequately trained people to draw on for managerial and leadership positions, but now the number of workers with the skills needed to take on the critical leadership challenges companies face is smaller. This is partly a result of the robust U.S. economy during the latter half of the 1990s, which provided more work and pulled more people into the workplace but didn't necessarily make workers more competent or better trained. Basic demography also plays a part: there are simply fewer people in Generation X than there are in the Baby Boom generation—those born between 1946 and 1963. The meteoric rise of the technology industry during the 1990s is another factor. That industry has created new places for younger workers, spreading the workers who are qualified or have potential for leadership positions across old-economy and new-economy companies and so reducing the number available to either.

The consequence is that established leaders must take even more

care to make sure that emerging leaders are developed—even though changing work patterns and worker attitudes make this task more challenging than in the past.

## CHANGING THE CONTRACT

Since the 1970s, employment patterns have been undergoing fundamental changes. For instance, the implicit understanding that employers and employees have about their relationship—sometimes referred to as the *psychological work contract*—has changed. Employees no longer expect to stay with one company for their entire careers; in fact, emerging leaders have little expectation of remaining with the same company for even ten years. Estimates of the number of organizations that members of Generation X will work for by the time they reach age sixty-five vary from six to ten. Hanging onto emerging leaders for the long term has thus become a serious concern for many organizations.

This change in the psychological work contract has been cited by some people who look askance at Gen-Xers. However, this change has come about not just because of Generation X but because of other generations as well. So even though it's been suggested that Gen-Xers are not willing to pay their dues as previous generations did, the reality is that many emerging leaders, a good number of whom saw their parents suffer through downsizings, simply don't trust an organization to be there for them in the long term. And emerging leaders tend to believe that people should be promoted, compensated, and given responsibility based on how competent they are rather than on how long they have been in the workforce or with a single company.

Another change in employment patterns has been a shift away from the traditional hierarchy. In the past it was generally accepted that younger people would report to older people,

but now it is becoming more common for younger people to be promoted over their elders. In some industries and competitive environments—the Internet marketplace, for example—the general perception is that younger employees have some skills and abilities that older workers don't. This not only creates generational conflict but also raises the possibility that some emerging leaders are being thrust into positions before they have had the opportunity to develop the necessary management and leadership skills.

## EARNED ESTEEM

Past generations tended to at least acknowledge if not always acquiesce to positional authority, but many if not most emerging leaders do not accord people respect just for their rank. Gen-Xers frequently don't acknowledge authority or assume that it arises from position. Their prevailing view of authority can be summed up as, "Don't listen to leaders until they prove they can actually do the

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work themselves.” If managers can’t demonstrate that they can accomplish work themselves in addition to getting others to do it, Gen-Xers are unlikely to grant them the same degree of authority as previous generations did. Gen-Xers expect managers to earn their stripes and don’t give much weight to superior position or long experience.

That attitude about authority is frequently taken as an indication of disrespect for elders in general and bosses in particular. However, Gen-Xers’ viewpoint may be more aptly described as skepticism—bosses need to prove that they are still capable. This skepticism may arise from the fact that emerging leaders came of age with few heroes or leaders they could claim as their own—scandals, for example, removed a number of potential political heroes. It may also be a result of Gen-Xers’ being raised in a period of heightened consumer marketing, which may have succeeded primarily in making them suspicious of anything that smacks of hype—perhaps including overblown war stories about being “self-made” told by leaders of the organizations in which they work.

This skeptical view may also be rooted in the limited experience that emerging leaders have in the workplace. In their organizations, managers from a previous generation may have proved their technical expertise years before the emerging leaders came on board. As the older workers shifted from technical to managerial positions, they developed leadership skills that complemented but were different from the technical skills that carried them through the earlier stages of their careers. Newer workers don’t see those technical skills and may assume they don’t exist, which reinforces their doubts about managerial authority. Alternatively, technological changes may have, at least in the view of emerging leaders, outpaced the older managers’ technical skills.

## WHAT THEY WANT

Examining emerging leaders’ core values and preferences about leadership reveals how they may prefer to behave as leaders and how they want their bosses to act. Emerging leaders prefer a hands-off approach in leading others and in being led, with an emphasis on delegation. Additionally, they prefer honest and direct communication and feedback, an openness to changing directions quickly, pragmatism, a career path or development plan, and a relaxed, casual work environment.

Emerging leaders do respect authenticity and the ability to get



things done, so a good approach when working with them—an approach that will lend itself to achieving good results—is to focus on tactics that communicate authenticity and sincerity. Managers of emerging leaders may also find it effective to act as mentors and develop personal relationships with them to understand what motivates them as individuals. Although more research needs to be done, it appears that this relationship approach to developing emerging leaders may be critical to helping them.

Emerging leaders’ attitudes toward leadership and authority are influenced by the times in which they came of age. The members of each generation are to some degree simi-

larly affected by important events that occur during critical times in their lives and development. To understand today’s emerging leaders, it is useful to take note of the important events that occurred as they grew up (see the sidebar “The Main Events” on page 17).

These events seem to have influenced emerging leaders to behave in ways consistent with self-protection. The consequences of corporate downsizings and government scandals appear to be significant drivers of their behavior. Moreover, emerging leaders tend to want to establish themselves in their careers and to build their résumés before committing to having a family. One piece of evidence is that this generation is marrying later than previous generations. According to *The New York Times Almanac* for 2001, in 1998, the median age at which men first married was twenty-seven, and for women, twenty-five. In 1960, men married at a median age of twenty-three and women at a median of twenty.

It’s also useful to consider the social trends during the years in which Gen-Xers grew up. Divorce rates skyrocketed, and children’s quality time with their parents diminished. Gen-Xers were immersed in technology, which advanced by leaps and bounds and whose influence burgeoned.

All of these factors influenced perceptions, values, and beliefs about the world in general and leadership specifically. They predisposed emerging leaders to have less certainty, trust, and loyalty than previous generations did.

To understand emerging leaders—and to develop and retain them—it’s also helpful to know their defining characteristics and what they expect from the workplace. Research by CCL and others has identified some of these characteristics and expectations, and although they can exist for individuals from any generation, they

# The Main Events

A number of historical events over the past three and a half decades—some of general social importance and some arising from the technological revolution—have had significant impacts on the lives and world-views of today's emerging leaders.

## GENERAL

- 1968 Martin Luther King Jr. assassinated
- 1969 U.S. lands on the Moon
- 1973 Watergate scandal begins
- 1973 *Roe v. Wade* abortion decision
- 1975 Vietnam War ends
- 1976 Energy crisis

- 1979 Iran hostage crisis
- 1981 Centers for Disease Control's first published report on AIDS
- 1981 Reagan assassination attempt
- 1984 Ozone depletion detected
- 1984 Extensive corporate downsizing begins
- 1986 Space shuttle disaster
- 1986 Chernobyl disaster
- 1989 Berlin Wall falls
- 1990 Persian Gulf War
- 1991 USSR dissolves

## TECHNOLOGICAL

- 1971 Intel's first chip developed

- 1972 First e-mail management program
- 1974 Videocassette recorder introduced on the consumer market
- 1975 Microsoft founded
- 1975 Personal computer introduced on the consumer market
- 1979 First commercial cellular telephone system
- 1980 CNN begins 24-hour broadcasting
- 1981 MTV launched
- 1983 Compact discs mass marketed
- 1991 World Wide Web launched

are more pronounced in emerging leaders.

*Characteristics.* Emerging leaders tend to be technologically savvy, independent, and skeptical of institutions and hierarchy. They are entrepreneurial risk takers who think globally, learn experientially, and embrace change. They are efficient and focused on outcomes, open to and appreciative of differences, and socially responsible.

*Workplace expectations.* Emerging leaders tend to prefer direct communication and informality. They value freedom, flexibility, and a sense of community. Work-life balance is important to them—quality of life takes precedence over money. They want continuous and immediate feedback, an individually customized development plan, and a genuine relationship with a mentor or coach. They want their work to be meaningful and challenging, and they expect their rewards to be immediate.

## FREE AGENTS

Some if not most emerging leaders have agendas to build their skills and résumés, with the aim of giving

themselves a sense of job security beyond their current organizations. They appear to be more committed to the vocation than to the organization. The free-agency concept popularized in professional sports is an apt metaphor for the attitude emerging leaders carry into the workplace: they will stay with an organization as long as it's the best offer on the table. Savvy companies that are aware of this agenda, such as Intel and Nike, are providing opportunities for their emerging leaders to leave the organization, acquire skills elsewhere, then be rehired in a new capacity.

Why should organizations invest in the development of emerging leaders who are liable to job hop to the next opportunity available?

First, organizations need to accept that they will not be able to keep all of their emerging leaders. Second, organizations that are aware of the needs of emerging leaders and are willing to take the time to build a trusting relationship, which includes providing challenging opportunities for growth, may well be able to reap the benefits of extended employment and commitment. For example, at Bank of America, newly hired emerging leaders are offered a one-

year investment program similar to an extended graduate school program. They are provided a mentor, they work on projects involving real-world problems and present their solutions to upper management, and they receive feedback on their work from their peers and their boss. The program is aimed at fostering the emerging leaders' trust in the company by making them feel they are part of a community of peers and the organization is investing in their future. The long-term success of this development and retention strategy remains to be confirmed by experience. But one thing is certain: when investment and challenge end, emerging leaders begin to look elsewhere.

Understanding how emerging leaders view trust in an organizational system can be complicated. Some emerging leaders have suggested that they give and receive trust in exchange for the freedom to accomplish work on their terms. As one emerging leader said:

*More freedom gets people to do things. Organizations must be grounded in choice. I want to feel empowered. I want my organization*

# About the Project

CCL is conducting a research project to look at the leadership development needs, learning preferences, career challenges, and inter-generational challenges of emerging leaders. To learn more about

the project, please go to our Web site ([www.ccl.org/el](http://www.ccl.org/el)). If you believe your organization might benefit from participating in the project, contact the research team at [emergingleaders@leaders.ccl.org](mailto:emergingleaders@leaders.ccl.org)

*to assume that people do want to work hard. I don't want to be micro-managed. They need to realize that if they give you freedom, they'll keep you. Tapping into the people—empowering and motivating versus power, authority, control, and position [is what is important].*

Although emerging leaders want independence in accomplishing their work, they appear to also want a sense of community, of belonging to a group of people who are as committed as they are. At times the need for independence and the need for community can collide and result in personal tension for emerging leaders, and this is a phenomenon that merits further attention in devising effective leadership development for emerging leaders.

Emerging leaders want authentic relationships with their mentors and other co-workers. They want to be appreciated for what they do rather than be told they are too young or don't have enough experience. Consider these two comments:

*I want to be mentored by and to mentor the older generation, too. We learn together. I would like the older generation to be open to being taught. I can learn from them; I want to know why they think they don't have anything to learn from us.*

*I need an organization that is patient and understanding as I ask lots of questions. I feel inexperienced and know that I'll make some mistakes. It*

*helps if people are open to listening and sharing experiences.*

Emerging leaders also have a thirst for feedback—both receiving it and giving it. They want to know when they are doing well and when they're not—and they prefer to know immediately rather than through a yearly performance review.

The current economic climate and vying for top talent have made retention an increasingly critical human resource issue. Organizations can adopt a number of tactics to retain Generation X employees in general and emerging leaders in particular. Most of these tactics involve nonmonetary reward systems such as vacation time, employee control over schedules, developmental opportunities, positive reinforcement and acknowledgment from people whom younger workers respect, coaching, and mentoring. As one emerging leader put it:

*Organizations need to know how to reward without using money; money isn't the reward desired. We need to keep variety in our jobs. We need help in figuring out where we're going. We want job-pathing and development. We want expectations that we can understand.*

## TAKING ACTION

It's not overstating things to say that the current and future effectiveness and success of organizations is in the hands of emerging leaders. Established leaders can take a num-

ber of specific steps to develop and retain emerging leaders:

- Listen to and follow their input on how they would like to be developed.
- Offer them control over their time and space.
- Provide short-term, performance-based rewards.
- Be available as a mentor.
- Provide the resources they need.
- Give timely and consistent feedback.
- Encourage a fun, relaxed environment.
- Offer choices of on-the-job training.
- Assess their motivation, and find out what kind of perks and benefits they want.
- Introduce entrepreneurial opportunities.
- Give them ownership of their work and responsibility for bottom-line results. ✍

## Suggested Reading

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