



Generation Y: Getting in sync
with this powerhouse generation
Workforce strategies for attracting
and retaining young professionals in
consumer products

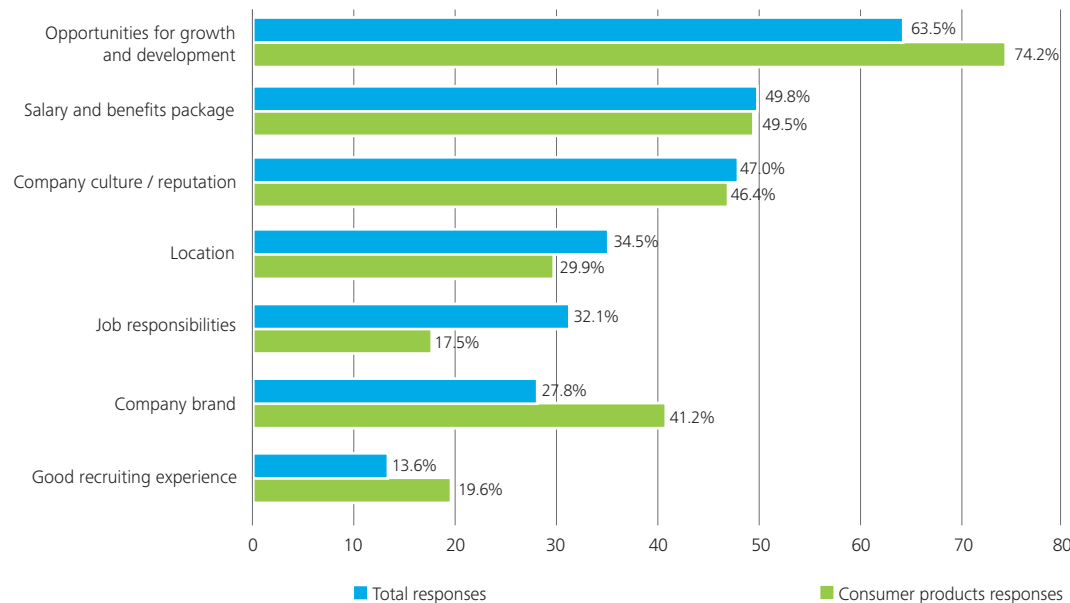


Brand promise and opportunities for growth and innovation are important to Gen Y

In many ways, Gen Yers in the consumer products sector are like their counterparts in other industries. They are enthusiastic, engaged, and eager to make a meaningful contribution. However, the respondents to our survey who currently work in consumer products companies, the majority of whom were females in sales, marketing, and customer service positions for more than one year, are very different from their peers in other important respects:

Brand promise – and delivery – is fundamentally important. A significant percentage of Gen Y survey respondents from the consumer products sector (41%) indicated that company brand is an important factor influencing their decision to work for their current employer, as opposed to their counterparts in other industries (28%). We believe there are multiple layers to this finding. Gen Yers in general are brand-driven consumers, so it's not too surprising that this brand consciousness would carry over to where they work. At the same time, Gen Yers are tuned in to the environment and broader social issues, so decisions of those in this industry may also be influenced by their perception of a company's reputation for corporate social responsibility and sustainability. Moreover, based on our conversations with executives of consumer products companies, we find that Gen Yers respond favorably to internal branding. Forward-thinking companies are encouraging use of technology – Web 2.0 initiatives in particular – and participation in charitable and other community activities as ways of reinforcing their overall corporate image and attracting younger workers.

What factors influenced your decision to work for your current employer?

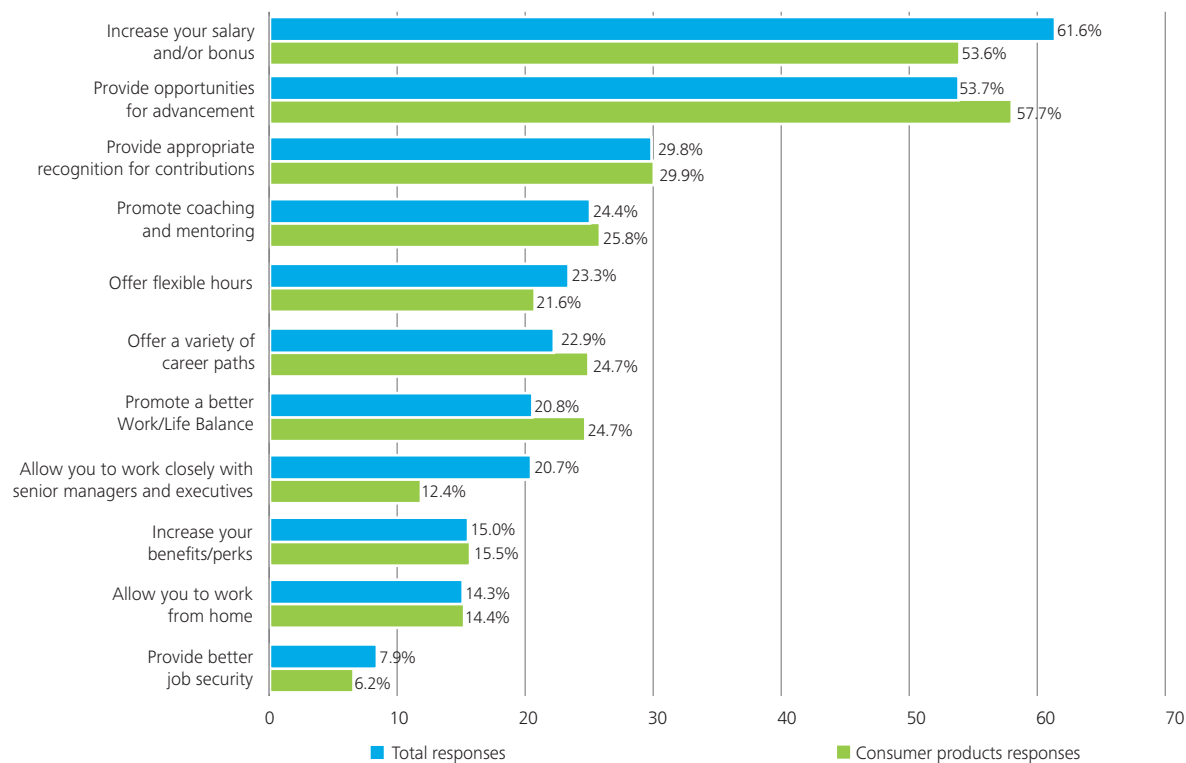


(Respondents were asked to select top three)

Data represents 97 respondents working in consumer products companies. These responses are from a total analysis of the views of 860 Gen Y employees (age 19-27) of Fortune 500 companies, across 20 industry sectors, who responded to an online survey distributed by Zoomerang and by Deloitte between November 12, 2008 – January 7, 2009. No Deloitte employees participated in this survey.

- Opportunities for advancement and innovative contributions are key motivators.** Selecting their top three choices from 11 actions that employers can take to retain them, Gen Yers from consumer products companies surveyed chose “Provide opportunities for advancement” (58%) over “Increase your salary and/or bonus” (54%) and “Increase your benefits/perks” (16%). Among survey respondents from other sectors, the clear top pick was “Increase your salary and/or bonus” (62%) – clearly what you might expect from younger workers, but obviously not as much a motivator for the Gen Yers in consumer products companies. Also, when asked what key enablers encourage their participation in innovative efforts or to initiate new ideas for their employers, more consumer products respondents than respondents in other industries chose “Culture that embraces contributions from all levels” (58% versus 53%) and “Creative programs for new ideas/innovations” (50% versus 43%). Interestingly, again, they favored these choices significantly over “Monetary and/or other incentives associated with new ideas” (29%). These insights suggest that consumer products companies which promote entrepreneurial environments where Gen Yers can feel that they are both advancing in their careers and contributing to their companies’ innovations might have a recruiting and retention advantage over companies that have more traditional corporate ladders and hierarchies. As a bonus, offering these types of programs can be significantly less expensive than ones tied to more traditional monetary rewards.

Which of the following action items should your employer do to retain you?



(Respondents were asked to select top three)

How can consumer products companies capitalize on these findings?

Reacting to the current economy in general and dismal consumer demand specifically, the highest priorities for many consumer products companies are reducing inventories and other costs, managing cash flow, and right-sizing their organizations to survive until the economy rebounds.

We believe consumer products companies also should include among these critical priorities a continued emphasis on strategically developing their workforces – including the Gen Y segment. Those that do should be better positioned to take advantage of the next economic growth period.

What can you do to navigate the downturn while still developing the capabilities of your Gen Y employees? Here are a few ideas to consider:

Use a scalpel, not an axe, for short-term workforce reductions. Most approaches to trimming staff are stacked against Gen Yers who lack seniority and may not be top performers in traditional ways. Stick to your longer term Gen Y strategy by expanding your decision criteria to include qualities such as innovation, tech savvy, and a willingness to take risks. The enthusiasm and creativity of Gen Yers can provide a much needed spark both to connect your company with younger consumers and to encourage those of your older workers who may now be putting off retirement.

Reinforce your image as a high-value brand – both externally and internally.

Many consumer products companies have a significant lead over other industries in promoting corporate brand, social responsibility and supporting work/life balance for employees. You can build on these advantages by engaging younger workers earlier as leaders of green, sustainability, and employee satisfaction initiatives. You can also leap ahead of less innovative competitors by aggressively exploring technology-based initiatives, such as telecommuting and social networking, which appeal to the work and leisure preferences of Gen Yers. As you ramp back up for the next economic growth period, these types of activities can set you apart in your recruiting and retention efforts.





Invite Gen Yers to the innovation table. It may be difficult to harness the full potential of your workforce, especially the youngest members, unless you offer opportunities for growth and development, and to contribute to innovation – and, ultimately, brand enhancement – in your company. Evidence of this is in the pivotal roles Gen Yers played in the 2008 presidential election through their skilled use of communications and social networking technology to expand awareness of the Obama campaign and, ultimately, encourage voters to go to the polls on election day. Consumer products companies can tap these capabilities by engaging Gen Yers in innovation programs and by making sure their voices are heard in meaningful enough ways that they really have an impact. The beauty of this approach is that it doesn't require costly transformation. Instead, it relies on refinements to your existing organizational structure, recognition and, possibly, rewards programs, and your emphasis on training and development.

Use talent management strategies to integrate Gen Yers into your workforce and boost organizational performance. In separate research, we have found that only one out of two companies has defined the skills needed for future success.¹ Developing effective talent management strategies is a three-step process that includes aligning your talent strategy with your business strategies, using analytical data to understand talent needs versus the available talent supply both in- and outside your company, and differentiating your workplace by offering talent management solutions and career paths that appeal to the unique needs of an increasingly diverse workforce. Although consumer products companies are naturally worried about the effects of the economic downturn, they also need to leverage the silver lining in the current crisis: the opportunity for individual companies to separate themselves from the pack by attracting, developing, and retaining high talent employees, including Gen Yers. Certainly, budgets for these activities are tight, even scarce. Yet the right talent management approach can help consumer products companies cost-effectively distinguish themselves from their competitors.

¹ *Generation Y: Powerhouse of the Global Economy*, Deloitte, 2009
(available at www.deloitte.com/us/GenY)

Take small steps today that become giant strides tomorrow

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Whatever your approach to Gen Y, it's important to start now, especially during the downturn. Consumer products companies have a built-in advantage when it comes to promoting their brands. Those employers that use this advantage to selectively retain current Gen Y talent and position themselves to attract a new crops of Gen Yers, along with their enthusiasm, creativity and technical capabilities, are likely to find that they leap ahead of their less agile competitors.



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