

CASE STUDY

Building a Culture to Retain Gen Y's

Deloitte LLP

This is one of four case studies, prepared for the MetLife Mature Market Institute by David DeLong & Associates, demonstrating how companies are successfully shaping their cultures to motivate their Multi-Generational employees. These case studies are part of the Multi-Generational Tool Kit developed by the MetLife Mature Market Institute.

Overview

Deloitte LLP provides audit, tax, consulting, and financial advisory services through offices in more than 80 U.S. cities. It is a member of the global giant Deloitte Touche Tohmatsu, which delivers professional services in 150 countries. Because Deloitte has a young workforce of highly skilled professionals, it is addressing the challenges of developing and retaining Gen Y's. By focusing on the needs of one generation, however, it is creating a workplace more likely to engage employees of all ages.

Today 85% of Deloitte's employees, who work directly with clients providing tax, audit, and a wide range of consulting and financial advisory services, are age 35 or under.

The problem is only one-third of high school graduates in the U.S. get college degrees, and just a small percentage of those are interested in working for large firms like Deloitte. Of those who are, fewer still have the training and aptitude to work for a large accounting firm. So, while Deloitte must hire thousands of accountants in the next decade, the pool for skilled talent is shrinking, even as the accounting industry is expected to grow 18% by 2016.

Recruit and Retain Gen Y

Deloitte's leaders recognized that to continue growing and providing high levels of client service, the firm must build an organization that successfully recruits and retains high-performing young workers. "In many ways, Gen Y is our future," says Barry Salzberg, CEO of Deloitte & Touche USA.¹

¹ Gerdes, Lindsey, "The Best Places to Launch a Career," *BusinessWeek*, September 24, 2007, p.52.



Deloitte has done the math. Changing workforce demographics are stacked against this global accounting firm, which employs more than 35,000 professionals in the U.S.

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To build a culture that effectively develops and retains Gen Y, Deloitte strives to do five things:

1 Leadership Communicates Transparently and Sends the Right Messages

“Building engagement is all about leadership,” says Stan Smith, national director of Deloitte’s Cross Generation Initiatives. Changing behaviors that will increase employee commitment to the organization’s strategy requires leaders who relentlessly communicate what new behaviors are expected and then model those behaviors.

One key to connecting with Gen Y’s is management transparency. “This means straightforward communications with no hidden agendas,” says Smith. CEO Salzberg is so convinced that transparency around difficult issues is key to engaging younger employees that he makes it central to what he does. For example, Salzberg holds regular Straight Talk with the CEO meetings around the company to answer questions as directly as possible.

Recently, he began getting questions such as: Are you going to lay us off? How secure is the future of our firm? Is there a prioritized list of cuts that will be made? If so, what are they? How will partner income be affected by the economic slowdown? The CEOs of Deloitte’s subsidiaries hold periodic town hall meetings in a similar format.

“The wild card with leadership today is whether someone is really believable,” says Smith. *“Executives have to stand in front of employees exposed and vulnerable, and if they cannot answer a question knowledgeably on the spot, they must follow up quickly, which is what Barry does.”*

One ongoing challenge for Deloitte’s leaders is breaking down the widely accepted “hero culture” that tends to dominate in professional services firms. It is hard to change long-held values that reward people for continually working extremely long hours at the expense of their health, families, and personal lives, particularly when technology makes it easy to stay connected to work. Last summer, an initiative called Freedom Unplugged tried to communicate to employees that leaders expected them to take time off, which meant putting away their Blackberries and not checking e-mail.

“The message from leadership was ‘I will be unplugged on July 4th weekend. You should be, too,’” recalled one young manager. *“That really has an impact.”*

Leaders who want to create a work environment that won’t burn out high-performing employees have to continually encourage levels of effort that are sustainable long term.

2 Provide a Broad Range of Career Development Opportunities

Deloitte’s leaders recognize that the needs of individual employees change with their life circumstances. In general, younger professionals seem less willing than their older colleagues to stay in jobs that require them to choose between work and family needs. Thus, in addition to making its employees aware of the broad range of different job opportunities available to them within the firm, Deloitte also introduced a Mass Career Customization program.

Working with a counselor, individuals now make explicit choices about which job

opportunities in the firm make the most sense at different stages of their careers, given the pace, workload, location, and level of responsibility they are willing to take on. Giving employees a sense of choice in how they shape their careers is very empowering.

For example, one accountant wanted to “ramp down” when his wife had their second child. So he shifted to another role that allowed him to stay with the firm, but without working long, unpredictable hours necessary for many client engagements.

Reflecting on the appeal of multiple career opportunities, one senior analyst says:

“When I came to Deloitte I figured I would stay two years, but now I have realized I have a lot of flexibility. There are so many different departments I could work in without ever leaving Charlotte, North Carolina. I have realized I could spend my whole career here.”

3 Deliver Extensive Technical and Professional Training to Accelerate Development

Giving employees options for shaping their careers is empowering only if they have the skills and capabilities needed to take advantage of new opportunities. Deloitte makes sure its professionals have easy access to the training and development resources they need to maintain their expertise in a business with a huge learning curve. One audit manager finds this particularly appealing. “I still wake up thinking ‘what am I going to learn today,’ because no two days are the same.”

Another 29-year-old audit manager agrees. The learning curve is what surprised him most when he joined Deloitte. “In college, I would get

butterflies giving presentations in class,” he says. “Now I am presenting to audit committees of Fortune 500 companies. We get a tremendous amount of education, like formal training on emerging accounting issues, but I have also had training on leadership, mentoring, and presentation skills.” The chance for continuous learning that is well supported with training is repeatedly mentioned by younger employees as a primary reason they stay with the firm.

4 Pursue Long Term Solutions to Work-Life Balance Issues

While public accounting firms have offered flexible work options for years, almost 90% of men and women who leave continue to cite work-life balance issues as the reason for quitting.² Deloitte’s leaders contend that arrangements like part-time work, job sharing, compressed work weeks, and telecommuting focus primarily on an individual’s need to adjust work location and hours at a particular point in time. These arrangements almost always fail to address the bigger issues of career progression and integration into the organization’s ongoing talent management processes.

To complement its Mass Career Customization program, Deloitte is also trying programs that provide realistic alternatives to traditional career paths. One formal initiative called Personal Pursuits allows high-performing women who have had children to take up to five years of unpaid leave.

While participating in the initiative, the firm matches participants with a senior-level mentor who keeps them informed about relevant training opportunities to keep their skills current, as well as networking events so they can stay plugged into the firm.

² Benko, Cathy & Weisberg, Anne, “Mass Career Customization: Building the Corporate Lattice Organization,” *Deloitte Review*, Summer 2008: 50-61.

Flexible career-centered initiatives like this are one reason Deloitte has the highest percentage of women partners, principals, and directors among major U.S. accounting firms.

Flexibility pervades many aspects of work design at Deloitte. Where practical, younger workers like the autonomy provided by a culture that focuses on work performance, and not being present at the office.

“I work from home two days a week,” says one young consultant. “It is important to me that my managers do not care where I work, as long as I get the work done. That flexibility makes life easier.”

5 Help Employees Build Strong Personal Relationships Across the Firm

Research shows that the existence of personal relationships is another key factor that determines how long employees stay in an organization. Deloitte goes out of its way to facilitate the development of those relationships in its “work hard/play hard” culture. One notable approach is its widespread use of “network groups.”

When new hires join the firm, they are assigned to a group of about ten co-workers who are not in their immediate function. Groups consist of a

cross-section of employees who work at different levels in the firm and sometimes in different locations. Network groups meet regularly to talk about issues on the job, and participate in team-building events, like racing go-carts, or conducting a community service project.

The idea is to get to know colleagues from other parts of the company outside of a work context. “These groups help us build a culture of relationships,” said an audit manager. “They encourage people to stay with the firm by forming bonds and building trust in others.”

The irony of Deloitte’s efforts to build a culture that retains Gen Y’s is that, in the process, it has become clear that all generations want the same kind of work environment. “When we broke the research down and asked ‘What were the factors that retained people?’ the data showed that every generation wants the same things,” says Smith. “They want some autonomy and control over their work-life balance, challenging work opportunities, financial and job security, and a positive work environment.”

By listening to this new generation of workers, and building a culture that attracts and retains Gen Y’s, Deloitte is actually creating an environment likely to engage employees of all ages.

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