For the first time, three distinct generations of employees are overlapping in the workplace at the same time: longer lifespans and delayed retirement mean that Baby Boomers are working alongside Gen Xers and Millennials. The multi-generational workforce is a new phenomenon, but it’s likely to become the new normal. In addition, the advent of the “gig economy”, in which companies engage independent contractors for individual assignments (or “gigs”), expands the potential workforce exponentially. When planning for the work of the future, it’s essential to factor in the needs of a diverse and changing workforce.

To start, organizations and leaders must consider the distinct goals, needs, and priorities of each generation. Baby Boomers tend to value formal structures and face-to-face interactions with colleagues, while Gen Xers count flexibility and independence as top priorities at work. For the youngest members of the workforce, Millennials, growth potential and meaning may be most important. This diversity of values within a single organization poses new challenges for workforce planning.

According to the 2017 Deloitte Millennial Survey, the workforce will continue to evolve as Baby Boomers retire and Millennials move up in the ranks. By 2025, millennials will make up 75% of the workforce—and they think about their careers in a very different way than their Boomer and Gen X colleagues. For many in this generation, the idea of building a lifelong career at one company is not a reality: over two thirds of millennials surveyed in 2017 expect to leave their current employer within the next five years. Given that 28% of millennials indicate they are already in leadership positions, this represents a lot of senior talent poised to walk out the door.

Millennials also want businesses to put employees first. In the 2016 Deloitte Millennial survey, respondents rated “employee satisfaction / loyalty / fair treatment” as the most important value for a business to achieve long-term success. Nearly two thirds of those surveyed say they judge business performance by the satisfaction of their colleagues. Reflecting the impact of these changing priorities, many hiring managers say they struggle to find and keep qualified Millennials.

However, the changes won’t stop with Millennials. Generation Z—today’s teenagers, who will enter the workforce in the coming years—are coming up on their heels. These future workers are digital natives who have been raised with smart phones and social media as a part of their daily lives. Nearly half of them are connected for 10 hours a day or more. They have a sense of being global and multicultural, and value social impact and curiosity over money when thinking about work. As this generation starts to reach employable age, the current pressure on traditional talent management models will only accelerate. We must also consider the new and growing workforce outside of the traditional full-time employee. The advent of the technology-enabled gig economy and crowdsourcing models introduces compelling alternatives to a full-time, tie-wearing, cubicle-bound job. How can companies attract the next generation of top talent graduating from school and entering the workforce for short-term roles, without
the incentives of traditional full-time jobs? Bottom-line metrics that may have been enough to attract top talent are no longer enough. Corporate brand identity, vision, and mission become increasingly important tools to galvanize the broader professional ecosystem. Indeed, 87% of millennials surveyed believe that “the success of a business should be measured in terms of more than just its financial performance” and businesses have the potential (or even imperative) to do good.

The agile organization model, to which many companies are turning, can address some of these concerns. This flexible organizational structure extends the opportunity for more employees to work on fluid, network-based teams of their own devising to address compelling problems with innovative, “fail fast” approaches. Department-level funding models can be adjusted to support these temporary work groups and annual talent management processes modified to track performance with a series of pulse checks and frequent feedback sessions.

Additionally, as the workforce evolves, a renewed focus on organizational culture and employee engagement is one of the most powerful levers companies have to attract and retain top talent, whether inside or outside company walls. But before you start installing nap rooms and ping pong tables, it’s important to realize that culture and engagement are about more than luring employees with trendy (and expensive) perks. The real power lies in defining and cultivating a distinct identity—one that can’t be easily replicated outside your company—and making work meaningful and rewarding in ways that today’s employees care about.

By fundamentally rethinking what they can offer workers, organizations can prepare themselves to leverage the diversity of skills and talents around the water cooler of the future and remain competitive in a rapidly changing landscape.

4. Deloitte Millennial Survey 2017
5. Elance-oDesk. The 2015 Millennial Majority Workforce Study