

## RETHINKING HR STRATEGY HOW THE NET GENERATION IS CHANGING YOUR WORLD

When looking at how society will change in the 21st century, most people focus on the effects of digital technologies, particularly the Internet. But the digital era is also happening at the same time as a major demographic shift: The Net Generation coming of age. Born between 1977 and 1997, today's teenagers and young adults have grown up surrounded by digital devices and media. In 2010, the eldest of this generation turned 33. The youngest turned 13.



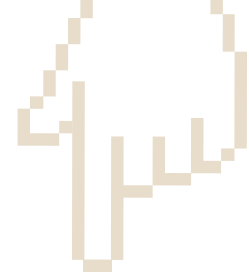
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#### Conference

*Rethinking HR Strategy: How the  
Net Generation is Changing Your World*

As the first generation to grow up “bathed in bits,” their brains are actually different. How young people spend their time during extended adolescence (8 to 18) is the number one predictor of what their brains will be like. This is the time when the human brain gets built with its wiring and synaptic connections. If you spend 24 hours a week watching television, like my generation did, you get a certain kind of brain. If on the other hand you spend an equivalent amount of time with digital technologies, being the user, the actor, the collaborator, the initiator, the rememberer, the organizer, that gives you a different kind of brain.

In the book *Grown Up Digital*, I describe typical Net Geners as having eight distinctive attitudinal and behavioral characteristics or norms that differentiate them from other generations. They prize freedom and freedom of choice. They want to customize things, make them their own. They're natural collaborators, who



enjoy a conversation, not a lecture. They'll scrutinize you and your organization. They insist on integrity. They want to have fun, even at work and at school. Speed is normal, innovation is part of life.

I believe we will see that being immersed in an interactive digital environment has made them smarter than your average TV-watching couch potato. Instead of just numbly receiving information, they're gathering information from around the globe with lightening speed. Instead of just trusting a TV announcer to tell the truth, they're assessing and scrutinizing the jumble of facts that are often contradictory or ambiguous. When they write a blog or contribute a video, they have an opportunity to synthesize and come up with a new view. That adds up to a giant opportunity for this generation, an opportunity to fulfill their intellectual potential.

To be sure, in the U.S., my description of today's youth fits only the top two-thirds of students academically. For the bottom one-third the picture is bleak. They drop out of high-school without having any prospect of attending a post-secondary institution. Unemployment in this age group is in the stratosphere.

Around the world the generation of Net Geners is flooding into the workplace, marketplace, and every niche of society. These youth are bringing their demographic muscle, media smarts, purchasing power, new models of collaborating and parenting, entrepreneurship, and political power into the world.

There is a lot of cynicism about this generation. Some say they are net-addicted, glued to the screen, and losing their social skills. There is a book called *The Dumbest Generation*, that says that the digital age is stupefying young people. The only problem with this negative view of young people is that there is very little data to support it. In my view, this is the smartest generation ever. Volunteering amongst high school and university students is at an all-time high, and civic action became political action which helped achieve the Obama presidency. In the US the percentage of kids that are clean in high school – meaning they don't do drugs or alcohol – has been up year over year for the past 15 years. The results of IQ tests are up, university entrance exam scores are at an all-time high and it has never been tougher to get into the best universities. This is a generation we can be enormously hopeful about.

Another problematic aspect is privacy. In *Grown Up Digital* I discussed the enormous harm that could result from young people posting online any thoughts and photos they can come up with, including last night's keg party. Many companies check an applicant's Facebook profile as standard procedure during the hiring process, and new stories arise daily of young people not being hired because of inappropriate material on the Internet. Companies aren't going to stop checking potential applicants' online personas. Indeed, smart companies are using tools like Facebook to recruit potential employees.

Today, many of the best examples of innovation in business, education, society or government, are coming from young people who are using the web, this powerful tool, to change the model. So, this is a whole new mode of production that is emerging. The internet is not about putting a video on YouTube, creating a gardening community online or having a cool website or a government portal. This is a new mode of production emerging. It's beginning to fundamentally change the way we orchestrate capabilities in society, to innovate, to create goods and services, to govern, and to educate. That's the meaning of the web.

As Net Geners enter the workforce they are a powerful force for change. My research shows that companies that selectively and effectively embrace Net Gen norms perform better than those that don't. In fact, I'm convinced that the Net Gen culture is the new culture of work. The Net Gen norms may turn out to be the key indicators of high-performing organizations in the 21st century.


In the book *Wikinomics*, which I co-authored with Anthony D. Williams, we discuss the fundamental change that is occurring in the way companies orchestrate capability to innovate and create value. Smart companies recognize that innovation often begins at the fringes. Increasingly, these hierarchical enterprises are turning to collaborative business models where masses of consumers, employees, suppliers, business partners, and even competitors co-create value in the absence of direct managerial control. This is happening because of the declining cost of collaborating brought about by digital technologies.

If an army marching in lockstep to tightly arranged military music is a metaphor for yesterday's workplace, the workplace of the future will be more like a jazz ensemble – where musicians improvise creatively around an agreed key, melody, and tempo. Employees are developing their own self-organized interconnections and forming cross-functional teams capable of interacting as a global, real-time workforce. Loosening organizational hierarchies and giving more power to employees can lead to faster innovation, lower cost structures, greater agility, improved responsiveness to customers, and more authenticity and respect in the marketplace.

Net Generation employees are ideally suited for today's new corporation. They are savvy, confident, upbeat, open-minded, creative and independent, which makes them a challenge to manage. To meet their demands for more learning opportunities and responsibility ownership, instant feedback, greater work/life balance and stronger workplace relationships, companies must alter their culture and management approaches, while continuing to respect the needs of older employees. Properly cultivated, this generation's attributes will be a critical source of innovation and a competitive advantage to the organization.

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It's important to understand that even with the current economic turndown and higher levels of unemployment, there is still a war for the best talent. Many companies that rely on knowledge workers know this all too well. Twenty years ago, when college grads poured into the workforce, companies had their pick of the best and the brightest. Employers had the power to choose; employees were grateful to get a job and did what they could to keep it, and the last thing on their mind would be to suggest radical new ways of working and managing a company. But, in the next 10 years, as middle-aged and older employees retire, there won't be enough Net Geners to fill up the management spots recently vacated.

To win the war for talent, companies will have to rethink the way they handle employees, from the first contact to after they leave the company. I think the old HR model – recruit, train, supervise and retain – should be shelved. Instead, companies should adopt a new model – initiate, engage, collaborate and evolve. Companies have many ways to make themselves more attractive to a potential N-Gen employee: they can customize job descriptions, as Deloitte does; use game-based training to train employees for short-term projects; keep in touch with alumnae, the former employees, to find new people and get new ideas. Old-style job interviews are out. Two-way dialogues are the way to hire. And the first three months is a time when the employee is evaluating the company, not the other way round.

I call it Talent 2.0. Here are some examples of what I mean:

Re-think authority. Be a good leader (e.g., coach, mentor, facilitator, enabler), but understand that in some areas, you will be the student and the Net Gen employee will be the teacher. Net Geners need plenty of feedback, but recognition must be authentic. False praise doesn't work.

Rethink recruitment; initiate relationships. Don't waste money on advertising for talent. Use social networks based on trust to influence young people about your company.

Rethink training; engage for lifelong learning. Rather than traditional training programs that are separate from work, look to strengthen the learning component of all jobs. To achieve this, encourage employees to blog.

Don't ban Facebook or other social networks. Figure out how to harness them. New tools like wikis, blogs, social networks, jams, telepresence, tags, collaborative filtering, and RSS feeds can be the heart of the new high-performance workplace. Rethink management processes and design jobs and work for collaboration. Give the Net Geners a chance to put collaborative tools to good use – by joining one of the company's volunteering efforts.

We need to listen to young people, embrace their culture, adopt their tools and change our organizations, and if we do that we'll have better performance, better innovation and institutions and organizations that are more appropriate for the 21st century. 