Make way for the Millennials

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When Henry Verbeek started his career in the finance industry in 1981, his supervisors measured his dedication to the firm by the hours he spent cooped up in his cube. And sure enough he met with their approval by rising for work before the sun, and getting home just in time for dinner.

Thirty years later, as investment advisor and senior partner in The Verbeek Group, he hasn't been able to shake the habit. Suited and booted, he arrives at his 15th floor office in Hamilton at 8 a.m., all the while wondering why his son and business partner, Stephen, doesn't share in his early-to-work ethic.

Meanwhile, Stephen potters on his patio in a housecoat and slippers. With iPhone in hand he gobbles down the exact same data his father has spent all morning rustling out of his filing cabinet in readiness for the day's business. And when he walks in at 9:30, he knows as much, if not a bit more, about the vicissitudes of the global markets. "It's hard for me to get my head around that," chuckles Henry.

Brace for change

It isn't just Verbeek senior who's trying to get his head around this breezy new generation of advisors who have a completely different work ethic, professional attitude and aptitude. The entire greying North American workforce is bracing for Generation Next—children of the baby boomers, born between 1977 and 1997. According to Howard Business Review these 20- and 30-somethings will account for nearly half the employees in the world in four years.

Raised by doting parents, and coddled into believing they're special, this generation has grown up self-assured and self-centred; craving success and courting leisure. Accustomed to non-stop social networking, they don't owe much allegiance to the organization, but are fiercely loyal to friends and colleagues. For them the boundaries between work and play are fuzzier. Gen Y is willing to work hard only as long as they feel a personal connection to the task.

Gizmo gurus

More than anything else, this generation is wedded to its gadgets. Stephen Verbeek admits his iPhone is an absolute obsession. "I can't be away from it longer than an hour. I browse constantly. It's the first thing I do when I wake up, it's the last thing I do before I go to sleep. How many boomers can claim to check what happened in the Asian markets before they went to sleep? For me, I can't remember the last time I went to sleep before doing it."

Due to the remote access technology affords them, Gen Y have a very fluid work style and expect managers and organizations to accommodate that. “Having grown up in a 24/7 culture, they don’t have the 8-hour workday construct,” says Giselle Kovary, managing partner at n-gen People Performance Inc., a Toronto-based training and consulting company that helps companies understand generational workforce issues.

“In many cases, coming into an organizational structure seems really antiquated to Gen Y. If senior management and senior partners in financial firms and practices hope to attract Gen Y advisors and retain them, they need to stop directing and start coaching,” Kovary adds. “Transparency, responsiveness and partnering are the best way to go.”

To successfully integrate younger advisors into the practice, senior advisors will also need to learn how to solicit and respect their opinions, treat them as equals and freely share information. “Millennials are hyper-connected to a rapid-fire world of information. Managers must understand their need for instant data, immediate feedback, constant updates and continual engagement,” Kovary adds.

Academic super achievers

Millennials aren’t just incredibly tech-savvy, they’re also a generation of academic super-achievers. According to the Pew Research Center, which studies social and generational trends, these young adults are the most educated ever, meaning they’re also students longer.

Sure enough, Stephen, at 27, is already as qualified and licensed as his father. He spent five years studying finance full-time and has the securities, insurance, derivatives and options licenses.

“When I started out, if you could read and write and pass a three-month correspondence course you could be a stock broker,” Henry reminisces. “The crux of getting hired, if you weren’t born into a family already in the industry, was to pass the McQuaig Aptitude Test, which measured your ability to empathize and analyze.”

The times, they are a-changin’

But times have changed. The industry has become far more complex and even more competitive. While Henry’s generation of advisors were a close-knit brotherhood with a “little guys against the big banks” camaraderie, today’s advisors inhabit a harsher universe with an onslaught of products, increasingly aggressive competitors and incredibly discerning clients. “I probably wouldn’t even have the type of personality to start now in this industry. It’s exceptionally competitive and dehumanizing,” Henry says.

Speaking of discerning clients, Jason Pereira, a financial consultant at Bennett March/IPC Investment Corporation, says his generation has been brought up to believe someone trying to sell you something is more motivated to make the deal mutually beneficial. “The focus today is on knowledge-based as opposed to product-based practices. We’re quarterbacks, not pilots, of people’s financial lives. Our model is more of a general practitioner model, bringing in experts where necessary. That’s something that barely existed 20 years ago.”

And this knowledge-based model has fundamentally impacted how Pereira, 32, has pursued his education—two degrees, four designations and pursuing more. Between him and two of his Gen Y colleagues at IPC they have an average of three to four degrees and designations per person.

“My credentials have helped me pursue the more refined clients,” Pereira says. “The competition is only going to get more intense for the larger clients over time. Education will be a point of differentiation,” he adds.

Pereira says younger advisors like him also pursue education and accreditation more aggressively to overcome the age bias. “The question of my age came up a lot before I was 25. Even now, people on occasion ask or comment on how young I am. The way to overcome that is to be more knowledgeable than the other guy.”

In addition to academic credentials, Millennials have also grown up with a host of transferable skills and competencies. “They’ve climbed Mount Everest and traveled to Africa for volunteer work. They’ve fundraised for their local hospital and mobilized resources for Haiti,” Kovary says.

Because I’m worth it

Due to their credentials, competencies and confidence, younger advisors also come with a sense of entitlement. Their salary expectations are a lot higher. They’re in a hurry to get to the top. “But the truth is they need to start at the bottom like everyone else. You can’t expect to start at $50,000 and own 20% of the business in your very first year. It takes time to build credentials and trust. I started at $18,000,” says Nadine Lajoie, president and CEO of Lajoie des Finances.

Pereira agrees this unholy hurry to get to the top is actually impeding progress. “There’s something to be said about progressing at a rate that’s reasonable. This industry would be much better if advisors by mandate had to spend some time as assistants and build up certain criteria before they got to the top.”

The fledgling advisors however feel this perception might not always have sound grounding. Many of them actually feel rudderless in the industry. “A major problem with why we don’t have younger people in this industry is that we don’t have a concept of an apprenticeship. There’s no nurturing. Typically you go through a training program, learn how to sell something and then you’re thrown to the wolves. You either sink or swim,” says Pereira.

Henry agrees there's little convergence between the younger and older advisors in the industry today. But he says the problem is with the growing difference between what motivates both generations. "I'm not convinced the new generation's professional motivations are too altruistic. Somewhere it has become more important to drive a Ferrari than to have a client run across the street to shake your hand. Those relationships are becoming more rare."
"Does that stop me from mentoring them? You bet!" he says.

He does concede things are harder for the younger advisors. "If you think of the demographics: who has the money? It's my generation–the 55 and over. And I'm not convinced about giving my money to a 25-year-old university graduate who pulls up in front of my house in a BMW and a $2,000-dollar suit. My thought is: this guy has never skinned his knees in his life. There's no way I'm going to have him learn his profession on my money. I want to deal with somebody who understands my life, motivations and fears."

Bridging the Gap

With such divergent perceptions, how would the two generations ever meet? The answer might lie in reverse mentoring, says Kovary. While the boomers bring wisdom and experience to the table, Millennials bring a lot of technological skills, passion and enthusiasm. The older advisors can take the younger advisors under their wing, and in return have the younger one assist them in updating and upgrading their work environment, processes and technologies.

According to Lajoie, meaningful collaborations are possible if older advisors become more trusting and younger advisors more patient.

The elder Verbeek's advice to those starting fresh in the industry is to find somebody 10 to 15 years from retirement, and start off as an assistant, become an associate and then move on to become a partner.

There are definite rewards to be reaped through this collaboration. Despite his mistrust of younger advisors, he says ever since his son joined the practice, his own excitement and passion for this profession have rekindled. "To be the best role model, I want to work a little bit harder, a little bit smarter, and do things a little bit better."

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