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## Generations in Crisis

*Society has been here before, several times and generational theory can help businesses understand more about the recession and financial crisis and how to navigate their way out of it.*

### Article at a glance

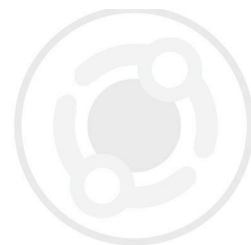
John F Kennedy once said, “When written in Chinese, the word “crisis” is composed of two characters - one represents danger, and the other represents opportunity.”

Whilst there is debate as to the actual western interpretation of these symbols, we are now undeniably facing turbulent times. Indeed this may be the worst financial crisis in almost a century. Many companies will find themselves dangerously close to failing while others will see opportunities amongst all the turbulence. One thing is for certain - those companies that succeed will need to make the most out of the realities of the new world at work.

Companies can turn to Generations to help them make sense of all the chaos and understand new realities. Generations is based on how global events drive and shape people’s values and is a useful framework for identifying how customers and staff will change their attitudes and behaviour during a time of crisis. It is fascinating that generational theory predicted the current crisis with almost pinpoint accuracy...

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## Repeating cycles: Generational Theory boldly predicted the current crisis...

What do The War of the Roses, The Spanish Armada, The Glorious Revolution, The American Revolution and The Great Depression have in common?

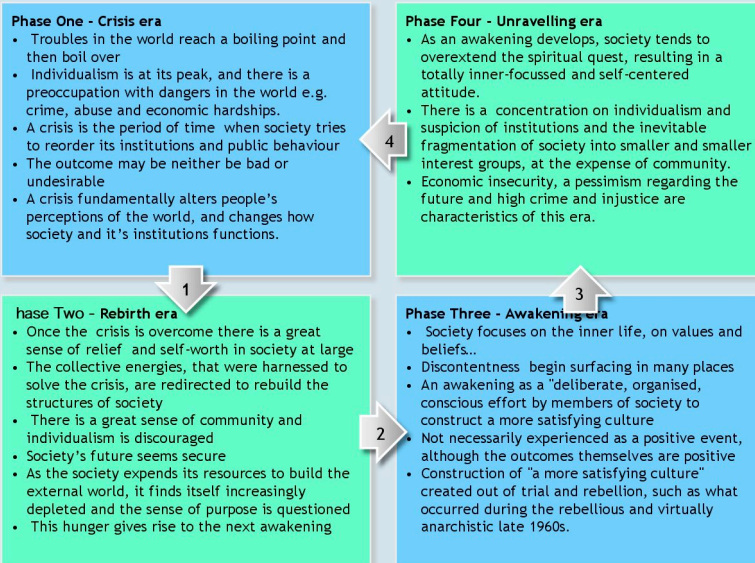
They are all periods of crisis that had a major impact on people's lives: society before and after each crisis was fundamentally different. Each crisis redefined values, attitudes and behaviour.

Perhaps less apparent, each of these major crises happened sequentially roughly every eighty years. Human history is made up of reoccurring crises and awakenings.

Two Generational theorists, Harvard and Yale scholars Howe and Strauss, first identified these repeating cycles in the early 1990's as they mapped five centuries of Anglo-American history.

They identified four phases or "Turnings" that society transitions through every 80 years. They likened the Turnings or phases of the cycle to the seasons: spring, summer, autumn and winter. Each Turning lasts approximately two decades and, at the start of each Turning, people change how they feel about themselves, the culture, the nation and their future.

### The four phases or "Turnings" explained:



### People born during similar eras share similar values

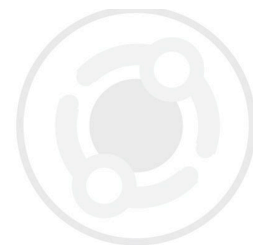
People born during the same era are influenced, shaped and molded by society's reaction to world events. This means that cohorts growing up during, for example the Great Depression and World War II, will have different values and attitudes compared to the generation growing up five or ten years later during the economic boom period of the fifties and sixties. If you understand each generation's values and attitudes, it is easier to identify what motivates and drives employees and consumers and how you can influence them.

### Where are we today in the current Eighty-year cycle?

#### The Rebuilding (spring) - mid forties to late sixties

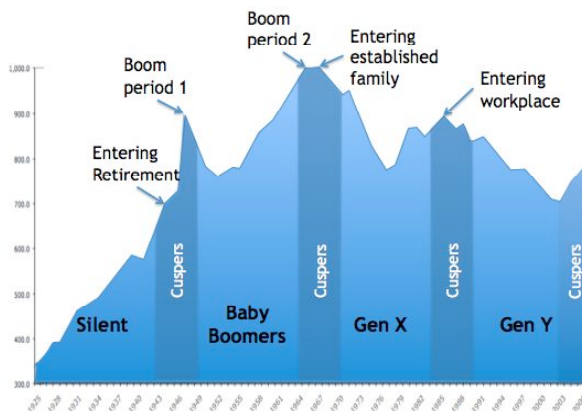
Emerging from the crisis of the Great Depression and WW2, the First Turning began after 1945. Like spring, a First Turning is an upbeat, high era where society, fresh from its triumph over the last crisis, uses its collective energies to strengthen institutions.

In the UK, the post WW2 euphoria and an immediate boom in babies was quickly quelled by



rationing and the task of rebuilding Europe. This resulted in a double baby boom which is unique to the UK. It is clearly illustrated in the graph below which shows births between 1925 -2007. This period is characterized by high economic growth and prosperity and it culminated in the late sixties with the high of putting a man on the moon.

**The UK people landscape is changing: Boomers are retiring, Gen X are entering midlife and Gen Y are entering work**



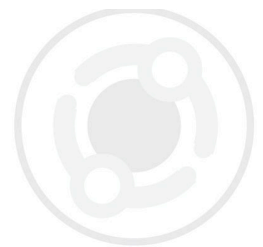
### The Awakening (summer) - late sixties to late eighties

This period is called an “Awakening”. Feelings of societal discontent begin surfacing in many places around the world almost simultaneously. It is an awakening of a conscience and a realisation that the old idealism has not produced the ideal world it had promised. There is a movement to construct a more satisfying culture out of trial and rebellion such as what occurred during the rebellious and virtually anarchistic late sixties. Known as the “year that rocked the world”, 1968 saw the pendulum of change gaining momentum. This was a year when society experienced demonstrations in Paris, London and the States. Martin Luther King and Bobby Kennedy were assassinated and France joined the nuclear club. Like tsunamis in summer, change raced across the world for the next two decades. From the miner’s strikes to the peak of the cold war, to the policies of Thatcher, Reagan and Gorbachev these were the driving forces that dominated this unsettled period.

**IMPORTANT FACT:**  
Unlike in the states where the boom in babies continued unabated the UK has two birth spikes in 1947 and 1964. UK Baby Boomers from the first spike have different values and attitudes to those born in the second boom period. It is crucial to understand the local UK generational influences when developing your marketing and talent strategies

It all came to an abrupt end in a few brief months between April 1989 and February 1990, when everything changed seemingly all at once: China entered the global stage with Tiananmen square demonstrations, the Berlin Wall fell, the Cold War ended, communism was banned in Russia, the USSR ceased to exist and Nelson Mandela was freed after 27 years imprisonment. The generation born during this tumultuous period has become known as Generation X. They are an unsettled generation that is addicted to change.

### The Inner-Directed (Autumn) Nineties and turn of the century



Following this period of constant change, society settled down to a more prosperous and calm period.

Baby Boomer leaders Blair, Clinton, Gates and Branson took control of the reins of leadership and many in Britain commented on the fact that “we’ve never had it so good.” In many ways this period resembles the Spring or rebuilding period with one key difference: there is a concentration on individualism, a suspicion of institutions, and the inevitable fragmentation of society into smaller and smaller interest groups at the expense of community. The internal focus of America’s foreign policies over the past decade is a good example of this insular approach to life typical during this phase of the cycle. The past 15-20 years has been an Inner Directed period.

#### Defining a crisis:

Many commentators identified the events of 9/11 and 7/7 as the Turning point of the next crisis, even though these events happened almost seven years earlier than Howe and Strauss’s research had predicted. However, as horrific as these events were, they did not *fundamentally* alter our society’s beliefs and behaviours a key requirement defining a generational Crisis phase.

### The Crisis (Winter): Now...

Howe and Strauss identified the previous crisis as being the Great Depression, followed by the second World War. If five centuries of repeating cycles continue then, between 2006 and 2012, the world can expect to enter the next crisis period. It is important to note here that Howe and Strauss did not define a crisis as being a horrendous global catastrophe having a bad or undesirable outcome, but rather as a time when society is reordered. The crisis requires a radical reconfiguration of society, from local to international levels. The change is so great that, the society that entered the crisis and the society that exits after it, is noticeably different.

Looking at the events of 2008 alone, there are indicators that suggest that over the next few years society as we know it will change completely. Consider the following events that have happened this year:

- Election of the first Black American president,
- A financial crisis that has reshaped our trust in banks and insurance companies and is changing the way financial institutions are run and regulated and even owned.
- The rising of the other Asian space power as India launches its first space probe to explore the moon
- The Beijing Olympics opened China to the world and the world to China
- Russia has flexed its regional muscles again and there is the feeling a looming threat
- The Labour party under Gordon Brown and the Republicans under George Bush have experienced the lowest approval ratings ever achieved by a sitting government
- Oil has soared to all time highs, and yo-yo’ed back again to current levels, while American has pledged to drill their Alaskan wilds for the precious liquid, maybe finally freeing America from reliance on foreign oil

The theory also suggests that businesses need to prepare themselves for a prolonged difficult period where getting the most out of existing resources will be very important for survival.

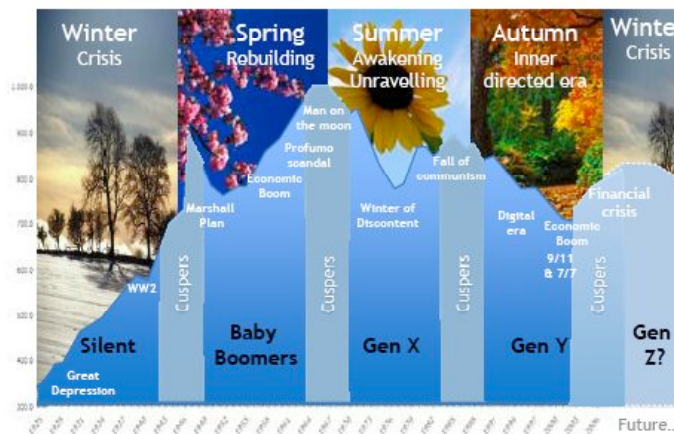
### Responding and adapting to life in a crisis

Each generation was born during different phases of the cycle: Boomers were born during the



Rebuilding or spring, Generation X during the Awakening and Gen Y during the Unravelling. The events during these eras shaped what each generation views as right or wrong, weird and normal. Understanding these values enables us to predict how each of the generations will respond to change and what companies can do to make the most out of the dangers and opportunities that arise.

### The next crisis period is now..?

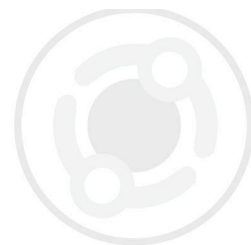


### Baby Boomers: champions of a new cause

Although the Baby Boomers have experienced downturns before, this level of economic crisis will be something new for them. They are, however, a very optimistic and resourceful generation and our research strongly expects them to use the crisis as a reason to “stay on” in the business and politics in order to “fix things”. In any event Baby Boomers were never programmed to “retire” so they will use their collective energies to tackle the problems at hand.

The problem though is that Boomers are not as young as they used to be and the younger generations want to make their own mark. Many Generation Xers and Millennials will believe that the problems we are currently facing are a result of the Baby Boomers approach and this is likely to lead to greater workforce conflict as Boomers hang on and Gen X and Millennials move on up the corporate ladder. Nevertheless, Boomers have always risen to a challenge and enjoy tackling a problem with energy, teamwork and focus. They may not be open to creative innovations, but they will lend their energy and passion to the strategies that do emerge.

Boomers are also the most in debt generation and although most of them are wealthier than they ever expected to be, most will no longer receive the expected paybacks in the form of pensions, share options, shares and equity in their houses which has now been eroded. This is going to lead to a great deal of stress in the daily lives of Baby Boomers. They are the sandwich generation having to fund both their kids’ education and help support their parents who are living longer than expected and who are eating into “their inheritance”.



A recent study by Market Watch identified that 25% of affluent Baby Boomers are downsizing their lifestyle by contributing less to charity, canceling vacations, reducing retirement saving or postponing retirement altogether. The financial woes have also lead to mental anguish with 30% of those polled saying they feel more stressed than they did six months ago. The crisis is going to be a time of increasing stress and anxiety for Boomers. Companies that capture the attention of Boomer clients during the crisis will be those who are alleviating this stress. Try to identify what your company can do to in this area.

### Generation X: focusing on what matters most - their family

Generation X grew up during a period of huge turmoil that defined the 70's & 80's. Because they have never believed that "the system will provide" for them, they have been anticipating this crisis for some time now and, if not financially, they are at least emotionally prepared. Generation X are survivors and comfortable with change. We expect them to become more focused on themselves, their family and what is important to them. Companies should not expect loyalty or handouts from this generation, the "what's in it for me" factor will become even more pronounced. They will be skeptical of your "agenda". You need to demonstrate your commitment to Generation X to ensure they do not withdraw from your products or company.

Our research has identified that some Gen Xers are viewing the crisis as an opportunity to get a retrenchment package and start something new. We are expecting more Generation Xers to head out on their own so don't expect the crisis to make them lay low and wait for their next pay cheque. A talented senior manager, who works at a large petrochemical company, recently left because she didn't like her boss. When we asked why she'd left at the worst economic time possible she nonchalantly commented that she'd received a good payout and has never struggled to find a job before.

#### Defining the Generations:

**Silent Generation:** Born during the Great Depression and WW2, this generation are now in their late 60's and older

**Baby Boomers:** Born mid 40's to mid 60's now in their forties and early sixties

**Generation X:** Born during the tumultuous 70's and 80's. They are now in their late twenties and early forties

**Millennials or Gen Y:** Born in the 90's and 00's the oldest are now in their early 20's

**Cuspers:** Generations don't start and stop on a particular date. Society values transitions quickly or slowly depending on events. Those people born during these periods display values from both generations

Generation Xers are feeling squeezed by both Boomers who will not retire and overly ambitious and optimistic Generation Y who want their jobs! From a financial perspective, Generation X finds itself in a pickle. They entered the workplace during the recession of the late 80's early 90's, bought properties at the peak of the housing boom and have not made the returns that Boomers made. They may be tempted to cut corners and take short-term rewards, even if these are ill-advised.

### Generation Y - optimistic and striving forward

Gen Y has never experienced an economic downturn. However, they are an optimistic and confident generation. Even if they are not prepared for the implications of a downsized economy, less money and fewer jobs, they will probably not care. Gen Y has access to the resources and cushioning from their 'helicopter' parents who hover protectively over their offspring. They will not be afraid to go it alone or "take time out" to explore options. Our research reveals that many are viewing the downturn as a good reason to take that gap year they were planning, or start their own business. We expect Gen Y to seek out opportunities



and take the crisis by the scruff of the neck, drive their own agenda and be central to society's changes. Generation Y is young, fearless and feels invulnerable.

Be careful not to back off from being ethical or green during the downturn because Generation Y won't buy your excuse. They are the most in-touch and connected generation and if you don't deliver what you promised, they will find out.

Generation Y will continue to struggle to get onto the housing ladder, but this may not be a problem for them as they can stay at home with mum and dad and wait until house prices have dropped sufficiently so they can buy at the bottom of the cycle and benefit in the long run as prices rise again. In this way they are in a much better position compared with Gen X who bought at the peak of the cycle.

### Navigating through the crisis

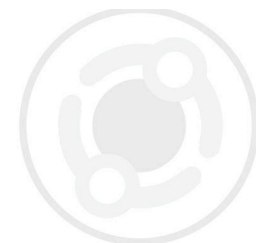
Do generations create history or does history create generations? It is a bit of both and the repeating cycles represent the ebbs and flows of life and society that we live in. Businesses are facing turbulent times and a greater understanding is required to navigate through what for most is uncharted territory. In tough times your people - valuable customers, partners and staff - matter most. Our research shows that understanding their driving values, attitudes and behaviours and how they are likely to react during a time of crisis is a good place to start your navigation.

### About the Authors

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## About TomorrowToday

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