

Engaging Millennials in your ESOP!



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Engaging Millennials in your ESOP!

Outline of the five topics that will be covered during this session:

- 1). Who are Millennials?
- 2). What do Millennials need and want?
- 3). What do you need to do to engage employees?
- 4). How to engage Millennials through your ESOP?
- 5). How are companies engaged Millennials?



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Who are Millennials?

According to Wikipedia...

- Millennials (also known as Generation Y) is a demographic cohort following Generation X.
- Their birth years start in the mid-1990s to early 2000s, mean they are currently in their late 20s to early 30s.



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Continued...

- Millennials, who are generally the children of baby boomers and older Gen Xers, are sometimes referred to as “Echo Boomers” due to a major surge in birth rates in the 1980s and 1990s.
- The Millennial generation is marked by an increased use and familiarity with communications, media (especially social media), and digital technologies.



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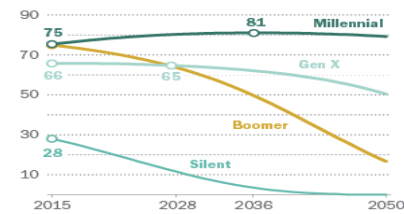
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Continued...

- In April 2016, Millennials become the largest generation in the U.S. with over 75 million compared to 74.9 million Baby Boomers (Age 51-69) according to the monthly update by the U.S. Census Bureau.

Projected population by generation

In millions



Note: Millennials refers to the population ages 18 to 34 as of 2015.
Source: Pew Research Center tabulations of U.S. Census Bureau population projections released December 2014 and 2015 population estimates



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Continued...

- Millennial turnover costs the U.S. economy \$30.5 billion annually (Gallup).
- 87% of companies said it cost \$15,000 to \$25,000 to replace a departed millennial employee (Millennial Branding/Beyond.com).



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What are the start and end birth years for Millennials?

Answer - Early 1980s through early 2000s

What is another name for Millennials besides Young Professionals or Generation Y?

Answer – Echo Boomers

POP QUIZ!!!



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What do Millennials need and want?

Countless studies have shown that Millennials **need** and **want** the following seven things from their employer:

- 1). ***Professional Development and Training Opportunities...***
 - 80% of 2016 graduates expect their first employer to provide formal training (Accenture).
 - 87% of millennials rate “professional or career growth and development opportunities” as important to them in a job; 69% of non-millennials agree (Gallup).
 - 72% of Millennials feel their schooling did not effectively prepare them for the workforce (EdAssist).



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- 2). **Sense of Purpose...**
 - 64% of Millennials said they would rather make \$40,000 a year at a job they love than \$100,000 a year at a job they think is boring (Intelligence Group).
 - 82% of Millennials said it was important to them to have a career that does some good in the world (Clark University).
 - 63% of Millennials like their employers to contribute to social or ethical causes (Brookings).



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- 3). **Positive Work Culture and Environment...**
 - 78% of Millennials say it is more important to enjoy work than to make a lot of money (Clark University).
 - Half of Millennials would “rather have no job than a job they hate.” (MTV)



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- **4). *Job Flexibility...***
 - 75% of Millennials would prefer to work from home or other locations where they feel they could be most productive. However, only 43% currently are allowed to do this (Deloitte).
 - 74% of Millennials expect flexible schedules in the workplace (Deep Focus).



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- **5). *Strong Management and Productive Employee Relationships...***
 - 67% more Millennials than Baby Boomers say that “having a great mentor” at work is important (Atenga).
 - 69% of Millennials say the people whom they work with would enable their best work (Millennial Branding/Randstad).
 - 78% of Millennials see workplace quality as important when choosing an employer (CBRE).



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- **6). *Companies that give back and are focused on the community...***
 - 35% of workers say an eco-friendly workplace is important to consider when looking at a new job, compared to over 50% of Millennials (Staples).
 - 81% of Millennials expect companies to publicly pledge to be good corporate citizens (Horizon Media).



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- **7). *Nontraditional Benefits...***
 - 87% of employees from Generation X and Generation Y feel their current benefits package is not sufficiently flexible to meet their personal and financial needs (Barclays).
 - 94% of Millennials, 92% of Gen X say nontraditional benefits make employers more attractive (ICIMS).
 - Employees aged 18-34 (89%) and 35-44 (84%) prefer benefits or perks to pay raises, compared to those aged 45-54 (70%) and 55-64 (66%) (Glassdoor).



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Name two things Millennials want and need?

Name two other things Millennials want and need?

POP Quiz!!!



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Summary of Needs and Wants from Millennials...

1. Professional Development and Training Opportunities
2. Sense of Purpose
3. Positive Work Culture and Environment
4. Job Flexibility
5. Strong Management and Productive Employee Relationships
6. Companies that Give Back and are Focused on the Community
7. Nontraditional Benefits



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Engaging Millennials in your ESOP!

Engagement is the KEY to any company's success!

Companies with *Engaged Employees* **202%***
outperform those without by up to:

*Source – Gallup



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Face It: It's tough and always evolving

Why should employees engage?

What's in it for them?

- Competing Interests – Every Company and Every Employee.
Tangible Value, Quality of Life, Perceived Outcome...

People, Places, and Things



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Write Down Responses to the Following Questions:

1. Who are the 3 most important People in your life?
2. What/Where are the 3 most important Places in your life?
3. What are the 3 most important Things in your life?
Material Item, Activity, etc....



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Engaging Millennials in your ESOP!

Engagement is the KEY to any company's success!

Employee engagement – the emotional and functional commitment an employee has to his or her employer.

According to a Gallup poll, 29% of Millennials are engaged at work, meaning 3 out of 10 Millennial are emotional and functional commitment to their employer.



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Four Key Emotions that Lead to Engagement!

The basic emotion that leads an employee to be engaged is feeling valued, which is the sum of other feelings that are necessary to generate engagement:

1. *Enthusiasm* – employees are enthusiastic about work.
2. *Inspired* – employees are motivated by their leaders.
3. *Empowered* – employees are allowed to do the work their way.
4. *Confident* – employees are sure they can achieve excellence.

95%

of employee that feel at least 3 of the key positive emotions are engaged (MSW and Dale Carnegie Training)



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Employee emotions are largely affected by their relationship between the following:

1. *The Company & Senior Leadership.*
2. *Immediate Manager.*
3. *The Role of Negative Emotions.*



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- *The Company & Senior Leadership.*
 - 60% of employees who have confidence in their leaders are fully engaged.
 - The engagement level is twice as high when employees are proud of contributions their company has made to the community.



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- *Immediate Manager.*
 - 84% of how employees feel about their organization is driven by their immediate manager.
 - Engaged employees reported that their manager set a good example 2.5 times more than disengaged employees.
 - Employees who reported that their managers care about their personal lives are three times more engaged than those that do not believe that.



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- *The Role of Negative Emotions.*
 - The engagement level for employees who experience positive emotions is five times higher than those who feel negative emotions.



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- *How to avoid generating negative emotions and foster positive ones:*
 1. Senior leaders needs to define the organization's goals in a realistic, clear, and attainable way.
 2. Leaders should project a positive manner in all interactions with managers and employees while be accessible.
 3. Leaders and managers must ensure each team members understands how their role contributes to the company's overall success.
 4. F.O.H. Conversations (Frank, Open, Honest)



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- *How to avoid generating negative emotions and foster positive ones:*
 4. *Senior leaders should build a climate of trust and encourage managers to care about their team on a personal level.*
 5. *Managers should determine how each employee's personal motivators align with the organization's goals. (People, Places, Things)*
 6. *Managers should praise publicly, reprimand privately, and coach individuals who demonstrate disengaged behavior.*



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How much do engaged companies outperform unengaged companies?

Answer – 202%

Name two of the four emotions that lead to engagement?

Answer – Enthusiasm, Inspired, Empowered, and Confident

POP Quiz!!!



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Knowing what we know now, how are we going to engage Millennials through an ESOP?

- Explain to Millennials how an ESOP will help with their professional development and provide them with numerous opportunities for not only training, but advancement within the organization.
- Over a 10-year period, ESOP companies have 25% higher job growth than comparable companies without an ESOP (NCEO).



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Knowing what we know now, how are we going to engage Millennials through an ESOP?

- Show them the sense of purpose associated with your company's ESOP.
 - Explain how it protects jobs in the local community.
 - Provides employees with a significant retirement benefit.
 - Protects the integrity of the business by assuring that it will not be dismantled.



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Knowing what we know now, how are we going to engage Millennials through an ESOP?

- Highlight the numerous examples of your ownership culture and positive work environment.
- Productivity improves by 4% - 5% on average in the year an ESOP is adopted (NCEO).
- ESOP companies encourage employees to “think and act like owners.”



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Knowing what we know now, how are we going to engage Millennials through an ESOP?

- Illustrate to your Millennial employees the roles and responsibilities of your board of directors along with your ESOP Plan trustee to provide them with confidence and security.
- Tell the Story! Explain the company's history and how the previous ownership sold to an ESOP to give back to all the employees that truly built the company through their sweat equity.



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Knowing what we know now, how are we going to engage Millennials through an ESOP?

- Show them how productive employee relationships within your organization have generated additional profits for the company through their ownership stake in the company.
- ESOP companies increased sales by about 2.3% - 2.4% per year compared to non-ESOP companies (NCEO).



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Knowing what we know now, how are we going to engage Millennials through an ESOP?

- Highlight how the ESOP has secured jobs in the local economy and will provide future opportunities for the next generation beyond Millennials.
- The General Social Survey found in 2014 that 1.3% of employees with employee stock ownership, which includes the ESOP model and other forms of employee ownership, said that they were laid off in the last year compared to a 9.5% rate for employees without employee stock ownership. This is over 7 times fewer employees compared to non-employee ownership companies!



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Knowing what we know now, how are we going to engage Millennials through an ESOP?

- An Employee Stock Ownership Plan is a nontraditional benefit.
 - The average ESOP company contributed \$4,443 per active participant; in comparison to a non-ESOP company with a defined contribution plan which contributed on average \$2,533 per active participant. This study found that on average ESOP companies contributed over 75% more to their ESOPs than other companies contributed to their primary plan. (Employee Ownership Foundation)



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Knowing what we know now, how are we going to engage Millennials through an ESOP?

- An ESOP could be very appealing to Millennials and non-Millennials when you highlight the wealth building advantages.
 - Employees at ESOP companies have 2.5x greater retirement accounts than compared to non-ESOP companies (NCEO).
 - Employees at ESOP companies receive 5% - 12% more in wages than non-ESOP companies (NCEO).



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How many times greater is the retirement account for employees from an ESOP company compared to a non-ESOP company?

Answer – 2.5 times greater

According to the NACES over a 10-year period, ESOP

Companies have how much higher job growth than non-ESOP companies?

Answer – 25% higher job growth



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How are companies engaged Millennials?

Case studies from existing companies on how they are meeting these needs of the Millennial generation:

- MSA Professional Services, Inc.
- General Electric
- McKinsey, Inc.
- USG Corp
- Lincoln Electric Holdings, Inc.



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Best Practices for Engaging Millennials

MSA Professional Services, Inc.

- Next 50 Committee
 - This committee is comprised of ten to twelve young professionals that have been deemed the next generation of leaders within the organization.
 - This group of individuals meetings on a weekly basis to discuss a variety of topics:
 - Corporate Communications
 - Formal Mentoring Program
 - Performance Review Process
 - Community Involvement
 - Company's Website and Rebranding of the Company's Logo.



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Best Practices for Engaging Millennials

General Electric

- Offers Unlimited Vacation
- Performance development has replaced the outdated performance review process along with mandatory terminations for the performers in the bottom 10%

McKinsey, Inc.

- Allows employees to take five to ten weeks off in between projects. This time is unpaid and in addition to regular vacation time.
- The firm has a program called Pace, which provides consultants more control over their career trajectory.



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Best Practices for Engaging Millennials

USG Corp

- 114-year old Chicago based maker of construction materials.
- Started accepting job applications by mobile devices in the Fall of 2014. In the 4th quarter of 2014 applications jumped 26% and this increase was sustained (Gina Max, Director of Talent – USG Corp).
- Created short videos explaining a specific job posting and gives the potential new hire a glimpse of the company's culture.



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Best Practices for Engaging Millennials

Lincoln Electric Holdings, Inc.

- The company has used virtual reality to attract young people.
- They set up a VR simulator at numerous events like job fairs, robot competitions, boy scout camps, and other events to generate interest in welding by making it into a game.
- Carl Peters, director of technical training estimates that the VR simulator has attracted 100,000 young people to try welding.



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Think about your workplace

- Committees
- Training
- Awards
- Surveys
- Meetings
- Benefit selection
- Annual Meeting
- Community Involvement



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Let's Recap...

Summary of Needs and Wants from Millennials...

1. Professional Development and Training Opportunities
2. Sense of Purpose
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4. Job Flexibility
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6. Companies that Give Back and are Focused on the Community
7. Nontraditional Benefit



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BIO:

- Senior ESOP Relationship Consultant at **ESOP Partners**, a full service ESOP Third Party Administrator that focuses on taking care of all aspects of your ESOP company.
- I focus on developing customized proactive educational resources for ESOP companies to improve their Ownership Culture.
- I have over 20 years of experience in sales and sales management along with specializing in internal and external training and education.
- As a Wisconsinite I love football, especially the Green Bay Packers and Wisconsin Badgers!

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- Human Resources
 - Employee Owned Media Company
 - Riverboat Casino
 - Flexible Packaging Manufacturer
- Education
 - B.S. – UW-Platteville – Psychology
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• Prior ESOP Volunteer Service

- TEA Board of Directors
- TEA Board of Governors
- TEA Chair EC of the SRCC
- TEA Chair Ownership Culture Committee
- Board of Trustee – EOF
- NCEO Board of Directors



Postscript

- Please fill out a session evaluation form and drop it off at the table outside of this room
- Your feedback on topics and presenters is important and will be used to develop subsequent TEA programs



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