



SOCIETY OF ACTUARIES

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Factoring in the X generation

by Cecilia Green

Whether you call them "Generation X," "the baby busters," or "twentysomethings," the 46 million U.S. babies born between 1965 and 1976 are now in the mainstream of business, both as consumers and as employees. Demographically sandwiched between the baby boomers (76 million between 1946 and 1964) and the little boomlets (56 million born since 1977), these 18- to 29-year-olds are becoming serious customers and important employees.

Marketing to Generation X

The first thing to know about those labeled "Generation X" is that they don't like to be labeled. And they don't like to be sold things as a generational group. This was evident from the title of the recent movie, "Reality Bites," to attract the twentysomething audience it was promoted to. One 24-year-old journalist wrote in his newspaper column, "Whenever Generation X is marketed to specifically, we resent it... When we feel we're being played to, we walk away."

Kimberly Paterson, president of Creative Insurance Marketing Company, specialists in marketing communications for the insurance industry, warned insurers in her March 25, 1994, article in *National Underwriter* to "show you're hip, but spare the hype..." While receptive to advertising, she said twentysomethings respond best to informational advertising "with an edge," like MTV's successful campaign to get out the vote with the slogan, "Choose or Lose."

Paterson points out that with \$125 billion a year to spend, this age group is projected by the year 2000 to surpass the boomers as the top buyers in virtually every market category. But, it's a "mistake to assume they'll respond to the same approaches that were used to sell to the boomers," she said. "The single most defining fact about this age



group is that they grew up in the roaring '80s and came of age as the economy soured. Thus, they are the children both of excess and lowered expectations. As a consequence, there is a huge disparity between what they desire and what they feel they can realistically attain."

Paterson advises to begin marketing insurance to this group now before they get married, have children, and buy homes, to establish relationships through car and renters insurance that will give entrée later for other policies. Since nine out of ten in this age group say they expect to eventually raise families, framing insurance messages around themes such as home and togetherness should appeal to them, as long as they aren't "mushy" or "corny stereotypes." And, to this age group, traditional values don't "necessarily mean two parents, three kids, and a dog," Paterson said.

She advises overcoming their tendency to live only for today (as shown by the low priority they give to saving money) by "straightforward, no-nonsense approaches that appeal to their realism. Depicting concrete, attainable goals and offering a convenient way to reach them could be a profitable approach."

"Twentysomethings want good value for their money," Paterson said. "Mid-range and no-frills policies should sell better with this group." They are more resistant than any other age group to paying premium prices and the least likely to believe that higher prices buy better quality.

Motivating the X generation

Patricia D. Barker, president of Barker and Associates, a management training and consulting firm, often has twentysomethings in her basic classes on sales, people skills, team building, and communications.

"I have discovered that this generation wants involvement in decision-making," she said. "They want to have input and a lot of two-way communication. They seem to need a lot of reinforcement from supervisors. The most common feedback in the business world comes from performance appraisals, which they view in the same way as tests in school."

Yet they don't want this feedback to include close supervision, Barker notes. They want to be led by bosses who are good coaches and mentors, guiding their growth in a hands-off management style.

This expectation from entry-level employees can cause problems, she said. "I've never met anyone when they begin a job who doesn't need some close supervision. Then as they grow in the job, they can expect to set the goals and timeline."

Another problem Barker sees is a possible conflict with previous generations who believe "you have to pay your dues." The "X-ers" believe in mobility and job hopping, instead of lifelong loyalty to one company. "X-ers say, 'Don't give me a pension plan; give me a daycare facility on site.'"

Other conflicts with previous generations may come from their reluctance to give up their leisure and family time to put in more hours on the job.

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“They want more balance in their lives; they want their weekends. For managers, this may mean getting maximum productivity out of them during their regular work day,” Barker said. This does not mean they are not willing to work very hard to establish their careers, she said, only that they don’t want to become workaholics.

They also are more accepting of diversity in the workplace. “In technical areas, there is a much greater acceptance of skills and talents,” she said. “Whether you are male or female or of a different culture is not an issue to them, and the males in this age group are not afraid of women who can produce results.”

The X generation seems to thrive on variety. “One of their strengths is being able to juggle a lot of balls at the same time, and they love training programs. They are constantly learning new skills, which they view as increasing their marketability. On-the-job training programs are real motivators for them.”

Do entry-level actuaries fit the profile?

“I’ve always seen more variations within generations than between them,” observed Jim Hickman, emeritus professor and dean of the School of Business at the University of Wisconsin-Madison. He said there may be a slight difference in today’s actuarial students in that they may be more risk averse than earlier generations. They choose their college majors and courses carefully. They also are delaying marriage, which may also be part of their reluctance to take risks.

“I’m not sure that I understand it coming from a background of the Depression and World War II,” he said. “Sometimes I want to say, ‘What frightens you?’ I think they expect a degree of certainty that the world cannot guarantee.”

Even after an actuarial student gets that first job, continual re-education is part of career progress as the industry

and the technical world changes. “The computer and basic math skills that they have now are the tools of that re-education,” Hickman said.

Rob Brown, professor and director, Institute of Insurance and Pension Research, University of Waterloo, said that he also has seen a change in overall confidence of students over the past few years. “Until five years ago, a degree in actuarial science was a ticket to a good job,” he said. “Today, it’s just a degree in actuarial science. Our students spend a lot of time worrying about the future and not feeling good about themselves. They say, ‘What’s wrong with me? Why am I not getting a job?’”

The sheer numbers of Waterloo graduates (sometimes classes of 100), plus the students from 9 other campuses competing for jobs in Canada, force Waterloo students to work very hard, with some graduating with 150-200 exam credits. Brown’s students show no signs of being part of a “slacker” generation, as some media have labeled Generation X. “We have a heavy representation of first- and second-generation Canadians with working- and middle-class parents,” he said. “We have no BMWs on our campus. Their parents sent them here to work.”

Brown agrees with Hickman that, as a generation, these students may be a little more conservative, but thinks that’s a direct function of their job insecurity. “They’re worried about getting a good mark and a good job, so they don’t have the option of jumping up in class and calling the professor an idiot like we did.”

Don Skokan, an actuary in product development with Connecticut Mutual Life Insurance Company, finds the actuaries he manages within the Generation X age group “enjoyable as people, as well as employees.” With jobs harder to secure, his entry-level people are just very happy to have a job, knowing companies can be very selective in their new hires.

“They are one of the most

enjoyable parts of my job,” Skokan said. “They are fun, yet serious about their jobs. What motivates them is individual achievement — getting to Fellowship, having meaningful work, being an important player in projects. They show more maturity than I or my peers had at that point in our careers. It’s pleasant to see more than I expected.”

Harry Miller, a consulting actuary with Milliman & Robertson in Houston, said technical professions like actuarial science contain some of the most motivated people in the work force. “They are the best and the brightest,” he said.

He sees some indications that entry-level actuaries are a little more balanced in what motivates them. “Money used to be able to drive a lot of people. Now, if you give them the choice of money and time, time has an equal weight in their decisions. They like recognition — someone to say, ‘You’re doing a good job.’ There appears to be less of a competitive edge in the examination process; they’re not comparing with each other as much.”

Entry-level actuaries now have more responsibilities placed on them sooner. “It’s not unheard of that after six months, they’ll be projecting out CMO cash flows,” Miller said. “This creates a dichotomy, however. More responsibility means longer hours. We fit the two together by being flexible and adaptive in work schedules.”

“The generations have changed; times have changed,” he said. “I’ve tried to look at it like this: This is the generation of fax machines, PCs, and Fed Ex. The boomers were the generation of telex, regular mail, and HP calculators. The seniors had green ledger sheets, carbon paper, and electronic calculators. People can get in the trap of ‘I was motivated by certain factors; everybody I manage should have the same values and goals.’ But motivations change, and we try to create an environment in which people can succeed.”