# Chapter 5: Motivating Staff When the Money is Tight

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# The Best Places to Launch A Career

## The top 50 employers for new college grads

Like many other baseball fans, Joe Kosa, 28, is spending his Sunday glued to a TV. But relaxed he's not. Instead, the ESPN (**DIS** ) production assistant is stationed in front of dozens of flat-screen TVs tuned to global sporting events at the headquarters of the Disney-owned network. He's furiously jotting down notes to weave into a storyline that will be read in 60 seconds flat on tonight's 6 p.m. *SportsCenter* broadcast.

With the San Diego Padres leading the Chicago Cubs 9-0, the outcome is hardly in doubt, and writing the highlights should be easy. Then, Clay Hensley, who has pitched a near-perfect game for the Padres, steps up to the plate in the ninth inning and strikes out for the fifth consecutive time, possibly tying a Major League record. With an hour to go until showtime, Kosa confirms the dubious honor, then rushes to the edit room to compile clips of each and every strikeout for his account of what are simultaneously the pitcher's best and worst nine innings. During the first commercial break, he debriefs anchor Dave Revsine. Moments later, Revsine is reading Kosa's script to more than a half-million viewers. "It keeps you on your toes," says Kosa, who was promoted three times in his three years at ESPN. "You'll never come in to work and have the same experience twice."

**HAVE IT YOUR WAY**

It's opportunities like these, combined with a fast-paced business such as Bristol (Conn.)-based ESPN, that have helped catapult Walt Disney Co. to the No. 1 spot on *BusinessWeek*'s inaugural "Best Places to Launch a Career" ranking. Disney's strong on-campus recruiting, solid benefits, and collaborative culture also helped land the entertainment giant at the head of the rankings, which identify top employers for new college graduates. Disney's place at the pinnacle is also a testament to its popularity with students, but its desirability goes well beyond the company's instant name recognition. In many ways, Kosa's experience at ESPN, where he enjoys exciting, high-pressure work, rapid advancement, and immediate impact, is the new American workplace writ small. Because if members of his generation have their way -- and they will -- there will be a lot more employers like ESPN.

With this ranking, *BusinessWeek* has put together a guide to the employers that really shine. Unlike other such rankings, *BusinessWeek*'s incorporates feedback from three different sources. First we surveyed directors of undergraduate career services to find out which employers were creating buzz on campus. Next we asked those finalists to complete a questionnaire about pay, benefits, retention, and training programs, which we then compared with other employers in the same industry. Finally we asked Universum Communications to supply data from its survey of more than 37,000 U.S. undergrads about the finalists at the top of their list of most desirable employers.

The findings are often surprising. It's now clear, for instance, that to attract the best and the brightest, companies are no longer competing only with others in their industry. More open to career experimentation than previous generations, college grads are applying across a swath of industries. The result: No. 4-ranked Goldman Sachs (**GS** ) could just as easily be vying with No. 43 Teach for America and No. 13 Google (**GOOG** ) as with No. 9 JPMorgan (**JPM** ) and No. 22 Lehman Brothers (**LEH** ) for the very same applicant. The intensely competitive market for top young talent means companies have to fine-tune their game. Consider No. 2 Lockheed Martin Corp (**LMT** ). Starting three years ago, the giant defense contractor made a big push to boost its appeal to undergrads, particularly the shrinking pool of U.S. engineering students. Based in part on input from focus groups, it stepped up recruiting, increased vacation time, and improved its mentoring program. In 2005, the number of applications for entry-level positions nearly tripled.

## NETWORKERS

Like the baby boomers and Generation X before them, a new generation known as the Millennials, nearly 80 million strong, is just now starting to reshape the American workplace. Achievement-oriented and tech-savvy, the Millennials are eager for feedback and impatient to make an impact on their new organizations and on society at large. Networked in a way previous generations were not, thanks in large part to Internet phenomena MySpace (**NWS** ) and Facebook, they come equipped with many of the skills required by big employers, such as computer fluency and a knack for teamwork. But the same social networking skills and consumer smarts that make them valuable employees also make them acutely discerning job seekers.

Confronted with this demanding generation, also sometimes known as Generation Y or the Echo Boom, companies are scrambling to attract and retain the most talented among them. Some executives say they are offering entry-level employees more variety and challenges, providing senior-level mentoring, and even giving them opportunities to work for causes they believe in. Granting more competitive pay and benefits, faster career advancement, and more responsibility means taking big risks with the greenest employees on the payroll. Says Claudia Tattanelli, chief executive of Philadelphia research firm Universum Communications, which surveys Millennials: "The challenges are a completely different set than they were two, three, or six years ago."

## REVOLVING DOOR

Given the country's demographics, some accommodation is inevitable. Entry-level hiring is expected to surge in 2007 by more than 17%, the fourth consecutive double-digit increase, according to the National Association of Colleges & Employers (NACE). And this could be only the beginning. By 2010, as the exodus of baby boomers from the workforce accelerates, census data suggest, two employees will be leaving for every new hire entering, and new college grads will be a precious commodity.

The numbers demonstrate only half the challenge. In crafting the perfect pitch these days, it's not enough to have a marquee name or competitive pay, although those certainly help. To land the most desirable young grads, employers need to put something far more valuable on the table: the organization itself. Companies with corporate cultures that stress social responsibility, diversity, and the environment, all values that align with those of the twentysomething generation, stand to get the lion's share of interest from job seekers.

Some of the old recruiting orthodoxies are rapidly disappearing. Financial services companies, once the refuge of business majors and quant jocks, now accept liberal arts grads in droves even if it means a bigger up-front training investment to get them up to speed. Almost half of entry-level hires at Lehman Brothers and JPMorgan and a third of those at Goldman Sachs fall into this category.

In this rapidly shifting environment, many employers have seized the chance to distinguish themselves from the pack. Among the best 25 employers in the ranking are some that may not seem as if they would be hot with the graduating set, but they offer superior perks. Raytheon's hefty pay packages, Verizon Communications' (**VZ** ) benefits, and National Instruments' (**NATI** ) training budget helped propel those companies to the top. More and more, companies will be forced to match similar enticements. Universum Communications, which supplied student survey data for the ranking, says that the number of corporate clients seeking research on the Millennials and their attitudes has increased 45% in the past six months alone. "Half of that is from clients who are usually only focused on MBA recruiting," says Universum's Tattanelli. "They're now interested in creating a strong employer brand image early on."

**CODDLED**

So who are these challenging Millennials? Researchers note that unlike the Gen Xers before them, who were the "latchkey kids" of the 1970s, many of these recent grads have grown up in households with actively involved parents and a strong support network in place. Coddled from an early age, as employees they are sometimes perceived by older colleagues, rightly or wrongly, as lacking a strong work ethic and having an unjustified sense of entitlement. With their overscheduled childhoods, many are also viewed as being unable to think on their feet, solve problems on their own, or take on leadership roles.

On the positive side, getting the job done well and efficiently is important to Millennials, say their employers. Boomers, by contrast, logged long hours and seemed to view face time as an end in itself. Teamwork and collaboration are this group's strong suits. "Traditional career ladders are still important today," says Anne Ceruti, vice-president for talent acquisition at Disney. "But collaboration is so much more important [to them] than it was for previous generations."

The most important thing employers need to know about Millennials is this: They can afford to be choosy. According to WetFeet Research & Consulting in San Francisco, the number of entry-level job seekers receiving multiple offers has been on the rise for five years, and 82% are confident they will find the job they want. The competition is driving up pay. The average increase for U.S. employees in 2006 is 3.6%, but starting salaries for some new college grads outpace that. The average offer for civil engineering grads, for one, is up 5.4%, to $46,023; that for accounting graduates has jumped 5.5%, to $45,656, according to NACE.

If one thing sets apart the Top 50 employers in the *BusinessWeek* ranking, which spotlights not only companies but also government agencies and nonprofits, it's their ability to give entry-level employees new opportunities early and often. Among the highest-ranked 25, for example, 21 provide extensive training programs that will hone workers' skills and help advance their careers. "The issue for younger people thinking about their careers is whether [an employer is] an organization that's going to develop them and provide a platform for other opportunities," says Tom Tierney, the former CEO of No. 17 Bain & Co. who now runs Bridgespan Group, a consultancy for nonprofits.

Increasingly, the most popular and effective recruiting strategy is the use of internships. To identify promising recruits early and to sell them on a company at the same time, more employers are looking to their intern pool to fill full-time slots. Among employers that supplied internship data, nearly half increased their reliance on interns since 2004; at six companies on the list, more than 50% of the 2006 entry-level hires were former interns. At No. 4-ranked Goldman, that figure was 51%, up from 38% in 2004. "It's really the primary driver of our recruitment," says Aaron Marcus, Goldman's global head of recruiting.

Companies facing increased competition for interns say they are giving them the one thing they crave more than money: responsibility. At L'Oréal Group, one intern represented the company at a charity event; at Abbott Laboratories (**ABT** ), instead of fetching coffee for higher-ups, as at some placements, Fabiola Salcedo, 23, conducted a detailed analysis of imports and presented her findings to senior executives. "[I chose Abbott] primarily because of responsibilities I was given when I interned here," says Salcedo, who joined the company full-time last year. "I felt like I was really part of the department."

Employers are also getting more creative with the tactics they use to draw these young candidates for both internship and entry-level positions. Accenture, (**ACN** ) ranked No. 20, advertises on coffee sleeves on select campuses and holds raffles via text-messaging to publicize career opportunities. Google feels students themselves can be the best recruiters. The Mountain View (Calif.) tech juggernaut recruits engineering undergraduates on roughly 80 U.S. campuses to serve as "pizza ambassadors," providing classmates with pizza on Google's dime during exams. JPMorgan Investment Bank runs an interactive derivatives trading game to identify top talent. It has taken on a viral life of its own: When the bank advertises the "Fantasy Futures" game at one school, participation surges at other campuses in the area.

If recruiting is employers' first hurdle, retention is by far the highest. Those employers who provided the data reported that more than one-third of their new hires bolted within three years. And replacing them isn't cheap. Training costs averaged nearly $10,000 a head, which can add up quickly when you're hiring more than 1,000 college grads each year, as more than one-third of the ranked employers do.

The main reason young employees are heading for the exits, oddly enough, is the very thing boomers thrived on: the perpetual work day. Having grown up with parents who wore a grueling workweek as a badge of honor but were permanently sleep-deprived because of it, today's young professionals are pushing for a more balanced life. Of the 37,000-plus undergraduates surveyed by Universum this year, the No. 1 career goal was to "balance personal and professional life." "Building a sound financial base" ran a distant third, in part perhaps because young people are waiting longer to buy homes and start families.

To get the best hires to stick around, companies are more likely to provide a measure of freedom from cubicle life and offer everything from comp time to flexible work schedules. Those that don't are paying a price. For years, Eli Lilly & Co. (**LLY** ) and Abbott Laboratories offered new hires 17 and 15 vacation days, respectively, while rival Merck & Co. (**MRK** )kept the standard 10. Merck is now finding that college grads actually care. "We're looking at enhancing vacation because as recruiters we're seeing some challenges," says Merck's director of university relations, Regina P. Flynn. "Even at entry-level they're asking: 'What time off am I getting?'" No. 2-ranked Lockheed Martin allows some employees who work nine-hour days to take every other Friday off and gives others broad latitude to make their own hours. Michael Van Gelder, a 27-year-old team leader on a multimillion-dollar government project who joined Lockheed five years ago, says that's a big deal: "I'm not responsible to punch in and punch out. I feel I'm responsible for a job, not a shift."

**YOUNG IDEALISM**

Often unable to offer competitive wages, nonprofits such as Teach for America Inc., No. 43, and federal agencies such as the CIA, which came in at No. 32, may nevertheless have certain pluses over for-profit companies in the bidding for young talent. Government jobs frequently have reasonable hours and solid benefits, and along with nonprofits they offer an outlet for youthful idealism, which is particularly strong among the Millennials, as it was among those who came of age during the 1960s. In the Universum survey, 27% of undergraduates now list contributing to society as a top career goal; the survey added the option this year after hundreds of students penciled it in. That's good news for both federal agencies, where 44% of civil servants will become eligible for retirement in the next five years, and the nonprofit sector, where employment growth is outstripping that at for-profit companies.

Private-sector employers, too, are picking up on the importance of providing new hires with a way to give back to society. Goldman, for example, recently took the $2,000 company match on charitable contributions, a standard employee perk, and supersized it to $10,000. Other companies are ramping up programs that let employees contribute more time to volunteer work. Consulting firms such as Bain and Accenture allow employees to take subsidized sabbaticals to consult for nonprofits, and No. 23-ranked Wells Fargo & Co. (**WFC** ) allows employees to teach at local schools during the regular workday without docking their pay.

How, on the other hand, do companies like No. 29 Philip Morris USA appeal to a socially aware generation? Clearly any employer in a business that damages health or the environment will be a hard sell, but high-profile targets like tobacco companies are particularly so. Philip Morris, however, has an innovative recruiting pitch that promotes the opportunity to develop technologies that make cigarettes less harmful. CEO Michael Szymanczyk says the campaign touches a nerve with certain recruits: "People who are interested in challenges, interested in solving tough problems, find this to be an attractive place to work because it's got plenty." It doesn't hurt that nearly 1 out of 5 entry-level employees earns more than $55,000 a year, far more than any other consumer-goods company in the ranking.

Having an opportunity to make a big impact can clinch the deal for young grads. At No. 21 Pepsi Bottling Group Inc. (**PBG** ), especially promising new hires who go through the company's training program can find themselves managing a team of employees within six months to a year, vs. the two to three years it typically takes elsewhere. And at Google, all employees are encouraged to spend one full day a week developing or working on a new idea of their own choosing. Google's penchant for putting young employees in the driver's seat is legendary. Salar Kamangar, who joined after graduating from Stanford University in 1999, five years before the company went public, wrote Google's first business plan and led the engineering team that launched AdWords, its proprietary method for tailoring Web ads to search terms (page 68). It's safe to say that without Kamangar, Google wouldn't be Google.

While Kamangar was a self-starter, a common criticism of Millennials is that they tend to require a lot of hand-holding by managers. Having grown up in the cocoon of parental attention and positive feedback, they expect much of the same from their employers, including frequent evaluations and mentoring. That's not always easy. Shan Cooper, Lockheed's vice-president for diversity and equal opportunity programs, mentors five Lockheed employees and says newcomers want to be evaluated "weekly, daily, hourly." Cam Marston, founder of Marston Communications in Charlotte, N.C., who advises companies on how to manage Millennials, says Cooper has it right: "I encourage my employers, even if they think they're giving a lot of feedback, to double it."

For the first time in U.S. history, four generations co-exist in the workforce, with many employees working well into their golden years. And that's leading to a rising level of intergenerational tension. Employers are finding their newest hires may be blurring the lines between boss and friend. Says Marston: "There's a difference between getting a drink with your boss and being your boss's drinking buddy. The Millennials are trying to cross that line a little bit."

One aspect of the Millennial mindset that worries some academics and executives is the generational preference for teams. Many of them, and to a lesser extent Gen Xers, grew up on a steady diet of organized sports and other team activities from before their first day of kindergarten. Even in school, solitary assignments have gradually given way to team projects. The result: a generation that feels most comfortable pursuing well-defined goals as part of a team. In the world of work, such a preference can be an asset. But as employees move into leadership roles, where goals are not always well-defined and success frequently requires a bold leap into the unknown, independent thinking and risk-taking could suffer. Every generation develops leaders, of course, but this one could have a harder time than most. Says Andrea S. Hershatter, director of Emory University's Goizueta Business School undergraduate program: "It is going to be an interesting challenge for them to become creative, autonomous professionals."

It's easy to overgeneralize about a generation, and as critics of such armchair psychology point out, it often means extrapolating too broadly from the experience of upper-middle-class suburban youth. But these are largely the young men and women who will fill the management tracks of U.S. companies and, in doing so, transform the American workplace. By the time the last of them walk onto the job in 2022, their predecessors will have already ushered in a new age of work that bears only a superficial resemblance to the one the boomers and Gen X left behind.

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