

GUSTO'S FUTURE OF WORK REPORT

Millennial Business Owners Redefine HR as Fostering Community

Introduction

There have been plenty of recent studies exploring how millennials feel about work compared to other generations — where they want to work, what motivates them, and what they expect from their employers. But what about millennials who are starting small businesses? What will happen when millennials run the workplace?

Gusto took the unique opportunity to look at our customer base of over 40,000 small businesses to investigate how millennial business owners are different from previous generations.

We found that both groups care about creating a great place to work, with nearly all business owners — millennial (99%) and non-millennial (98%) — agreeing that it is one of their most important responsibilities.

So, one thing we know is that workplace culture is important. But just talking about culture isn't enough. How are small businesses actually tackling culture? Instead of relying on empty platitudes, we set out to find how millennial businesses are “walking the talk” more than any other generation.

We saw a distinct millennial business owners' mindset emerge when it comes to how culture plays out in their businesses. Millennial business owners have a fundamentally more optimistic outlook on making a difference. When asked how much they agree with the following statement, “I have the ability to do something great in my career,” millennials were 14% more likely to strongly agree with the statement. Compared to their counterparts, millennial business owners feel more empowered to strive for professional success.

And to millennials, “success” is becoming synonymous with fostering a great community. More than half of millennials (59%) strongly agreed that fostering a sense of community in the workplace is important to the financial success of the business, compared to less than half of non-millennials (47%). More millennial business owners are embracing a “community mindset” — they recognize community as the cornerstone of culture, and therefore, an important asset for their business.

So what is the millennial “community mindset?”

We found three key ways the new generation of business leaders have a new mindset about creating great places to work:

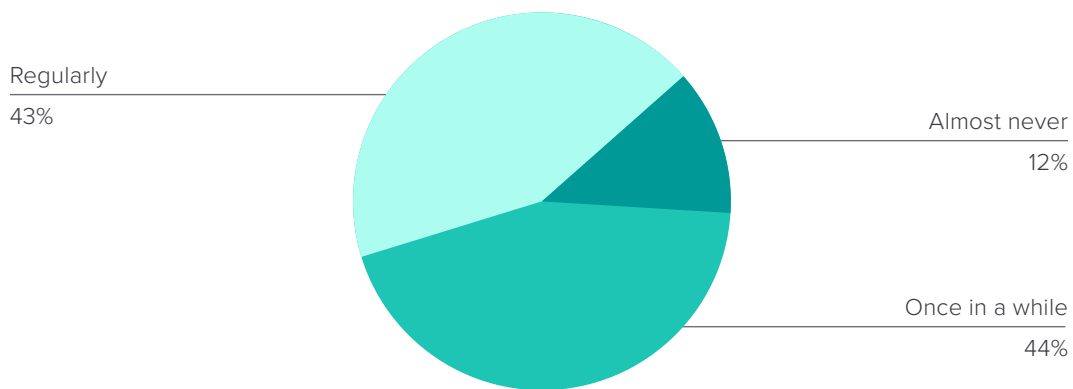


More millennial business owners spend time socializing with employees.

Almost half (43%) of millennial business owners say they either “regularly” or “very frequently” socialize with employees outside the office, compared to 28% of non-millennials.

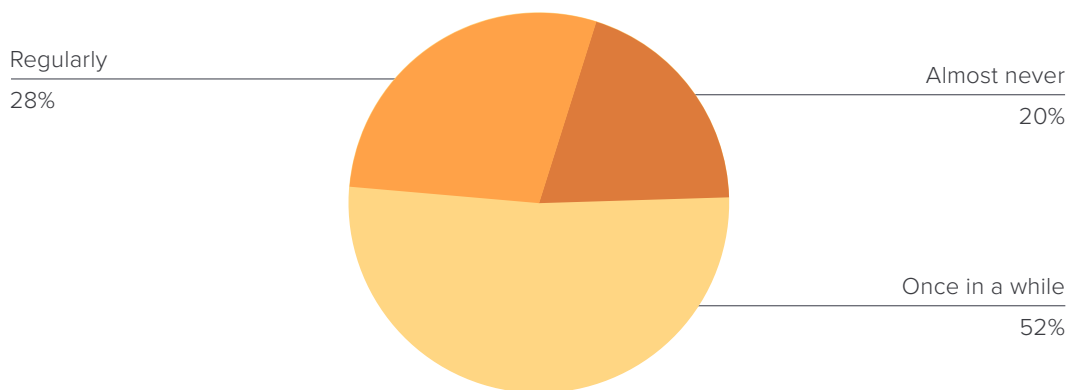
MILLENNIALS

How frequently do you socialize together outside of the office?



NON-MILLENNIALS

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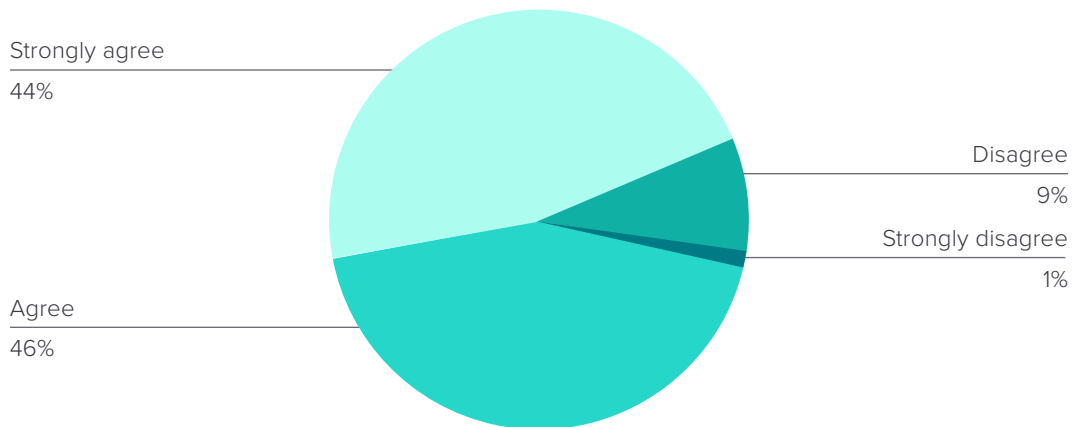


Millennial business owners are more likely to prioritize diversity and inclusion.

44% of millennial respondents strongly agree with the statement: “My company is actively working to be a more diverse and inclusive workplace.” 34% of non-millennial respondents strongly agreed with the same statement.

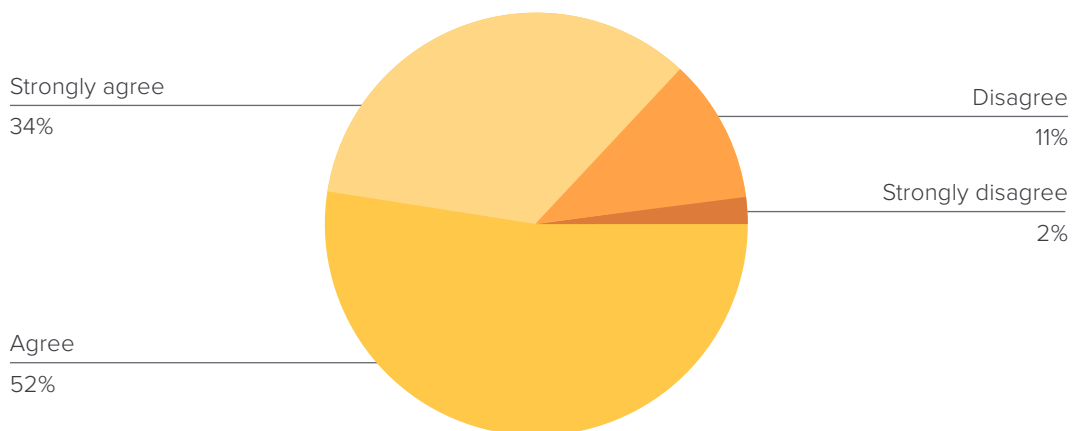
MILLENNIALS

“My company is actively working to be a more diverse and inclusive workplace.”



NON-MILLENNIALS

“My company is actively working to be a more diverse and inclusive workplace.”



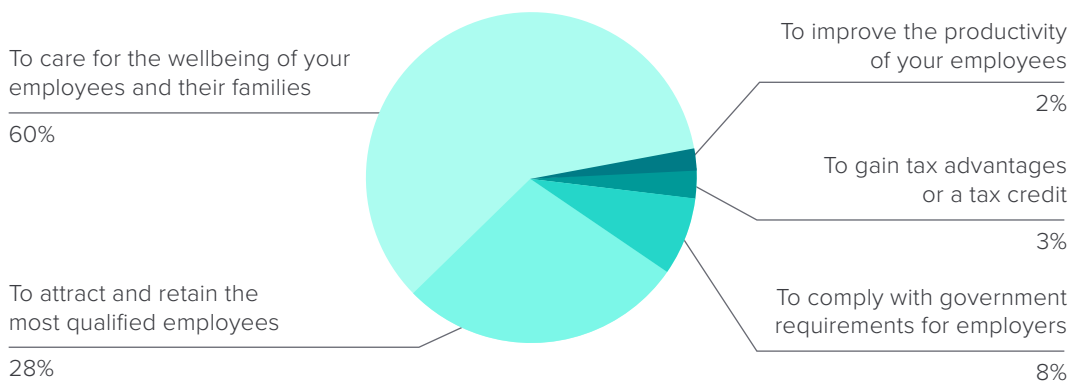
Millennial business owners make business decisions for the benefit of their employees.

60% of millennial business owners rank “to care for the wellbeing of employees and their families” as the primary motivator for providing health insurance.

And non-millennials are two times as likely than millennials to say their prime motivator for providing health insurance is “to gain tax advantages or tax credit.”

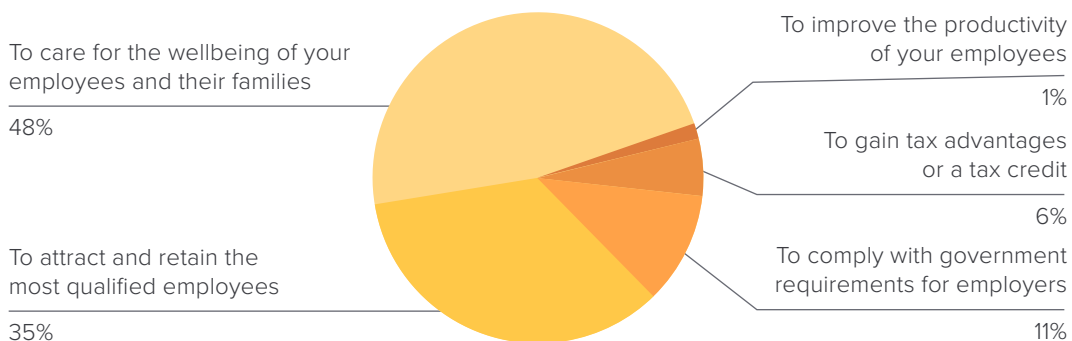
MILLENNIALS

Biggest motivation to provide health insurance:



NON-MILLENNIALS

Biggest motivation to provide health insurance:



The community mindset is redefining HR

We noticed an HR divide as tasks fell into one of two tracks: time-consuming yet crucial to-do's such as compliance, and the equally time-consuming yet rewarding responsibility of fostering a community.

When asked which HR responsibility makes them feel the most valuable, the majority of respondents rated “creating a motivating culture” as the number one responsibility, above other more traditional, transactional tasks like “ensuring HR compliance” or “administering compensation and benefits.”

MILLENNIALS AND NON-MILLENNIALS

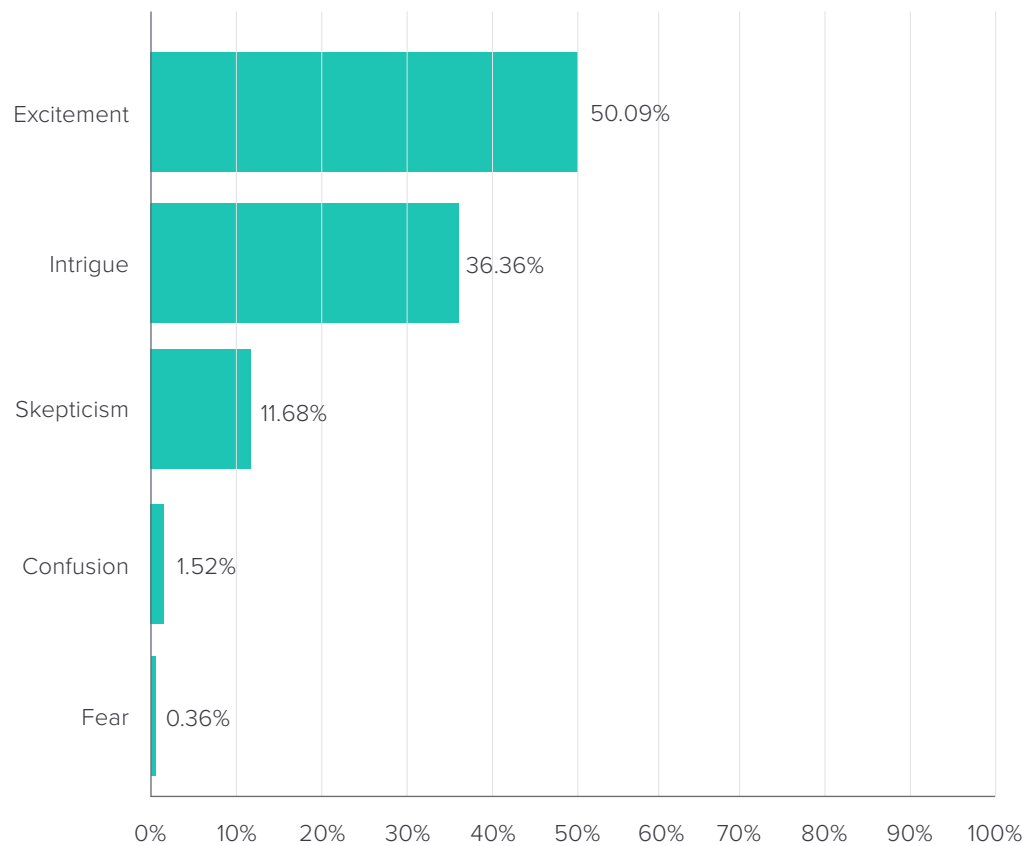


Both millennial and non-millennial groups rated “creating a motivating culture” and “recruiting, hiring, and onboarding” as the top two HR responsibilities that make them feel the most valuable to their company.

At the same time, both generations of small business owners are embracing automation in the workplace (over 80% of them are excited or intrigued by automation and less than one percent are fearful of automation), suggesting that they use technology and automated software to speed up traditional HR tasks and invest more time in community-oriented projects.

MILLENNIALS AND NON-MILLENNIALS

Which word best describes your reaction when you think of “automation”?





How Small Businesses are Fostering Community

In April 2017, Gusto's CEO and co-founder Josh Reeves drove an RV from coast to coast to meet small business owners who take care of their employees in exceptional ways. Here are some of the ways millennial entrepreneurs across the country apply a "community mindset" to running their businesses:

They Are Flexible About Schedules



Let people be themselves

Allowing people to take the time they need, when they need it, is Tom Hand's mantra. Tom is the owner of Subculture Corsets, a specialty clothing boutique in Jacksonville, Florida. His company earns over \$1 million a year in sales, and a big component of that success comes from the happiness of his employees. He and his family encourage their team of rockstar salespeople to take time off to pursue their passions, even if it whisks them miles away.

JoHanna Moresco is a Subculture employee who doubles as a violinist in a band called The Crüxshadows, who recently topped the charts in Germany. Because she tours so often — for months at a time — Tom told JoHanna, “Look, we know this is your true love. Whenever you come back, you have a job here.” That freedom to follow her dreams and passions — it makes her extremely happy when she's back in town.” While letting someone take a few months off here and there isn't the norm for most businesses, it can do wonders if you're at a company that can swing it.



Allow for ebbs and flows

At Pool & Spa Superstore in Mobile, Alabama, the average employee stays at the company for at least ten years. The team works “crazy hours” during the summer, explains CFO Jonathan Golden, but during the months when things aren’t as hectic, Jonathan makes sure his employees take time for themselves. “When we get into slower times, we don’t track how long someone took for lunch or the exact days people take for vacation.” They allow their flexibility to shine when work isn’t as jam-packed, so their employees know there’s a break in sight. Says Jonathan, “People work hard knowing that the company will take care of them if they take care of the company.”



Don't be afraid to experiment

"You don't need to keep stopwatches on people or set up Internet trackers on what they're doing," says Aaron Walker, the CEO of [Camelback Ventures](#), a New Orleans-based nonprofit. That mindset inspired Aaron and his team to experiment with implementing a five-hour workday so his employees can delve into other interests. One day a week, the whole team works until one or two in the afternoon. "By the time lunch comes, your day is over and you get to go home," says Aaron. The time crunch also helps people get hyper-focused into their work. "Limited resources force you to be creative and ask yourself what's really important."

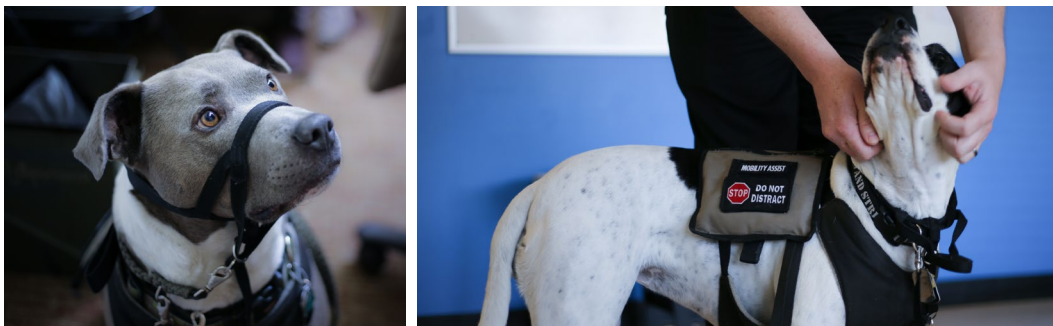
What's so cool about this experiment is that it has inspired people to dive into their other passions outside of the office. Recently, the team challenged each other to "go do something you keep saying you're going to do, but you never do." One teammate who wanted to buy a property finally went to visit open houses, while Jon, another employee, was able to work on the children's book he always wanted to write. Says Aaron, "For him to be able to have that time and more energy to write that children's book will make him a better employee. He's thinking in new ways."

They Offer Benefits

Even if offering health coverage seems like a reach, many small business owners find creative ways to implement them because they care about the wellbeing of their employees. Here are some ways smaller companies think about offering benefits:

Give the team options

Taylor Easterwood of Nashville-based [Fat Bottom Brewing](#), says that when they launched benefits, the owner told the team he decided to take the plunge because it was “the right thing to do.” The package they offer is based on what they can afford — covering half the monthly premium and 100% for dental and vision. They also wanted to make sure it gave the team enough options to choose from. “We wanted to offer a variety for employees, a PPO plan, and also an HSA plan for people who are younger and want more flexibility,” says Taylor. “The response to that has been awesome, and it made hiring really attractive.”



Think of other ways to enhance the benefits package

[Paws and Stripes](#), an Albuquerque-based nonprofit that connects veterans with service dogs, also offers what they can afford, and what most people on the team can use. The organization provides major medical, dental, and vision benefits to full-timers, along with a paid parental leave program. They also reshaped their PTO policy to fit the needs of the part-timers who have been on staff for at least a year.

“It’s so important to invest in people who support you during the hard days and laugh with you during the good days,” says Lindsey Stanek, owner and CEO. “That’s how we’re able to do better for the people we serve. We just take care of each other.”

They Enjoy Each Other's Company



Reflect the company's quirks

At Perks in Little Rock, one of their core values is simply “laughing.” The software company was recently named one of the “Best Places to Work in Arkansas,” so they know what it takes to create an atmosphere people love. Part of their branding includes little cartoon characters called Perkies that represent actual employees. The graphics team creates caricatures of each teammate and then surprises them with their illustrated doppelgänger slapped onto a coffee cup. Finance Director, Tracy Cooper, explains, “It’s a constant source of fun and excitement.”



Use levity as a way to promote balance

Paws and Stripes deals with some heavy stuff while working to pair veterans with service dogs. One day they may be talking to someone with suicidal thoughts, and the next they're trying to counsel someone with life-altering injuries. Owner Lindsey Stanek is acutely aware of how choppy things can get, which is why she makes a valiant effort to fold fun into every part of the day.

Propped up on every desk is a legit, orange-foam Nerf gun, enabling the team to have daily 10-minute battles with each other. Director of Administration, Becca Anderson, says traditions like that allow everyone to unwind and recalibrate. Paws and Stripes has "a culture of ease, camaraderie, and fun," explains Becca. "We can jump out of our seriousness for a few minutes, and then we jump back and actually get more engaged in what we're doing."



Build camaraderie by giving back to your local community

Pool & Spa Superstore in Mobile, Alabama goes out of their way to involve the local community in their business because they know firsthand how important it is to support local organizations — and their customers.

In the past, larger companies have tried to buy out Pool & Spa, and ecommerce has trampled on some of their customer base, says CFO Jonathan Golden. The Mobile community has supported him throughout it all, so he spreads that support right back to people. The company contributes to local neighborhood causes that are “overshadowed by bigger organizations with national names,” including a foster home called Alabama Baptist Children’s Homes, and an athletic program called Team Focus, that matches up teenagers with male role models. “What we’ve learned is that they will still, and hopefully always, support our business because they can see that we contribute to their own community.”

The company also extends their community love directly to customers. The team’s calendars are packed with customers’ birthdays and anniversaries, and they also throw a yearly fish fry for the community. “I think that’s one of the main reasons people enjoy doing business with us, and have continued to over the years – we’ve done more than what was asked of us to show them we authentically care,” says Jonathan. “And that just makes work more enjoyable for us, as well.”



Surprise people

“I am a big prankster and I believe in having a good time,” says Tom Hand, owner of Subculture Corsets in Jacksonville, Florida. One day, Tom expressed his appreciation for the team in a rather magical way. He shut down their retail store and told the team they were all going to an important tradeshow in Orlando. At breakfast, he did the big reveal. “Okay I lied to you,” he said. “We’re not going to a tradeshow today. We’re going to Disney World.” A few employees hadn’t been before and even burst into tears. The Subculture team was then able to slip on their mouse ears and have an amazing day at the park. But the day was more than just good old-fashioned fun — it showed the team that their employer cared about them as deeply as family.

“Yeah, there are times that we have to put our nose to the grindstones and take care of issues,” says Tom. “But I just believe in joking around and having a good time while you’re at work. It doesn’t have to be so serious all the time.”

Survey Methodology

This two-part survey was conducted online in March and August of 2017 among samples of 1,370 and 1,009 respondents, respectively. Millennials are defined as people between the ages of 19 to 36 and non-millennials are defined as age 37 and up. Other than dividing respondents by age group, respondents for this survey were randomly selected from over 40,000 small business owners or operators who use Gusto.