Exploiting Trust: The Critical Factor in Knowledge Transfer During Succession Planning
EXPLOITING TRUST:

Trust is a complex, fragile thing—
easier to destroy than to build and maintain.
Knowledge Transfer in Succession Planning

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The engineering workforce is aging, and companies aren’t replacing retirees in proportion to the number of employees lost. When queried about their number of years of professional experience, 47% of this year’s sample is in the 30+ years range, up from 40% last year.

Respondents are representative geographically, demographically, and in the distribution between different company sizes… here’s what they said:
Loss of Engineering Knowledge and Practical Experience

- Respondents were **not satisfied** with their employer’s **Knowledge Management programs**; on a scale of 1 to 10, the average was 5.6.

- **Less than half** of the companies represented **have methods to share knowledge**, whether by mentoring, training, or other tools for knowledge capture.

- When asked **how engineers keep up** with knowledge in their fields, respondents cited **colleague/peer-to-peer interaction**.

- A year-to-year **twenty-point increase** in this response, from 24% in 2015 to 44% in 2016, does beg the question…

**Why this has changed so much?**

**As experienced engineers leave the work force, who will take on this mentoring/knowledge sharing role?**

“No matter how much technology we have, how many PowerPoint slides we have, how many knowledge management systems we have, the fact of the matter is that people learn from experience.

Simulation probably helps, but trying to transfer knowledge and codify fashion and expect people to actually use sophisticated behaviors is futile. That’s what drives the need for coaches…”

- Dorothy Leonard: Harvard Business Review

Millennials and Trust

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More Millennials…

Today there are more Millennials in the Workforce than Baby Boomers…

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**Projected population by generation**

*In millions*

- **75** Millennials
- **66** Generation X
- **65** Baby Boomers
- **28** Silent

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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From the Mouths of Millennials

Millennials Are:

- Multitaskers
- Connected
- Tech-Savvy

Millennials Want:

- Instant Gratification & Recognition
- Work-Life Balance & Flexibility
- Collaboration
- Transparency
- Career Advancement

“Every generation presents its own challenges and, clearly, Millennials are no different. But, we’re really not so bad!

And just think: a whole new batch of Millennials will be graduating and entering the workforce in spring 2014.

The more you know about them now, the better off your company will be.”

Millennials and Trust

“The oldest Millennials began graduating from high school in 2000, from college in 2004, and with masters’ degrees in 2006…

…The Great Recession has thus totally dominated their view of the economy in general and their career aspirations in particular.”

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**Millennials Less Trusting of Others**

% saying that, generally speaking, most people can be trusted

<table>
<thead>
<tr>
<th>Year</th>
<th>Millennials</th>
<th>Gen X</th>
<th>Silent</th>
<th>Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>40%</td>
<td>37%</td>
<td>42%</td>
<td>50%</td>
</tr>
<tr>
<td>1992</td>
<td>36%</td>
<td>31%</td>
<td>49%</td>
<td>44%</td>
</tr>
<tr>
<td>1997</td>
<td>20%</td>
<td>31%</td>
<td>36%</td>
<td>38%</td>
</tr>
<tr>
<td>2002</td>
<td>31%</td>
<td>20%</td>
<td>40%</td>
<td>42%</td>
</tr>
<tr>
<td>2007</td>
<td>20%</td>
<td>31%</td>
<td>37%</td>
<td>40%</td>
</tr>
<tr>
<td>2012</td>
<td>19%</td>
<td>31%</td>
<td>36%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Question wording: “Generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?”

Source: General Social Survey data, 1987-2012

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Millennials and Trust

None-the-less, Millennials are sticking with their jobs...

- “Millennials were risk-averse before – and now even more so.”
- “Contrary to stereotype, most Millennials try to avoid economic risks as well.”
- They crave trust in their workplace...

Are they happy, will they stay, will they listen and learn, and are they capable of leading in the future?

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**Millennials’ job tenure no shorter than that of prior generation**

<table>
<thead>
<tr>
<th></th>
<th>13 months or more</th>
<th>5 years or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennials 2016</td>
<td>63.4%</td>
<td>22.0%</td>
</tr>
<tr>
<td>Gen X in 2000</td>
<td>59.9%</td>
<td>21.8%</td>
</tr>
</tbody>
</table>

Note: Workers refer to wage and salary workers. The self-employed are not included. Workers who have worked for their current employer for more than one year are considered to have worked 13 months or more. Workers who have worked for their current employer for more than four years are considered to have worked five years or more. Gen X in 2000 includes workers born between 1965 and 1982 and includes some older Millennials born after 1980. Source: Pew Research Center analysis of Current Population Survey Displaced Worker Supplements.
The Solution: Exploit Trust

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What is Trust? Are there synonyms?

“Employees in high-trust organizations are substantially more productive, have more energy at work, and stay with their employers longer.

They collaborate more effectively with coworkers, suffer less chronic stress, and are happier than employees working at low-trust companies.

They also earn higher salaries because they generate so much more profit than those at low-trust organizations.”

“Trust is essentially a mental model that one individual holds about another which is used to assess future risks.”

Zak, P. 2017. Trust Factor. New Yok. AMACOM.

Build Trust to Improve Knowledge Transfer and Loyalty

Trust has three components:

- Strategic: Employees trust those in charge to set the right course.
- Personal: People trust the team and put the company’s needs ahead of their own.
- Organizational: Employees view the company’s processes as fair and consistent.

Challenges to trust:

- Inconsistent Messages
- Inconsistent Standards
- Misplaced Benevolence
- Elephants in the Parlor
- Rumors in a Vacuum

Build Trust to Improve Knowledge Transfer and Loyalty

Rebuilding Damaged Trust:

- **Own Up to the Situation Quickly:** Explain that the company is aware of the situation, and is committed to making things right.

- **Figure Out What Happened:** Consider conflict-resolution processes, but never retaliation.

- **Use Dialogue to Assess the Damage:** While never deviating from the core message, adapt your response to the varied needs of different groups.

- **Identify Needed Remedial Actions:** List changes you’ll make in organizational systems, people, and culture, and define what repaired trust will look like.

- **Make the changes.**

Designing and Managing High Trust Cultures:

- **Ovation** – celebrate members
- **Expectation** – set difficult, achievable goals
- **Yield** – share control
- **Transfer** – autonomy breeds productivity
- **Openness** – transparency
- **Caring** – social bonds create engagement
- **Invest** – “whole person” development
- **Natural** – honesty promotes collaboration

Exploiting Trust in Project-Based Environments

Trust has been identified as a central influencer on the performance of project-based construction teams:

- Trust can lead to faster, more cost effective projects.
- Trust reduces risk and uncertainty through better communication.
- Communication and working in teams builds trust.
- Trusting relationships are valuable; it’s important to develop them and preserve them.
- The short-term nature of project teams works against the maintenance of trusting teams.
- Trust contributes to open-mindedness and flexibility; when information is incomplete and changes are frequent, these qualities contribute to swift resolution.

Exploiting Trust to Promote Knowledge Transfer

Points of Leverage to Build Trust:
- Leverage the need for teambuilding
- Leverage business continuity concerns
- Leverage Groupthink Mitigation (GTM)
- Leverage Red Team Exercises
- Leverage Communities of Practice

- Provide a “Process Coach” who can add impartial feedback into these processes
- Remember what people work for: autonomy, mastery, and purpose.
Trust in Knowledge Transfer During Succession Planning…

What are the Critical Factors?
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