Change Management needs a change lead and human touch

Johnson Controls
CoreNet Global
Purpose of the study ... A first look at Change.

- As a research team, this initial study was focused on how CORENET members perceive change management in their organizations.
  - Who is involved?
  - What challenges do they face?
  - Where do they see resistance?
  - What solutions do they have to manage resistance?
Reasons for the Survey

• Exploratory survey to determine elements of Change Management interest

• Much of CRE / WorkPlace Change Management activities are focused on implementing new processes and procedures, (Health and Safety) or new software systems, that make sure Sourcing, HR and finance processes are followed.

• We are interested in the awareness and need to change individuals’ hearts and minds and making sure that they accept the new ways of working and different approaches - making the Change activities more effective.
Participants

- The survey has been completed by 44 corporate real estate professionals.

- The research was open to all respondents, with no limits on participation.
Presenter:

- Jim Bohn, PhD.
- Director Global Change Management, Johnson Controls Global WorkPlace Solutions
- Senior Level Change Management Expert with broad business experience ranging from sales, engineering, manufacturing, IT projects and service. Managed multiple teams to award winning levels of performance. Expertise in team diagnostics, leadership analysis, management development, training, organization development, and Continuous Improvement-Best Business Practices. Excellent project execution and communication skills across all stakeholders. Master level facilitation skills.

Publications
- Why failures can be success stories. Interviewed by Business Week, http://www.businessweek.com/managing/content/may2008/ca20080529_123818.htm
- The Invisible Power of Proaction, MRA Management Institute, Spring 2006
- Five things people expect from their leaders, MRA Management Institute, Summer 2004
- Overcoming the Silo Mentality, MRA Management Institute, Winter 2004
- Putting the fight back in your Organization, MRA Management Institute, Summer 2002
- Leadership and Organizational Efficacy, Journal of Leadership Studies, Fall 2002
Three World Class Businesses

Automotive Experience
Delivering world-class technologies that differentiate vehicle interiors and increase consumer demand

Power Solutions
Providing the highest quality, lowest cost automotive batteries to help customers power the vehicles of today and tomorrow

Building Efficiency
Creating quality indoor environments that are energy efficient, comfortable and safe
Global WorkPlace Solutions within Johnson Controls

GWS has 19,000 employees across 75 countries managing over 1.5 billion sq ft

- **Automotive Experience**: $16.6 Billion
- **Building Efficiency**: $12.8 Billion
- **Power Solutions**: $4.9 Billion

**Global WorkPlace Solutions**

- **Service**
  - Controls / BAS service
  - Mechanical service
  - O&M

- **Solutions**
  - Energy solutions (including PC / ESPC)
  - Renewables
  - Infrastructure renewal

- **Systems**
  - Controls
  - HVAC mechanical
  - Fire and security
  - Systems integration

- **Refrigeration**
  - Commercial
  - Industrial
  - Navy and Marine
  - Snow

**Portfolio based Lifecycle philosophy**

- Align business objectives to corporate real estate
- Enable work
Technical issues account for 25% of the change

Up to 50% of the change process time is spent on “technical” issues like project planning or data gathering.

Q: When you think about managing change, what percentage of your time is technical?
Finance issues account for another 25% of change efforts

Up to 25% of the change process is spent on financial issues like understanding the ROI of the deal and managing the funding of the change.

Q: What percentage of your time is financial?
As expected, responding to people issues is a major component of change

25% - 50% of the change process is spent on managing resistance, informing employees of the change, engaging people early.

Q: What percentage of your time is based on managing the response of people?
Yet, people are not top of mind

**Financial and “technical”** activities are the **primary thought** in the change process.

Q: Which activity do you engage in first?
A dedicated change management team helps putting people first

To **change leads**, managing the impact of change on people **comes first**.

Q: Which is most important to your change leads?

![Bar chart showing the importance of different aspects to change leads.](chart_image)

- **Managing the impact of the change on people**: 47%
- **Managing the overall people impact to your business**: 31%
- **Managing the overall financial impact to the customer's business**: 16%
- **Project planning using Microsoft tools**: 6%

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Change leaders come from a variety of backgrounds

Q: Who are your Change Leads and how are they identified?

Who can be a change lead?

- In house experts who are trained regularly
- Influential individuals
- Business unit heads who have the authority and empowerment to enact
- Project Ambassadors embedded within appropriate business units
- Facility Managers
- Field level people
- People with exceptional integration and communications skills who can communicate effectively at all levels of the organization
- Outside change experts
- An integrated team: Human Resources, Operations, Real Estate, Facilities, Senior Leadership and Outside Change Experts

Change leads are identified by management, department heads or project leads.
External consultants can only support the process, the company must live the change

Q: What do consultants not bring with their experience?

- They do not have company specific insights:
  - Corporate culture
  - Personal relationships with team members
  - Deep understanding on the nature of the business
  - Complexity of dealing with historically embedded entitlement
  - On-boarders and the resisters

- Sensitivity
- Humility and patience
- Ownership
- Technical capabilities
- Living in the change day to day which you only do if you work for the company
Standard processes are common in change management

A **standard process** is used by 72% of the respondents.

Q: Do you use a standard reporting process?
Middle managers are key contacts in a change management process

Q: What level does your change management team spend the most time with during the project?

- The C-suite: 17%
- Director level: 17%
- Managerial level: 46%
- Front Line employees: 17%
Middle managers are most resistant to change

Q: Where do you see the most resistance to the change?
The average change process lasts six to twelve months.

Q: What is the average length of the change management process?

- 9-12 months: 25%
- 6-9 months: 25%
- 12-15 months: 15%
- Over 21 months: 10%
- 18-21 months: 5%
- 3-6 months: 5%
- 15-18 months: 5%
- 1-3 months: 0%
Successful change focuses on true communication, not presentations

Q: When you work to manage change in your client’s organization, which type of tool is most effective?
Best approach when downsizing: Straight talk with the employees

Q: When you must downsize team members as part of your CM, what approach is most helpful?

- Communicating directly with employees: 50%
- Communicating through management: 25%
- Communicating through executives: 15%
- Other, please specify: 10%
Best approach when downsizing:
Plain truth, from the beginning on

Q: When you must downsize team members as part of your CM, What do you believe is the best approach?
Exclusion is the most common tool of resistance

Q: What type of resistance do you encounter?

- Reluctance to share important information: 70%
- Unwillingness to meet deadlines: 30%
- Development of cliques not supportive of the change: 70%
- Delays in providing key resources: 43%
- Open criticism of change activities: 43%
- Supporting unfounded rumors: 52%
Involvement is the best tool to face resistance

Q: What methods do you use to manage employee resistance after a change?

- Get them involved in the change project (90%)
- Move them to a different department (10%)
- Give them more responsibility (30%)
- Give them more pay (20%)
- Give them a promotion (10%)
- Nothing (5%)
- Other, please specify (5%)

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Key factors to successful change: Communication and executive support

Q: The thing that makes change most effective is…

- Line level communications: 32%
- Mid-management communications: 18%
- Training people in the new job: 5%
- Frequent executive support during the change: 32%
Key Learnings: Change management needs a change lead and human touch

- The average duration of a change project is 6 – 12 months.
- Most planning time is spent on “technical” and people issues.
- The “technical” part is important and most companies already use a standard change process, but change will not be successful without people’s engagement.
- When planning the process, people are not necessarily the first in mind. It takes a dedicated change team to keep focus on people.

- External consultants can work with an integrated internal team to coordinate the process, but the organization needs to live the change.
- Exclusion is a manifestation of resistance. Involvement is the best tool to manage resistance.
- Key parties in the process: Executive Suite and Middle Management.
- Key element throughout the process: Communication. Especially when downsizing: Plain truth and straight talk are best.

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Conclusion:
Detailed summary

- Change is a medium term project: In average, it takes 6-12 months of a company’s life.

- Administrating the change process and managing people’s response to it are the most time consuming activities in a change process.

- While the “technical” part is important and most companies already use a standard change process, change will not be successful without people’s engagement.

- When planning the process, people are not necessarily the first in mind. It takes the involvement of a dedicated change team to keep focus on people.

- Many types of people lead change.
Conclusion:
Detailed summary continued

- External consultants can work with an integrated team to coordinate the process, but the organization needs to live the change and support it from within.

- Middle management is the key group: They build the biggest resistance and they are the key communications contacts in the process. They can help make or brake the change.

- Another key group: Executives. Without their support, change will not be effective.

- Exclusion is a manifestation of resistance. To manage exclusion, involvement is the best tool.

- Successful change requires the human touch: Less presentations, more conversations. When it comes to downsizing: Plain truth and straight talk are the best tools.
Contact Information

**Jim Bohn PhD.**  
Director, Global Change Management  
414-524-4667  
[James.Bohn@jci.com](mailto:James.Bohn@jci.com)

**JD Hughes**  
Research Associate, CoreNet Global  
404.589.3244  
[jhughes@corenetglobal.org](mailto:jhughes@corenetglobal.org)

**Sonali Tare**  
Senior Research Associate, CoreNet Global  
404.589.3206  
[stare@corenetglobal.org](mailto:stare@corenetglobal.org)