

PREVIEW



ORGANIZATIONAL CHANGE ADOPTION

BEST PRACTICES FOR ELECTRICAL CONTRACTORS



ELECTRI  INTERNATIONAL
THE FOUNDATION FOR ELECTRICAL CONSTRUCTION INC.

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INTRODUCTION

Electrical contractors are eager to adopt new technology, processes, and business strategies. However, the implementation of organizational change – defined as an intentional, company-level adoption of new practices, technologies, or management approaches – can be extremely difficult. Research in the field of Organizational Behavior has, in fact, found that nearly 70% of organizational change efforts fail to achieve their intended objectives.

In today's rapidly evolving construction market, the ability to adopt new practices is a core competency for contractors who wish to remain ahead of their competition. Electrical contractors are faced with many organizational change opportunities, including prefabrication, mobile and paperless technologies, payroll automation, new software packages (estimating, project management, accounting, etc.), alternate project delivery systems, expansion into new market segments, and management team realignments.

While the opportunities are very valuable, their adoption is inconsistent across the electrical contracting industry. This raises a fundamental research question:

Why are some companies able to adopt organizational change initiatives while other companies are less successful?

Electrical contractors must have a clear understanding of the change management practices that have been proven to result in successful organizational change implementation. This study, as commissioned by ELECTRI International, included a national survey to identify the top seven most effective change management practices recommended by NECA contractors. For the next step, interviews were conducted with 11 NECA contractors who had recently implemented a substantial organizational change.

The interviews collected lessons learned and tangible examples of organizational change adoption. It is anticipated that the results will help guide other NECA contractors how to position themselves as "Early Adopters" who are better able to achieve successful – and therefore more profitable – outcomes after implementing organizational change initiatives.

DATA SAMPLE

The study consisted of two parts

1 | A nation-wide survey of NECA contractors to identify specific change management practices that are proven to result in successful change adoption.

2 | Interviews with NECA contractors to collect information related to eleven organizational change events these companies recently experienced.

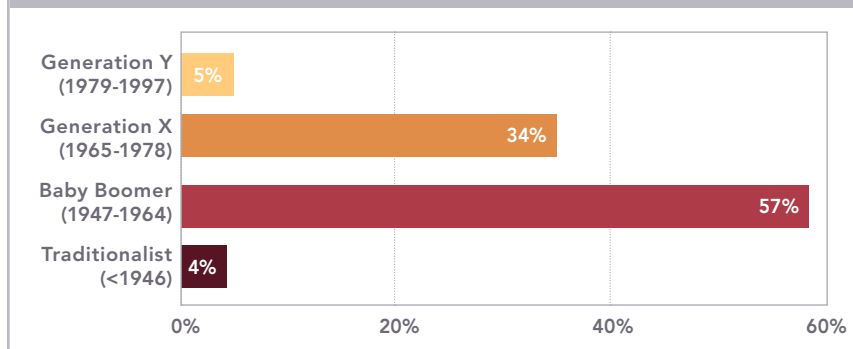
SURVEY DATA SAMPLE

The study collected 94 survey responses from NECA Chapters nationally. The survey was designed so that each response represented a single, company-level organizational change initiative implemented by a NECA contractor. The data sample accounted for a wide variety of organizational change initiatives, including changes related to new technology, software, management structures, equipment/fleet, business processes, and supply chains, as well as moving to entirely new markets.

94 Organizational Change Initiatives within Electrical Contractors

- Each represents an **organization-wide change**
- Respondents averaged **30+ years of experience**

Generational Affiliation of Respondents



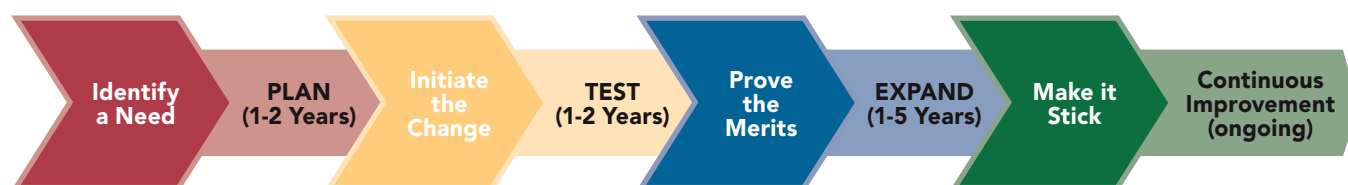
Organizational Changes Within the Data Sample

- Management Team Realignment
- Automated Payroll Entry
- Prefabrication
- Change in Market
- New Estimating Software
- Lean Construction Culture
- Implement Trimble
- New Accounting Software
- Paperless
- Preplanning Meetings

RESEARCH FINDINGS: PHASES OF ORGANIZATIONAL CHANGE

Based on these 11 interviews with NECA contractors across the country, the average timeline for organizational change was six years, with a range from three to ten years. See Figure 1 below.

Figure 1: Organizational Change Timeline



Three major phases were found in the timeline: Phase 1 - the Planning phase begins with first identifying a need for change and then ends with the milestone of initiating the change within the company. Phase 2 - Pilot Testing the change at a smaller, controlled scale, ending once the merits of the change are proven. Phase 3 - the Expansion phase when broadly implementing the change across the company. Once the change has become part of the company's normal operations (i.e. is has "stuck"), contractors found that their work was not done. Instead, an ongoing period of continuous improvement led contractors to perpetually build upon the initial change to further improve their business.

PLANNING PHASE FINDINGS

The Planning Phase lasted 1-2 years on average and covered a range of activities:

- ◇ *"Don't just change on a whim. Make the decision to change based upon measurement of key parameters in your business." (Transition from Inside to Outside Operations)*
- ◇ *"We took 6 months of serious talking and planning, then 6 months to review various products, and 3 months to develop excel-based patchwork workarounds before pilot testing." (Payroll Automation)*
- ◇ *"We spent 2 years planning how to standardize materials and how the company purchases from vendors." (Prefab)*
- ◇ *"We started by sitting down with each department to evaluate each department leader's level of acceptance." (Management Team Realignment)*

The vision for the change should be communicated before initiating the change:

- ◇ *"First, we communicated the vision thoroughly to our stakeholders."*
- ◇ *"Change and the 'disruption' surrounding it can place a lot of attention on your company in the marketplace. We spent a lot of time planning how we would communicate the message to our customers and to the marketplace." (Management Team Realignment)*

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INDEX NO. F3421