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Pepperdine University

Graduate School of Education and Psychology

EXEMPLARY CHANGE MANAGEMENT PRACTICES USED DURING CORPORATE OUTSOURCING
SPECIFICALLY RELATED TO INTEGRATED FACILITY MANAGEMENT

A dissertation proposal submitted in partial satisfaction

of the requirements for the degree of

Doctor of Education in Organizational Leadership

by

Jay Higdon

October 2016

Dr. Farzin Madjidi, Ed.D. – Dissertation Chairperson

This dissertation, written by

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under the guidance of a Faculty Committee and approved by its members, has been submitted to and accepted by the Graduate Faculty in partial fulfillment of the requirements for the degree of

DOCTOR OF EDUCATION

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DEDICATION

To my loving wife: Without your inspiration this was an unimaginable dream. Your love and support throughout this journey is immeasurable. Your creativity and passion helped guide me throughout, even when you had to drag me kicking and screaming.

ACKNOWLEDGEMENTS

This acknowledgement and thank you goes out to all those that have supported me in this endeavor. I wish to thank my wonderful daughters Stephanie, Tanisha, and Brooke for your understanding and support. I know it was tough sharing our attention with this program and I can't even begin to describe how you have helped me through this journey.

To my friends Jeff, Julie, Ed and Andrew, thank you for listening to my ramblings and your help throughout!

To my committee—Farzin Madjidi, Gabriella Miramontes, and Lani Fraizer—your support, encouragement, and friendship helped make the impossible possible.

Thank you all!

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ABSTRACT

Too many outsourcing models fail to deliver expected results in Integrated Facility Management (IFM) models. IFM is a type of outsourcing model that transfers in-house work to an outside company that performs it onsite as if it were part of the client's organization. This process requires collaboration, coordination, and communication, merging 2 corporate cultures into 1 cohesive business model. Managing the change process related to an IFM outsourcing arrangement is crucial because changing an organizational culture can heighten risk and potentially produce unsatisfactory results. Creating, changing, and managing an IFM outsourcing model require acceptance, coordination, and a clear understanding of expectations from both the client and the service provider. People in general are apprehensive about change, especially when they don't understand it. IFM, being a complex process, requires the proper training and education in order to avoid resistance that creates leadership challenges. According to the literature, effective leadership was the solution to mitigate the resistance to change associated with outsourcing but little research exists to explain the phenomenon experienced by leaders during the initial transition (first-generation) to an IFM model. This descriptive, qualitative study was conducted in order to determine what strategies and practices leaders employ during a first-generation IFM outsourcing initiative. Additionally, challenges associated with implementation, measurement of success, and recommendations from leaders of IFM outsourcing was explored. Fourteen IFM leaders were interviewed and asked 10 questions. These interview questions yielded results such as leadership, communication, and clarity in scope of work as some of the dominant themes. These themes

were then used to develop recommendations for further research and recommendations for future leaders of change.

Chapter 1: Introduction and Overview

The International Facility Management Association (IFMA) describes facility management (FM) as a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, places, processes, and technology. An FM program will manage the infrastructure, which is one of a business's most valuable assets. Infrastructure includes buildings, grounds, warehousing, and office space, and is usually included in a business's overhead. With changing technologies, a shrinking skilled talent pool, and cost of materials going up, facility managers are looking at creative options for cost reduction.

The concept of outsourcing FM is giving business leaders options for strategically managing funds and resources associated with their facilities. FM outsourcing is one of many methods companies use to help reduce costs and return their focus to the core business. When organizations make the decision to outsource, they must take a variety of factors into consideration. The cost of a transition and the potential interruption of business may in some cases become a deterrent. However, the thought of relieving the organization of non-value tasks along with a cost stabilization or reduction has leaders intrigued by the practice.

First generation refers to the initial move of associated activities from being insourced to an outsourced company that will perform the functions going forward (International Facility Management Association, 2015). This early step in the life of an outsourcing model is the most crucial and risky due the high rate of failure. Failure is often credited to incomplete or improper transition. Historically, transition plans have been focused on the tactical side of operations

such as recruiting, logistics, financial management, and leadership; however, current business culture has identified proper change management as a key element of a successful transition.

Necessary activities—such as recruiting, financial reporting, and logistics—are the core methodology of the transition, but traditionally had little effect on the success of the initiative. This study attempted to understand what defines success and what challenges and barriers to success exist. This understanding has the potential to arm future change agents with knowledge to be successful in future initiatives.

Business demands are increasing at an incredible rate and failure to adjust to market changes and can result in a loss of competitiveness. Many organizational leaders attempt to identify key factors that drive culture and change in the business environment with the hope of managing those factors successfully. Given the dynamics of the current global business environment, traditional leadership and management methods are no longer adequate at ensuring growth and sustainability within an organization (Kotter & Rathgeber, 2005). Developing and achieving new levels of business sophistication will require innovative thinking and should be considered an ongoing process, requiring leaders to adapt quickly to changing needs. These needs will require a significant amount of thought and planning in order to succeed. Introducing progressive ideas (i.e., outsourcing) into established organizations can increase risk if not managed properly. Institutional theory predicts that as patterns of work or other institutionalized activities become established and taken for granted, they become highly resistant to change (Zucker, 1987).

Background: Outsourcing

As the economy continues to globalize, companies will be searching for a competitive advantage that will bring success and sustainability to their business. Competition will bring increased interest in knowledge based services such as outsourcing. Those who develop strategies that incorporate outsourcing and the change needs associated with it will realize tremendous opportunities. Organizations that anticipate and strategically manage changes may realize substantial gains. For organizations that resist, the costs may be steep. Although elimination of all personal psychological pain of outsourcing is impossible, proper management may be able to mitigate it substantially.

Sustainability requires strategically managing knowledge based services such as outsourcing, which has become one of the largest challenges of current and future business climates. When properly executed, integrated facility outsourcing can lower risks and greatly reduce operating costs by reducing operating costs. Using the concept of economies of scale, outside suppliers assume risks traditionally held by the clients. Leveraging multiple outside partnerships, supplier will spread those risk costs across multiple the suppliers will lower costs for all its clients. However, risk management itself has now become one of the critical new tools and benefits of outsourcing (Quinn, 1999). In order for an organizational change program to be successful, it must be a collaborative effort between outsourcing parties.

Activities associated with outsourcing are traditionally responsibility of the outsourcer's organization; however, there are effects on both sides of the business of which all parties need to be aware. Outsourcing as part of a business model is becoming a widely accepted practice for many organizations and is being added to many sustainability plans. A sustainability plan

may include methods for increasing productivity, lowering risk, and decreasing overall costs, which could open up the potential use of some form of outsourcing. Therefore, development of an effective change management program must be completed and in place in order for a new outsourcing program to work. Effective change management may include functions such as detailed communication, development of project specific processes, training for all parties involved, and methods for limiting resistance.

Value creation for all stakeholders is the primary benefit of outsourcing (Bendor-Samuel & Goolsby, as cited in Focacci, Mockler, & Gartenfeld, 2011). Outsourcing has become the new trend in organizational strategy that allows companies to return focus to their core business and enhance internal growth. There is a considerable amount of value-related benefit to Integrated Facility Management (IFM) outsourcing; however, research has shown that the center of focus for managers is on economic benefits, not the social effects to the stakeholders. More specifically, several theories relate unsatisfactory economic results to “failure to consider the change implications” (Blackwell, 1998, p. 31) needed in a new model of outsourcing. Thus, value creation is minimized or the benefits are eliminated.

Bennedsen, Caspersen, and Kölling (2008) asserted that it is crucial for the outsourcing decision to be strategically correct, and that the selected supplier must have a suitable culture with a skilled workforce. Success also requires that the outsourcing model fit the situation and the organization’s long-term vision. Even when all these requirements are met, the relationship sometimes fails and may critically impede outsourcing success. An IFM outsourcing model transfers existing employees to a new support company, ceasing their employment with their legacy company. IFM may present the biggest challenges of any outsourcing method used in

business today. The theory behind outsourcing is that organizations will benefit from financial savings utilizing economies of scale, industry-developed best practices, and the ability to measure success using technology and efficiency gains. Most organizations are finding it difficult to develop the resources to upgrade their aging facilities and infrastructure. These resources are equipment, personnel, and process technology required to compete in the global environment (Holton & Dastmalchi, 2008).

Statement of Problem

According to Deloitte's 2014 Global Outsourcing and Insourcing survey results, outsourcing growth is expected to continue at rates of 12–26% throughout 2015 across FM business lines. A growing number of studies now show disappointing outcomes in first generation FM outsourcing. These less-than-desired outcomes can increase the risk of meeting sustainability goals used to justify the initiative. IFM outsourcing was first initiated for the sole purpose of reducing costs; however, cost reduction may no longer be the only reason. Business leaders are now looking for a lifecycle solution to address growing asset needs such as design, engineering, maintenance, operation, and management. These needs change the paradigm from low cost management to a fully integrated partnership. However, the perception still exists that IFM outsourcing is a low cost solution and will drive costs down by reducing salaries.

Outsourcing successes realized by organizations are due in part to a combination of proper leadership and an execution of a well-developed plan. This study's intent was not to minimize the significance of the people that execute the plan, but to analyze the viewpoint of the leaders who develop them. This viewpoint will lead to conceptual knowledge of the change process and the potential for mitigation of future failures. Mills (2000) equated change failures

to a leader's inability to influence desired behaviors in others. The intent of these behaviors is to operationalize the decisions leaders must make, thus transferring the vision into reality. Because of the influence leaders have over others, they must demonstrate a high level of ethical behavior and be held accountable for their actions and the actions of their teams. This idea places a strong imperative upon the leader and his/her ability to establish trust, which is the foundation of any change model.

Leaders are tasked with creating and developing a vision that reflects the organization's mission. They must then transfer that vision into a strategy that includes attainable goals. As these goals are transferred to other stakeholders they should be accompanied by supporting processes. Goal setting is then a measurable function that a leader can utilize to validate the advancement of his/her vision. This vision and associated strategy may play a role in the success of an outsourcing event; therefore, these topics were explored.

Significance of Study

This study sought to contribute to the current body of knowledge on leadership perspectives and what are considered successes and failures. This perspective also attempted to identify what influences these successes and failures and allow for the development of a framework for future outsourcing models. Historically, outsourcing transition plans have been focused on the tactical side, forgetting the human factor. Although the tactical activities of the program are necessary, they have traditionally had little effect on its success. The human aspect of organizational change, as it relates to outsourcing, takes into consideration the feelings and emotions the employees will experience when informed about the impending change. This change may result in the employee losing his/her job or the job requirements changing

substantially. Even if a minor change is needed there are perceptions associated with outsourcing that may lead to resistance and thus undesired results. When leaders begin to execute change within an organization they usually put a significant amount of thought and planning into the success of the change. Failure could come at a tremendous cost. Development of a clear understanding of leaders' views will allow for more focused studies in the future. This study can be used as a continuous improvement tool or as a foundation for development of future outsourcing change initiatives. Future outsourcing projects may look at the history of project failures and successes to aid in development of new programs. A review will help in understanding the depth of activity future leaders need to execute successful programs. Many theories suggest that success is related to the first set of activities and actions in an outsourcing event.

These first activities needed to include understanding how the organizational change affected the stakeholders. Robbins and Judge (2003) related successful acceptance of change to a manager's ability to stimulate his/her employees' creativity and tolerance for change. The high level of change associated with IFM of outsourcing is an ideal situation in which to deploy any of the known change methodologies. However, this study also needed to understand the challenges leaders face during first generation IFM outsourcing while implementing those strategies and practices. In first generation IFM, the initial move affects a wide range of stakeholders, where later generations have already experienced this phenomenon and adapted to the change. Although later generation IFM has its challenges as well, insight into the effects of that initial move will allow a better understanding of the later outcomes. In this study, leaders were asked to define how they measure success in an outsourcing initiative. Finally, this

study gathered recommendations leaders suggest for future implementation of change management strategies during first generation outsourcing.

Too many organizations realize too late that they failed to put enough effort in the initial stages of the outsourcing event and incur additional costs because of the high failure rate. It is human nature to resist any type of change; therefore, it is necessary to implement a well-developed and thought-out plan in the early stages of the change initiative. In order to safeguard the interests of all stakeholders, leaders need to implement the process using proven methods in order to reduce risk. A qualitative approach was used to analyze the strengths and weaknesses of past models from the perspective of leaders involved in the activity.

Most providers have a track record of marginally successful project launches, and the goal of this study was to understand the traditional way of doing business and what opportunities would produce successful results on future endeavors. This research attempted to ask how the leaders measure success in an IFM outsourcing initiative. Because success is subjective and may lead to many interpretations, this study attempted to understand the details behind the success.

Purpose of Study

The purpose of this study was to develop an understanding of best practices utilized in the change process of first generation IFM outsourcing, with the intent of mitigating future risk. This study asked the question, what change management strategies and practices are employed by leaders during first generation Integrated Facility Management outsourcing? This question was developed to help understand what kinds of tools leaders were using to affect the change. Although outsourcing is the model being used to demonstrate the need for effective

change management plans, this study focused on change management and what drives its success stories. Managing the change process related to an outsourcing arrangement is crucial to the organization and could be a key factor in its success.

This study explored the various exemplary change management methods used to merge two corporate cultures into one cohesive business model. Changing a culture and work environment is risky and can even produce negative results. For example, Kotter (1996) found that two thirds of major change initiatives are unsuccessful. This study needed to develop a well-rounded view of outsourcing challenges by asking what challenges leaders face during first generation IFM outsourcing in implementing change management strategies and practices. Controlling and managing change are key elements of the success of any type of outsourcing.

Research Questions

The following research questions (RQ) were used as a framework for the development of interview questions used to generate the needed data. These questions were addressed by the subsequent answers to the interview questions given by leaders recently involved in an organizational change related to FM outsourcing. These questions then become the basis on how the research was framed and interpreted.

- RQ 1. What change management strategies and practices do leaders employ during first generation Integrated Facility Management outsourcing?
- RQ 2. What challenges do leaders face during first generation Integrated Facility Management outsourcing in implementing change management strategies and practices?

- RQ 3. How do the leaders measure success in an Integrated Facility Management outsourcing initiative?
- RQ 4. What recommendations would leaders suggest for future implementation of change management strategies during first generation outsourcing?

Limitations of Study

Limitations of this study include its ability to generate enough data from the subjects. As leaders are tasked with different challenges and perspectives, interpretations may vary significantly by position and experience. The researcher expected to and did gather a substantial amount of subjective data from the research subjects. This study focused on leaders who were recently involved in an organizational change related to FM outsourcing. Although the study generated valuable data generated, there may be limitations associated with this narrow focus of subjects. There may also be limitations due to the limited availability of the participants' time. Because the study was related to high level leaders in an organizational change, subjects had limited availability, requiring the researcher to be flexible in his schedule in order to meet the subjects' needs. There was no compensation to the research subjects for their participation and involvement, which may have limited the time they wanted to contribute to the study.

Additional limitations of this study are related to the gaps in literature and available resources. These gaps create a challenge when attempting to establish a resource to substantiate assumptions. Because there are several terms and identifiers related to facility management outsourcing it was difficult correlating the information to this specific topic. FM is a broad topic and can be related to and include contractor and sub-contractor management

real-estate management. The focus of this study included all people, property, and infrastructure assets of an organization.

Terms

- Outsourcing—Jones (2005) defined outsourcing as occurrence where an organization reduces layers of management and utilizes external services or skills formally performed internally.
- Facility Management (FM)—FM is a process that is made up of multiple disciplines in order to ensure functionality of a current environment by integrating people, places, process, and technology (IFMA, 2015).
- Integrated Facility Management (IFM)—The combination of contracted services into one business model that reduces risk for the outsourced company (Redding, n.d.).
- Leader—Someone who has energy, articulates a vision, inspires others to perform, makes the tough decisions, and executes (Welch, 2007).
- Leadership—Guiding others without force into a direction or decision that leaves them still feeling empowered and accomplished (Hanson, 2014).
- First generation—The initial move of activities from an insourced state to an outsourced state (Redding, n.d.).
- Organizational Change—A process where standard practices and culture are altered within an organization. This process is also known as reorganization, restructuring, and turnaround (Kotter, 1996).

- Change Management—The development and implementation of procedures, procedures, or technologies to deal with changes in the business environment (Kotter & Rathgeber, 2005)
- Infrastructure—Assets and facilities belonging to the organization that are utilized to produce goods and/or services. These may include roads, wells, piping, sewage treatment plants, production assembly lines, machinery, and power generation (IFMA, 2015).

Chapter 1 Summary

This chapter began with an overview of outsourcing and how it relates to facility management (FM). As explained previously, the relationship between outsourcing and FM has evolved into a more complex and efficient outsourcing model that is called Integrated Facility Management (IFM). IFM has become a valuable tool for organizational leaders to adapt to their business models in order to increase competitiveness and uses lean methodologies. Increased competitiveness means added value to current and future clients. Subsequently, the chapter further clarified the role IFM plays in the current global business climate. Leaders that implement IFM face internal and external challenges due to resistance to change. The research questions were developed to understand these challenges and to determine what strategies and practices are necessary to manage an IFM change initiative.

Chapter 2: Literature Review

Overview

Building a foundation of knowledge for research is the basis of this literature review, which begins by describing the main topics of outsourcing, FM, and FM outsourcing. As the chapter builds on the literature of the reasoning behind FM outsourcing, it begins to address issues that affect its success such as the human factor. A discussion using Maslow's (1934, 1954) hierarchy of needs is used to describe resistance to change and how it affects a successful change initiative. This review then explores the leadership side of change and change management, as well as how it can influence success in change and how sustainability is achieved. This chapter also looks at organizational change, how managers guide the process, and what kind of attributes an effective leader will possess. Leadership will be discussed at length, with a focus on what it takes for a leader to accomplish the activities needed to change the organization to accept outsourcing.

Outsourcing

Daub (2009) described outsourcing as a service or product that, historically, has been done internally as part of the company's value stream and is now provided by an outside source. Jones (2005) defined outsourcing as occurring when an organization reduces its vertical integration, external services, or skills formally performed internally. Essentially, in outsourcing, services that are considered to be non-value added or non-core are transferred to an external partner. These non-value activities may also include high-risk activities like IT services where risk is mitigated and value is increased by capitalizing on economies of scale. Daub also explained that outsourcing does not necessarily mean that the product or service will move

offshore or to another market. More often than not, the outsourced functions will be performed in the same market or geographical location by the same workforce, only for a new employer.

IFM outsourcing is noticeably different from other forms of business support services (i.e., alliances, partnerships, or joint ventures) where the provider simply provides a single defined scope of work (Belcourt, 2006). Belcourt (2006) explained that many business models can be interpreted as outsourcing; however, although they are support systems for business operations they may not classify as outsourcing. To add complexity to the conversation, out-tasking activities are also taken into consideration. These activities refer to non-coordinated or lack of systematic service delivery. In essence this service delivery can be described as a *pay as you need it* service. An example could be calling in a plumber to fix a leak. This service is not performed in house but does not equate to an outsourcing by definition. One must also take into consideration the terminology of *off-shoring* which is the movement of production or service offering to a resource out of the country (“offshoring,” n.d., para. 1). Offshoring services are not always performed by another provider, they are many times provided by in-house employees that reside and perform the service in another country.

Scheschy (1999) explained that outsourcing aligns client needs with a single service provider. Scheschy was referring specifically to outsourcing of library services; however, the concept would pertain to any other models. Scheschy noted that when there is a good fit between the client and vendor, the vendor may become a strategic partner; this partnership will have the ability to produce creative solutions to meet the client’s needs. When evaluating the concept of outsourcing, it becomes difficult to eliminate the media-driven perception of

American factories closing and all U.S. production moving to a third world country, where there are cheaper labor rates and there is little environmental regulation. Although this perception is not entirely false, the outsourcing or service industry has moved a long way from the methodology used in the early days of this business model. Traditional outlooks are giving way to more positive views as the benefits of outsourcing become clearer.

Turner (2000) asked whether the advantages of outsourcing outweigh the disadvantages. Outsourcing models differ by industry but can be riddled with complexities that bring negative perceptions or even negative results. As the outsourcing business models become widely accepted the negative reactions are waning. The truth is that most organizations feel they cannot eliminate all of their in-house expertise and still efficiently keep control of key functions as a safety plan if the model fails (Scheschy, 1999).

Falcioni (2007) asserted that companies are moving to outsourcing in the hope of changing the corporate culture by building in long-term sustainability and obtaining access to premium thinkers. In some cases when a position is outsourced, a company only pays for skills and talent on an as-needed basis. However, Falcioni also discussed the downside of the outsourcing phenomenon as being perception driven. Business leaders are arguing that the product or service is better quality, cheaper, and in some cases even faster. Although these are all considered positives, there are also offsetting negatives, such as loss of control of the process.

As the economy continues to globalize and markets look for competitive ideas, businesses are showing an increased interest in knowledge-based services such as outsourcing. This interest may drive organizations to aggressively pursue information associated with this

business model. Economies of scale often drive the conversation about outsourcing; they often enable companies to capitalize on the purchasing power of another company, allowing for cost reductions (Saouma, 2008). Human resource and employee legacy costs are also becoming a confinement for most companies, as they create an inability to flex with market demands and add a fixed layer of cost to the bottom line.

Saouma (2008) asserted that the gains brought from outsourcing can be realized quickly; however, they can also be reduced or eliminated as a result of quality issues. These issues can impede the success and value creation outsourcing purportedly can bring. Raiborn, Butler, and Massoud (2009) described challenges to successful outsourcing initiative as factors that fail to bring stakeholder value. When outsourcing support functions, the outsourcing organizations need to consider the implications of loss of control, potential loss of innovation, and loss of trust within the organization. Loss of control can be a negotiated and even a contractual agreement, resulting in losing a voice in the contracted function. The supplier may make the decisions regarding who does what and when it is completed. When certain functions are delegated to a supplier, the innovation the outsourcing company once had is no longer their responsibility and therefore the driver for innovation is eliminated. Trust can be at risk in several ways, such as if jobs are altered or eliminated, if employee benefits change as a result of the outsourcing effort, or if there is an increased workload.

Facility Management

FM is the management and coordination of activities associated with the infrastructure (buildings and grounds) of an organization. Xueqing and Hui (2010) described facilities as a group of buildings and locations that house the functions associated with business operations.

These operations may include but are not limited to research, development, manufacturing, advertising, finance, and even public relations. Godau (1999) referred to FM as the knowledge base utilized in management of buildings and infrastructure associated with the economic business needs of an organization. The IFMA (2007) described FM as the management and coordination of the physical workplace, including all of its assets and services to support normal business functions.

This management function can be viewed as a value-added function or risk mitigation for the overall business process. The increasing complexity of building management systems, as well as legal and political requirements, is driving more accountability by business leaders to manage and protect the assets of an organization. As technology and business needs change, management of one of an organization's largest investments becomes a high priority. Understanding traditional views that a building is normally not considered key to the overall business process gives an idea of how difficult this task is.

The history of FM is described as an integration of organization's main activities: real-estate management, operations, and office administration functions such as mail and document management. In most cases, functions associated with facilities are considered non-core activities or overhead costs. Although they contribute a substantial function, they are support functions and sometimes take a back seat to the main role of the organization. Traditionally, the facility functions are independent and not connected, even having multiple owners. This scenario lacks continuity, therefore creating a dysfunctional environment (Kincaid, 1994).

The goal of FM is to capture all of the independent facility tasks and create a structure and process to manage as a group. This new structure has the ability to capitalize on a team that may support cross-functionality. Doing so may bring additional value by reducing costs; however, a clear understanding and knowledge of how FM work ties to an organization's profit center is needed. This understanding will be a key factor in assigning criticality to the support functions and possibly adding business continuity to the process.

Yim Yiu (2008) described four key factors that define FM as a value-add to organizations: long term strategic vision and a sustainability plan. Although FM may take a back seat to other functions in an organization, if it is performed poorly, the impact will have a long lasting effect on an organization's overall performance and profitability. Allowing organizations to focus on core business functions increases the need for FM.

Facility Management Outsourcing

Since the late 1990s, thousands of businesses have chosen to outsource work that was traditionally done in-house. FM outsourcing has become a new trend in organizational strategy that allows companies to return focus to their core business and enhance internal growth. "Although the potential economic benefits of outsourcing are thought to be considerable, a growing number of evaluation studies show disappointing outcomes" (Roe, Smeelen, & Hoefeld, 2005, p. 4). Traditional outsourcing methodology leads the focus toward tangible aspects of the program and less on the intangible, such as the emotional impact on those involved. Both seem to receive little attention in both research and literature, yet appear to be the main reason for failures. More specifically, certain theories relate unsatisfactory economic results to a "failure to consider the change implications" needed in a new model of outsourcing

(Blackwell, 1998, p. 17). According to Antoine Gerschel, failure to invest in the development of a structured change management process in the early stages of the outsourcing can lead to increased risk and the potential for failure (Gerschel & Polsky, 2013). When uncertainty and animosity are allowed to develop among the stakeholders, it becomes a point of resistance and has the potential to derail any progress toward the goal. Although outsourcing has been widely accepted and has developed a high profile, very little attention has been given to address the perceptions of the outsourced employees or to determine ways to ease their transition (Benson, 1998; Coyle-Shapiro & Purcell, 1999; Due, 1992; Kessler, Khosrowpour, Subramanian, Gunderman, & Saber, 1996). At the very least, outsourcing can be a stressful situation for most employees involved. This stress could result in the inability to accept the change even if it results in the employees keeping their positions with the new company. Much like other business models, success depends on the quality of change management utilized. Study results have shown that FM organizations consider themselves fairly successful at outsourcing. However, although they have realized significant cost savings and efficiency gains, they were not achieving the desired results usually associated with global outsourcing (Elmuti & Kathawala, 2000). This outcome could be a direct reflection of the emotional impact on the employees involved.

The evolution of outsourcing has brought the industry from in-house (as discussed earlier) pre-1990 to single source or single activity in the 1990s, then progressing to the current model with bundled services and potentially full integration. This integration changes the paradigm from service provider to strategic partner, which involves the assimilation of both business cultures into a partnership that delivers value across all levels of the business line.

Integration can mean a better understanding of organization's operating costs (Mitie, 2015). The old adage *you can't be great at everything* rings true in this case; organizations that are solely focused on product delivery all too frequently lose track of their infrastructure and facilities costs. Outsourcing organizations that can develop synergies between multiple cost centers are now able to collect data and demonstrate the benefit to each other. Understanding this effect can lead to process improvement and an increase in competitiveness. Akintunde (2008) stated that organizations spend over 30% of all expenditures on facilities and infrastructure costs, yet more than 40% state they have little to no understanding as to how or why this expenditure is so high.

An outsourcing program must fulfill the needs of the company and deliver all contractually obligated services to the client. However, outsourcing has many risks that must be identified and addressed before, during, and after the transition. The risks include but are not limited to low employee morale, financial loss, and customer dissatisfaction. As Tyler (2013) discussed, recurring evaluations may be a necessary factor in dynamic learning environments.

Integrated Facility Management

In order for an outsourcing program to be effective and successful, it must be the result of a collaborative effort between both parties. Although most outsourcing program responsibilities are that of the service provider's organization, the outsourcing institute must knowledgeable of business effects on both sides. Outsourcing is now becoming the reality for most companies and all parties have a vested interest in its success. Several models of facility outsourcing exist, such as Integrated Facility Management (IFM). Integrated refers to the combining of cultures both the outsourcing partner and the outsourcer. This merging of

cultures becomes one of the largest challenges in IFM outsourcing. Organizations looking to move to an integrated model are looking for a partnership instead of just a supplier. This integration allows for a sharing of risk along with successes. This type of partnership will allow for use of shared resources and innovation. When an organization operates on its own, it faces challenges trying to be great at all aspects of business. A partnership will drive a combined effort on activities that drive success, thus mitigating exposure to full risk.

Organizational Change

The challenges associated with change related to outsourcing can be defined in several change models. Change is inevitable when it comes to outsourcing. It is not uncommon for leaders to view the change as casual with little effect to the stakeholders. Because in some cases the new IFM model incorporates current or existing employees, failure to view the entire effect of the change on the employees could mean stiff resistance. This perspective is represented well by Krüger's (1996) Iceberg Change Management model, which emphasizes taking a holistic view of the entire situation. Most change initiatives rely on managers to focus on the obvious and visible aspects of change, that is, the tip of the iceberg, or what can be seen above the surface, while forgetting that most changes involve much larger, invisible realities that lay below the surface. Change requires a committed workforce. Several high profile transitions have not delivered the savings and customer satisfaction desired, and although they are still good enough to perpetuate the growth, they have come with a greater investment requirement and delivered a longer than expected Return on Investment (ROI).

Caspersen (2008) asserted that it is important that the decision to outsource be based on a partner who has the appropriate organizational structure to support and implement any

outsourcing model. Although the supplier has the needed skills and resources, this relationship still fails at times. Managers who fail to look at the bottom of the iceberg find themselves having a hard time implementing change successfully. Krüger (1996) described four key groups that can either ease or hinder the change process:

- Opponents—averse to change if they don't see any personal benefit to it.
- Promoters—have positive attitude towards change; therefore, more people would think it is beneficial.
- Hidden opponents—are still adverse to change but accept change to avoid conflict. They are not openly unhappy about the impending change.
- Potential promoters—have a positive attitude toward change, but are not fully convinced by the whole concept of why they need to change.

According to Krüger (1996), dealing with change is a permanent, ongoing task and challenge for organizational leaders. When managers only look at the surface of the problem they will never have the full story about what's happening. The foundation of change management is rooted in the interpersonal and behavioral interpretation of the experience, and is influenced by political management and the management of perceptions and beliefs. Leaders should also learn from past practices; understanding how and why outsourcing initiatives have failed or succeeded will bring value and possibly eliminate undue stress related to the outsourcing activity. Perera, MacGillivray, and Begley (2009) attributed successful organizational change to leaders' management of perceptions. Such successful management will bring about change by communicating intent and expectations to all stakeholders. This type of communication will help eliminate the unknown, thus allowing for mitigation of incorrect

perceptions. If everything is out in the open, the stakeholders will have a well-rounded view of the needed change and all activities associated with it. As the process begins, the outsourcing provider will be using a mix of current employees and outside candidates. At this point, the client will need to realize that it will no longer be in charge of controlling the functions and employees associated with the defined scope of work. In some cases, the decision to outsource is made at a higher level in the client organization and not at the site level where its effect is felt. The level at which decisions are made, creates a complex situation where there may not be total buy-in from one side of the transaction; the leadership team will need to focus its efforts on this side of the transaction.

Aspects of Change

Outsourcing is now gaining attention from both analysts in organizational effectiveness and leaders looking to increase competitiveness; however, there is still little known about its effect on involved employees (Benson, 1998; Due, 1992; Khosrowpour et al., 1996). At the very least, outsourcing can be a stressful situation for most affected employees. This stress could result in the inability to accept the change, even if it results in the employee keeping his/her position with the new company. Success of the new program will rely on a leader that has an understanding of the concepts outlined by Maslow (1934, 1954).

The leader must develop a communication strategy that is broad based and transparent. Advanced planning for any change management activity is crucial, especially when it includes complex situations like outsourcing. The leader must pay special attention to the development of the relationship the client and the new management team, allowing for the merging of two different work ethics. Gerschel and Polsky (2013) also recommended focusing on the positive

side of the situation for all parties involved. Leaders should define the critical factors of the relationship and communicate them effectively; by doing so, they will generate awareness of the program. The goal would be to build a strong relationship with the key people and promote them as project champions. Leaders should regularly and proactively survey customers, monitor satisfaction rates frequently and address them as necessary. It may also be beneficial to have clients document their questions and concerns, then develop an action plan to address each in a timely manner (Gerschel & Polsky, 2013).

Advanced planning in anticipation for an outsourcing transition requires sufficient time for working relationships to develop and allow for merging of two different work ethics. Gerschel and Polsky (2013) also recommended spotlighting the benefits for both sides of the relationship and defining the threshold for success. Developing this working relationship will ease potential animosity between organizations, therefore developing a champion in the client.

Apprehension is understandable in these situations; however, they lead to false interpretations of outsourcing, such as low wages and low quality workmanship. Leaders are tasked with debunking these misleading perceptions in order to deliver the change requirements. This negative view of outsourcing poses challenges for leaders and adds even more complexity to an already complex situation. These statements are developed out of fear and misunderstanding by affected employees and leaders' lack of effort to understand these fears.

Organizational behaviors. Organizational behavior refers to the culture created by the influence of individuals, groups, and structure (Robbins & Judge, 2003). This culture is the result of behaviors' effect on the organization, and can be both positive and negative. The drivers for

this culture can be just about anything; however, Robbins and Judge (2003) asserted that the main components are interpersonal communication, attitude, perception, and conflict within the group structure. Kaizer and Craig (2011) asserted that the drivers depend on the organizational level.

The group aspect of organizational behaviors is related to how individuals work both independently and together (Robbins & Judge, 2003); in addition to how successful the individual is within the organization (Stewart, Stewart, & Walden, 2007). His/her success may drive him/her to be more independent and therefore interact with the group less. However, when people struggle, they may find solace in numbers. This solace could potentially be the poison pill most group leaders fear. This section reviews the key factors that influence the successful delivery of an organizational change. Robbins and Judge (2003) asserted that a leader's effectiveness is tied to his/her understanding of human behaviors.

Resistance to change. According to Kanter (2012), people resist change for many reasons; however, certain key reasons that seem to be consistent across most industries include loss of control, uncertainty, mistrust, and increased demands and workloads. Resistance can lead to complacency, demotivation, and even rebellion. Given this perspective, one can use Maslow's (1934, 1954) hierarchy of needs to try and understand the whole picture of this resistance. People naturally resist things they don't understand or by which they feel threatened. Maslow's model describes the influential aspects of a person's life. Threatening these aspects triggers resistance. This resistance may be conscious or unconscious, but the results may be the same. Leaders must possess emotional intelligence in order to understand their employees' needs; this perspective is a key attribute of a leader and a critical concept

needed to deliver change. Kanter (2012) also discussed the internal struggle a person has associated with changes around him/her, especially changes in the work environment. This struggle may also be related to the threatening needs defined in Maslow's hierarchy. Maslow stated that human motivation is based on people seeking fulfillment and change through personal growth.

Emotional needs. Leaders need to understand employees' perspective on any organizational change. Maslow (1934, 1954) stated that human motivation is based on people seeking fulfillment and change through personal growth. This fulfillment becomes a cognitive need that must first be addressed by meeting employees' basic needs. Understanding affected employee opposition to change from their point of view is the first step in creating a basic foundation of the change process.

A sense of loss is the first result of the emotional state associated with change during the initial phase, due to the fact that the employees have little knowledge of the effects it will have on them personally. Employees often assume that things will no longer be the same. This uncertainty creates adversity in the employees and they cannot see the benefits of the change (Buller, 1988). The need for a process to manage change of any kind reflects the tendency of human nature to accept and embrace the norm. Most humans look for security and a stable environment built on trust. Leaders have several methods by which they can develop trust, which in turn promotes change; however, the leaders also need to understand the factors that lead to mistrust.

Physiological needs: Food, water, and homeostasis. Many change models fail to address apprehension based on the first level of Maslow's (1934, 1954) human needs. The

threat of not being able to provide for the simplest of needs to one's family adds a great deal of stress to a person's physiological well-being. This stress could lead to uncertainty and thus could be converted into opposition, resulting in pushback against any transformation. This uncertainty may be the result of a failure to communicate properly the reason for and result of the new program. The employees' concerns should be addressed immediately when making the announcement. Human emotion is influenced by family, trust, political and religious beliefs, financial situation, and emotional support. Therefore, the best transition plans will address any concerns as soon as they emerge and involve as much communication as possible, even if this communication is negative.

Safety needs: Security of employment, family, health, and property. Maslow, Honigmann, and Mead (1970) suggested that the path to self-actualization is rooted in a supportive environment. Employees with low self-esteem and a fear of the unknown will not accept change willingly. Mistrust is fear of the unknown, usually drawing from past experiences. Leaders need to identify and manage mistrust as soon as possible. Open conversations, acknowledgement of achievements, and a continuous display of quality leadership skills will help reduce the risk of mistrust. Resistance may also be a result of concerns about personal competency. Uncertainty about whether one can perform the work or at the needed level creates self-doubt and then yields apprehension about changes. Quast (2012) also acknowledged that resistance can be a result of fear of the unknown due to a lack of communication, whether purposely or not. Fear of the unknown then leads to mistrust and may manifest in the form of resistance.

Change Management

In order to develop a complete picture of the change management process, the intent of this study was to not only identify but understand the variable (what was the experience) and also the effect of the change on the organization. The effect on the participant may directly influence the way he/she feels about the change management. By factoring in both variables, the change agent may be able to eliminate extreme influences. In this example, the participants may feel a sense of rejection from their employer who they have supported for the term of their employment. Study results have acknowledged although organizations believe they are successful at global outsourcing, they were not achieving the economic results normally associated with global outsourcing (Elmuti & Kathawala, 2000). This misrepresentation could be a direct reflection of the emotional impact on employees and managers involved in the new program.

Organizational change theories suggest that a precipitating jolt will destabilize practices rooted in the organization's culture, such as legislative reform, technology changes, or other institutional needs (Reay, Golden-Biddle, & German, 2006). Other theories suggest that tying any organizational change to social responsibility would result in a higher acceptance rate. Regardless of the methodology or theoretical orientation applied, humans must come to an understanding that change is natural and a result of market shifts, cultural progression, and new innovations. This understanding is imperative to any level of stakeholders' acceptance in a change initiative.

Kotter found that more than 70% of major transformation efforts fail, attributing this failure to ineffective engagement of the workforce and a lack of consistent planning. Lack of

proper leadership and absence of leadership buy-in are additional key reasons for change failure (Kotter International, n.d.). Leaders on both sides of the model (client and service provider) attribute disappointing results to a lack of strategy or an incomplete change management plan. However, there are proven theories for success that will be examined in this discussion.

The complexity associated with managing a change activity begins and ends with the replacement of existing process and procedures. These processes, by design, were developed to produce a product or service repeatedly over and over again and when there is value change under only controlled procedures (Christensen & Overdorf, 2000). A new level of complexity is added to the change process due to inherent resistance to change, which could possibly require leaders to force the change. With this complexity in mind, leaders will need to evaluate the change drivers and barriers that will contribute to resistance.

Leaders must develop long-term goals that incorporate the needs of the business and all stakeholders. Traditional companies are now learning about sustainability and survival from new and evolving industries, and survival is not guaranteed unless an organization has a vision that is adaptable to change. Companies are now taking steps to meet current and future challenges by utilizing motivation and vision sharing techniques. These challenges provide opportunities for leaders to improve and increase value for all stakeholders. How leaders adapt to the changing environment will decide who survives and who does not, which consequently adds a layer of risk to the business model. This increased risk then transfers to a company's ability to attract new talent, which can bring new innovative ideas.

How people approach change influences their perceptions. Ramalingam and Gayatri (2008) asserted, “If one does not change, he becomes a man of past and hence change is the order of the day and fight against all competitions and attract the trust of the entire stakeholder for grand success” (p. 16). For organizations to survive, leaders must anticipate the effect of change, even if it results in a narrow view of the program and processes, or causes those leaders to lose sight of the effect on the participants.

Kotter’s (2005) theory of change implies that in order for change within an organization to succeed, the majority of management must first accept the change and methods used to institute it. Executing the multiple elements of any change process will influence its potential success simultaneously. When change fails, it is most commonly the result of the personal impact it has on the participants involved that change. Each individual reacts to change differently, and leaders must be ready and properly equipped to handle all variables.

According to Antoine Gerschel, failure to invest in development of a structured change management process in the early stages of the outsourcing can lead to increased risk and the potential for failure. Advanced planning for an impending change is always a good idea, as it requires sufficient time to establish the relationship between the client and the new management team and allows for the merging of two different work ethics (Gerschel & Polsky, 2013). Gerschel and Polsky (2013) also recommended highlighting the win/win situation for each side of the partnership, as well as defining and communicating the *make or break* factors of the deal. This process heightens the awareness of the following crucial factors of success:

- Develop relationships with the key stakeholders in order to build a guiding coalition.
- Regularly solicit customer satisfaction surveys.

- Use analytical processes to track satisfaction.
- Encourage customers to communicate fears and apprehensions to the change manager.

Industry expectations are that the change management process will positively influence the emotional state and attitude of the affected employees, thus determining the success of the change process. The need for a process to manage change of any kind reflects the tendency of human nature to accept and embrace the norm. Most humans look for security and a stable environment. Analysis of the norm will not yield a definition of the proper style and degree of change, but will help identify needs in future business changes.

Although much has been written about outsourcing and its benefits to the organization, leaders have failed to identify the key factors that allow for the success of an outsourcing arrangement that are likely to affect employees. Since 2005, hundreds of organizations have chosen to outsource their FM. Negative perceptions are dominating the discussion on outsourcing; however, there has been little discussion on employees' animosity toward the change (Benson, 1998; Due, 1992; Kessler et al., 1999; Khosrowpour et al., 1996). Proper delivery of integrated facility outsourcing has the ability to decrease operational and maintenance costs while mitigating risk. The initial investment and assumption of risk is taken on by the outsourcing agency and is shared with several clients; the result then transferred to financial savings for both parties. Increased outsourcing will be a natural outgrowth of today's competitive system as it continues to globalize and move to knowledge-based services. Effective and efficient management of the desired change will deliver substantial rewards. Failing to act due to resistance will equate to unknown losses and increased negative

perceptions. Fully eliminating the emotional pain associated with outsourcing is impossible; however, proper management and effective leadership may reduce the impact. Strategically managing knowledge and resources along with outsourcing will be some of the most rewarding challenges of the new global business climate (Quinn, 1999).

Of the many accepted practices in outsourcing, one rises to the top of successful activities—the implementation of change management strategies within the client’s own organization. Failing to utilize proven change management practices associated with outsourcing has delivered questionable results. An outsourcing program requires a complete plan on how to address questions and concerns and detail a clear decision making process along with procedures about when and how to trigger corrective actions. Change and transition teams must discuss mistakes, and under no circumstance place blame on other team members. They must also attempt to learn what mistakes were made and how to avoid them in the future. Once triggers have been identified and tracking measures are in place, the leadership must focus on the communication strategy.

Studies have shown that organizations with no dedicated manager to oversee the change and ongoing activities of outsourcing will struggle with even the most basic demands. Development and implementation of an analytics package will help senior management know how successful the initiative is and how to market its success. It is now widely acknowledged that one of the key factors for the success of outsourcing lies in introducing effective change management policy within the client organizations.

John Kotter (1996), a change management leader, has written several books that have become the classics of change management. He stated, “Whenever human communities are

forced to adjust to shifting conditions, pain is ever present. But a significant amount of the waste and anguish we've witnessed in the past is avoidable" (p. 151). Numerous change theories exist and as many theories exist for execution. Utilizing a pragmatic and sustainable approach, the following methodology applies discipline and focus throughout the outsourcing lifecycle. Kotter related failure of change to the failure of an organization to properly manage change activities in its earliest stages. In this phase of a project there is ample opportunity to lose control and make rash decisions; however, if this time is used wisely, positive change can happen. During this stage, an organization can leverage outsourcing as a method of instituting change within.

Change needs to be managed in order to be successful as it can either be holistic, such as turnover or attrition in an aging workforce, or it can be drastic, such as when technology-driven market demands require the development of a totally new device. Whatever the reason and whatever the level of depth change needed, a formal type of implementation will help mitigate negative impacts to the stakeholders. Successful change management requires a holistic view of the actions necessary to institute it. It will also require the use of emotional intelligence to help understand the emotional impact of this type of program on those involved.

The Blue Ocean Strategy, a book by W. Chan Kim and Renée Mauborgne (2004), cited "four hurdles to introducing new workplace rules, processes, and procedures" (p. 22). The first hurdle is engagement of the participants, explaining the change and why it is a good thing, and managing the expectations. Working with limited resources is the second hurdle, such as finances and varying technology that differs from program to program. The third hurdle is motivation—acquiring buy-in on the new change management plan. A leader can overcome

this hurdle by persuading important people to embrace new processes and then promoting their achievements in order to influence others to do the same. And the fourth hurdle states leaders should encourage the building of coalitions by designating an admired colleague to support the change management plan and assist with the creation of the strategy.

Kotter's (1996) steps to effective change state that leaders must respond to or effect episodic change in rigid, finite, and sequential ways. They must institute a sense of urgency, which becomes the driver for the needed change. Without the proper drivers, change agents will fight complacency or resistance. Once the need has been established, leaders will have to use a broad lens and take a holistic view on the initiative.

Kotter's (1996) method would be an effective model for managing of this outsourcing change project. This change model is less complex than other models and would suit small to medium change. The larger the change, the more detail is necessary to address the vast number of variables leaders may encounter. Kotter's model follows this change process. Step one is to establish a sense of urgency. In step two, the organization will need to build a guiding coalition, which is out front delivering positive messages about the change. Step three involves developing a strategic vision, which should be part of any leadership plan but is also crucial to executing the needed change. Leaders should recruit an army, as change won't happen in a vacuum, and involvement by all is needed to achieve the desired state of change. Next, the leadership team must generate short-term wins by setting goals that are easily attainable instead of a handful of difficult-to-achieve goals. These goals and milestones will help build morale within the team and in theory build enhanced collaboration amongst team members. The next step is to sustain acceleration; this portion of the plan revolves around a higher level

of communication and a consistent feedback loop from both clients and employees. Finally, the last step in Kotter's model is to actually institute change. Not everything works and not everything works in all situations; however, an open discussion of what does and doesn't work will allow for process improvement for the future.

Kotter's (1996) model is just one example of how can effectively manage change related to outsourcing. Another change model that may effect change in outsourcing is Lewin's (1947) "Freeze Unfreeze" (p. 42). This model breaks the change process into three stages. In the first step, the leader unfreezes the status quo through motivation, communication, and trust. The next stage is called transition and is the execution of the detailed transition. The last stage occurs after the change has been accepted and the organization then freezes the new process until change is needed again, at which time the organization will unfreeze once more. A third change model that could be used by leaders in outsourcing change is McKinsey Global's (2011) seven-S model. This model discusses the seven needed factors to effect change. Although an effective tool, this model adds complexity to organizational change that may not be necessary.

Leadership

Martin (1998) asserted that in organizations without a recognized leader, the status quo becomes acceptable and the desire to grow and achieve higher goals never develops. Most experts believe that this desire to grow is a central point in pursuit of the goal of orchestrating change. An understanding of how trust is developed within an organization is one of the first steps in understanding the change process. This trust must be driven and promoted from the top down. The concept of trust is simple—build on individual confidence and eliminate fear as an operating principle. Martin continued to emphasize that leadership and trust have a

dependent relationship, in that one means little without the other. This trust is achievable once one understands the emotions associated with trust and incorporates them into the business model. Trust is confidence in leadership within an organization. A passive feeling of trust is the absence of worry or suspicion. Rusaw (2000) asserted that for leaders to develop trust they must have an ethical responsibility to reduce fears in their follower base. When putting this assertion in the context of outsourcing, this fear is the main reason for resistance to change. The follower base is in fear of losing their jobs or negative impacts on their personal and professional lives. Mills (2000) stated that “this could increase bias therefore causing the leader to lose credibility” (p. 398).

Problems associated with outsourcing are not new. However, leaders must view all problems as if they are newly identified and uniquely urgent. As each problem or challenge arises, the leader will encounter a different set of needs, and only emotionally intelligent leaders will be able to overcome the challenges associated with these needs. Rusaw (2000) also asserted that leaders and followers develop their relationship based on reciprocity. If either side fails to deliver on expectations, the relationship fails. If both sides are successful, an environment is created that promotes creativity and raises productivity. Productive relationships are already based on trust, sometimes unrecognized, and frequently taken for granted.

For leaders to be successful and build a sustainable model of trust within their organizations, they need to demonstrate certain practices and characteristics. The ability to motivate trust, create the proper vision to move a company in the right direction, and the insight to provide employees with the necessary training to accomplish the vision are all

qualities that successful leaders possess. According to Lee Iacocca (2007), leadership traits will include the following:

- Curiosity about of how they are being viewed and what perceptions exist.
- Creativity and innovativeness.
- Communication—Listening first, and then talking.
- Character—This trait is the most important. Leaders must know the difference between right and wrong.
- Courage—Leaders must not be afraid of holding their ground and even more importantly must be able to admit when they are wrong.
- Conviction—Leaders must stand on their beliefs and have a passion to incorporate their beliefs into their daily decisions.

Equally important to an understanding of how to develop trust, leaders must also understand how mistrust can send a company into an irreversible free fall and ensure the failure of any change initiative; therefore, leaders need to identify and manage mistrust as soon as possible. A culture built on trust creates an environment for innovation. Creativity and advancement are abundant for the team that is free of fear. Safe environments filled with mutual support and understanding brings out the true identity of a team. Darwin's (1859) theory of evolution stated that small and subtle changes within the environment have profound and continuing effects on nature. This theory may be representative of the modern business environment, where small changes such as eliminating free coffee from the break room or a dress code change could send the organization into chaos. Kotter (1996) asserted that small changes can be demotivating, thus leading to a reduction in productivity. Leaders must

proactively review these types of changes before they are executed in the hope of fully understanding how much they will affect the organization. Change is going to have an effect however large or small the change is, but in the end all that matters is how it is going to be received by those involved.

Some theories of change relate success to buy-in to the leadership team. Without this buy-in, leaders may fail to sell the program to the employees, resulting in pushback. Management must first accept the change and all methods used to institute it. Falcioni (2007) asserted that companies are moving to outsourcing hoping to change the corporate culture by building in long-term sustainability and getting access to premium thinkers. In some cases when a position is outsourced, a company only pays for skills and talent on an as needed basis. However, Falcioni also discussed the down side of the outsourcing phenomenon as being perception driven. In analyzing failed change initiatives, there appears to be a foundation for Falcioni's ideas, finding that leadership allowed the negative perception to perpetuate to the point that most stakeholders had no faith in the new process.

Change is another benefit of a trusting environment. In general, humans are averse to change; this is a direct reflection of their fear of the unknown. This fear of change is one of the important issues an organizational leader needs to identify and address. In the effort to build a sustainable business model, an organization needs a plan for change and the opportunities change brings with it. Many high profile companies such as AOL, Blockbuster, and Kodak were oblivious to the changes in modern culture and thus failed. Fear of change promotes overconfidence in the status quo and ultimately leads to the demise of a business model.

Leaders are not immune to the fear of change, the fear of letting go of control. “A true leader doesn’t just inspire trust; he or she returns the favor, trusting those who follow” (Silverstein, 2010, para. 5). Effective leaders will have the ability to release some of the control at times in order to allow others to step up and use their skills to bring value to the organization. Increased involvement becomes a motivator to all employees, and may also result in a higher level of trust.

This same philosophy applies to potential employee candidates too; most employee candidates will take a holistic view of the company, its clients, and their career potential before making a decision. Although risk is inherent to any business operation, effective management may create a balance that will still attract the high potential candidates. An organizational culture that promotes sharing of success and career growth becomes very appealing to potential candidates.

Leaders need to share their vision of the organization with their team. Just bulleting this vision out without corresponding discussions may not bring the desired value or understanding. A leader needs to have the ability to understand what drives and motivates a team in order to be effective. Leaders are tasked with developing an environment that promotes a positive culture to make the vision more realistic. Freedom of creativity comes from an empowering environment. However, Newton’s (1729) third law, each action has an opposite and or equal reaction, is a good parallel at this point; changing even the smallest factor in an already stressed environment can create large problems. Casual atmospheres have a tendency to create less competitive environments and ultimately a lower profit margin. Ultimately, any

changes should be part of a holistic strategy and planned out with great detail, or the change could be interpreted as careless.

Before any plan can become realized (Rusaw, 2000), tremendous amount of planning will be necessary. Planning requires execution of the vision, even when faced with challenges. A leader may need to take specific actions to address each challenge independently.

Sustainability

This study analyzed the nature of the organizational behavior with the intent of identifying its relationship to leadership, change, and workplace learning. Although there is quite a bit of literature on corporate growth, change management, and sustainability, there is no data to definitively tie them to each other. Sustainability is critical function of organizational change when part of an outsourcing plan and necessitates a level of strategic thinking and planning. Leaders must look at all aspects of the change and employ activities that promote sustainability of the change. Training is now being considered as one of the top methods leaders can use for process improvement and increased morale. Most organizations put their effort and resources toward gaining the competitive advantage. Leaders that make competitive advantage the sole driver for program development will only realize moderate increases in market share and financial gain. Differing methodologies may exist; however, the end result may be the same. This discussion will guide the sustainability conversation and the factors that influence success. The conversation shifts to the existing barriers to success and what internal and external forces are driving the current business climate.

Organizations must identify what activities drive the performance of each business with the understanding that they will have to align the organization's long-term vision with the plan.

Once the plan is aligned, a detailed change plan must be deployed. This vision is then transferred into the organization's strategic intent or the value proposition that drives the strategy for execution. The development of the strategy will be the roadmap to the end goal, identifying each step necessary to achieve the desired outcome. Periodic steps in the road map should be measured to make sure the plan is in compliance with the needs of the end goal. Much like the end goal, these steps should be realistic and attainable (Kaplan & Norton, 2005).

Most modern business models include sustainability plans that incorporate methods for achieving growth along with components of Corporate Social Responsibility (CSR). FM outsourcing is no different; the new generation of employees is demanding the organizations they work for to have components of CSR and environmental awareness. According to a recent McKinsey Global (2011) survey, organizations are developing sustainability plans that integrate directly into their business vision and methodology. Traditionally, sustainability is a way of managing a reputation or perception; however, organizations are now realizing real financial benefit from this integration. Organizations are seeing savings from energy conservation, development of green products, and retention of key employees; all of these benefits are being realized in increased profits or a decrease in operating costs. Leaders are incorporating these ideas into their change management plan in order to increase buy-in from affected employees.

A functional sustainability plan features multiple parts and includes factors such as the social effect, stakeholder engagement, employee engagement, standards for suppliers and business partners, and employee development. It also includes a plan for quality awareness and improvement, utilizing programs such as CSR. Foci should be both internal and external-facing, and must factor in the current business climate. Stability in the internal environment will help

mitigate unnecessary distractions and non-value added tasks that could impact the change process negatively.

Sustainability is viewed differently in every organization and varies greatly from market to market. Organizations are using sustainability as part of their vision and using a Strategic Process Development Program (SPDP) to transfer this vision into a reality. This SPDP will be utilized as a roadmap throughout the transition phase through to completion of a large scale organizational change. Using internal and external activities, the SPDP will generate market and customer data ensure the focus is directed correctly and the organization will maximize its investment (Rajalakshmi, 2012).

A recent McKinsey Global (2011) study on corporate sustainability showed that just 9% of organizations report that they have developed plans to help the adjust to market trends and these plans include sustainability components. Although interpretations may vary on what the needs are, organizations are taking notice of the practices of the competition. These market demands are forcing companies to look at creative and comprehensive solutions such as workplace learning.

Leaders are facing new challenges that make it more difficult to be competitive and retain their competitive advantage (providing they feel they have one). These challenges may include implementation of corporate training programs. There appears to be a diminishing understanding of these training programs in the present business environment and the importance to the overall organization. This diminishing understanding has led to additional challenges between the modes of execution and the type of training activities in the classroom and on-the-job (Percival, Cozzarin, & Formanek, 2013). The theory behind workplace learning

is that it can be formal or informal and take place at any time or place (Resnick, as cited in National Board of Employment, Education and Training, 1993). The literature explores the history of internal training, such as traditional methods, where training was developed in the manufacturing industry to teach or enhance technical skills. Sometimes called vocational training, this practice taught skills for specific tasks such as pipefitting or carpentry. It was long viewed as an alternative to a college degree and was never meant to provide anything more than low to middle class wages. What the industry saw over time was the strengthening of the middle class through this concept, which created even more emphasis on workplace training and continuing education.

As technology advanced, so did the depth of the training, which became almost as rigorous as pursuing a degree. Depth provided the means through which a company could keep up with the changes in technology and stay competitive. As corporate culture evolved through the 1990s and into the new millennium, the model of corporate growth changed to mergers and outsourcing, which halted the need for internal technical skills. The need then emerged to develop training concepts that helped companies mitigate risk; this new wave of workplace learning was centered on sexual harassment, safety, and political correctness. Senior level managers began to view training as a tool to reducing risk and remain competitive once again.

Many organizational leaders are beginning to identify the positive effects of workplace training and education (Percival et al., 2013). The research is showing an increase in productivity, execution, and efficiency as a result of these training programs. Critics of organizational training believe that it is normally not job specific, too expensive, and fails to deliver the ROI desired (Caudron, 2002). Modern methodologies in human resource

management are focusing on matching the task to the individual instead of the individual to the task, therefore bringing additional value. Organizations are facing challenges with determining the value-add for training. The costs can be startling when quantified on their own merit. Certain fixed costs are incurred, such as coordination resources, instructor, training system, and technology costs. The variable costs include lost productivity during training and employees' wages. When an organization decides to provide training, whatever the reasoning, it is assuming the cost and the risk associated with it.

Many organizations are also finding it difficult to realize the value of training in a high employee turnover situation. Jacques (1990) alluded to a perception among leaders that training is a self-promoting, self-sustaining function, meaning that training coordinators will find anything about which to train. Training and its productivity effects have been studied, but there appears to be very little research from which to develop a theory. However, when one applies training as a tool in promoting change in outsourcing, the volume of data increases. The Organization for Economic Co-operation and Development (OECD) annual report (OECD Worldwide, 2007) offered a validation of this theory; training utilizing internal resources or training that is informal may not be properly recorded and as a result is not capturing the full value. The Labor Force and National Adult Learning Survey have collected data and report that employee learning is non-certified 40% of the time in the United Kingdom (Green & McIntosh, 2006). Additionally, on-the-job training is rarely reported (Kitching, 2008).

Growth

The introduction of outsourcing as a tool for growth has just emerged since 2005. A common business objective in all economies is organizational growth. This growth may be

holistic or planned, and although there are signs of economic growth in the U.S., some economists feel this growth may be somewhat limited due to the maturity of the U.S. market. However, there is an underlying fear among organizational leaders that if they do not continue to perpetuate this focus on growth, they will fail to meet the goals set by stakeholders. It remains a fact that growth as a functional sustainability goal is ingrained into modern business philosophies, and when this growth is no longer attainable, organizations will be unable or ill-equipped to deal with it (Taylor & Cosenza, 1997).

“Organizational growth is tied to *talent management* and the leader’s conceptual ability” (Stevens, 1988, p. 42). Training has become the new trend in organizational strategy that fosters creativity and improvement and enhances internal growth. Although the potential economic benefits (i.e. client satisfaction and financial) are considerable, evaluation studies reveal less than optimum results (Roe et al., 2005). Similar to the effects of downsizing in the latter part of the twentieth century, leaders are focused on financial returns and forgetting the impact on stakeholders, resulting in less than desirable outcomes. More specifically, theories exist that relate unsatisfactory economic results to a failure in the Learning Management System (LMS; Blackwell, 1998). Consequently, leaders tend to throw money at programs that do not help them and their organization develop functional plans. Believing that works in one environment will work in another.

Changes in market demands are forcing leaders to prepare for rapid growth by developing their management skills (Stevens, 1988). Knowing what management style to use at which time (Johnson, 1989) and how to adjust behaviors and visible actions is important. With varying definitions of corporate growth, a holistic approach is needed for this exercise.

Changing the business climate will require managers to first make changes to their personal objectives and improve on the leadership and operational capabilities, along with understanding the tools and activities needed to execute a strategy (Churchill & Lewis, 1983). Great managers are characterized as administrators, entrepreneurs, and integrators. This thinking will be required in order to understand and also communicate the benefit of internal training and learning. The extent to which they exercise on certain leadership traits depends on the situation. Therefore, employee needs, along with business needs, will determine the most effective strategy (Johnson, 1989).

According to Patterson (1998), most studies have been focused on innovation, as they feel it is “the engine that drives revenue growth” (p. 241). The innovation process relies heavily on the knowledge management aspect of growth and includes acquisition, dissemination, and use of new knowledge (Moorman & Miner, 1998; Verona, 1999). The research shows that most authors, along with business leaders, believe that growth through innovation is a legitimate method of corporate advancement. The inputs then become the way knowledge is developed, transferred, and retained within a company.

Fostering innovation may prove difficult unless a plan is developed to build internal structure that has the ability to support the growth. Gertz (1995) asserted that a tactical focus of the approach reduced productivity, implying that organizations should take a holistic approach to growth. This dynamic approach includes a discussion about organic growth. And sustainability would be realized if it was taken into consideration when making decisions. Drawing on economic growth theory, corporate growth takes place when a firm performs in a new and better way. In today’s knowledge era, the determinants of growth have shifted from

raw materials to potential intangible assets—knowledge and innovation capability (Romer, 1989). The innovative side of growth depends heavily on knowledge management. Yang (2012) asserted that successful growth will be realized by firms employing growth-driven core competencies and practicing a knowledge-based view. The analysis of firm innovation capability indicates that it is related to long-term corporate growth. Misunderstandings of the true meaning of innovation have led to poor decisions regarding training, internal education, and possible misconceptions about the ROI, in which firms face considerable uncertainty. Analysts continue to study the association among training, corporate survival, profitability, and growth. Collier, Green, and Pierson (2005) proposed a more basic definition of training effectiveness; they demonstrated that the more positive organizations are, the more benefit they receive from the investment. Increased training of professional workers in large organizations can be related to success and survival; however, this success varies greatly over different skill and education groups. There is, however, evidence in small organizations that increased training for craft and technical workers is associated with better chances of survival, whereas for professional workers the opposite effect is found.

Most corporations will face the decision on how they will view and interpret the concept of sustainable growth. Contemporary society views bigger as better; therefore, leaders translate this value into business sustainability and model their strategies toward high growth rates (Taylor & Cosenza, 1997). This mentality is epitomized in the media today, which reports on the amount of acquisitions taking place daily. It almost appears to be the desired method for growing business. This process for corporate growth is accompanied by the push in academia to develop this theory in current business curricula. The preoccupation with growth is also

evident, although less obvious, in many other areas not directly associated with strategy.

Chandler, Hagstrom, and Solvell (1998) asserted that the new economic drivers for market successes are now related to innovation, efficiency, and the formulation of creative ideas. How this innovative growth can be developed is a consistent question throughout the research.

Because the U.S. economy is showing an accelerated growth rate and the trend is supported by economic market indicators, organizational training programs are realizing at the same time that they are seeing new challenges. Challenges may include the absence of interest in blue collar skilled trades, available educators, and even a general interest in expanding skillsets. Organizations are demonstrating renewed interest in training and education. A tremendous amount of change is taking place in the college and university market, with new options for continuing education appearing every day, including collaborating with other organizations, sharing the expense with the employee, and the utilization of government and local resources. Organizations are now taking a serious look at how development of a relationship or partnership with institutions of higher learning will bring value (Arnone, 1998). Experts are seeing trends in this new education environment that lead them to believe that organizations are inserting workplace learning into the sustainability plan. This development is related to tighter integration of education into corporate goals. Challenges facing curriculum development and delivery are realized by most training advocates and are only compounded by the advancing needs of the economy.

Experts are projecting an endless amount of growth potential for corporations, which contrast with Green and McIntosh's (2006) assertions. They feel that innovation will slow, and companies should change their focus to international trade and growth-using technologies.

Taylor and Cosenza (1997) examined the controversies surrounding corporate growth policies and offered sustained growth as a viable solution to the growth dilemma. However, this growth will need people, processes, and skills in order to succeed.

As organizations begin to realize growth, activities need to revolve around workforce management. According to Ford (2005), it is the responsibility of an organization to inform and prepare their employees for execution of their new duties. This preparation is a key fundamental to understanding what drives the demands for workplace learning, which can be both internal and external. The internal driver (according to this study) appears to be growth, which may come from the need to innovate and develop new strategies or from the development of new technology. There can be multiple drivers; therefore, an organization needs to be proactive and develop the needed curricula and establish the support system.

Organizational Behavior

This study analyzed the nature of the organizational behavior with the intent of identifying its relationship to leadership, change, and workplace learning. An organization's success relies on management's ability to communicate its philosophy, values, vision, and goals. A successful communication plan will lead to an assumed increase in motivation, productivity, cost savings, and quality. Communication will also drive a culture that will build client and employee satisfaction; this culture then determines the type of leadership, communication, and group dynamics needed within the organization. From the workers' perspective, enhanced communication may increase their degree of motivation. The final outcomes are performance, individual satisfaction, and personal growth and development. Although there is quite a bit of literature on corporate growth, change management, and sustainability, no definitive tie exists

between the three subjects. There seems to be an overwhelming perception that trainings do not or cannot be measured; therefore, trainings cannot realize the full value (Collier et al., 2005). However, growing evidence supports the view that training has positive effects on individual or organizational productivity (Holzer, Block, Cheatham, & Knott, 1993).

Some leaders believe that knowledge is acquired through growth and therefore viewed as a commodity. Knowledge in many ways is like oil; it is a commodity widely used and widely available. But all commodities eventually run out. Viewing knowledge as a commodity may lead to complacency when it comes to identifying additional resources needed to expand a training program. This way of thinking becomes a dangerous paradigm when attempting to build sustainability in a business model. The sole purpose of workplace learning is to improve workplace performance. Leaders should be asking themselves, to what extent is this statement true? As an organizational leader, how should the learning and the learning function is viewed? These questions are asked every day by leaders and consultants looking to improve their current performance and adjusting their business model for future needs. However, the benefits far outweigh the initial thought that learning functions are for workplace performance only. Studies have shown that learning activities may help in quality of life for employees and may reduce overall health risks. Identifying risks such as employee turnover, performance, and even creativity may help leaders understand the cost benefits of training and education.

Robbins and Judge (2003) discussed the change in methodology in academia relating to business management programs. There has been a shift in thinking about management effectiveness from the traditional tactical focus to more of a social behavior focus. The social

aspect of management is becoming a factor in a manager's effectiveness. Understanding human behavior may now be a differentiator on how successful a leader is. As discussed in this review, a key element of the success of an outsourcing program is the leadership. Proper leadership will take the needed actions to retain high performing employees and attract new ones. These actions necessitate a leader that can demonstrate emotional intelligence. Robbins and Judge (2003) explained the key competencies of a manager in terms of technical, human, and conceptual skills. This set of skills will separate the effective from successful managers. Effective managers may be able to move an organization from one point to another without successfully meeting expectations and goals. Managers will need to broaden their understanding of learning, or they will continue to struggle to attract new and innovative employees.

Chapter 2 Summary

Outsourcing can create an emotional response when it is not clearly understood by all parties involved. IFM is a unique and complex outsourcing model that is dynamic by nature and requires in-depth understanding to be successful. Unfortunately, IFM is a fairly new model and has a high rate of failure due to lack of understanding, which is a contributor to resistance. Maslow's (1934) hierarchy of needs paints a clear picture of human resistance and the drivers of such resistance. This chapter explored outsourcing, facility management, integrated facility management, change management, leadership, sustainability, organizational growth, and the relationship to each other. The purpose of this exploration was to determine the challenges associated with first generation IFM outsourcing, the strategies and practices that leaders

employ during IFM outsourcing initiatives, how leaders measure success of these initiatives, and what recommendations leaders suggest to manage these change initiatives.

As the study analyzed organizational change and its relationship to a successful outsourcing, it identified key aspects of leadership. This business model needs a transformational leader who embraces change and even risk if the change is to have the potential of bringing value. The leader must have the ability to change perceptions and enhance motivations to work toward common goals.

The current perception of outsourcing will require a leader to develop and share his/her vision with the all stakeholders and the temporary transition team. The formulation of a new outsourcing delivery program will require leaders to adapt their leadership to the specific client and team. This adaptation may be enhanced by the use of lesson-learned exercises to help understand the results of past practices.

Chapter 3: Methodology

Defining what constitutes an exemplary change management practice in FM outsourcing is best accomplished by utilizing a qualitative research study. This chapter describes the aspects of a phenomenological study that was used to collect the needed data from leaders involved in an organizational outsourcing change. A detailed plan of the population is included, as is the reasoning for the participant selection and a description of the data collection methodology. A plan for guaranteeing the protection of human subjects is outlined with all related information needed to assure Institutional Review Board (IRB) approval. The goal of this study was to extract as much accurate data from the subjects as possible; however, it also needed to identify and understand the potential stress the participants might encounter during the interview process. The interview protocol was developed to help minimize these effects.

This research analyzed the nature of the organizational change as it pertained to IFM. The study was designed with the intent of identifying critical aspects of the transition management process. These critical factors, when dealt with effectively, may enhance the success of the outsourcing model. Perceptions vary greatly on what constitutes a successful outsourcing implementation. This study searched for exemplary practices to address the primary challenges in IFM outsourcing with the hope of understanding the variables that influence a successful outsourcing event. As noted previously, Kotter (2005) suggested that more than 70% of outsourcing attempts fail to deliver the desired outcomes. These failures are not tied to a consistent issue; however, the intent of the study was to identify the many factors that may contribute to the success or failure of an outsourcing attempt. This study attempted to identify the critical aspects of outsourcing change and how it is perceived by leaders of the

change initiative. The researcher was tasked with navigating through perceptions that were influenced greatly by the subjects' experiences.

Nature of the Study

Using a qualitative framework, this descriptive study examined the research questions. The researcher utilized his own philosophical assumptions to develop a series of qualitative questions that provided enough data for the development of a thesis. Qualitative research helps define these assumptions as it pertains to his/her worldview. This post-positivist worldview supports the study's goal of understanding and identifying best practices. Key aspects of a qualitative study include the following (Creswell, 2013):

- Research is collected in its natural setting from subjects that are involved with FM outsourcing and able to relate to the questions.
- Multiple data sources are used, such as interviews with semi-structured, open-ended questioning and research literature.
- Research is completed with a holistic approach with the intent of developing a well-rounded view of the complete subject.

This study asked what change management strategies and practices leaders employ during first generation IFM outsourcing. In an effort to establish a list of best practices, this research aimed to develop a clear understanding of the experiences of each research participant. However, it was also necessary to understand the challenges leaders face during first generation IFM outsourcing while implementing those strategies and practices. For this reason, the study utilized subject matter experts as the research subjects. This study also asked leaders to define how they measure success in an outsourcing initiative. Finally, leaders were

asked to offer recommendations for future implementation of change management strategies during first generation outsourcing. The principal investigator used a qualitative approach to explore the following research questions (RQ).

- RQ 1. What change management strategies and practices do leaders employ during first generation Integrated Facility Management outsourcing?
- RQ 2. What challenges do leaders face during first generation Integrated Facility Management outsourcing in implementing change management strategies and practices?
- RQ 3. How do the leaders measure success in an Integrated Facility Management outsourcing initiative?
- RQ 4. What recommendations would leaders suggest for future implementation of change management strategies during first generation outsourcing?

Table 1 shows the corresponding semi-structured interview questions (IQ), developed with the intent of extracting the needed data points to validate the thesis outline in Chapter 1.

Table 1

Research and Interview Questions

Research Questions	Interview Questions
RQ 1: What change management strategies and practices do leaders employ during first generation Integrated Facility Management outsourcing?	IQ 1: What change management techniques and strategies have you employed to solicit and analyze feedback that you have found to be successful?
RQ 2: What challenges do leaders face during first generation Integrated Facility Management outsourcing in implementing change management strategies and practices?	IQ 2: What have been some important challenges (spoken or unspoken) you have run into as a leader in IFM outsourcing implementation? IQ 3: How do you deal with these challenges on a day-to-day basis? (Follow-up with regard to senior leadership and frontline employees) IQ 4: Describe the sources and/or resources which helped you overcome and/or manage these challenges
RQ 3: How do the leaders measure success in an Integrated Facility Management outsourcing initiative?	IQ 5: How would you personally describe the elements of successful Integrated Facility Management outsourcing? IQ 6: How could these elements be measured and tracked to ensure successful IFM outsourcing? IQ 7: As a leader in IFM outsourcing, what methods did YOU employ to benchmark and track your own progress and success as you prepared for and implemented IFM outsourcing? IQ 8: If you were to start over, what would you do differently?
RQ 4: What recommendations would leaders suggest for future implementation of change management strategies during first generation outsourcing?	IQ 9: What recommendations would you make to leaders as they begin to design and implement their first-generation IFM outsourcing initiative? IQ 10: Is there anything else you would like to share about your IFM outsourcing experience that you think would be relevant to this study?

Methodology

Qualitative design. Creswell (2013) described qualitative research as defining assumptions by using theoretical frameworks to describe a problem. These assumptions are based on personal interpretations of the research subject from real world experiences. These experiences are captured in participants' natural settings and make up the data set used to define this study. The natural setting consists of face-to-face interviews or observations over a defined period of time. A qualitative design was chosen as the framework for this study to collect essential data—the participants' experiences. In qualitative research, clarity is achieved when the data obtained from the participants helps to understand participants' "experiences and subsequently assist them to identify appropriate commonalities" (Aldiabat & Navenec, 2011, p. 7). Commonalities refer to related attributes that bind together sets of data.

Phenomenological approach. A phenomenological study describes the common experiences of a group of subjects wherein these experiences are viewed as a phenomenon. A phenomenological approach was chosen with the intent of extracting fresh interpretations of the experiences of involved leaders of change. Creswell (2013) described a phenomenon as a human experience such as anger, frustration, grief, or even joy.

The phenomenological aspect of the research questions was directed at understanding the subjects' lived experiences and generating common themes derived therefrom. These common experiences allowed the study to identify the needed data points for a correlation of views. Phenomenology was employed because of the emerging themes that allowed for the development of a theory as the information was collected. The traditional methodology of phenomenological theory helps to develop an understanding of the participants' "behavior,

regardless of their cultural background, from a social interaction perspective” (Aldiabat & Navenec, 2011, p. 7). Phenomenological research is conducted by using a small number of subjects and developing patterns from derived statements.

Research Design

Participant selection. Participation selection was derived via a purposive sampling approach associated with qualitative research. According to Creswell (2013), this selection approach has three key considerations. The first consideration is that all sample participants must have experienced relatively the same phenomenon and have stories that relate to the phenomenon. Purposeful sampling is the method by which the individual is selected because he/she can relate to the research problem and central phenomenon in the study. The third consideration refers to the sample size. Dukes (1984) recommended three to ten subjects and Charmaz (as cited in Creswell, 2013) recommended 20–30 subjects. Englander (2012) advocated for relying not necessarily on the number of subjects but on the quality of the phenomenon the research is studying. However, Englander stated a minimum of three subjects is needed in a qualitative phenomenological study.

Based on these recommendations, this study included interviews with 15 leaders of a recent outsourcing change. Structured questions were developed to determine the subjects’ perceptions of transition management and how they relate to successful change activities. The sampling was purposeful and targeted a cross-sectional sampling of high level leaders with intimate knowledge of the research subject. The unit of analysis for this study was a single participant.

Sources of data. The intent of this study was to understand the phenomenon in its natural setting, where interpretation and perspectives vary. This study was able to generate a complete understanding of the research questions while conducting an in-depth, cross-sectional analysis of the population. Participants were selected according to their specific involvement in a recent IFM change initiative. Participants were current or former employees of a large publicly traded Fortune 500 Company. The selection process began by acquiring the annual Fortune 500 list of publically traded companies. This list is available on Forturn.com and open to public viewing and use. The list was then filtered by identifying the companies that offered FM services. This information is available in the annual stockholder report available on annualreport.com. This report also provided a list of the executive leadership and associated contact information. The list was then reduced again by using the following qualifiers.

- Criteria for Inclusion
 - Had previously acted as a leader of an IFM outsourcing activity.
 - Had current or recent involvement in an outsourcing project within one year or less, past one year or more not to exceed five years, and both.
 - Possessed a complete understanding of processes used to manage change related to outsourcing.
- Criteria for Exclusion
 - Non-English speaking participants.
 - Not located in the continental United States at the time of the interview.
 - Participants unable to sign the consent form for any reason.
 - Participants with restrictions on sharing of information (legal, moral, ethical).

- Participants who had lost their jobs because of a corporate outsourcing.

Participant Selection

The basis of this study required participants to have a complete understanding of processes used to manage change related to outsourcing. The participants were selected based on industry research in identifying organizations that fulfilled the required criteria. Each participant was willing to accept the terms of the research study, such as being recorded. Compensation or reparation for participation in this study was not given.

Purposive sampling. Purposive sampling strategies are designed to enhance the understanding of selected individuals for developing theories and concepts (Devers & Frankel, 2000). The individuals selected were leaders in a related industry with relevant experience. This selection was accomplished by the selection of “information rich” (Devers & Frankel, 2000, p. 265) subjects who would provide the widest range of information related to the research question.

Maximum variation sampling. This study employed maximum variation sampling as a method of increasing the diversity of data within the study. AncaVitcu, Lungu, Vitcu, and Marcu (2007) asserted that maximum variation sampling develops a more representative sample, even in the face of limited availability of data. This comparison is drawn against a random sampling method, which may develop unrelated data sets. When the pre-qualification was complete, all participants’ names were inserted into a spreadsheet and divided into three categories: industrial, healthcare, and finance/insurance. Names were then assigned a random number and then scrambled within the respective categories with the intent of equalizing the list so it did

not represent their place in the initial Fortune 500 list. At this point, five random selections were identified from each list, which became the final list of prospective research subjects.

Protection of human subjects. The primary research was undertaken with ethics and principles of research, taking into consideration the privacy and dignity of individuals and companies who in the course of this research provided commercially valuable information (Hammer & Champy, 2009). This research was conducted under the oversight of Pepperdine University as stated in the “Protection of Human Participants in Research: Policies and Procedures Manual” (2009). This is in accordance with the U.S. Code of Federal Regulations, DHHS (CFR), Title 45 Part 46 (45 CFR 46), *Protection of Human Subjects*, and Parts 160 and 164, *Standards for Privacy of Individually Identifiable Health Information*, and the California Protection of Human Subjects in Medical Experimentation Act (Code Sections 24170 24179.5). All companies and individuals were notified of risks and dangers inherent to this type of research. They were educated on the benefits of the study and informed of their right to withdraw from the study at any time. Only participants that exhibited free will were included in the research. The associated participant risks were identified, and due to the anonymous coding process used were thought to be non-existent.

Approval from Pepperdine University’s Graduate School of Education and Psychology’s Institutional Review Board (IRB) was secured prior to collection of data. The Pepperdine IRB defines human subjects as: “living individual(s) about whom an investigator (whether professional or student) conducting research obtains data through intervention or interaction with the individual or identifiable private information” (APPENDIX C). All identifying marks were removed and all names were disassociated from the transcripts; participants were offered full

anonymity if desired. Anonymity was assured by using pseudonyms or aliases during the interview process (Creswell, 2013). The option for anonymity was asked of the research subject during the qualification and introduction conversation and again before the recording of the interview began.

Understanding the Pepperdine requirements for research involving human subjects, the following protocol was strictly adhered to and required informed consent, confidentiality, and privacy assurances. All precautions were taken to assure no participants felt coerced and all were exercising free will at all times (Drew, 2003). The study required a minimum of 15 participants over a set period of time to help ensure data integrity. Because of this lengthy process, the participants needed to understand in advance the requirements for involvement.

As required by Pepperdine University, the researcher attained certification training for the protection of human subjects through the Collaborative IRB Training Initiative (CITI) Human Subjects Training Program. This certification was granted prior to the request for IRB approval for research. Upon IRB approval participant selection and contact was initiated. Beginning on February 19, 2016, the discovery phase of the research began.

Data Collection

Data collection methods followed the following criteria. Each participant was contacted through either electronic mail or an introductory telephone call. A brief description (see Appendix A) was given to the potential participant, outlining the basis of and format for research. Following the delivery of the recruitment script (see Appendix B), each participant was invited to participate in the study. Once participants accepted the invitation, their full contact information was requested, and a personal interview was scheduled during the month

of February 2016. The interview time was set at the participant's availability, using the scheduling assistant tool in the Pepperdine email system. Each participant was sent a participant consent form (see Appendix C) by mail or email (his/her choice) and asked to return it prior to the scheduled interview. The initial contact also included details about the interview, such as what method would be used to record data (i.e., recording devices and/or manual note taking) and how anonymity would be assured. The participant was then notified that throughout the duration of the research and after they would be referred to as *participant 1* or a similar name and the only reference to him/her would be on the consent form. The participant was also notified of the time needed for set-up prior to the interview and then asked if any clarification was needed.

Interview Protocol

The interview took place in a private location of each participant's choice and lasted no longer than 60 minutes. The interviewer forwarded a copy of the questions to each interviewee three days prior to the interview so that each participant would be prepared to deliver a complete answer. The interviewee was allowed to bring the form filled in or noted with questions for clarity, but was required to answer all questions verbally. If the interviewee was unsure about the question, the interviewer made every attempt to add clarity but did not lead the subject in any direction. The interview location was selected to assure complete confidentiality and freedom from outside distractions. The seating was face to face, with recording devices placed on a table in front of the subject. Beverages of the subject's choice were provided and set on a tray off to the side; the intent of the tray was to capture any spills if they were to occur during the interview. Prior to beginning the interview, the participant was

asked if he/she had any questions before the recording device was turned on. The interviewer did not take notes while the subject was speaking and allowed for ample time (up to three minutes) between questions for thought development. All precautions were taken to avoid rushing the subject; the researcher strove to allow participants to speak at their own pace as much as possible. After all questions were answered, the interviewer limited himself to only five clarifying questions.

Instrument: Open ended questioning. A semi-structured interview format was chosen so the participants could convey their own experiences with as much detail as they deemed necessary. This method of interviewing was used and, according to Bernard (1988), is best used when the researcher will not get more than one chance to interview someone. The study questions were designed to be objective and also allow the participants to be creative in their responses. The study criteria identified and selected experienced leaders with specific industry knowledge to participate in the study, and the questions asked were designed to elicit personal views of the programs they manage. The following research questions were addressed by asking 10 interview questions.

Reliability and validity. Validity, when used in qualitative research, refers to establishment of a truth (Golafshani, 2003). In the case of this phenomenological study, the truths are subjective and therefore must be used to develop a synthesis within the data sets. However, repeatability among the data sets helps to add stability to the research and therefore qualifies the study. Validity also determines to what extent the research truly measures that which it was intended to measure. Consistent interpretation of interview questions was achieved by cross-utilizing other functional Subject Matter Experts (SMEs; Creswell, 2013) to

review and qualify the interview questions and subsequently, the researcher's interpretations of the data. Validity of the research instrument was assured by utilizing the following four-step process.

Step 1: Prime facie validity. Interview questions were developed with the intent of extracting data in areas on which the researcher wanted to focus. Once the questions were validated, they were asked in a fashion that allowed the subject time to answer what he needed to answer (Anastasi, 1998). The interview questions were appropriately designed, based on a review of the literature that matched each research question. Validity was gained by patterns in question responses and correlation of that same data.

Step 2: Peer review validity. A panel of Doctoral students from Pepperdine University educated in qualitative research was used as the preliminary review committee for validity of the research instrument. This instrument was a table constructed to identify the relationship between the research questions and the interview questions (See Table 1). In order to ensure the panel had a clear understanding of the research, they were provided with Table 1 and a summary of Chapters 1 and 2. They were also given a brief description of the research methodology and the reason for selecting a qualitative research approach.

Step 3: Pilot interview. A pilot interview was conducted using a Pepperdine student with industry-specific experience. This interview was utilized with the intent of validating that the questions would yield the appropriate response. At the conclusion of the pilot interview, the test subject and the researcher agreed that the format and questions were adequate to generate the proper results.

Step 4: Expert review. Lincoln and Guba (1985) recommended lending credibility to a study by having an expert review both the interview questions and the data interpretation. This was achieved by utilizing an industry expert for added oversight, as well as the research committee for continuous review throughout the project. Once all questions were validated, the research committee then gave final approval for use in this study.

Statement of Personal Bias

Personal biases may arise throughout a research project and should be acknowledged by the researcher. Creswell (2013) explained that the principal investigator must not only clearly state his/her bias but also the level of investment he/she has in the outcome of the project. The biases associated with this study are defined as follows:

- The researcher acknowledges a bias based on his interest in pursuing this research and career expectations associated with its completion.
- The researcher is currently employed as a leader of change activities in an outsourcing environment, and is considered by his peers to be an industry expert in the research field.
- The researcher also has 30 years of relevant experience in the field of FM and outsourcing and has worked with or been associated with several of the research subjects over the course of his career.
- The researcher acknowledges his experiences could lead the interview process; all precautions were taken to eliminate this factor by clear creation of the interview questions.

- The researcher also understands that his personal experiences could guide the data analysis and was mitigated by use of Pepperdine Doctoral staff to help in data interpretation.

Many precautions were put into place to conduct the research with an open mind, free from assumptions. Bracketing was used to help mitigate any impact from the personal biases, from the beginning of the research project through data analysis phase. The researcher used self-awareness and conscious oversight to remind himself of potential biases. Glaser (1998) recommends a process of journaling throughout the study as a way of gaining insight. This process was employed by the use of a log with multiple daily entries.

Data Analysis

This study used a sample size of 15, as it would yield a saturation point and allow for accurate data analysis. These 15 participants shared the same relevant background. To ensure data integrity, the researcher was careful to avoid guiding the subjects to a predetermined outcome (Creswell, 2013). The analysis process began immediately following the interviews.

The recordings were scrubbed for any reference to the subjects' identities or that of any organization referred to in the interview. Using the coding process, the researcher began making sense of the data. Thus, coding became an important part of the analytical process because it became part of the data interpretation. Once the recordings were coded to remove all signs of the participants' identities, they were transcribed. Once transcription was complete, the recordings were destroyed.

After the first three transcripts were generated, the researcher began to examine the data for commonalities. Qualitative data analysis is an exercise of making sense and meaning of

collected research data (Merriam, 1998). This analysis is the process of searching for recurring themes within the data sets. These themes are organized by grouping or commonality. The analysis starts by using a process called coding, which, according to Marshall and Rossman (1999), places the data sets into as many categories as possible. These categories emerge as the data commonalities are discovered. The data was analyzed inductively to allow for organic development of emerging patterns. Once the patterns were obvious, they were combined together and then broken down into smaller, more manageable groupings of data.

These commonalities were analyzed further for emerging patterns within the patterns. This process continued as other transcripts were added. Because the categories were multidimensional, they were further broken down into subcategories with a goal of developing a set of themes, thus identifying the phenomenon. The analysis was finally interpreted by the researcher for development of the thesis.

Inter-rater Reliability/Validity

Reliability was achieved by utilizing the following three-step process:

- Step 1. All data was coded by the researcher. The researcher identified distinct concepts and categories in the data, which formed the basic units of analysis. This concept broke down data into first level concepts or headings, and second-level categories, or subheadings (Aulls, 2004). The researcher then re-read the document using these headings to explore how they were related. This relationship would then develop another level of commonalities with which to further group the findings such as similarity, differences, and frequency.

- Step 2. A panel of Doctoral students from Pepperdine University educated in qualitative research was used as the secondary review committee for validity of the results, with the goal of arriving at consensus regarding the coded results. The panel began with review of the coding process the researcher used with the intent to confirm all categories and represent the interview responses accurately.
- Step 3. In events where the researcher and panel review was unable to come to a consensus, the committee then reviewed the data and arrived at final coding results. The researcher attempted to work with the panel to resolve the consensus issue and not just rely on the committee for coding guidance.

Chapter 3 Summary

Many assumptions can be made regarding the factors that influence the success of corporate change related to FM outsourcing. This quantitative study addressed this concern by eliminating misrepresentations of data through structured questioning and allowing the study to come to a solid, validated conclusion. Chapter 3 identified the nature of the study, which used a qualitative approach. This approach was guided by four research questions used to develop data sets. The phenomenological process relied on interviews and coded interpretations of the perceptions of organizational change, offering a clear perspective on how the managed process was received by all involved parties. The sources of data were identified, and the recruitment process was outlined. This chapter also described the sampling method and the methods utilized to protect the human subjects using approvals needed for IRB and the protocols used in the interviewing process. Finally the researcher's personal bias was identified, as was the process for analyzing and validating the data.

Chapter 4: Presentation of Findings

Change management associated with IFM outsourcing has many challenges.

Overcoming these challenges will result in a successful business model that will bring long-term sustainability to an organization. The purpose of this descriptive phenomenological study was to develop an understanding of best practices utilized in the change process of first generation IFM outsourcing. In order to achieve this understanding the following questions were asked:

1. What change management strategies and practices do leaders employ during first generation Integrated Facility Management outsourcing?
2. What challenges do leaders face during first generation Integrated Facility Management outsourcing in implementing change management strategies and practices?
3. How do the leaders measure success in an Integrated Facility Management outsourcing initiative?
4. What recommendations would leaders suggest for future implementation of change management strategies during first generation outsourcing?

These four research questions were answered by asking 14 participants 10 interview questions with the intent of determining what tools leaders use to effect change within their organization. Additionally the participants' perceptions of the outsourcing events were sought. Although outsourcing is the model being used to demonstrate the need for effective change management plans, this study focused on change management and what drives its success. Research participants identified leadership and program challenges, then common themes were identified in the data. These themes were then interpreted and discussed in detail

throughout the chapter. This study took a holistic look of change management and attempted to bring clarity to the process to help guide future successes.

Participants

Participants were selected via a purposive sampling approach associated with qualitative research. According to Creswell (2013), this selection approach has three key considerations. The first consideration is that all sample participants must have all experienced a similar phenomenon and have stories that relate to the phenomenon. Purposeful sampling is the method by which the individual is selected because he/she can relate to the research problem and central phenomenon in the study. The participants were willing to contribute to this study with the understanding that the strictest confidentiality would be upheld. Each subject was forwarded the interview questions in advance and was expected to arrive prepared for the interview, ready to provide complete detailed answers. The sample pool consisted of 14 participants, 13 male and 1 female. Ten came from the service provider side of outsourcing, one came from the client side, and three participants have acted in both capacities (see Figure 1).

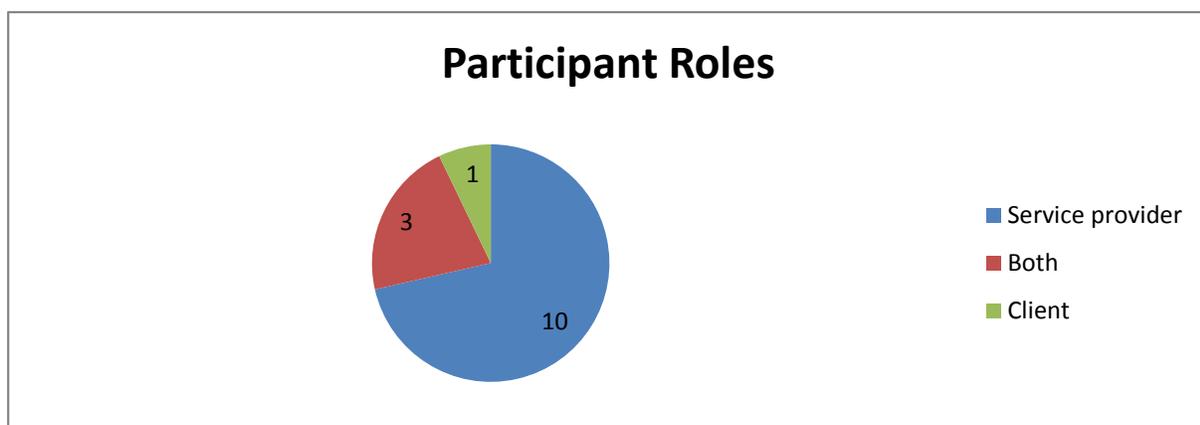


Figure 1. Participant roles.

All participants were current or former employees of a large publicly traded Fortune 500 company. Although 17 subjects were identified as meeting the inclusion criteria, only 14 accepted the request to be interviewed. One participant declined due to a potential conflict of interest and two did not reply to the request after several attempts were made to contact them. All participants requested to remain anonymous.

Data Collection

Data collection commenced on February 17, 2016, and concluded on March 29, 2016. The proposed timeline was originally scheduled to span the month of February but was extended through March due to scheduling conflicts with the participants. This collection period consisted of the initial participant contact and the subsequent interviews. Each participant was contacted via electronic mail or an introductory telephone call. A brief description was given to the potential participant outlining the basis of and format for research. Once each participant accepted, their full contact information was retrieved, and the personal interview was scheduled. A copy of the interview protocol was provided to each of the participants one week in advance by email, in order to provide the participants time to prepare thoughtful answers. On the day of the interview, any last minute questions were answered prior to the beginning of the interview session. An Apple iPhone was used to record the interviews and the following questions were asked:

- IQ 1: What change management techniques and strategies have you employed to solicit and analyze feedback that you have found to be successful?
- IQ 2: What have been some important challenges (spoken or unspoken) you have run into as a leader in IFM outsourcing implementation?

- IQ 3: How do you deal with these challenges on a day-to-day basis? (Follow-up with regard to senior leadership and frontline employees)
- IQ 4: Describe the sources and/or resources which helped you overcome and/or manage these challenges (Jay: Provide a short list of examples).
- IQ 5: How would you personally describe the elements of successful integrated facility management outsourcing?
- IQ 6: How could these elements be measured and tracked to ensure successful IFM outsourcing?
- IQ 7: As a leader in IFM outsourcing, what methods did *you* employ to benchmark and track your own progress and success as you prepared for and implemented IFM outsourcing?
- IQ 8: If you were to start over, what would you do differently?
- IQ 9: What recommendations would you make to leaders as they begin to design and implement their first-generation IFM outsourcing initiative?
- IQ 10: Is there anything else you would like to share about your IFM outsourcing experience that you think would be relevant to this study?

The interviews went according to the defined plan with minimal surprises during the data collection. These surprises were mostly the inability to get firm commitments from subjects and the places chosen to conduct certain interviews. During the initial contact the researcher answered the participants' questions and concerns about the interview and included details about the interview such as what method would be used to record data (i.e., recording devices and/or manual note taking) and how anonymity would be assured.

Data Analysis

Creswell (2013) described qualitative research as defining assumptions by using theoretical frameworks to describe a problem. These assumptions are based on personal interpretations of the research subject from real world experiences. A qualitative design was chosen as the framework for this study to collect essential data—the participants' experiences. In qualitative research, clarity is achieved when the data obtained from the participants helps to understand participants' "experiences and subsequently assist them to identify appropriate commonalities" (Aldiabat & Navenec, 2011, p. 7). Commonalities refer to related attributes that bind together sets of data.

All interview recordings were transcribed removing all identifiers and recordings were destroyed. Each transcript was reviewed several times searching for main themes. Themes were then coded according to the previously defined three-step interrater reliability process:

1. Distinct concepts and categories were identified from the data, which formed the basic units of analysis. Headings and second level categories were created to separate the data appropriately. Common themes were combined and bucketed.
2. A panel of Doctoral students from Pepperdine University educated in qualitative research was used as the secondary review committee for validity of the results, with the goal of arriving at consensus regarding the coded results. The panel began with a review of the coding process and found that the term *leadership* was in two categories at the same time (communication and training/education). Leadership was suggested to be its own category. Additionally, themes such as motivation and engagement were suggested to be combined with leadership.

The changes were made, and thus the third step was not needed. Graphs were created based on themes in each question, and displayed the frequency in which they occurred.

Data Display

The data were organized by four research questions and displayed with each related interview question(s). As the data were analyzed, commonalities developed and a series of common themes emerged. Because confidentiality was assured, the data were captured and redacted, thus only bracketed by commonalities. These themes are displayed by interview question and followed by graphs showing the frequency of each common theme. Although there are similarities in themes between interview questions, they are based only on the data collected within each interview question, therefore making them relevant only to that specific question. The research participants were identified only by reference number (i.e., Respondent 1, Respondent 2, etc.) to ensure complete anonymity.

Research question 1. Research question 1 sought to discover what change management strategies and practices leaders employ during first generation Integrated Facility Management outsourcing utilizing one interview question, which established a series of themes that were analyzed individually and collectively.

Interview question 1. What change management techniques and strategies have you employed to solicit and analyze feedback that you have found to be successful? This question developed four common themes: communication, data/scope, training/education, and processes/procedures (see Figure 2).

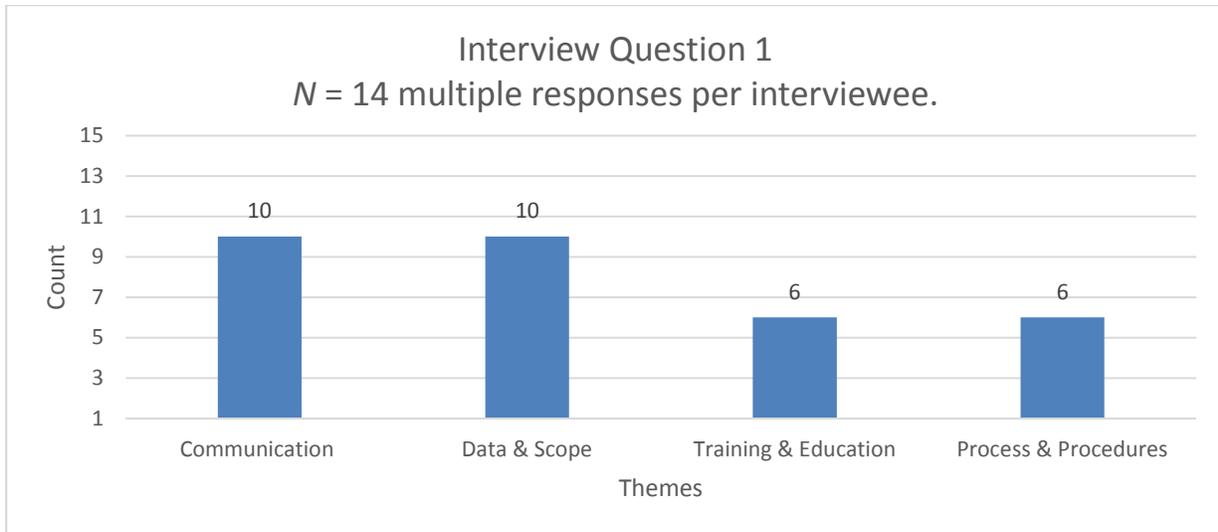


Figure 2. IQ 1: Change management techniques.

Communication. This research was able to develop a common theme of practices leaders have used and at which they have been successful. The most common theme was communication, which had two factors that the research participants identified. These factors were common among all responses to the question and were repeated throughout the study in response to most interview questions. The first of the two communication factors was internal communication within the participants' own organizations. The responses also identified internal communication as a critical function necessary to any successful outsourcing. Respondent 1 stated that "one must communicate at all levels, not just push it down; one must take a broader view and push the communication in all directions" (personal communication, February 19, 2016). Three respondents all stated that this communication must be done in a clear, formal format in order to identify the scope of work and expectations of each team member. All respondents stated that this communication must not be just a one-way street; it must include feedback and in some cases should include anonymous employee surveys.

The second aspect of communication was external communication with the client and client teams, along with the employees affected by the outsourcing. Communicating with the client and client teams helps to ease some of the animosity present due to fear of the unknown, even if the outsourcing doesn't directly affect their jobs. Respondent 1 felt it necessary to vocalize the expectations of the service provider to the client's team in order to create a sense of transparency. Respondent 3 felt that communication in an open discussion format was helpful but could turn into a complaint session. Respondent 3 stated, "I would set meeting guidelines that would set a few minutes for concerns and the rest would be how we were going to address them" (personal communication, February 29, 2016). Setting boundaries and expectations for feedback were ways of getting helpful opinions without turning the session into an environment that could lead to potential conflict.

Data/scope. Nine respondents asserted that clear scope of work and detailed data sets added to the success of a project. This finding was also stated as a challenge, which will be discussed later in this chapter. Respondents discussed that a high level of detail in the plan will reduce mistakes and add continuity to the change process. Respondent 5 iterated "scope clarity is not up to the site teams to assure; it's up to the leadership and sales team to clarify" (personal communication, February 24, 2016). When discussing the details of scope, respondents believed that taking time up front to clearly define the expectations associated with scope of work would reduce the risk of program failures. Detailed scope included specific expectations such as roles and responsibilities; additionally, five respondents said a firm timeline was necessary.

Process/procedures. Respondents also identified useful tools such as Six Sigma; Define, Measure, Analyze, Improve and Control (DEMAIC); and formal project management programs, in particular project planning, as other useful tools to help deliver a successful change in an outsourcing. These suggestions are identified as processes and procedures in the coding matrix. Respondents thought these processes were helpful, but felt a formal process to help control communication would be the key factor of success. According to Antoine Gerschel & Polsky, (2013), failure to invest in development of a structured change management process in the early stages of the outsourcing can lead to increased risk and the potential for failure. Respondent 6 stated, “We should not launch a new project without all of these processes in place and tested” (personal communication, February 24, 2016).

Training/education. Finally, several respondents felt they have seen some success when they used opportunities to train and educate both the client’s team and their own organization. Respondent 1 used information sessions for the client teams to help them understand the benefits of this outsourcing and what to expect during the course of transition. Respondent 2 stated, “I believe training is the ultimate form of communication, this will solve several problems at once” (personal communication, February 29, 2016). Leadership and cultural sensitivity training were identified as key programs used in the preparation of an outsourcing event.

Research question 1 summary. Research question 1 sought to identify what common practices in change management the participants used in their organization. This question identified several respondent successes using communication, clearly defined data, standardized processes and, when available, opportunities for training. The respondents

discussed these themes in detail and labeled them as critical practices for a successful organizational change. Respondents identified clear communication in all forms as the bridge between all change activities.

Research question 2. Research question 2 asked, what challenges do leaders face during first generation Integrated Facility Management outsourcing in implementing change management strategies and practices? This question was addressed by systematically and collectively answering the following three interview questions.

- IQ 2. What have been some important challenges (spoken or unspoken) you have run into as a leader in IFM outsourcing implementation?
- IQ 3. How do you deal with these challenges on a day-to-day basis? (Follow-up with regard to senior leadership and frontline employees)
- IQ 4. Describe the sources and/or resources which helped you overcome and/or manage these challenges.

Interview question 2. What have been some important challenges (spoken or unspoken) you have run into as a leader in IFM outsourcing implementation? Six common themes were identified by the respondents: communication, process and procedures, buy-in and resistance, data and scope clarity, training and education, and support (See Figure 3).

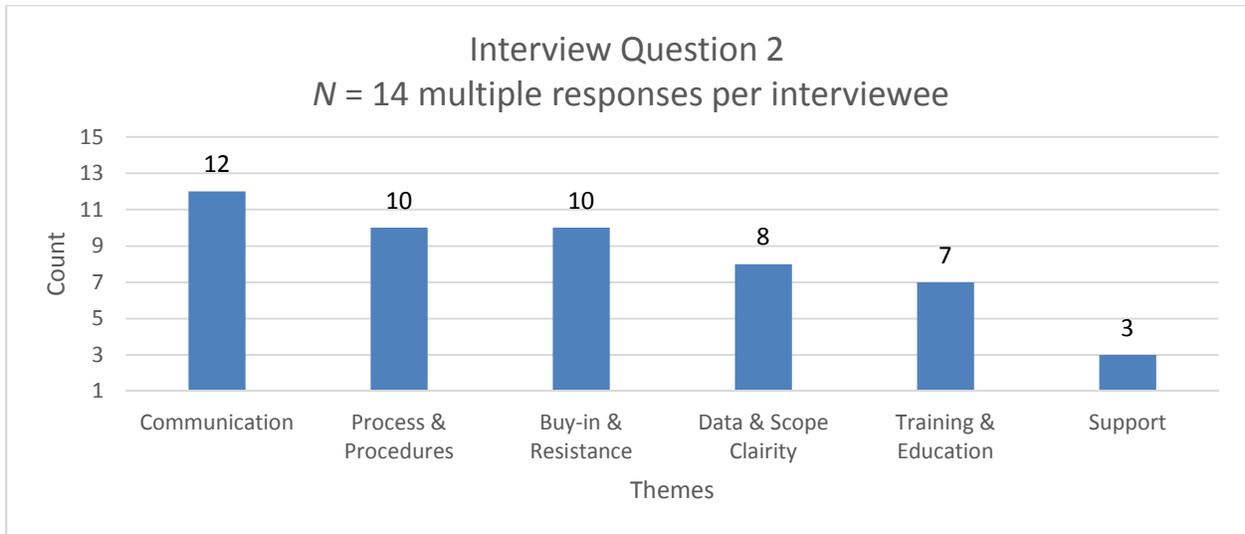


Figure 3. IQ 2: Challenges.

Communication. The diversity of responses about communication varied greatly but nevertheless was identified as a top challenge in outsourcing. Common challenges identified by participants were program buy-in and communication. Twelve responses included various forms of communication, such as regularly scheduled meetings, feedback sessions, and written communication. Respondent 4 stated that “written communication in my company requires specific guidelines, which may handicap me sometimes. That’s why I use verbal communication a lot” (personal communication, February 26, 2016). Communication was discussed at length and identified as a strategy for success; however, it could also be a challenge when not used properly. Respondent 7 stated, “I use a daily briefing update that I have begun to podcast” (personal communication, March 6, 2016). The latter type communication was described as not informing stakeholders of progress or setbacks, and not fully disclosing the state of the project. Not informing the client’s team when problems were encountered created mistrust and caused the client to begin micromanaging the transition, thus adding inefficiency to the process.

Respondent 1 stated, “I will go out of my way to try to over communicate, even if it makes me write 100 emails a day, because it works” (personal communication, February 19, 2016).

Process/procedures. Six of the responses identified poor planning or an absence of proper procedures and processes as a large obstacle to success, on both the provider’s side and the client side. Examples included poor planning and a lack of detail in the project plan, such as missing steps in the project plan, and steps omitted or missed during implementation.

Respondent 9 stated, “We rush into everything and plan for nothing. This continues to plague us with start-up problems” (personal communication, March 9, 2016). Most respondents didn’t detail whether or not the absence of these steps was critical, just that the missing details created confusion and gaps in the project delivery.

Buy-in/resistance. Ten out of fourteen respondents also identified buy-in from both teams as an important element. Respondent 6 identified inconsistent communication as confusing, thus leading to resistance. Understanding that some respondents used the phrase *adversity to change* as a symptom of uncertainty, the leaders felt they were unprepared to effectively manage or create buy-in, thus creating a hurdle to change. Respondent 7 believed that the lack of flexibility to be creative in their own service delivery added to the push back by employees. Respondent 14 iterated this by stating, “I’m not sure why people are so hesitant about changing to something new, but I feel like we can’t do anything right in these situations” (personal communication, March 26, 2016).

Data/scope clarity. Respondent 14 started his answer by stating “my company has never gotten this right. We fail time and time again to have a clear scope of work” (personal communication, March 26, 2016). Seven of the fourteen respondents felt that the lack of buy-in

or acceptance was greater on the provider side than on the client side, due to not knowing the true expectations. Kotter (1996) identified this acceptance as part of a guiding coalition, describing it as crucial to successful change management. Eight respondents identified unreasonable expectations set by the client's team that went uncorrected by project leaders or were not managed properly by the client. This same concern was also identified by Respondent 14, who was from the client side of outsourcing. Most of the eight respondents felt their project leader chose not to set a realistic timeframe in order to appease the customer.

Support. Respondents 3, 6, and 9 felt they had a lack of corporate resources to complete the project. Respondent 3 stated that, in a few instances, when the project needed corporate guidance and resources, corporate said they had no resources and essentially wished them little more than good luck in meeting their goals. When the team rose to the occasion and completed the project, the leadership did not acknowledge or reward the team for working weekends and late nights. All respondents felt the lack of acknowledgement caused low morale, and caused many employees to lose their passion for continuing to support these types of start-ups or the project in general. Respondent 7 also stated, "We are not supported properly when I fail to plan the project properly" (personal communication, March 6, 2016).

Training/education. Four participants identified a key issue regarding incumbency or the transferring of current employees to the new outsourcer. If the service provider were to take on the employer's technicians, those workers would have their own culture. Respondent 14: "I can make an argument both ways on why or why not to hire incumbents but it doesn't matter if we don't to have a plan to train anybody new" (personal communication, March 26, 2016). Having too many members of the incumbent force could lead to resistance because they are set

in their ways. The merging or changing of the incumbent culture appeared to be an enormous and often impossible task. Respondent 5 said, “Trying to form one company out of two is almost impossible sometimes” (personal communication, February 24, 2016). Retraining of this incumbent workforce meant they needed to fully understand how the new program works.

Interview question 2 summary. As in IQ 1, communication was respondents’ main focus. Most believe specifically structured and predetermined points of communication (defined in a documented procedure) will bring the most value and reduce the potential of client and employee dissatisfaction, resulting in less resistance. Communication can also help increase the likelihood of having a clear understanding of the desired and agreed-upon scope of work, which is a critical function in order to deliver expectations to all stakeholders. Finally, a commitment of resources, the gap in talent resources, support, and so forth between the corporate implementation team and the day-to-day team can have lasting effects on the program and potentially jeopardize its success.

Interview question 3. This study attempted to further answer the question of what challenges leaders face during first generation outsourcing by asking the interview question, How do you deal with these challenges on a day-to-day basis? The intent was not just to understand the challenges of outsourcing but how the respondents addressed the challenges and failures, if any. This understanding will help guide future efforts. IQ 3 question produced the most diverse set of answers in this study, including leadership, processes, data and again, communication (see Figure 4).

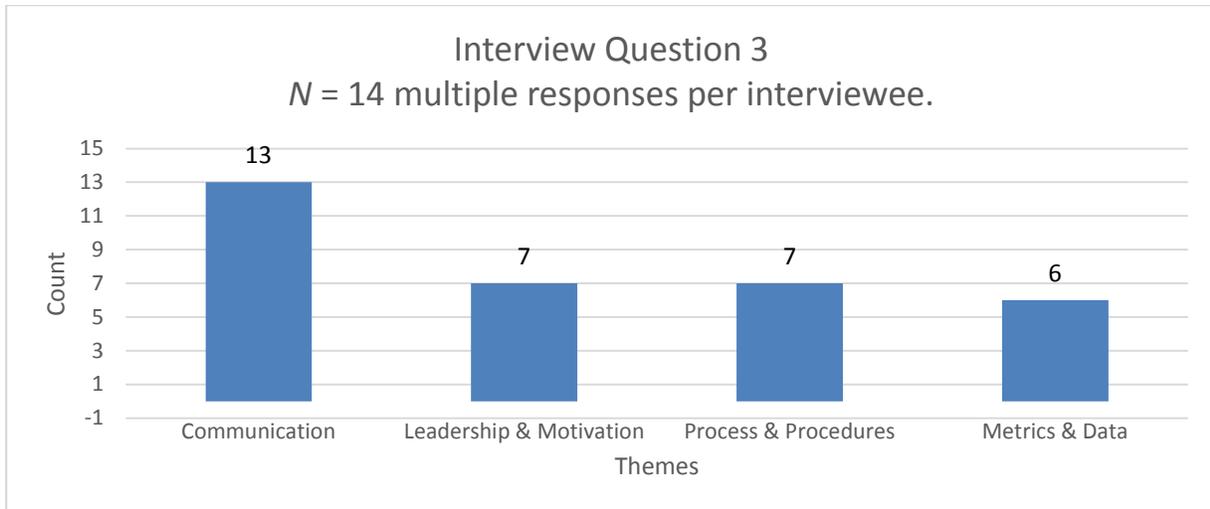


Figure 4. IQ 3: Deal with these challenges.

Communication. Thirteen respondents stated that communication at all levels helped overcome the challenges by discussing them openly. Doing so helped with problem solving by allowing all involved to know what was happening. Respondent 11 reported incorporating key stakeholders' input and using advisory teams/committees to help navigate the complexity of these types of programs. Respondent 4 said, "I ask a lot of questions and give few suggestions until I'm sure I can communicate the right solution to my team" (personal communication, February 26, 2016).

Leadership/motivation. Respondent 7 reported frequently empathizing with employees as a way to motivate them to take action, stay in the game, and push forward. Respondent 14 stated, "Professional candor, especially early on," would lead to trust within both organizations (personal communication, March 26, 2016). Respondents also asserted that this candor helps promote an environment of openness and transparency, resulting in less resistance and an increase in motivation. Respondent 3 stated that, at times, the client does not educate their people, who can lash out if they do not understand the situation. If the employees are not

informed, it builds resistance, and the partnership that needs to be in place can be compromised. Respondent 12 stated, “I use every tool at my disposal to communicate with my team. I’ll call them, write them, and now even text them” (personal communication, March 21, 2016). Effective communication from the leadership team helps to mitigate animosity from the staff, leading to increased motivation.

Process/procedures. Other key responses included developing a more detailed project plan in advance of the change and setting priorities based on customer needs. Detailing a project plan helps set expectations for all stakeholders and reduces potential risks that could be present when misrepresenting priorities. Respondent 7 reported holding employees accountable to time frames and deliverables with their areas of responsibility. Multiple respondents felt employees need to see that company resources are available so they know they are supported in the start-up phase. Respondent 11: “If we had drafted a good project plan, I would have known I had as many resources as I do available to me. I just didn’t know at that time” (personal communication, March 21, 2016). The employees also need to be educated on the client’s view of the program so they can be confident about the partnership and its non-adversarial relationship. Although each participant had his/her own vision of how to deal with the challenges, the consistent message was the necessity of increased communication and known expectations.

Metrics/data. Respondent 14 felt that making a case for improved metrics would help the team members understand the state of the business. Of the six responses that included better metrics, Respondents 2 and 4 asserted that data allow stakeholders to have a clear idea of what the expectations are, equating to less uncertainty within the program leading to less

conflict. Respondent 5 noted that data and metrics represent a clear understanding of the scope of work. If an organization can measure it, they must understand it. Respondent 7 noted, “It’s simple, just know what we need to deliver it and find a way to measure it” (personal communication, March 6, 2016).

Interview question 3 summary. Although identified as independent issues, communication, data, and processes are indicators that the leadership is taking a holistic approach to addressing the challenges associated with a new outsourcing program. This approach will allow each action to possibly support the other actions, developing a process to generate and represent data and information. This information can then be presented as a state of the business, thus increasing communication.

Interview question 4. Respondents were asked to “describe the sources and/or resources which helped you overcome and/or manage these challenges” (IQ 4). Four common themes emerged from the respondents: customer satisfaction, employee satisfaction, financial success, training & education, and emotional intelligence (see Figure 5).

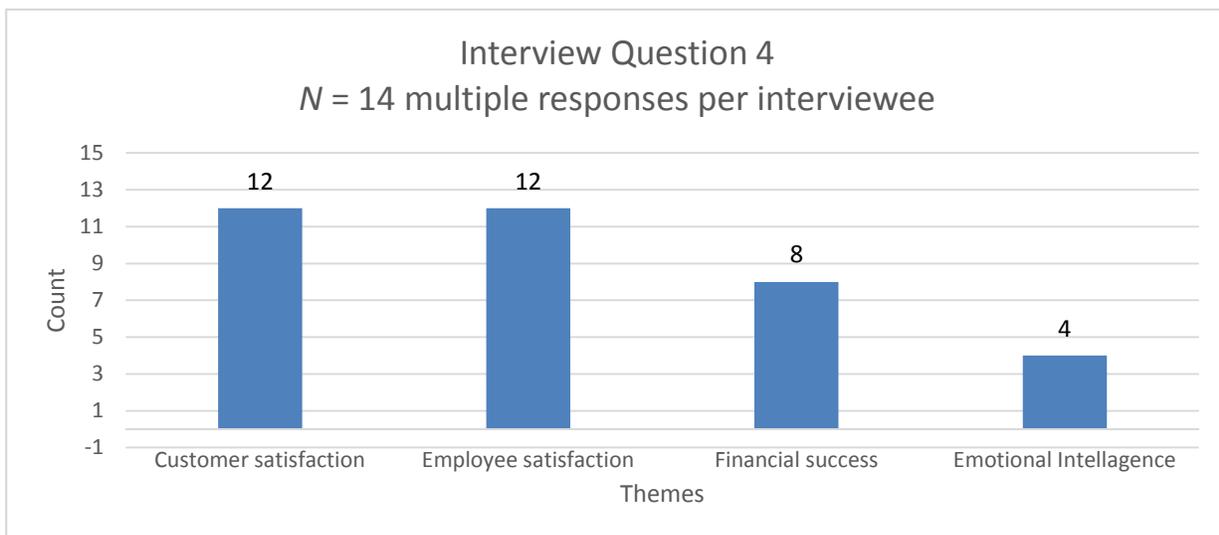


Figure 5. IQ 4: Sources and resources.

Customer satisfaction. Respondent 1 believes “we are here for one reason, to make money, and if you have an unhappy client than the chance of you making money is slim” (personal communication, February 19, 2016). Most participants identified that strong communication management by both customer and participating providers was the key factor in success. They achieved this success by identifying satisfaction in both employees and clients. This understanding helped guide a plan for addressing the challenges. Respondent 14 reported that using tools such as FAQs for each phase is extremely helpful when ensuring alignment. Respondent 1 felt the most important tool was data, both performance and financial. “How do you know what to tell your customer if you don’t have data to back it up?” (personal communication, February 19, 2016). The performance data required defining what success is and how it will be presented for interpretation.

Employee satisfaction. Twelve respondents felt that employee satisfaction surveys and metrics relating to employee turnover have been great tools for identifying problems and overcome them. Rusaw (2000) also asserted that leaders and followers develop their relationship based on reciprocity. Respondent 14 felt that some of negativity and turnover can be attributed to pay and benefits, so they use market analysis to set the employee pay scale. Respondent 9 acknowledged, “I’m not sure we make enough effort to evaluate our salary base often enough” (personal communication, March12, 2016). Respondent 5 stated that over communication with employees led to higher employee satisfaction scores.

Financial success. Respondent 1 stated, “This is a business, and at the end of the day nothing matters if we don’t make money and our client saves money” (personal

communication, February 19, 2016). This sentiment was reiterated by eight of the respondents. Respondent 10 felt that if the client is realizing the financial benefits our organization committed to, resistance may be lower and everyone wins. Although financial success is not immediately realized in most first generation models, the respondents believe there are early indicators of such. Eight respondents believed that measuring and evaluating the financial position consistently is imperative to understanding where the program is at any given point in time. Respondent 10 stated that “my client asks me every day if they are saving money today” (personal communication, March 18, 2016).

Emotional intelligence. This term was articulated by four of the fourteen respondents. They stated that putting oneself in the shoes of affected employees helps one understand what they are experiencing throughout the process. Respondent 14 said, “I need to stop every now and then and remind myself that I was in their shoes at one time” (personal communication, March 26, 2016). They believe that uncertainty is inherent with an outsourcing model that leads to resistance. Respondent 14 asserted that allowing each individual to exercise his/her entrepreneurial right would increase motivation and collaboration, resulting in resistance.

Interview question 4 summary. Understanding what resources are available to leaders involved with change is an important concept. Limitless options can be available to these leaders; however, the leader needs know which ones are the most effective. Responses to this question yielded four consistent themes, with two standing out as the most common: employee and customer satisfaction.

Research question 2 summary. In research question 2, the respondents described the challenges they face in several ways, relating them to communication, clear data, and

processes. Responses related to research question 2 also identified multiple tools for overcoming those challenges. These challenges were remarkably similar to the successes identified in research question 1, in that if these factors were not addressed, they would become a problem. The recurring theme of communication is reflected in several of the findings. Most respondents felt that proper communication would lead to success, as identified in several research findings such as leadership, motivation, and scope clarity. They felt that improper communication would be detrimental to any program, so they make every attempt to address communication properly.

Research question 3. Research question 3 asked, how do the leaders measure success in an Integrated Facility Management outsourcing initiative? Because of the subjectivity of this topic, this question was broken down into four individual interview questions with the goal of developing a full picture of success.

- IQ 5. How would you personally describe the elements of successful integrated facility management outsourcing?
- IQ 6. How could these elements be measured and tracked to ensure successful IFM outsourcing?
- IQ 7. As a leader in IFM outsourcing, what methods did *you* employ to benchmark and track your own progress and success as you prepared for and implemented IFM outsourcing?
- IQ 8. If you were to start over, what would you do differently?

Interview question 5. How would you personally describe the elements of successful Integrated Facility Management outsourcing? Three common themes emerged from the respondents: customer satisfaction, employee satisfaction, and financial success (see Figure 6).

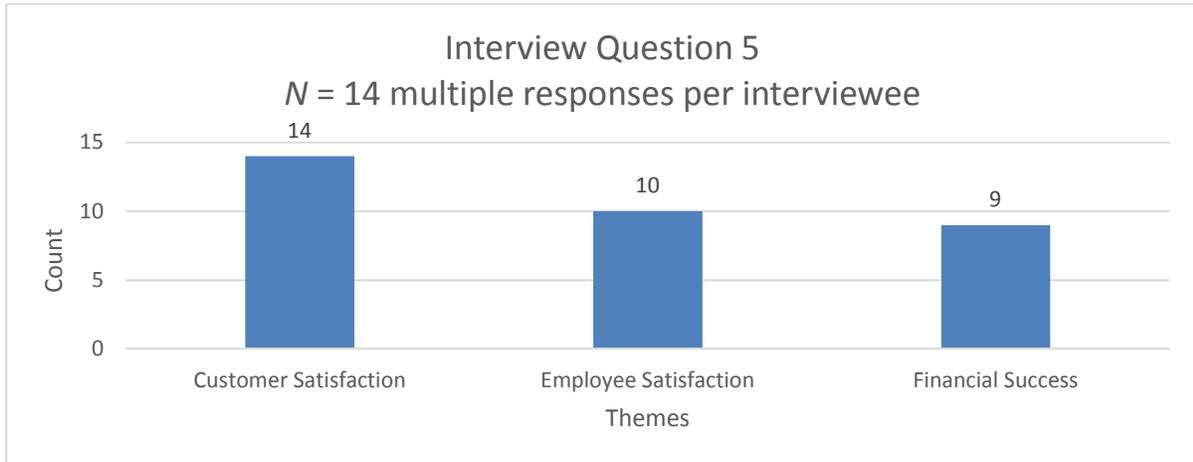


Figure 6. IQ 5: Elements of success.

Customer satisfaction. The respondents overwhelmingly tied success to customer satisfaction. Because Facility management is a service type industry, this answer was not surprising; however, respondents from both the provider side and the client side identified customer satisfaction as key factor of success on both sides of the outsourcing. Participant 2 defined satisfaction as meeting or exceeding predetermined goals. Participant 11 felt that “if everyone is happy then the program is a success” (personal communication, March 21, 2016). Participant 14 stated, “This could be a career-ending decision if it failed so it won’t fail” (personal communication, March 26, 2016), referring to the choice to outsource.

Employee satisfaction. Ten respondents felt that delivering a successful outsourcing without happy employees was virtually impossible. Respondent 14 believed that the demand on the employees’ personal time and commitment was excessive and needed an enhanced compensation package. Respondent 12 stated, “In my company we expect a certain level of

dissatisfaction among employees but if that gets too high the risk level goes up” (personal communication, March 21, 2016). Respondents stated that by using emotional intelligence and identifying the apprehensions and concerns of employees, they are able to address these concerns as they come to light.

Financial success. Nine of the respondents stated that meeting financial targets is the main definition of success, in their personal views and the views of their clients. Much like the responses to IQ 4, the respondents measure success both internally and externally. Respondent 14 had the view that the organization was successful when it had the financial ability to incentivize, properly train, and develop employees. Respondent 7 iterated that “in early outsourcing, you can’t always measure financial gain, you have to look at overall value” (personal communication, March 6, 2016). Although full financial success may not be realized by the client for quite some time, in most cases the service provider realizes this benefit quickly.

Interview question 5 summary. Happy clients and employees are what the leaders interviewed believe make a successful outsourcing. Although client satisfaction garnered 14 positive responses most believe it is not possible without satisfied, engaged employees. Although several factors equate to a successful program, delivering the financial commitments to the client both internally and externally will define the success of the outsourcing program.

Interview question 6. How could these elements be measured and tracked to ensure successful IFM outsourcing? IQ 6 sought to learn how respondents measured the successes identified in IQ 5. Although these measurements will identify successes, they may also measure areas of needed improvement. Three key themes emerged throughout this process: key performance indicators, employee satisfaction, and the use of audits (see Figure 7).

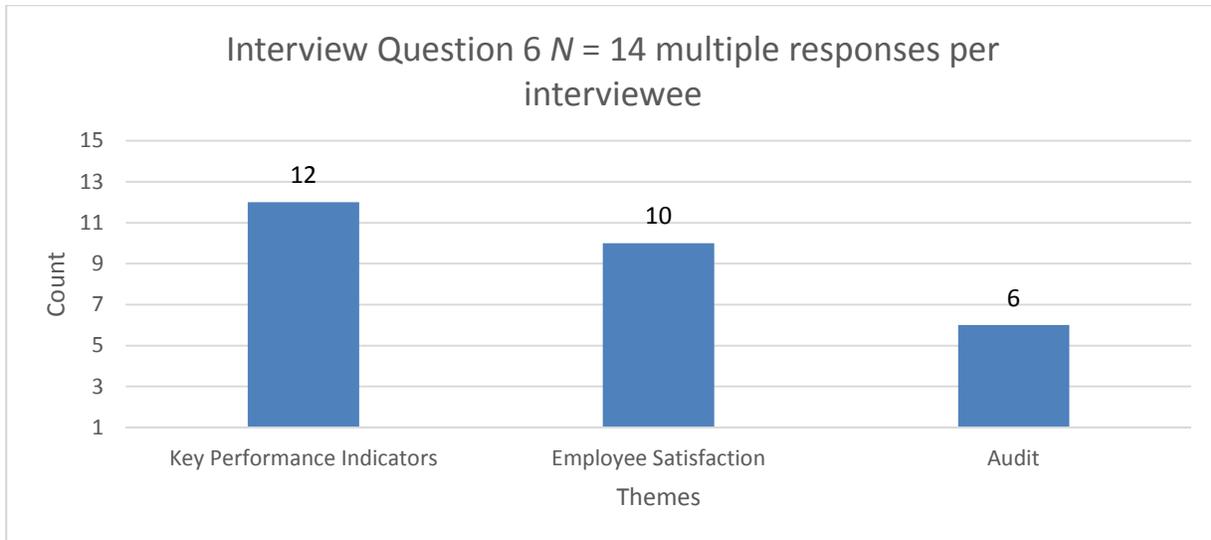


Figure 7. IQ 6: Elements to be measured and tracked.

Key performance indicators (KPIs). Respondent 14 was adamant that KPIs are business decisions and the only thing that really mattered at the end of the day was the financial picture, which are measured by financial metrics. Respondent 3 stated that his team would identify KPIs that align with overall vision, values, and strategic plan. Respondent 5 stated that as part of the project plan, if properly aligned, measurement mechanisms should already be in place to benchmark current performance, evaluate the expected influence of IFM, and monitor post-implementation of each element (e.g., safety, customer satisfaction, efficiency, etc.). Respondent 14 believes that “you must measure it and then measure it again and then again if you want to know how you’re doing” (personal communication, March 26, 2016). Respondent 5 also felt if these steps were absent at the beginning of the project, it will be a failure. Measurement was deemed the most important indicator of the program. Respondent 12 stated that key performance indicators are a snapshot in time and deliver a view of the moment, measuring performance overall. Respondent 12 also felt there are opportunities to dig deeper

and to measure success and continuous improvement through the use of root cause analysis (RCA) tools, which could measure success as well as cost savings.

Employee satisfaction. This question identified many of the same themes as IQ 5, such as satisfaction among both sides—employees and individual clients. Respondent 2 felt that employee turnover and employee satisfaction are a major indicator of employee satisfaction and their organizations use internal tools to measure these factors. Respondent 12 stated, “If employees are unhappy it is completely my fault. This is my number one job” (personal communication, March 21, 2016). Of the 14 respondents, 10 stated that they felt measuring employee satisfaction was a good indicator of how well the program was doing. Several responses identified a formal employee survey that was used as a tool. Other tools identified as a metric were employees’ reviews and general feedback or idea forms.

Audits. Six of the fourteen respondents stated that they use some form of audits to measure the state of the business. Respondent 5 stated that if work was being completed on time and the quality was acceptable, it was a sign that the program was a success. Respondent 3 believes there are other opportunities to dig deeper to measure success. Respondent 13 also stated, “Spot checks helps keep everyone honest” (personal communication, March 24, 2016). Continuous improvement through RCA could measure success as well as cost savings. The auditing process can be a useful tool if set up and interpreted properly. Most responses yielded the type of tool but not how it was used.

Interview question 6 summary. Responses to IQ 6 were focused on measuring success by utilizing KPIs, audits, and employee satisfaction. Although these tools were used in different manners, they all indicated the state of the business at one point of another in the lifecycle

of the outsourcing process. Respondents believe that measuring the state of the business was just one more way they could improve the success of the program and ensure continuous improvement.

Interview question 7. As a leader in IFM outsourcing, what methods did you employ to benchmark and track your own progress and success as you prepared for and implemented IFM outsourcing? This question was similar to IQ 6; however, its intent was to extract how and if the leaders measured themselves against another metric. Most respondents had a difficult time differentiating the two questions. Due to this issue, many of the responses and references were similar to IQ 6: financial performance, client satisfaction, employee turnover, tools and processes, and the number of recorded disputes (see Figure 8).

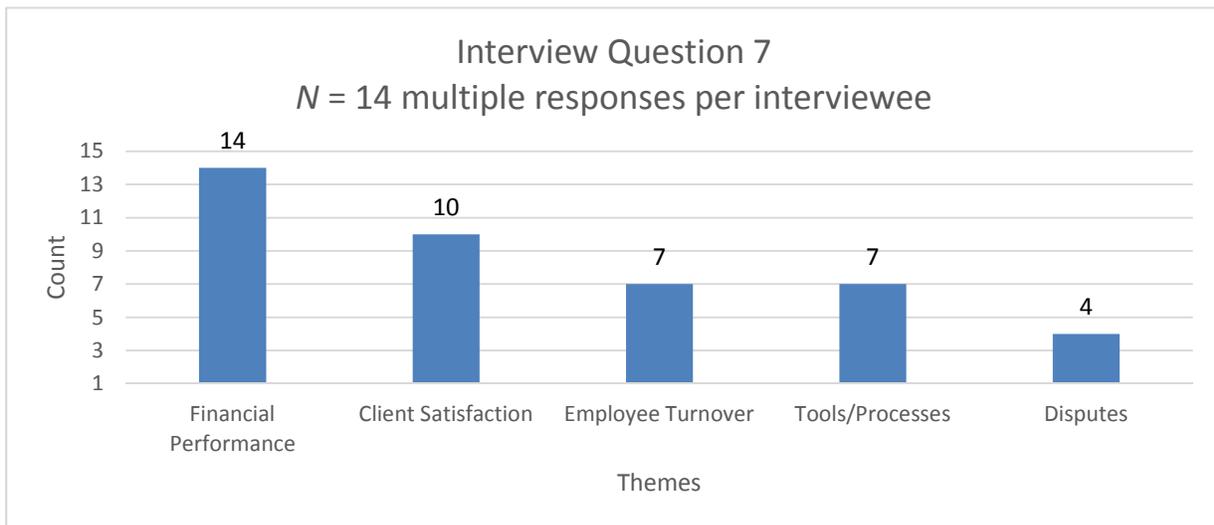


Figure 8. IQ 7: Benchmarking.

However, respondent 1 felt that it was misleading to benchmark against other companies or projects due to the fact that each outsourcing event was as different as a fingerprint.

Financial performance. The respondents gave similar answers related to financial performance, which was, without question, the most dominant theme for IQ 7. Similar to responses given to IQ 5, the respondents measure success by both internal and external success metrics. Respondent 14 had the view that the organization was successful when it had the financial ability to incentivize, properly train, and develop employees. Respondent 10 described financial success as “hitting every target I set out to—anything less is failure” (personal communication, March 18, 2016). Financial success is measured in several ways in outsourcing due to the fact that the financial benefit may not come to the client for quite some time; however, in most cases the service provider realizes this benefit quickly.

Client satisfaction. Ten respondents’ answers to IQ 7 tied success to client satisfaction. Because this industry is an FM service type, this answer was not surprising; however, participants from the provider side and the client side identified it as key factor of success on both sides of the outsourcing. Respondent 2 defined satisfaction as meeting or exceeding predetermined goals. Respondent 2 also stated, “If the client is going to base their satisfaction on our performance, then we need to be clear on what those expectations are” (personal communication, February 29, 2016). Respondents admitted that long-term sustainability of an outsourcing account is tied to client satisfaction. Although the responses identified several methods of measuring the satisfaction, they mostly agreed that this measurement is a critical function and is imperative to understanding where one compares in the market.

Employee turnover. Respondent 8 stated that it’s not necessarily bad to have turnover but a leader must analyze “filled positions vs. identified and agreed upon positions, time to replace, vacancy rate, etc.” Seven responses included some form of employee turnover as a

metric they use to evaluate how they compare to other organizations. Respondent 1 asserted that “it’s not how one compares in the industry, but rather how one compares to clients’ expectations” (personal communication, February 19, 2016). Seven of the fourteen responses identified employee turnover as an indicator of the state of the business. Respondent 13 stated that “if I have a high turnover in employees, there is something wrong with my program and I will never meet financial targets” (personal communication, March 24, 2016).

Processes/tools. As discussed in response to IQ 5, respondents also used examples of project road mapping and then measuring against the road map to identify their best practices. Road mapping then gives leaders the ability to course correct, which helps promote transparency and partnership, according to respondent 7. Respondent 9 asserted that tracking occurs via formal project management tools established specifically to guide the implementation team through all standard pre- and post-implementation activities. Respondent 10 stated that “if we have a process for everything we can’t lose” (personal communication, March 24, 2016). Respondent 3 also believes that looking into industry organizations like IFMA and NFMT (National Facility Management and Technology Association) would be beneficial.

Respondents also used examples of project road mapping and then measuring against the road map to identify their best practices. They stated that a road map could be used as part of the initial scope discussions and would include intersections that would allow for course correction at pre-defined intervals, if necessary. This ability to course correct helps promote transparency and partnership, according to respondent 7. Respondent 9 asserted that tracking

occurs via formal project management tools established specifically to guide the implementation team through all standard pre- and post-implementation activities. Use of this tool then becomes the main process for benchmarking.

Disputes. Four of the fourteen respondents identified the number of contractual or execution disputes as a bench mark. The respondents stated they would evaluate other projects they were involved in and benchmark against them. Respondent 8 stated that disputes between client and service providers are indicative of how the program is going. Respondent 10 iterated, “There will be conflict in all service delivery models, especially related to outsourcing; however, the frequency and severity of these disputes tell the story” (personal communication, March 18, 2016).

Interview question 7 summary. Respondents acknowledged several ways of benchmarking the progress or success of their outsourcing programs against other organizations. Although five themes were identified in response to this interview question, measuring financial success was by far the most dominant theme, with all 14 respondents using it as a benchmark. As in several other interview questions, client or customer satisfaction was a method and or an indicator of how the program was faring.

Interview question 8. If you were to start over, what would you do differently? Although these measurements will identify successes, they may also measure areas of needed improvement. Three key themes emerged throughout this process: resources and planning, communication, and leadership (see Figure 9).

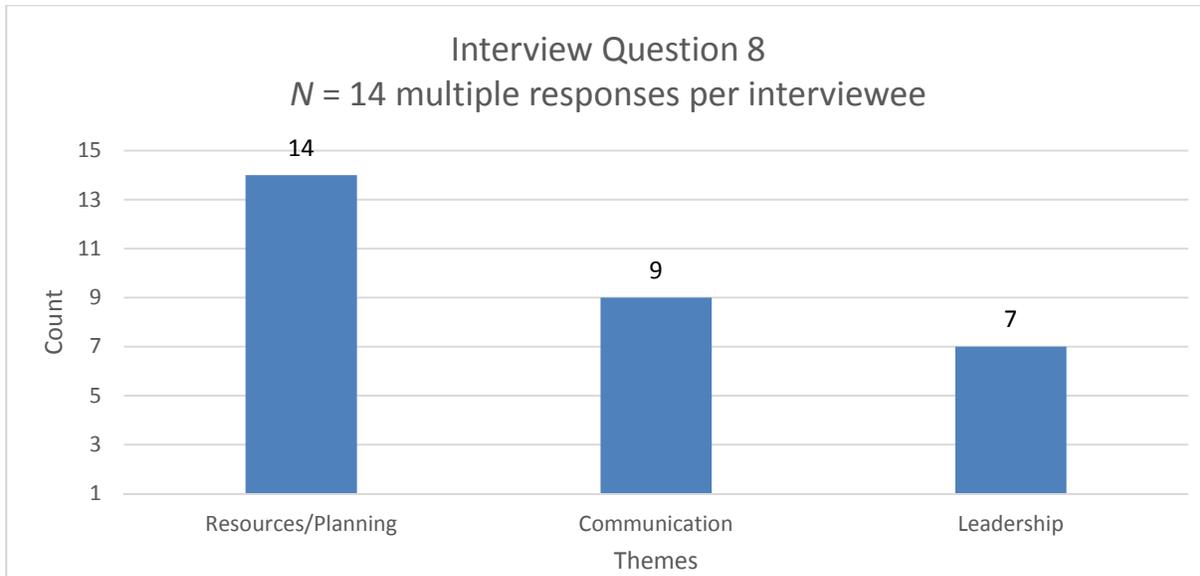


Figure 9. IQ 8: What would you do differently?

Resources/planning. Nine of the fourteen respondents asserted that planning of resources to support the initiative would be an area of focus on the next project they lead. Respondent 12 felt that the leaders should develop plans for future projects that include incentives for employees who dedicated their personal time to the projects. The lack of resources is driving the existing workforce to work unrealistic hours. Respondent 14 stated that “planning for additional resources allows me to manage perception of the clients and employees” (personal communication, March 26, 2016). Most responses showed a limited emphasis on the project implementation and planning of the needed resources, internal and external. Respondent 12 felt that this failure to plan effectively added unnecessary challenges to the project.

Communication. All 14 respondents felt that increased communication would be an area of improvement they would personally try to accomplish. Respondent 8 believes, “If I needed to improve only one thing it would be my communication style. I don’t listen enough and I make comments without thinking about the end result” (personal communication, March 9,

2016). This theme was common in most interview question answers. Respondents asserted that communication is the most common factor in failure and success. Respondent 14 would like to learn how to communicate more effectively and has never had any real training in the skill of communication. Most responses indicated that more verbal communication would be better than just using email. Although there has been no formal training, a high level of expectations around communication still exists.

Leadership. IQ 8 asked participants, if you were to start over, what would you do differently? From a leadership standpoint, this question seemed to bring out more emotion in the respondents than the other questions. Respondent 1 stated, “When I took over as a leader in this organization I was totally unprepared. I had to go out and hire a coach to help me adjust quickly” (personal communication, February 19, 2016). Respondent 1 went on to say they learned quite a bit from the coach but still has a lot to learn. Seven respondents stated that they would like to try to become better leaders. They felt they should be using emotional intelligence and helping to identify and use existing best practices as two other key aspects of leadership. Several respondents felt they needed to increase their involvement in the pre-project planning with the hope of setting better expectations for the client and better defining the scope. Respondent 7 said, “I’m terrible at planning and that seems to create confusion. I need to improve on that next time” (personal communication, March 6, 2016). Several respondents felt they have failed the most in this area.

Research question 3 summary. It was clear that the responses to this series of questions to understand how the respondents identified success and how they measured it were tied to how their employees felt about the program. Employee satisfaction played a large role in how

they interpreted success, as did client satisfaction and financial success. When all of these factors are present, the respondents felt they would have a successful program.

Research question 4. Research question 4 asked, What recommendations would leaders suggest for future implementation of change management strategies during first generation outsourcing? Two interview questions were used to explore this question.

- IQ 9. What recommendations would you make to leaders as they begin to design and implement their first-generation IFM outsourcing initiative?
- IQ 10. Is there anything else you would like to share about your IFM outsourcing experience that you think would be relevant to this study?

Interview question 9. What recommendations would you make to leaders as they begin to design and implement their first-generation IFM outsourcing initiative? Although these measurements will identify successes, they may also measure areas of needed improvement. Five key themes emerged throughout this process: scope clarity and expectations; training and education; communication; resources; and soliciting buy-in or consensus (see Figure 10).

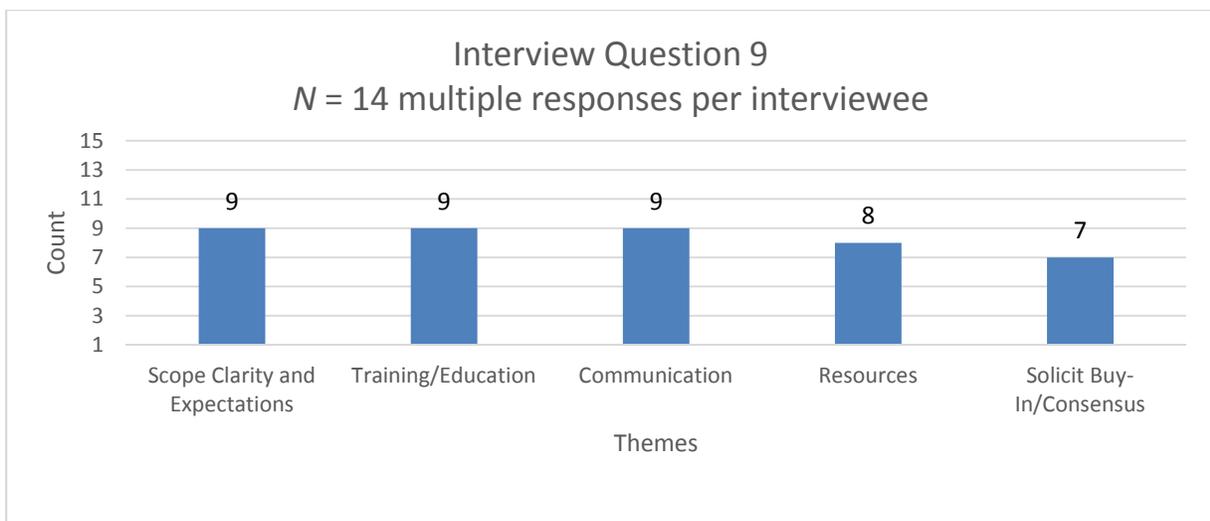


Figure 10. IQ 9: Recommendations for future programs.

Scope clarity. Nine respondents identified a failure to clarify the scope of work and what expectations are identified in it. Respondent 4 believed that openly discussing the needs of the business with the client helps clarify scope and eliminates most of the grey area that is inherent to the IFM model. Respondent 7 felt that increasing the detail in scope of work documents by adding timelines brings substantial value. Respondent 8 stated that “not knowing what is expected from a project is the main reason we fail to deliver our commitments” (personal communication, March 9, 2016). Respondent 8 believed the only key to success is a clear scope.

Training/education. Respondents also agreed equally that they would expand their training programs to incorporate all team members and have the client share in developing a curriculum that will address critical activities being performed during the transition phase. As a bonus, they felt this inclusion would also help institute buy-in by the team. Respondent 7 believed that a joint training program between service provider and client brings unseen value, and will be part of their next project. Nine of fourteen respondents included training as a recommendation. Respondent 14 stated that “a good training program will help define clear expectations and give confidence to the delivery team” (personal communication, March 26, 2016).

Communication. In response to IQ 9, the participants stated that they would communicate differently and more frequently. This finding is consistent with responses to IQ 1 and IQ 2, as it relates to communication and its effect on success and challenges. Nine participants felt that changing or expanding communication would be the top recommendation for new projects. Respondent 12 stated that “I would recommend less email and more verbal communication” (personal communication, March 21, 2016). Several respondents identified

communication as both internal and external to leadership for communicating progress and to peers and employees for communicating expectations.

Resources. Most respondents felt they failed to request the proper resources to support the project, especially during the transition phase. Respondent 10 stated, “I didn’t know what resources to request at first but I would recommend you find out what you have at your disposal” (personal communication, March 18, 2016). They also believed that they were not supported properly by their organizations. Extra resources will help mitigate the chaos sometimes associated with these types of programs. Identifying and detailing these needs up front would enhance the leadership team’s ability to manage the transition.

Buy-in/consensus. Last, respondents also agreed equally that they would expand their training programs to incorporate all team members and have the client share in developing a curriculum that would address critical activities being performed during the transition phase. As a bonus, they felt this inclusion would also help institute buy-in by the team. Seven of the fourteen respondents stated they will find new and resourceful ways of building consensus among team members. Most believed there is a large opportunity to increase involvement. Respondent 14 believed, “It is all up to leadership to do what it takes to get buy-in from the team” (personal communication, March 26, 2016). Most respondents believe that if a leader communicates and plans the program properly they will receive less resistance.

Interview question 9 summary. Question 9 provided a set of recommendations for future projects. These recommendations as seen from the participant’s eyes will bring value to future projects. The respondents identified scope of work clarity and communication, as well as training and using additional resources, as the areas of focus for other leaders. Most

respondents believed by following these recommendations they would be able to increase buy-in and decrease adversity in a new outsourcing project.

Interview question 10. Is there anything else you would like to share about your IFM outsourcing experience that you think would be relevant to this study? Although these measurements will identify successes, they may also measure areas of needed improvement. Three key themes emerged throughout this process: strategy development, communication, and focusing efforts (see Figure 11).

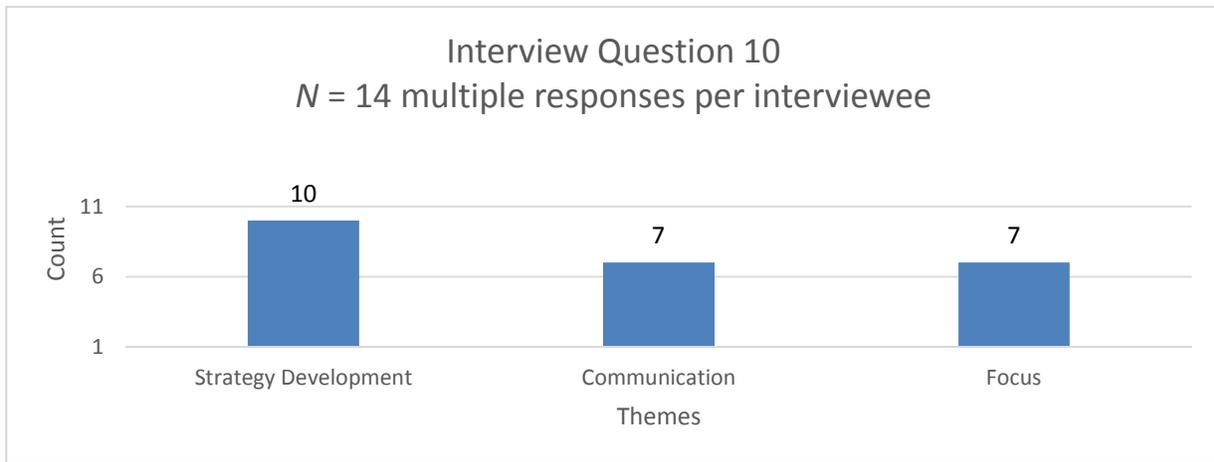


Figure 11. IQ 10: Further recommendations for this study.

Strategy. Ten responses focused on strategy development and execution. Respondent 13 stated that the request for proposal (RFP) process usually does not allow for the proper due diligence. As a result, contingency needs to be built in and verified. At the same time, there needs to be a push to take advantage of established practices to bring efficiency and continuity to the program. As Respondent 7 noted, “Don’t reinvent the wheel; if a practice works somewhere else, use it” (personal communication, March 6, 2016). Respondent 11 stated, “I would consider using a consultant in the future to help develop a plan of attack” (personal

communication, March 6, 2016). Respondent 3 also believed that strategy needs an outside set of eyes looking at things to help develop a sustainable strategy.

Communication. Respondent 14 asserted that leaders need to inquire with others about their experiences in order to learn what worked for them, “what didn’t, and what’s still working” (personal communication, March 26, 2016). Seven of the fourteen respondents believed that the main function is to communicate. They must then apply those learnings to the design and implementation of first generation IFM outsourcing. Respondent 3 believed that internal and external communication, along with a plan to utilize the solicited information, brings depth to a communication plan. Respondents felt that some form of increased communication is necessary in order to ensure a new outsourcing program will be successful.

Focus. Seven respondents felt that one of the challenges in providing a service in the outsourcing industry is the lack of strategic focus. Respondent 1 stated, “Do not attempt to be everything to everybody” (personal communication, February 19, 2016). This comment was reiterated by several respondents as a path to failure. Respondent 7 emphasized the importance of knowing your identity as an organization and focusing on the activities you do well, resulting in less failure.

Interview question 10 summary. Respondents stated that they felt they failed in some cases because they failed to develop and properly communicate a business or program strategy. This strategy would be used to develop an execution plan built on existing best practices but would also be used to develop new technologies and ideas. They recommended over communicating to affected staff, as FM outsourcing is a relatively new concept and all

stakeholders may not completely understand the benefits. The respondents offered the following main recommendations:

- R1. Outsourced providers do not need the same attention, but should be advised of the client organization's strategy and timeline, especially if they are strategic.
- R2. Client senior leadership of and communication to departments and management is a must at all levels executing the IFM strategy.
- R3. Study and understand the real and perceived effects on existing workforce (employment). Such an understanding will play out in a variety of ways depending on the institution and its organization.
- R4. Establish formal key decision making criteria about going forward and supplier selection in early phases.
- R5. Maintain core team involvement in every step; do not delegate activities across the organization when developing key scope requirements or conducting the sourcing exercise.
- R6. Enhance the focus on human factors.
- R7. Identify key steps in advance of final supplier selection. Development should include extensive agreement in principal discussions and a final due diligence with full disclosure of any information previously restricted.
- R7. Recommit, and then go forward. The phase between evaluation of viability and going forward will tend to lose some momentum and energy.
- R8. When an organization is first converting from an out-tasked model to an integrated, outsourced model, the customer team is the least experienced but also

leading the IFM process. A highly collaborative sourcing strategy must be employed to take advantage of the outsource provider's knowledge and experience.

- R9. Develop a transition plan with specific milestones, dates, and achievable timelines.
- R10. Institute weekly meetings to discuss milestones, challenges, and additional client support.
- R11. Develop of a project review board (PRB) to review project implementation plan prior to start-up, post start-up review of Project Execution Plan.
- R12. Assemble SMEs and one level down (startup team) to review the plan by section. Identify gaps and set dates to reconvene on a set date to review updates and complete plan.
- R13. Develop and set employee bonus criteria for meeting goals and timelines, to include an internal and client feedback mechanism for rate the success of the project.
- R14. Select departmental leads for each discipline (safety, human resource, operations, engineering, accounting, and support services) to create goals and timelines.

Research question 4 summary. All of the aforementioned recommendations can be placed into one of the categories. Although each is unique, they draw a common theme. Beginning with strategy, the respondents felt there could be improvement in recruiting, process, and strategy development. Starting each and every project with a comprehensive strategic plan will add guidance to the overall process. This guidance will help eliminate some of

the uncertainties normally associated with projects of this scale and scope. Uncertainties can create discontinuity and discontent, leading to resistance. The respondents believed this resistance can lead to a project that fails to deliver expected results.

Once again, communication was a common denominator among most interview responses; participants emphasized the importance of both internal and external communication in settings such as meetings, discussions, and training. The focus should be on keeping stakeholders informed of the progress of the project and any necessary changes in direction. Respondents also identified the importance of scope clarity and soliciting buy-in. Although identified as individual recommendations, each factor could support the recommendation of increased communication.

Chapter 4 Summary

The purpose of this descriptive phenomenological study was to develop an understanding of best practices utilized in the change process of first generation IFM outsourcing. Eighteen main themes emerged, with the top three themes equating to 39% of all responses—communication, employee satisfaction, and customer satisfaction, respectively. Data scope/clarity, financial performance, processes/procedures, resources/planning, and training/education were 39% of the total responses, leaving the remaining themes which equate to 22%. These remaining themes were buy-in/resistance, leadership and motivation, key performance indicators, strategy development, focus, audit, disputes, emotional intelligence, and support. Communication was identified as the most important theme among all respondents and was mentioned 60 separate times throughout the interview process.

Chapter 5: Conclusions and Recommendations

Mills (2000) equated change failures to a leader's inability to influence desired behaviors in others. The intent of these behaviors is to operationalize the decisions leaders must make, thus transferring the vision into reality. As discovered in the literature review, leaders must make a series of sometimes critical decisions on what actions to use with the hope of executing this vision effectively. When executed well, these actions can lead to a set of best practices the leader can use and scale to other opportunities.

Summary of the Study

The researcher undertook this study with the intent of understanding best practices utilized in the change process of first generation IFM outsourcing from the perspective of the involved leaders. The participants were asked to help identify the challenges and successes they have experience in past outsourcing activities. Although success is subjective, and according to some of the participants, account specific, this study generated a series of common themes on which to develop a well-rounded view of this type of outsourcing and the change management techniques used. Respondent 7 believes that personal input is a good approach to this project but recommended a survey backed with project specific metrics. The study discovered varying interpretations of the questions but ended up obtaining consistent messages from the participants.

Study Results

The goal of this study was to identify best practices utilized in outsourcing and consisted of two phases; Chapter 2 featured a review of the literature with the purpose of understanding the existing body of knowledge, and Chapters 3–4 presented the framework and data gathered

in this qualitative study. The literature review identified several themes that were the focus of prior analysts and authors, focusing on change management techniques, leadership, and employee training. The literature review attempted to understand the effect of change resistance on stakeholders, both negative and positive. Respondent 4 stated, “Resistance will lead to dysfunction within a project (personal communication, February 26, 2016). This impact can result in a dysfunctional business model if it is not understood and addressed from the beginning. The aspects of outsourcing described as resistance and training could make or break a change program. The researcher ties this resistance to Maslow’s (1934) hierarchy of needs, with the intent of painting a clear picture of human resistance. Quast (2012) also acknowledged that resistance can be a result of fear of the unknown due to a purposeful or unintentional lack of communication. This unknown then leads to mistrust and may result in resistance. Ultimately this type of outsourcing relies on effective leadership and a strategy to mitigate negative perceptions, along with understanding human emotion and how an outsourcing program will affect employees. Clear communication with those involved and setting expectations will help eliminate some negative perceptions up front. Respondent 1 believes managing how a project is viewed by others is a key function of a leadership team.

This qualitative study was designed to collect firsthand information on the practices and effects of IFM outsourcing from leaders involved in the process. The following research questions were developed to gather the needed information from leaders involved in the change processes. Each question was answered by using supporting interview questions, as detailed in Chapter 4.

1. What change management strategies and practices do leaders employ during first generation Integrated Facility Management outsourcing?
2. What challenges do leaders face during first generation Integrated Facility Management outsourcing in implementing change management strategies and practices?
3. How do the leaders measure success in an Integrated Facility Management outsourcing initiative?
4. What recommendations would leaders suggest for future implementation of change management strategies during first generation outsourcing?

Change Management Practices

Research question 1, regarding what change management strategies and practices leaders employ during first generation IFM outsourcing, was answered comprehensively by using one key interview question. The results yielded an overwhelming focus on communication. The leaders mostly felt the main driver for success was open and consistent communication, both internal and external. This communication appears to be the central pillar of the leaders' change management programs. Respondents viewed communication several different ways, such as written formal (letter), informal (email), and verbal. However, although respondents placed a substantial focus on communication, only one respondent stated that he/she had a formal template and/or procedure for doing so. As stated in the literature review, failure to invest in development of a structured change management process in the early stages of the outsourcing can lead to increased risk and the potential for failure. These failures align directly with the research findings (Gerschel & Polsky, 2013).

The strategy question also identified scope clarity and detailed data as best practices. Respondents felt these tools are critical, even in later generations of outsourcing and general change management strategies. The scope of work should set expectations and have an associated workflow process against which to deliver the necessary service. According to respondents, this scope should include owners at all levels and on both sides of the program. Respondent 1 detailed that in order for a program to reach an acceptable path forward, executive management must set expectations of the outsourcing and instill more buy-in from owners of the process.

Finally, several respondents stated that training of the staff involved brought several benefits to the outsourcing event. Respondent 14 stated “we need a formalized training platform to help define expectations for our staff” (personal communication, March 26, 2016). Apprehension is understandable in these situations; however, they lead to false interpretations of outsourcing, such as low wages and low quality workmanship. Leaders are tasked with debunking these misleading perceptions in order to deliver the change requirements. This negative view of outsourcing poses challenges for leaders and adds even more complexity to an already complex situation. These statements are developed out of fear and misunderstanding by affected employees and leaders’ lack of effort to understand these fears.

As expected, an emergence of consistent theoretical findings developed within this study. Three subjects used an informal meet and greet process to inform the involved teams of the goals and soft expectations. In contrast, three other respondents used a more formal training process, such as classroom and instructor-led training. Responses varied on the success of this training; however, all felt that it was a practice they would take forward and potentially

develop further. The literature review identified workplace learning as a *value add* to any organization through productivity gains and an increase in motivation. Workplace learning can be formal or informal and take place as long as it is associated with a job (Resnick, as cited in National Board of Employment, Education and Training, 1993). Training can bring many known and unknown benefits to an organization, such as motivation.

Challenges Related to Change

Since the late 1990s, thousands of businesses have chosen to outsource work that was traditionally done in-house. FM outsourcing has become a new trend in organizational strategy that allows companies to return focus to their core business and enhance internal growth. “Although the potential economic benefits of outsourcing are thought to be considerable, a growing number of evaluation studies show disappointing outcomes” (Roe et al., 2005, p. 6). Research question 2 addressed the challenges leaders face in outsourcing. As stated earlier, communication can be a feature of both success and challenge.

Communication wears many faces. The respondents identified various types of communication, such as employee-focused, client-focused, and broad-based, which includes all stakeholders. Lack of proper communication can cause a breakdown in the processes used in change management, and according to several respondents, may cause resistance to the change. Respondent 4 felt this resistance was present from all directions, both internal and external. Respondents also felt the processes used to help overcome resistance to change may be creating a larger problem due to ambiguity in the scope of work. Respondent 3 stated, “I do not have a process for developing a clear scope of work; if somebody develops one that will change the industry” (personal communication, February 29, 2016). In general, the respondents

do not believe that a standard process was applicable to a project if outcomes and expectations were unknown.

Three respondents stated that they felt there was a lack of support from organizations, beginning at the project's inception and continuing throughout the project. This lack of support became evident at the start of the project and resulted in the grey areas of scope and in the execution phase of the project. One respondent conveyed that he was performed the function of an engineer at his executive level and it not only caused failure of the process but also created an additional reason for resistance.

Several participants identified lack training and education as barriers to success. They described the absence of leadership training as a large gap in the change processes. They also felt that ongoing employee training on how to cope with a changing global environment would bring some value to the process. Respondent 3 had used client training opportunities to help build collaboration in the past, but stated that this option is no longer available to him. Respondent 9 said, "We have spent more than one million on training and the team leaders choose not to use it" (personal communication, March 12, 2016). Respondent 9 described the training as too comprehensive to be practical. Respondent 1 believes there is a tremendous opportunity for improvement.

IQ 3 sought to understand how the leaders dealt with these challenges. Four respondents stated that they used some form of empathy or emotional intelligence to help understand the adversity. They also stated that they would prioritize the challenges. This finding aligns with the literature finding that leaders should also learn from past practices; understanding how and why outsourcing initiatives have failed or succeeded will bring value

and possibly eliminate undue stress related to the outsourcing activity. Perera et al. (2009) attribute successful organizational change to leaders' management of perceptions. This successful management will bring about change by communicating intent and expectations to all stakeholders, it will identify the gaps, and let client satisfaction of financial status is the driver for attention.

IQ 4 sought to understand the resources leaders utilize to help overcome these stated challenges. The participants reported using a combination of data-driven decision making concepts coupled with standard processes. These procedures would look at data such as customer or employee satisfaction numbers to help guide their response. They would seek opportunities to use motivation and leadership to help build a coalition to guide the process.

Key challenges to successful outsourcing are defined here as communication, leadership, and scope clarity. These findings become consistent with responses to research question 1, where respondents outlined the tools and practices used in an outsourcing change. Failure to utilize the processes they defined as value added led to adverse effects to the program.

Measurement of Success

IQ 6 and IQ 7 attempted to answer research question 3, regarding how leaders measure success. The respondents relayed the methods of measuring success as using KPIs, audits, and even surveys. The responses were somewhat simplistic because they appeared to be lacking emotion and subjectivity. The leaders involved with this study were very focused on the data supporting the program to identify success.

Respondents also identified several ideas for projects they plan on using in future, developing a complete picture of the current state utilizing tools like Kaizen. A Kaizen will assess the current state of the program, outline what the future expectations are, and conclude with a gap analysis, identifying actions associated with the gap. Measuring the current state of the business will allow the respondents to develop a baseline from where to start. Kaizen is defined as activities that contribute to continuous improvement, such as waste elimination, root cause analysis, and gap analysis. This methodology can pertain to just about any function related to business activities. Kaizen can be used as a tool to help identify gaps between the current process and the future process that would impede the success of the next program launch. The respondents used it as measurement base.

The intent of IQ 7 was to take a different approach to defining success. It gave the subjects an opportunity to evaluate not only their current practices but also how they would approach their practices differently in the future. The respondents all acknowledged deficiencies in their programs and leadership, but none of them had a solution they could communicate during the interview. Goleman defined six leadership traits: commanding, visionary, affiliative, democratic, pacesetter, and coaching (Goleman, Boyatzis, & McKee, 2002). Attempting to specify just one key characteristic would serve no purpose, as they are all needed in a leader of this program. In the future, these programs will need a leader that can adapt to the business's needs with a high level of moral and ethical standards. Respondents collectively felt that there was an absence of strategic vision cascading down to the teams. Without this vision, any team would focus solely on delivery of the tactical part of the program and forget about the emotional, political, and social factors thereof.

Key Findings

The key findings revolve around three consistent messages identified in the data. When combining both the literature review and the interview based research, the researcher was able to develop a consistent methodology. The first, and by far the most significant, finding was communication. As the data show, communication is both strength and a challenge; this theme manifested in many of the participants' responses. Communication has been outlined as a critical factor for all activities involved an organizational change or a move to outsourcing, and was identified as verbal and/or written. Communication was identified as a component of leadership (Iacocca, 2007) in the literature review and as a standalone concept in the research study. Respondents described communication as dysfunctional and inconsistent, reporting that they did not know the proper channels or with whom to communicate. There was no escalation policy to follow in the event that a key person was unavailable. The participants also shared that they were unsure of the level of communication they were supposed to deliver. Do they notify the client or internal sources about each and every level of a problem, or is there a threshold to guide them? It appears that the real root of the problem was an undefined level of communication, or lack of detail or process.

Implications of the Study

The implications of this study will hopefully have an influence on future outsourcing change initiatives. This study will help future leaders understand the critical effects of communication, strategy, and leadership on FM outsourcing. It was clear that the industry is focused primarily on the tactical aspects of outsourcing and not enough on the effects on the stakeholders. The identification of program successes and challenges shed light on how

effective management could direct any program to success. Suggestions for future leaders are as follows.

Communication. The data in both the literature and in research identifies several gaps in communication throughout an outsourcing project. Development of a Standard Communication Policy (SCP) within each program will give direction to the teams in terms of when, where, and how to effectively communicate internally and externally. The policy should be detailed and set a rigid timeline with set expectations. This policy should be coupled with training and education on what effective communication looks like.

Governance. Each program should establish a governance process that includes representation from each side of the program with a hierarchical concept and should be viewed as a partnership, not an adversarial relationship. Development of a consistent governance structure that can oversee multiple projects may bring continuity to outsourcing programs and allow for sharing of best practices. This governance will add a layer to the decision making and oversight process, allowing for more defined decision making and the ability to address challenges quickly. Challenges left too long unattended will only get worse and may evolve to the point of increased risk. A robust and well-defined governance structure can become part of the organization's overall strategic plan and be utilized as a road mapping tool for further program development.

Conflict resolution. Establishment of an escalation process for issue resolution should eliminate involvement from anyone involved with day-to-day responsibilities of the delivery program in order to protect the site team/client relationship. Several respondents articulated a concern that there was no format for conflict resolution within the programs in which they are

involved. An escalation process should be mediated by a third party that has no vested interest in the program. Each party should share in the cost and a set schedule for reviews as part of the startup and continue through the life of the relationship. The goal of this type of process is to avoid the relationship damage inherent in these processes.

Scope clarification. Set a period of scope clarification overseen by a panel of experts. This study identified lack of scope clarity as a critical challenge impacting the success of an outsourcing program. This period will allow for a simultaneous startup and clarification. This clarification process could involve participants from both organizations as well as an outside consultant that represents both sides. There is ample room for improvement in this part of the outsourcing process—improvement that will help develop a success sustainable model.

Recommendations for Future Outsourcing Leaders

- Leadership training that incorporates a curriculum centered on effective communication—both written and oral—along with standard leadership practices. Communication skills may be enhanced by learning how to identify the appropriate medium (phone, text, email, etc.) for each specific kind of communication, how to access the level of needed information, and to know when too much information is being offered. Leaders will benefit greatly by enhancing their listening skills and learning how to interpret body language, which may say more than words. Leaders also need the capacity to put themselves on the receiving end of the message they are trying to communicate. Emotional intelligence training helps leaders to evaluate how the message will be received before it is delivered. Building a training program

around these key elements of effective communication will be invaluable to future programs.

- Assessment of the internal organization for an understanding of resistance levels. Measuring the effect of potential resistance on the organization and how it may affect the daily operations is also necessary. Resistance may not only be associated with the effected employees; resistance may be realized by other unrelated parts of the organization. A risk matrix may be used to help identify some of the large variables and assess how they may be overcome. Taking an early look at the risks and effects of resistance will help drive the level of detail needed in a program implementation plan. Additional measurements of the internal culture and how long it may take for a program to be accepted will also bring value and help construct a strategy for deployment.
- Survey of other industry programs that may have commonalities to the proposed project. A survey should not be focused just on what was successful but also on what was unsuccessful. Developing a set of practices that may not bring the desired value can be as productive as a list of best practices, saving time by learning from past failures. This concept should not be taken lightly and should be conducted by subject matter experts who have the ability to disregard erroneous information. A clear understanding of how perceptions vary will be necessary.
- Pre-planning and early development of project objectives. Organizations have a tendency to rush outsourcing programs due to the anticipated financial gains. However, rushing into a program may deliver unsatisfactory results because

pertinent details may have been overlooked in an effort to expedite the launch of the program. New leaders may want to consider longer program development times with the intent of clarifying each detail to the fullest possibility.

Recommendations for Future Research

The initial goal of this study was to conduct a complete and exhaustive research project. The existing body of research is so extensive that a recommendation for future would be to perform a more focused study on the effects of communication during a change management event. The amount of available information directly related to FM outsourcing is somewhat limited, but the real benefit comes from an understanding of the change management process. Continuing with a more focused agenda may provide details that could increase the effectiveness of future programs. Along with this focus as a researcher, there may be additional benefit from the following:

- A study about the perceptions of outsourcing would be beneficial. Most respondents in this study described a preexisting negative perception as one of the hardest barriers to overcome. Perera et al. (2009) attributed successful organizational change to the management of perceptions by leaders. Although each respondent found ways to overcome these perceptions, they did so by using resources that could have been directed at more useful parts of the program.
- A study should be conducted on resistance to change in outsourcing. Resistance may provide a good opportunity to conduct a more focused study. This study has shown that resistance creates an environment of conflict and adversity.

- A study should be conducted to identify the definition of a successful FM program, or a more focused study on what a successful FM looks like, expanding on interview questions 1 and 5.
- A study should be conducted that identifies challenges to modern FM programs or what challenges exist in contemporary FM models, such as outsourcing, technology, and access to skilled employees.
- A study should be conducted on the outsourcing of American jobs and review the new state of outsourcing, not just the traditional perceptions thereof.
- A study should be conducted on leadership during corporate outsourcing. Corporate outsourcing can take on a different face than other leadership needs. Although leadership requires a heightened ability to communicate, corporate outsourcing may also require a higher level of emotional intelligence of the leaders.
- A study should be conducted on IFM outsourcing but with a focus on diversifying the participants by gender and cultural background. This study found little information that distinguished between perceptions based on sex or cultural background. Demographics may not be relevant; however, little information is available to analyze.

Any and all of these focused studies will add to the current body of knowledge and bring value to future initiatives.

Researcher's Observations

The researcher was intrigued by the consistency in the participant responses, all of which were well thought-out and genuine. All subjects appeared to be well versed in and knowledgeable of their business and the industry. Although the interviews focused on

communication, and the literature review showed a large emphasis on leadership, they appear to convey the same message. Communication is a component of leadership and requires varying levels of commitment. Given this perspective, the literature used Maslow's (1934, 1954) hierarchy of needs to try and understand the whole picture of this resistance. According to the study respondents, this resistance is being felt from all directions. It is human nature to resist things people don't understand or by which they feel threatened. It should be a leader's objective to understand how Maslow's model describes the influential aspects of a person's life, and threatening these aspects will trigger resistance. This study shows most leaders are aware but ill-equipped to deal with it, thus perpetuating this challenge throughout the industry. This resistance may be conscious or unconscious, but the results may be the same. Leaders must possess emotional intelligence in order to understand their employees' needs. This perspective is a key attribute of a leader and a critical concept needed to deliver change. Kanter (2012) also discussed the internal struggle a person has associated with change, especially changes in the work environment.

The researcher also identified hesitation in the respondents when answering the question, what would you do differently in future outsourcing initiatives? The realization that their answers might have exposed current practices as being inadequate caused the respondents to carefully generalize the answer to this question. The researcher then began to understand the respondents' hesitation; their organization may be missing the key elements of a successful program. This insight then brought up more questions than it answered.

The literature was reviewed and was aligned with each answer in a corresponding category, thus giving more insight to the true meaning of the responses. The researcher was

surprised by the finding that most answers aligned with leadership. In essence, the responses were showing a failure in leadership. For a leader to be successful and build a sustainable model of trust within his/her organization, he/she will need to demonstrate certain practices and characteristics. However, certain traits and qualities that are common in most successful leaders, such as the ability to inspire trust, the vision to move a company forward, and the foresight to provide the training employees will need to realize that vision. These factors appeared to be missing from the respondents' programs.

Final Thoughts

Society in general resists change at every corner, even when the change is inevitable (Disraeli, 1867). Outsourcing is a contemporary business model that has become mainstream, even with tremendous adversity. The observations of the FM outsourcing model have shown a complete lack of acceptance from all parties involved. Managers are seeing resistance and an absence of support from within their own organizations due to the lack of knowledge regarding the real barriers to success. Service providers are seeing resistance from the very clients that have contracted them. The clients are resisting this change, due in part, to resistance within their own organization. This lack of buy-in is creating a highly volatile, and at times, adversarial environment. One can discuss scope clarity, communication, and leadership exhaustively, but the root cause of program failures in this industry fundamentally relates to acceptance of an outsourcing model. This failure may stem from a lack of understanding or knowledge of its benefits or even a lack of interest in understanding. Whatever the reasoning, leaders in this industry should take notice to gain knowledge of the culture and environment in which they want to use this type of outsourcing model. They must also understand that acceptance of the

model will take a substantial amount of time, and the desired results may not be realized for several years. Leaders are also not providing the proper tools to their managers to address these needed changes in culture; in essence, perpetuating the resistance.

This study should encourage organizations considering an IFM outsourcing model to evaluate the current culture within for an understanding of how this new culture shift will fare and take an honest look at the model's potential success. These considerations are usually overlooked due to the focus on financial factors. Contemporary society is in the early stages in the lifecycle of IFM outsourcing. However, businesses do not have to accept the heightened level of failures. In order to overcome this, one can relate to Darwin's (1859) theory of evolution, which states that even the smallest and most subtle changes in environment have large and long-lasting effects on nature. Taking this concept and applying it to the IFM model for each and every change, even when it shows low ROI, will have a positive effect on the future of these programs.

Finally, this study has the ability to bring a heightened awareness to several inherent issues with IFM outsourcing. If used properly, this knowledge will help mitigate risk in future projects. Although there is no easy solution to help correct all of the identified issues, awareness should be raised by understanding data collected from the respondents.

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APPENDIX A

Description of Study

The purpose of this study was to develop an understanding of best practices utilized in the change process of first generation IFM outsourcing, with the intent of mitigating future risk. This study asks the question, “What change management strategies and practices are employed by leaders during first generation Integrated Facility Management outsourcing?” This study will utilize interviews with fourteen leaders involved in organizational change such as yourself to build a foundation of knowledge and to establish an outline of best practices.

APPENDIX B

Recruitment Script

Hello. My name is Jay Higdon. I am a doctoral student in Organizational Leadership doctoral program at Pepperdine University's Graduate School of Education and Psychology. As part of fulfilling my degree requirements, my group and I are conducting a study on Exemplary Change Management Practices Used During Corporate Outsourcing.

I came across your name through _____. You (_____) have been carefully selected to participate in my study. Participation in the study is voluntary and confidentiality will be maintained throughout the study. Participation entails an interview of 60 minutes or less. Questions asked in the interview and an informed consent form will be sent to you in advance of the interview. Your participation in this study will be extremely valuable to new and aspiring executives in _____ (e.g., corporate training) as well as other scholars and practitioners in the field.

I would like to ask if you would be willing to be interviewed as part of this study.

APPENDIX C

Informed Consent

PEPPERDINE UNIVERSITY

Graduate School of Education and Psychology

INFORMED CONSENT FOR PARTICIPATION IN RESEARCH ACTIVITIES

EXEMPLARY CHANGE MANAGEMENT PRACTICES USED DURING CORPORATE OUTSOURCING

You are invited to participate in a research study conducted by Willard Higdon, as a student in the doctoral level Leadership Theory and Practice course at Pepperdine University. You have been carefully selected because of your exemplary practices and contributions to your field. Your participation is voluntary. You should read the information below, and ask questions about anything that you do not understand, before deciding whether to participate. Please take as much time as you need to read the consent form. You may also decide to discuss participation with your family or friends. If you decide to participate, you will be asked to sign this form. You will also be given a copy of this form for you records.

PURPOSE OF THE STUDY

The purpose of the study is to understand your practices as well as your views regarding participation of in change management activities related to corporate outsourcing.

STUDY PROCEDURES

If you volunteer to participate in this study, you will be asked to participate in an approximately 60 min interview.

The following interview protocol will be used:

EXEMPLARY CHANGE MANAGEMENT PRACTICES USED DURING CORPORATE OUTSOURCING **Interview Protocol**

Ice breaker. Tell me a little about your career.

IQ 1. What change management techniques and strategies have you employed to solicit and analyze feedback that you have found to be successful?

IQ 2. What have been some important challenges (spoken or unspoken) you have run into as a leader in IFM outsourcing implementation?

IQ 3. How do you deal with these challenges on a day-to-day basis? (Follow-up with regard to senior leadership and frontline employees)

IQ 4. Describe the sources and/or resources which helped you overcome and/or manage these challenges (Jay: Provide a short list of examples).

IQ 5. How would you personally describe the elements of successful Integrated Facility Management outsourcing?

IQ 6. How could these elements be measured and tracked to ensure successful IFM outsourcing?

IQ 7. As a leader in IFM outsourcing, what methods did *you* employ to benchmark and track your own progress and success as you prepared for and implemented IFM outsourcing?

IQ 8. If you were to start over, what would you do differently?

IQ 9. What recommendations would you make to leaders as they begin to design and implement their first-generation IFM outsourcing initiative?

IQ 10. Is there anything else you would like to share about your IFM outsourcing experience that you think would be relevant to this study?

POTENTIAL RISKS AND DISCOMFORTS

There are no foreseeable risks to the participants.

POTENTIAL BENEFITS TO PARTICIPANTS AND/OR TO SOCIETY

While there are no direct benefits to the study participants, there are several anticipated benefits to society which include:

1. The compilation of results of the study will be beneficial to the learning and practitioner communities at large.
2. Findings of the study will shed light and inform scholars and practitioners on inclusion of under-represented groups in leadership positions.

In addition, upon your request, a completed copy of this study will be provided to you.

CONFIDENTIALITY

I will keep your records for this study confidential) as far as permitted by law. However, if I am required to do so by law, I may be required to disclose information collected about you. Examples of the types of issues that would require me to break confidentiality are if you tell me about instances of child abuse and elder abuse. Pepperdine's University's Human Subjects Protection Program (HSPP) may also access the data collected. The HSPP occasionally reviews and monitors research studies to protect the rights and welfare of research subjects.

The data will be stored on a password protected computer in the principal investigator's place of (residence, office, etc.). The data will be stored for a minimum of three years. The data collected will be coded and de-identified. All identifying marks or references will be removed from the transcripts and participants will be offered full anonymity if desired.

The researcher scrubbed the recordings for any reference to the subject's identity or that of any organization referred to in the interview. The coding process aids the researcher in making sense of the data. This coding is an important part of the analytical process because it becomes part of the data interpretation. Once the recordings were coded, they were transcribed by the researcher. This transcription was completed by the researcher and upon completion the recordings were destroyed.

PARTICIPATION AND WITHDRAWAL

Your participation is voluntary. Your refusal to participate will involve no penalty or loss of benefits to which you are otherwise entitled. You may withdraw your consent at any time and discontinue participation without penalty. You are not waiving any legal claims, rights, or remedies because of your participation in this research study.

ALTERNATIVES TO FULL PARTICIPATION

The alternative to participation in the study is not participating or completing only the items with which you feel comfortable. Should you chose this alternative, your relationship with your research will not be affected, whether you participate or not in this study.

EMERGENCY CARE AND COMPENSATION FOR INJURY (DO NOT DELETE THIS SECTION)

(For greater than minimal risk studies, include the "Emergency Care and Compensation" section, which provides evening/emergency phone numbers.)

If you are injured as a direct result of research procedures, you will receive medical treatment; however, you or your insurance will be responsible for the cost. Pepperdine University does not provide any monetary compensation for injury.

INVESTIGATOR'S CONTACT INFORMATION

I understand that the investigator is willing to answer any inquiries I may have concerning the research herein described. I understand that I may contact Dr. Farzin Madjidi at fmadjidi@pepperdine.edu if I have any other questions or concerns about this research.

RIGHTS OF RESEARCH PARTICIPANT—IRB CONTACT INFORMATION

If you have questions, concerns or complaints about your rights as a research participant or research in general, please contact Dr. Judy Ho, Chairperson of the Graduate & Professional School Institutional Review Board at Pepperdine University 6100 Center Drive, Suite 500, Los Angeles, CA 90045, 310-568-5753 or gpsirb@pepperdine.edu.

SIGNATURE OF RESEARCH PARTICIPANT

I have read the information provided above. I have been given a chance to ask questions. My questions have been answered to my satisfaction and I agree to participate in this study. I have been given a copy of this form.

AUDIO/VIDEO/PHOTOGRAPHS

I also ask that we may make an audio-recording of the interview. If you agree to such recording, the audio file will be destroyed within three weeks of recording, during which it will be transcribed. Transcription will take place by the member of the research team who conducts the actual interview. Under no circumstances will the recording be released to a third party.

- I agree to be audio-recorded.*
- I do not want to be audio-recorded.*

Name of Participant

Signature of Participant

Date

SIGNATURE OF INVESTIGATOR

I have explained the research to the participants and answered all of his/her questions. In my judgment the participants are knowingly, willingly and intelligently agreeing to participate in this study. They have the legal capacity to give informed consent to participate in this research study and all of the various components. They also have been informed participation is voluntarily and that they may discontinue their participation in the study at any time, for any reason.

Name of Person Obtaining Consent

Signature of Person Obtaining Consent

Date

APPENDIX D

IRB Approval



Pepperdine University
24255 Pacific Coast Highway
Malibu, CA 90263
TEL: 310-506-4000

NOTICE OF APPROVAL FOR HUMAN RESEARCH

Date: February 12, 2016

Protocol Investigator Name: Willard Higdon

Protocol #: 16-01-163

Project Title: EXEMPLARY CHANGE MANAGEMENT PRACTICES USED DURING CORPORATE OUTSOURCING SPECIFICALLY RELATED TO INTEGRATED FACILITY MANAGEMENT

School: Graduate School of Education and Psychology

Dear Willard Higdon:

Thank you for submitting your application for exempt review to Pepperdine University's Institutional Review Board (IRB). We appreciate the work you have done on your proposal. The IRB has reviewed your submitted IRB application and all ancillary materials. Upon review, the IRB has determined that the above entitled project meets the requirements for exemption under the federal regulations 45 CFR 46.101 that govern the protections of human subjects.

Your research must be conducted according to the proposal that was submitted to the IRB. If changes to the approved protocol occur, a revised protocol must be reviewed and approved by the IRB before implementation. For any proposed changes in your research protocol, please submit an amendment to the IRB. Since your study falls under exemption, there is no requirement for continuing IRB review of your project. Please be aware that changes to your protocol may prevent the research from qualifying for exemption from 45 CFR 46.101 and require submission of a new IRB application or other materials to the IRB.

A goal of the IRB is to prevent negative occurrences during any research study. However, despite the best intent, unforeseen circumstances or events may arise during the research. If an unexpected situation or adverse event happens during your investigation, please notify the IRB as soon as possible. We will ask for a complete written explanation of the event and your written response. Other actions also may be required depending on the nature of the event. Details regarding the timeframe in which adverse events must be reported to the IRB and documenting the adverse event can be found in the *Pepperdine University Protection of Human Participants in Research: Policies and Procedures Manual* at community.pepperdine.edu/irb.

Please refer to the protocol number denoted above in all communication or correspondence related to your application and this approval. Should you have additional questions or require clarification of the contents of this letter, please contact the IRB Office. On behalf of the IRB, I wish you success in this scholarly pursuit.

Sincerely,

Judy Ho, Ph.D., IRB Chairperson

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