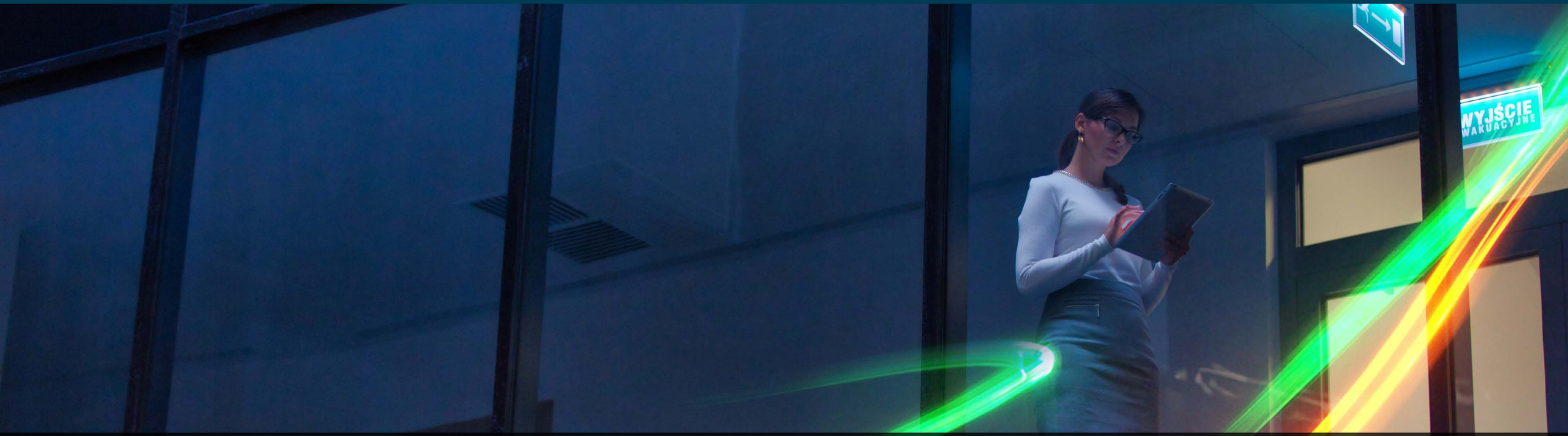
PROPELLER



ANNUAL PEOPLE & CHANGE INSIGHTS EBOOK

Smarter Change Management for Leaner, Faster Transformation in 2025

WWW.PROPELLER.COM

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Navigating Transformation: Finding Your Bearings in a Changing Landscape

For years, organizations have been in a near-constant state of transformation—restructuring teams, embracing AI, cutting costs, and redefining how and where we work. Leaders have had to move fast, adjusting strategies and adopting new technologies to keep pace.

Now, the challenge isn't just about keeping up but navigating the right balance between innovation, controlling costs, and getting teams on the same page. While transformation continues, our research shows that investment in managing it is shrinking. **Organizations that aren't effective at navigating this obstacle, could find themselves with execution gaps, stalled initiatives, and growing employee skepticism.**

Like a navigator in shifting terrain, today's leaders must make every move count to keep transformation on course.

PLOTTING A SMARTER COURSE FOR CHANGE

To navigate effectively, organizations must rethink how change happens. That means:

- **Integrating AI more strategically into planning and workforce enablement**—not just adopting tools but embedding them into decision-making.
- **Ensuring change efforts happen at the right level, preferably at the enterprise scale**—rather than siloed across functions.
- **Aligning talent with business needs**—so employees have the skills and support to adapt successfully.

The passage ahead isn't just about keeping pace with change. Organizations must steer technology, people, and structure in the same direction, turning transformation into an optimized and sustainable effort.

This eBook explores the forces shaping change in 2025 and the biggest challenges and opportunities for organizations striving to achieve smarter, more efficient, and sustainable transformation.



Our Method in Documenting the Change Environment

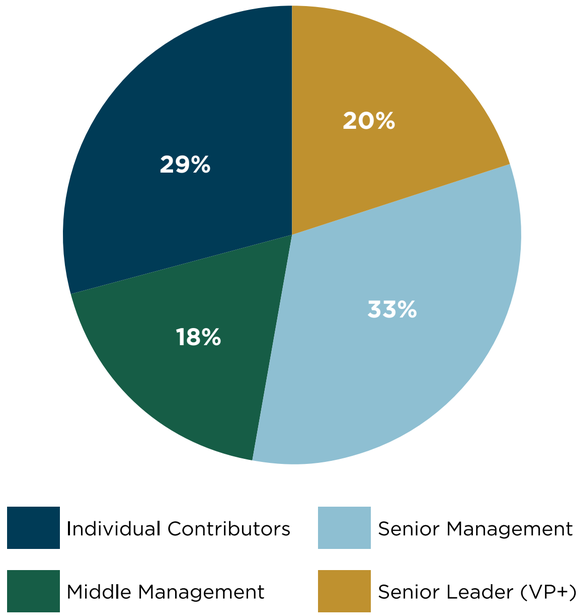
Each year, we conduct a survey to gather data on the current business environment and the factors driving change among organizations. We then analyze that data and pair it with our experience driving organizational change for clients to illuminate the people and change trends we foresee will impact organizations in the coming year. Our People & Change Insights eBook aims to help leaders understand what may be on the horizon in the year ahead.

In our 2025 edition, we repeated several questions to track movement in trends and added new topics to address today's business challenges and innovative opportunities.

About the eBook and Survey

- Propeller's fourth annual insights report
- 400+ US-based professionals surveyed, conducted by an independent survey firm
- 53% of respondents' roles are Senior Management and above
- 76% of respondents manage change as part of their role
- Over 56% of respondents came from three functions: Information Technology, Human Resources, and Operations
- Supported by our expertise and thought leadership in change transformation

WHO WE SURVEYED:





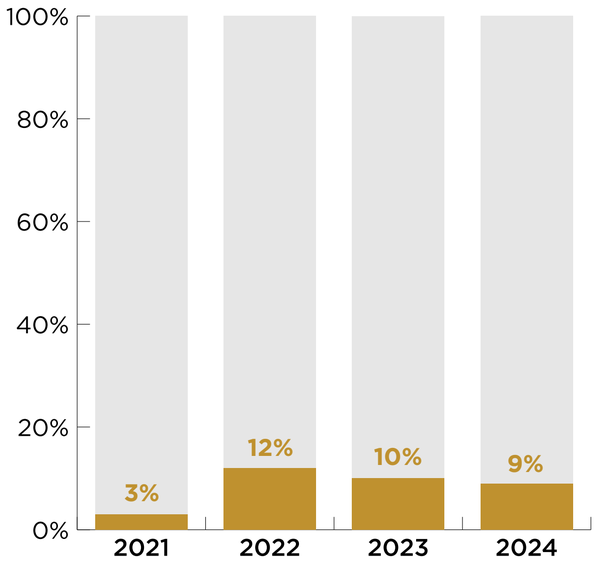
Year-Over-Year Trends & Highlights

With four years of data, we continue to see targeted change management trends emerge alongside shifts driven by unique transformations such as return-to-office and AI adoption.

TREND #1: CHANGE IS A NEAR UNIVERSAL EXPERIENCE

For four years, the vast majority of organizations have reported undergoing significant change, with only 8.5% of respondents, on average, indicating otherwise.

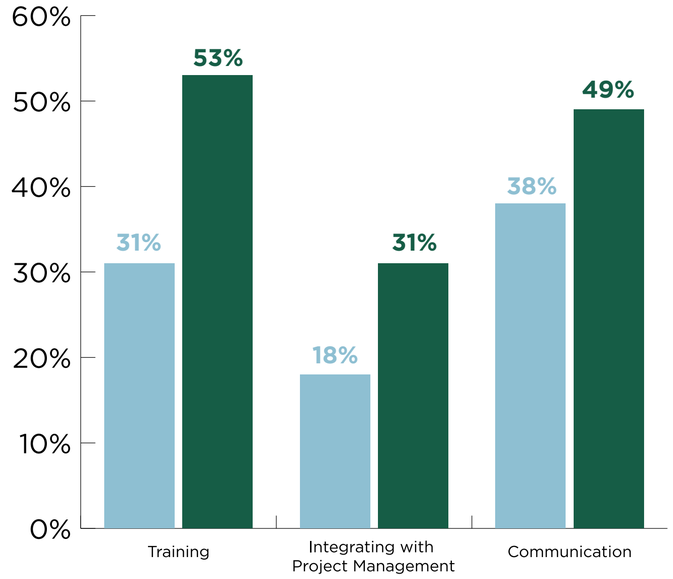
Has Your Organization Experienced Significant Change? (% who disagree)

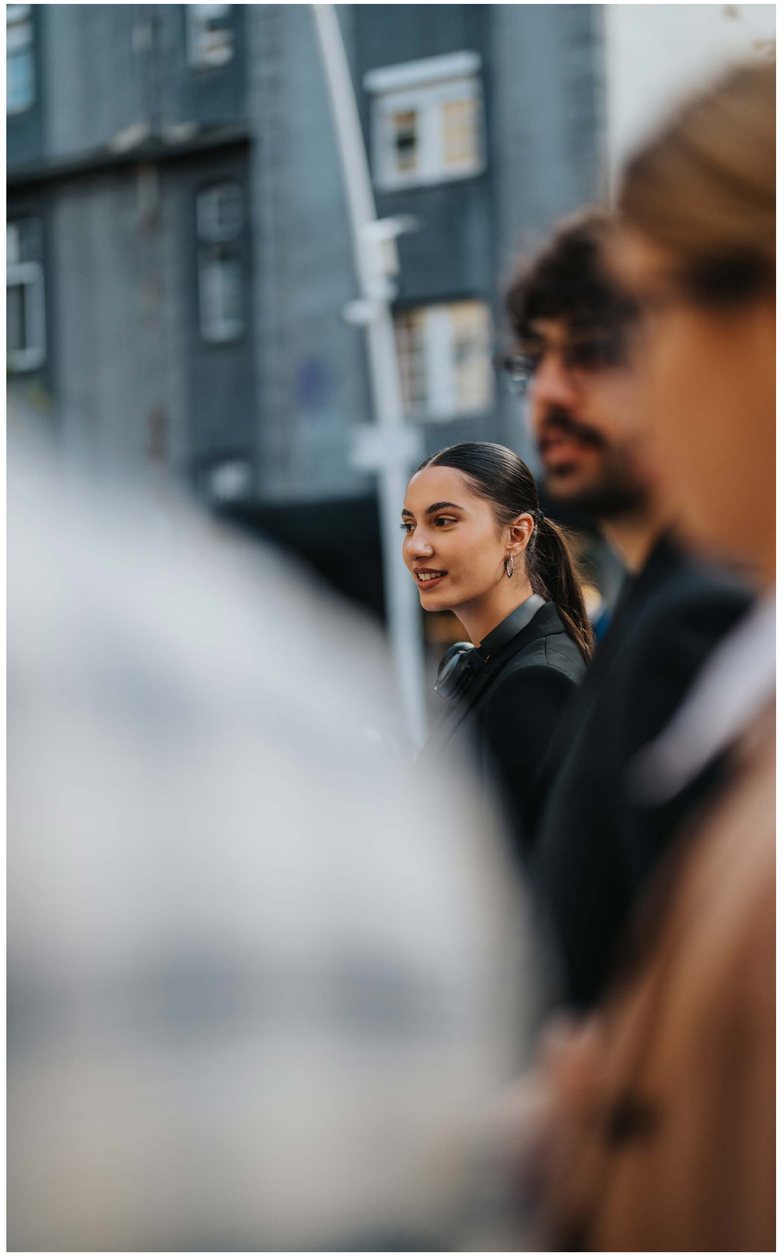


TREND #2: ENABLING CHANGE FOR EMPLOYEES HAS BECOME A GREATER CHALLENGE

Training, program management integration, and communication barriers have had the sharpest increase, with the average percentage of respondents citing these as top challenges increasing by 15 percentage points since 2021.

Top Challenges When Implementing Change Management (2021 vs. 2024)





Year-Over-Year Trends & Highlights

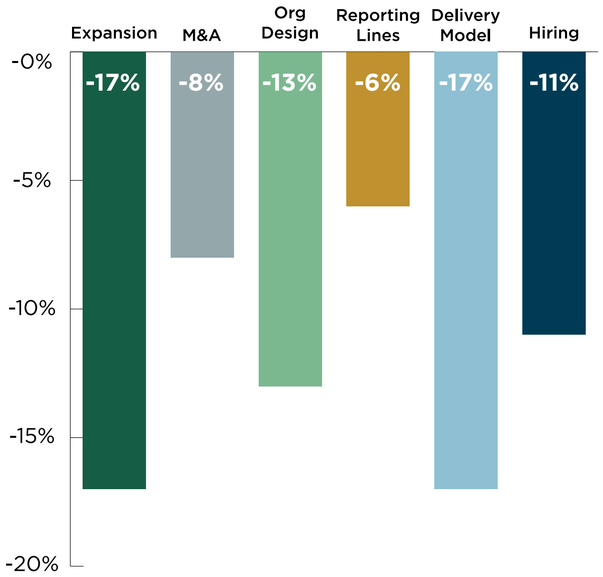
TREND #3: ORGANIZATIONAL ALIGNMENT ACTIVITY HAS DECLINED

Structural and design changes have dropped over the past two years, with key organizational shifts declining on average by 11% this year compared to the previous year.

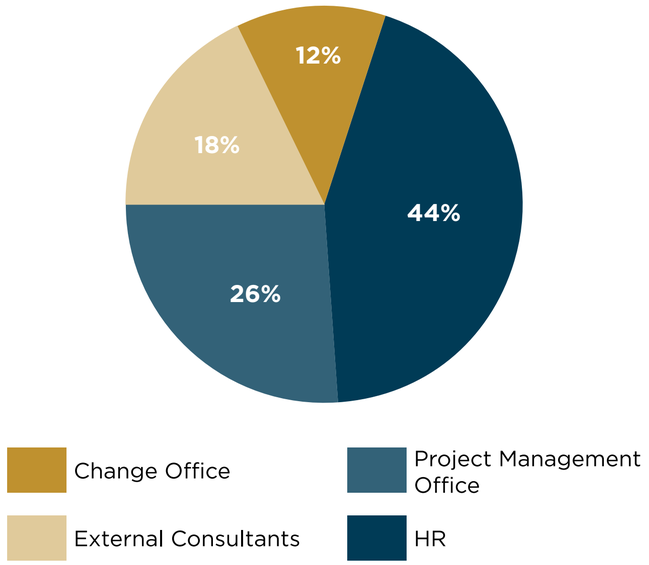
TREND #4: ORGANIZATIONS STRUGGLING WITH CHANGE RELY HEAVILY ON HR AND PMO

Organizations that report less success in managing change overwhelmingly place change responsibility within PMO or HR functions rather than dedicated Change Management Offices or external consultants.

Year-Over-Year Decline in Organizational Alignment Changes by Type (2023-2024)

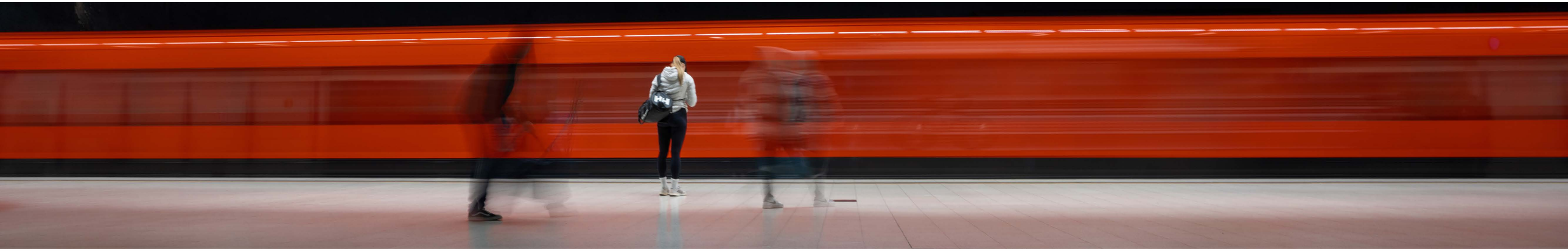


Change Ownership in Organizations Reporting Low Change Capability





The Key Change Trends and Priorities for 2025



Insight #1

AI is Primarily a People Challenge

Insight #2

Leaner Budgets Are Forcing a Smarter Approach to Change

Insight #3

Talent Alignment is a Top Challenge for Organizational Restructuring

INSIGHT #1

AI is Primarily a People Challenge

AI is everywhere—at least, that's how it seems. It's dominating earnings calls, shaping the latest features in your go-to SaaS tools, and flooding your favorite business podcasts. It's easy to feel like your organization is the only one yet to fully adopt and deploy AI on an enterprise level.

But the reality is different. Our research shows that most organizations are still in the early stages of AI adoption, with only 20% of organizations achieving broad or fully integrated implementations, while the majority, 51%, are still exploring or haven't even started their AI journey.



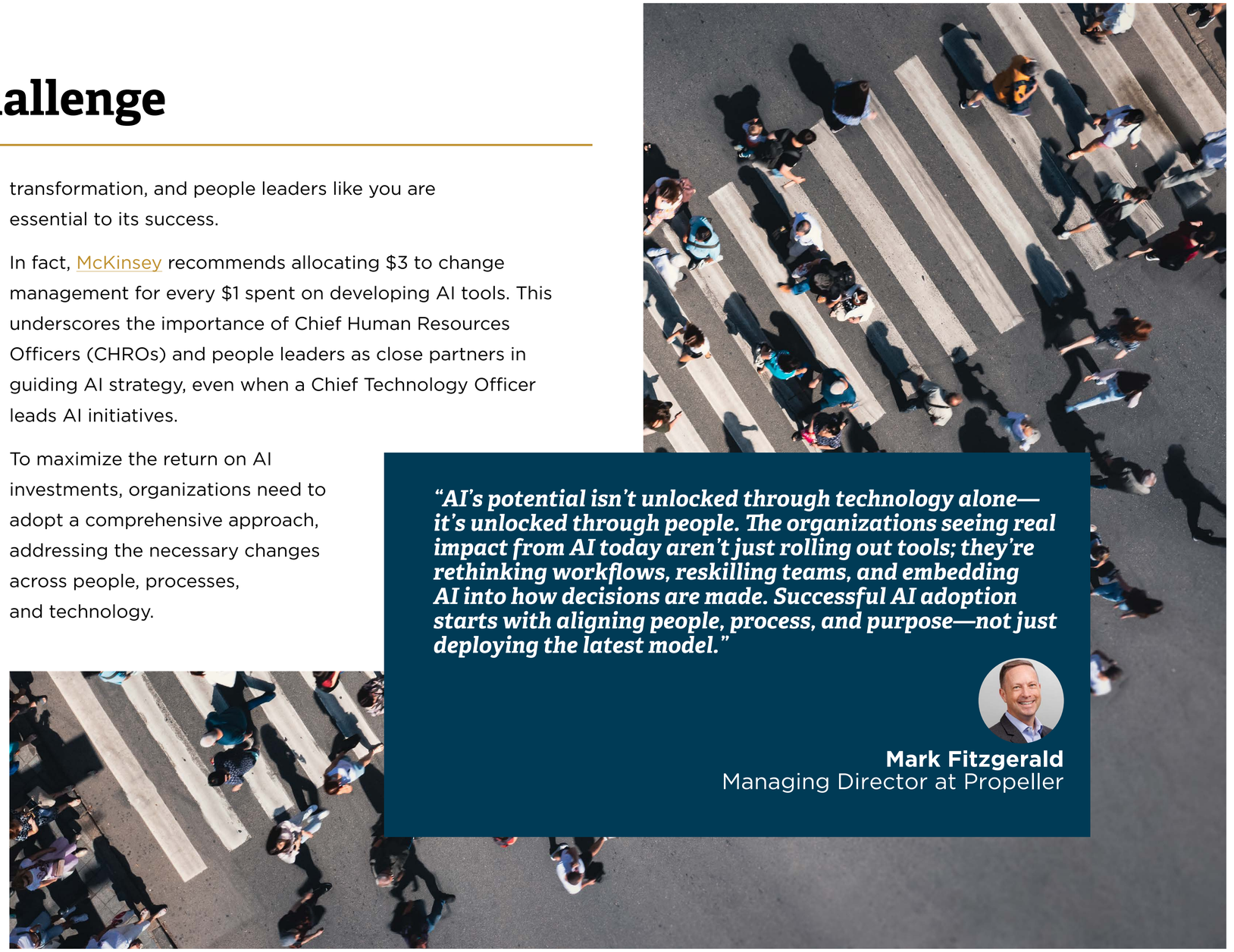
51%

of organizations are still exploring or haven't even started their AI journey

So why does reality often fall short of the hype? The simple truth is that achieving success with AI implementations is hard and takes time. While AI has the potential to transform the way we work, realizing that potential requires fundamental shifts in how organizations operate. AI adoption isn't just a technology transformation—it's a people transformation, and people leaders like you are essential to its success.

In fact, McKinsey recommends allocating $3 to change management for every $1 spent on developing AI tools. This underscores the importance of Chief Human Resources Officers (CHROs) and people leaders as close partners in guiding AI strategy, even when a Chief Technology Officer leads AI initiatives.

To maximize the return on AI investments, organizations need to adopt a comprehensive approach, addressing the necessary changes across people, processes, and technology.



"AI's potential isn't unlocked through technology alone—it's unlocked through people. The organizations seeing real impact from AI today aren't just rolling out tools; they're rethinking workflows, reskilling teams, and embedding AI into how decisions are made. Successful AI adoption starts with aligning people, process, and purpose—not just deploying the latest model."

Mark Fitzgerald
Managing Director at Propeller

Key Challenges in AI Adoption

Significant insights can be gathered from the challenges faced by early adopters of AI



Dropping employee confidence

Our data shows employee optimism about AI in their roles fell from 75% to 47%, reflecting a growing disconnect between AI's technological promise and the value realized on the front line.



Governance gaps

Related to process, our research indicated that 27% of organizations had little to no governance around AI, generating noteworthy risks around ethics, accountability, and implementation consistency.



Change resistance

Employees often feel uncertain about how AI impacts their roles, slowing adoption and creating barriers to AI implementation success.



Lack of expertise and skills

Organizations struggle to hire or upskill employees who can work effectively with AI.



How Organizations Can Close the AI Adoption Gap

1. Acknowledge that achieving success with AI is 80% about people and processes and 20% about technology.

AI is not a magical fix. Creating success with AI involves integrating it into team structures and workflows and establishing clear roles, responsibilities, and expectations. This approach clarifies what AI is accountable for and fosters a culture of continuous learning and improvement, establishing a collaborative environment where AI not only supports but also amplifies the effectiveness of human colleagues.

2. Allocate the necessary time to evolve or transform your current business processes alongside new AI technologies.

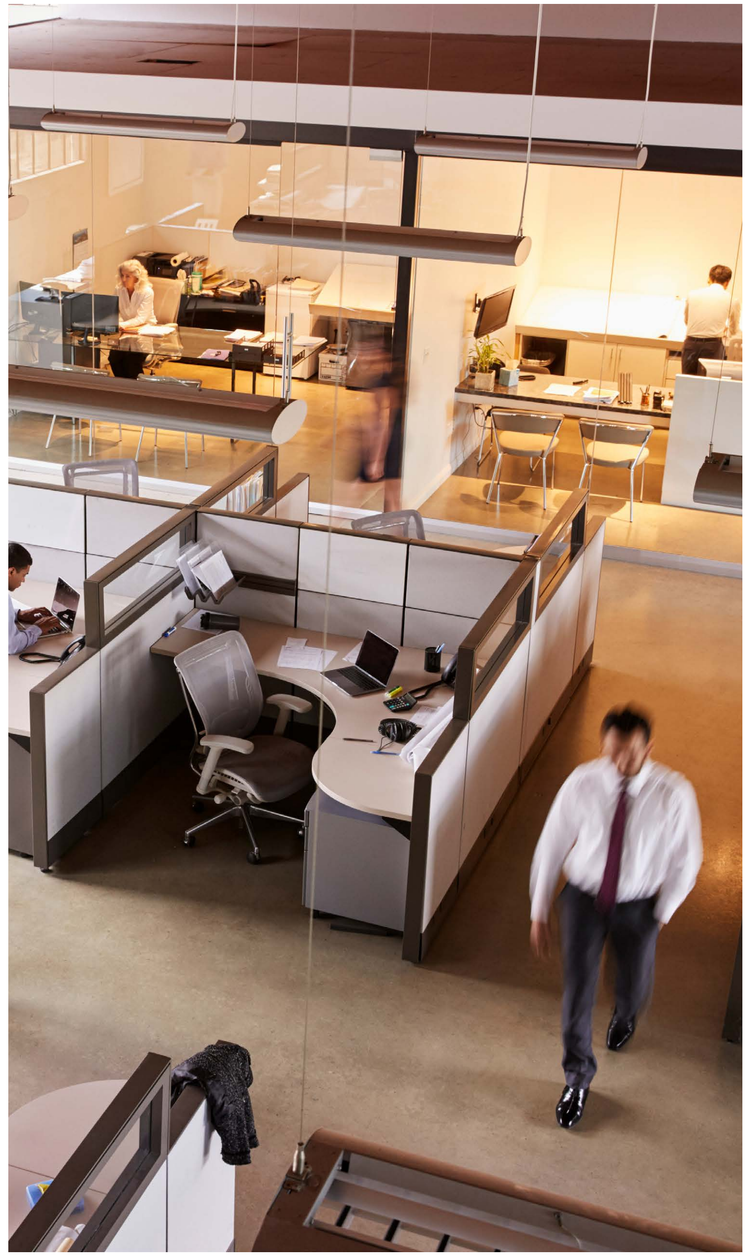
Implementing robust governance practices ensures all areas of impact are thoroughly considered, key stakeholders are actively engaged, and senior-level commitment is secured to drive necessary operational changes.

This transformation won't happen overnight. Similar to the internet revolution in the '90s, which took over a decade for businesses to fully integrate, reimagining processes for AI adoption requires deliberate effort and time. While competitive pressure may encourage acceleration, thoughtful AI integration enables organizations to allocate resources effectively and pace transformation for maximum impact.

3. Approach the business case for AI like hiring a human teammate, not just adopting technology.

Currently, most organizations assess AI with a technology-centric mindset, applying conventional business cases, ROI assessments, and software-like expectations. This approach often results in unmet expectations and misalignment between what AI can do and how teams should utilize it.

A human-centric ROI approach emphasizes ongoing value creation rather than initial setup costs or immediate gains. It acknowledges that, like a person, AI's potential to contribute deepens as it learns and integrates more seamlessly into team activities. Just as humans need time to adapt to new processes, AI systems require thoughtful training, reviews, and adjustments to fully evolve into indispensable teammates that drive sustainable, long-term success.



4. Invest in training individuals and teams for human-AI collaboration.

Start by developing a job description for AI that mirrors the structure of job descriptions for human teammates. Clearly define how AI aligns with the strategic direction of the organization, its specific responsibilities, and what human teammates can reasonably expect from it.

Then, equip your team members with skills, knowledge, and practices to work effectively alongside AI, understanding how to leverage its strengths.

5. Connect AI innovation to your organization's vision.

Over the past year, many companies dove headfirst into AI without tethering these initiatives to their broader company vision. The result? Misalignment, missed opportunities, and investments that failed to live up to their potential.

To ensure your AI investments deliver meaningfully toward your strategic objectives, ask these two simple questions before greenlighting an AI project:

1. How will this AI investment accelerate the realization of our company vision?
2. How will we ensure everyone involved or impacted understands how this investment contributes to realizing our vision?

The past few years of AI advancement have shown us that technology alone isn't enough. The true test lies in how well organizations prepare their people and adapt their business processes to maximize the value of their AI investments.

EXPLORE MORE AI THOUGHT LEADERSHIP



INSIGHT #2

Leaner Budgets Are Forcing a Smarter Approach to Change

Organizational transformation remains a reality, even as companies rethink how they invest in change. In 2024, 70% of survey respondents reported their organization underwent major change, and over the past four years, this number has remained consistently high. Yet, investments in change have declined 12% over the past year, with lower expectations for future investments in the year ahead.

This decline reflects broader industry findings; both Gartner and Accenture report a shift in how organizations approach transformation, placing a great emphasis on cost efficiency.

One might expect that organizations that invest less are becoming better and more efficient at managing change. However, our data shows the opposite—16% fewer respondents say that their organization successfully managed change this year than last year.

16% fewer respondents think their organization is successfully managing change

The gap between ongoing change and reduced investment can create challenges in execution, employee engagement, and achieving the intended business outcomes from change initiatives.

With high transformation demands but fewer resources to support execution, leaders need to focus on ensuring a higher impact for the dollars they do invest. **Here are three key organizational change opportunities organizations should focus on to drive change efficiently.**

1. The Role of Centralized Change Management in Success

Organizations that rely on HR or project management teams to lead change management are less successful than those with dedicated Change Management Offices (CMOs). Among organizations that self-report unsuccessful change management, we see a 15% increase in those that use a Project Management Office and a 31% increase in those that rely on their HR function to manage change, compared to those that leverage a CMO.

This suggests a rise in more fragmented or ad-hoc approaches to change management. While it can be more expedient not to align at an enterprise level, it can result in change efforts becoming fragmented, reactive, and inconsistently applied across teams. Organizations with centralized enterprise offices like CMOs or Transformation Offices tend to have higher change maturity and are therefore able to better drive change success (Prosci 2024).



"The gap between change expectations and change investment is widening. Organizations that succeed aren't necessarily spending more—they're being more strategic about where and how they invest in change execution."

Lauren Lightbody
Senior Director at Propeller

RECOMMENDED ACTIONS:

- If possible, establish a centralized change function to streamline the employee experience, reduce change fatigue, align efforts with your strategic direction, and clearly communicate your company's purpose.
- If a dedicated office isn't feasible, assign clear change portfolio ownership at the highest level or implement standardized processes to support enterprise-wide alignment.

2. Fragmented Cultures Create Barriers to Change

Company culture remains a major factor in change success, yet many organizations struggle with alignment. This year, 62% percent of our respondents characterized their company culture as fragmented, with 51% describing their organization as "Functional—fragmented culture with a high capacity for change" and 11% as "Fatigued—fragmented culture with a low capacity for change."

While it's natural for different teams (like HR and engineering, for example) to have their own distinct cultures, misalignment in leadership quality, levels of trust, and commitment to shared values, such as innovation or customer-centricity, can undermine change efforts. When company culture is fragmented, it becomes harder to create a unified narrative and collective vision for success.

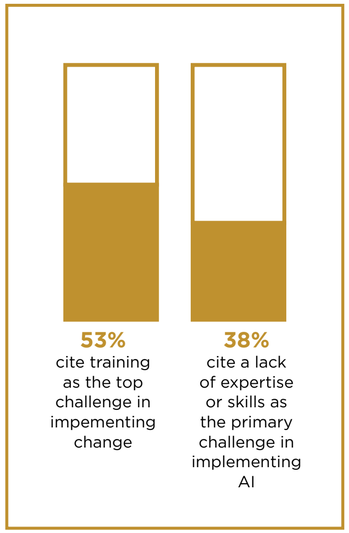
RECOMMENDED ACTIONS:

- Research consistently shows that one of the top ways to create a cohesive culture is through leadership development programs, because leaders have an outsize impact on employee engagement.
- Connect individual change efforts to broader company values, vision, and strategy to support a common understanding of where the company is going, what success looks like, and what employees need to do to support that success.



3. Training is the Biggest Challenge In Change Execution

A significant 53% of our respondents cite training as the top challenge in implementing change, with communication and adoption closely following. This finding may not be surprising, considering that AI remains a leading investment area, and the primary challenge organizations encounter in implementing AI is a "lack of expertise or skills," as identified by 38% of respondents.

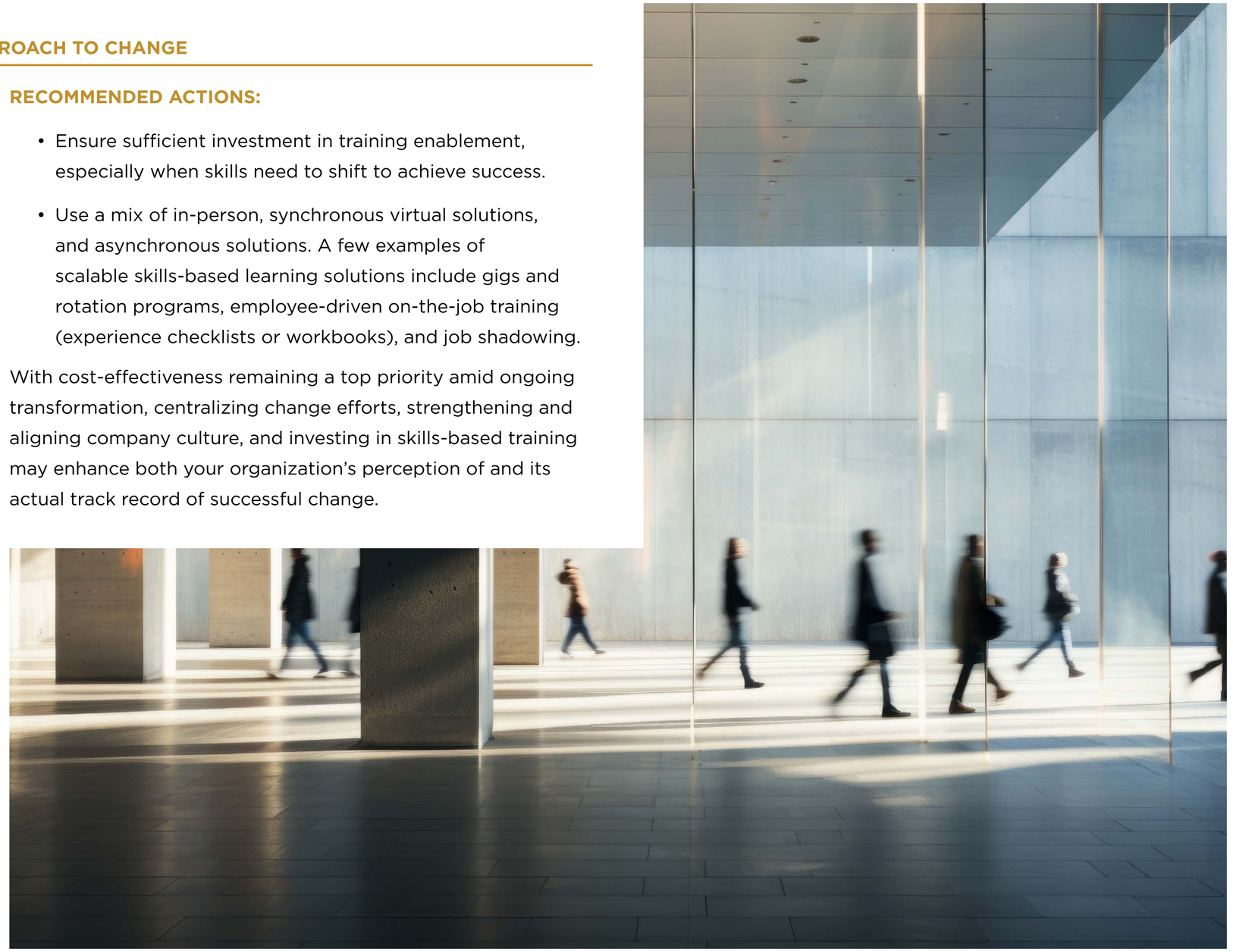


Often, we see many organizations underinvest in training during change initiatives, leaving employees unprepared. Additionally, many learning solutions can be misaligned with desired business outcomes. Designing scalable solutions for skills-based learning is notoriously difficult because mastering a skill typically requires structured practice and a deep focus on applying it to specific use cases.

RECOMMENDED ACTIONS:

- Ensure sufficient investment in training enablement, especially when skills need to shift to achieve success.
- Use a mix of in-person, synchronous virtual solutions, and asynchronous solutions. A few examples of scalable skills-based learning solutions include gigs and rotation programs, employee-driven on-the-job training (experience checklists or workbooks), and job shadowing.

With cost-effectiveness remaining a top priority amid ongoing transformation, centralizing change efforts, strengthening and aligning company culture, and investing in skills-based training may enhance both your organization's perception of and its actual track record of successful change.



INSIGHT #3

Talent Alignment is a Top Challenge for Organizational Restructuring

Healthy organizations routinely evolve their structures to keep up with market conditions and optimize operations for efficiency and workforce shifts. As a result, it's no surprise that we continue to see broad organizational structure change noted among respondents this year, with cost efficiency noted as a top driver (55%). Yet, organizations are struggling to align talent effectively during these transitions.

Our survey data reveals two major challenges impacting restructuring success:



These talent gap findings align with SHRM's 2024 Talent Trends report, which states:

- 1 in 4 organizations report that full-time regular positions they've hired for in the last 12 months have required new skills
- The top reasons driving these new skill requirements are organizational growth and changing technology
- 3 in 4 report that it has been difficult to find qualified talent with the necessary new skills

The second key challenge—lack of visibility into employee skills—presents an opportunity to adopt more data-driven approaches to talent management. As companies build skills data into their restructuring approach, particularly in the tech industry, gaining visibility into employee skills is becoming a top priority. Organizations that lack insight into their workforce's capabilities risk inefficiencies, mismatched roles, and slower responses to evolving business needs.

Manual, siloed approaches to talent mapping are becoming outdated. Rather than relying on functional-level talent mapping to prepare for restructuring without leveraging existing or centrally managed employee performance management data, organizations that invest in the right data infrastructure can realize efficiency gains for years to come.

Talent mapping is no longer just a qualitative, HR-led exercise; it is now a key capability that enables organizations to make smarter, faster, and more strategic workforce decisions, particularly during structural changes.

"Restructuring without a clear picture of workforce skills is like building a puzzle without knowing if you have all the right pieces. Organizations that invest in real-time talent insights can restructure with confidence, ensuring roles, skills, and business priorities stay aligned."



Riley Smith
Senior Director at Propeller

See how leading tech companies are improving skills visibility in our Tech Industry Insights Report. →

Best Practices for Aligning Talent During Restructuring

1. Be Suspicious of Spreadsheets

If your team is using a spreadsheet to assess and map talent before a reorganization, consider whether a more evergreen tool could be worth the startup cost. If you anticipate ongoing structure changes, legal scrutiny of assessment methodologies, or requests for scenario and complex budget modeling from the C-suite, consider using a tool like Orgvue to gain efficiencies in the project work and to begin the transition towards a more data-driven approach.

2. Leverage Existing Data Sources and Capabilities Before Creating New Systems

Work with your HR function to assess existing employee performance and skill data before building a new tool to enable restructuring. Many organizations underutilize the talent mapping capabilities of existing enterprise tools like Workday and SAP SuccessFactors.

3. Ensure Talent Mapping Reflects Your Strategic Priorities and Future Needs

A common pitfall when utilizing off-the-shelf skills databases for talent assessment and mapping is a lack of alignment with your future talent strategy. We recommend that the skills you assess your employees on should be only partially crowdsourced; your organizational "skills menu" should reflect not only the unique aspects of your business but also your future strategic capability needs.

Organizations that integrate talent and structure realignment activities into their annual strategic planning process and establish an enduring infrastructure to support this gain a competitive advantage by reacting more nimbly to evolving markets.



Driving Impactful Change with Propeller

Propeller's People and Change Management services equip organizations with the tools, strategies, and expertise to navigate today's challenges while building long-term, sustainable change. With experience in organizational effectiveness and design, enterprise technology transformation, learning and development, and talent strategy and operations, we partner with clients to successfully lead transformation.

Our approach translates an organization's mission, vision, and core values into behaviors that enable teams to successfully lead and sustain change. Through a customizable change framework and tailored solutions, we help clients embed change management into their culture, ensuring transformation efforts not only succeed but endure.

Let's discuss how Propeller can help your organization achieve sustainable, strategic change.



Riley Smith
SENIOR DIRECTOR AT PROPELLER

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BOOK TIME TO TALK