

Change Your People Before You Change Your People

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Key Takeaways:

- The human capital change management journey is critical to sustaining major operational changes and breakthrough performance, and in many ways is the most critical, resource-intensive, and challenging type of change for organizations to make.
- Behavioral and cultural change starts on day one in tandem with the operational change design process and typically extends months after implementation. People need time and support to develop the discipline and mindset essential to a high-performance culture.
- Manufacturers that fully commit to the human capital change management journey and invest the right effort in the process can sustain breakthrough changes and are rewarded with a continuous improvement culture that leads to powerful competitive advantage.

Investing in behavioral and cultural change is a journey well worth taking.

When manufacturers embark on operational performance improvement initiatives, executives are often quick to buy into the need for [operational process controls and precision of execution](#). They accept that procedural changes need to be designed and implemented, and that this will take some time. They fully commit to the investment.

But they are often reluctant to accept the human capital component of the change journey that must go hand-in-hand with the mechanical changes—especially since structurally changing people’s behaviors can take two to three times as long as mechanically changing processes. Many key executives are beholden to the misconception that teams should and will simply come along for the ride. In reality, it rarely works this way.

When plant managers, supervisors, foremen, or key operators fail to embrace or sustain operational improvements, it triggers talk of personnel changes. Particularly in today’s challenging labor market, replacing people is resource and time intensive. It almost always takes longer, costs more, and introduces more challenges than investing in changing the behaviors and culture of the current team.

By fully incorporating people as part of the operational process improvement initiative from the start, manufacturers can get to the gains faster, sustain them long-term, and build a culture of continuous improvement that provides a true competitive advantage.

3 Ways to Ensure Human Capital Change Management Success

1. Build the buy-in from the top
2. Start the human capital change management journey on day one.
3. Commit to the full change management journey.



1 Build the buy-in from the top

Executives need to embrace the importance of investing in people change as a key part of the improvement process. What's more, they need to demonstrate their commitment and model the change they expect to see.

Start with the right perspective.

Executives wired to think in black and white often don't understand why stakeholders are unlikely to simply fall into line with procedural change in the timeframe they expect. This failure to comply is rarely because of sheer stubbornness or insubordination. Shop floor players usually have legitimate reasons for resisting change, starting with the fact that they are not usually consulted or informed ahead of time that the changes are coming, why they are needed, what they will look like, or how the company plans to sustain them. From the shop floor's perspective, the changes being handed down from higher levels don't make sense or may not even work within the realities of the operating environment.

Further, most veteran players have been through a procedural change process before and know that the changes often don't stick. They are wary of investing effort and energy into what they view as a short-lived initiative with little to no pay off in the end. Understanding their perspective allows executive teams to proactively address valid concerns, effectively explain the value of upcoming changes, and build the right approach to change from the start.

Understand the financial case.

Changing people's behavior and culture feels non-tangible, so it can be challenging to calculate the payoff for the effort. And that effort can be considerable, especially in organizations where multiple shifts are involved.

However, there is a very clear cost involved in recruiting, hiring, training, and onboarding new people. Organizations can expect to spend at least 12 months on these steps given the current labor landscape and the onboarding and training time it will take to bring new people up to the same level of knowledge and know-how as their predecessors. The process isn't inexpensive, either. Industry experts estimate that [the cost to hire an employee](#) is three to four times a position's salary. Plus, companies will have severance packages for those who leave to factor into the costs.

There is a large and often overlooked opportunity cost as well in the form of delayed progress and results. Companies forgo the financial advantage of the operational improvements during the time they take to replace people. If, for example, the process improvements are expected to generate \$10 million in annual savings, taking a full year to onboard new players means waiting that long for the gains to begin accruing.

It's important to keep in mind that if the initial plan is to replace 5 to 10 people, the organization may be looking at filling even more positions if other people choose to leave when the leaders they trust are replaced. While behavioral and cultural change can breed uncertainty and fear, the sense of unease among the team will be much greater when respected stakeholders begin to leave the organization.

When organizations consider all these factors, the cost and time involved in methodically addressing behavioral and culture change within the organization becomes much more palatable. Especially considering that strategic people change works, and works well. Nine out of 10 people usually respond within several months when given the proper opportunity to embrace change, and even most holdouts eventually come around when the changes become the new norm and the rest of their colleagues are on board. It simply makes financial sense to focus on internal people changes as opposed to external changes.

Make it real.

Executives that do buy into the importance of the human capital change journey need to model that commitment in no uncertain terms. Actions and attitudes should clearly reflect that the change is endorsed at the highest levels of the organization. The executive team should be hands-on in rolling out the change. Shopfloor leaders often need to see that executives are fully on board before they commit themselves. When they do, these shopfloor leaders will become advocates who will play an important role in helping to rally and motivate the rest of the troops.

2

Start the human capital change management journey on day one.

It takes much longer to change people and culture than it does to mechanically change operational processes. But both journeys should begin at the same time and be given the same degree of focus and attention. In fact, both sides of the equation are more likely to succeed when they are implemented in tandem.

Create awareness.

Once an operational improvement opportunity has been identified, communicate the details with people at all levels of the organization right away, and especially those who will be most directly impacted by the change. Plant managers, supervisors, line leaders, and key operators need to know why the change is being made, their role in it, the expected results, and, ultimately, what's in for them. This lays the foundation for buy-in.

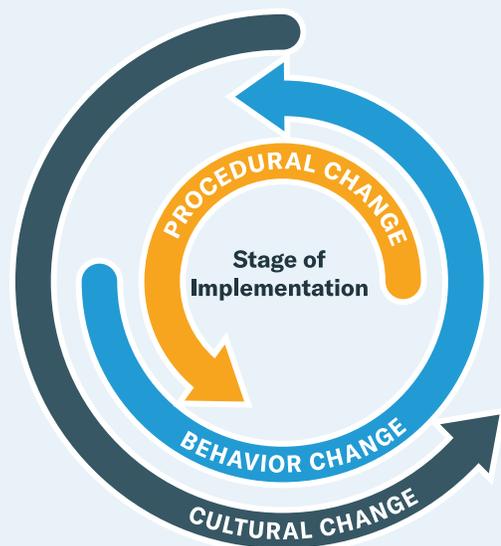
Solicit input.

The initial discussions need be two-way conversations. Experienced people at all levels, including plant managers, supervisors, and operators in particular, have invaluable insight and knowledge that is instrumental to successful change. They can often see the potential problems with a proposed plan and offer solutions to address roadblocks that can and will pop up during execution and sustainment. Their input will not only make the process changes better and easier to implement, it will trigger the beginning of [behavioral and culture change critical to improvement initiative success](#). By bringing people along from day one and making change a collaborative experience, people will naturally take ownership and commit to seeing the project through.

Lead and engage.

It's important to keep people engaged throughout the entire design and implementation process, which takes around three months on average. Keeping two-way communications open and keeping people informed at each step nurtures the commitment to change and helps establish the belief system in the change. By the time the new process is in place, most players will be onboard and excited to begin seeing the results.

The Change Management Journey



3

Commit to the full change management journey.

Even when executives initially commit and do all the right things in the first three months, it's difficult to stay the course throughout the entire human capital change management journey. Typically, this process extends several quarters beyond the three-month design and implementation phase of a process change, and by then, executives are on to other things. However, months four to 12 in the journey are where the real behavior and cultural change occurs, and it's important to stay invested in cultivating this change.

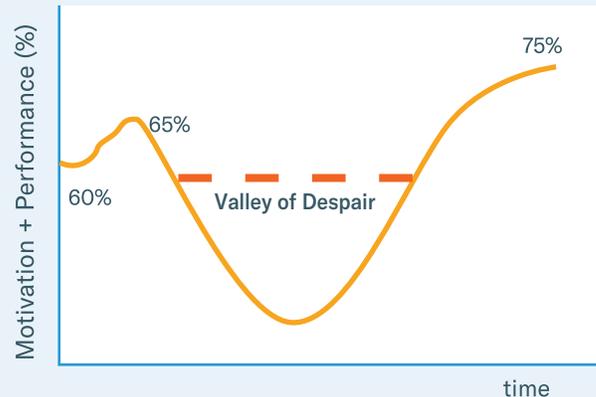
Maintain daily hands-on coaching and mentoring.

As people start to live and breathe the new process changes and ways of operating the business, they will need coaching and support on a daily basis. Challenges and questions are sure to arise, and adjustments may need to be made. Companies that make the commitment to training and adapting during this time will ensure their initiatives don't lose steam. They will also be intentionally embedding the behavior changes and habits, including problem solving and accountability at all levels, that will become part of the new continuous improvement culture.

Expect a "valley of despair" and be intentional about celebrating successes.

Process changes typically generate some immediate results. But then progress can slow, and it can take a little more time to work out the kinks before true breakthrough performance is achieved. It can be easy to get discouraged at this point, and change management leadership becomes even more critical. Manufacturers that lean into celebrating every bit of success during this period and make a point of rewarding people for staying committed will keep motivation levels high. And they will be rewarded when results quickly start to gain traction.

Change: The Valley of Despair



In this example, this company started at 60%, reached 65% during implementation, then hit the valley of despair with fewer gains, and then quickly jumped to 70%, with incremental improvements during the sustainment phase.

Make sure someone's always playing point.

In most manufacturing organizations, leaders and supervisors are stretched thin, and human capital change management often ends up taking a back burner at some point during the journey. Companies that are intentional about appointing a go-to person responsible for ensuring accountability to the effort, addressing challenges along the way, and keeping motivation high will be the most successful.

When companies see the human capital change management journey through from end to end, they experience true culture change. People don't revert to the old way of doing things because the operational and behavior improvements and discipline are now the new norm. This is the key to sustaining change and experiencing true continuous improvement along with real bottom-line results with every step forward.

Process change won't work without the right kind of people change, too.

Manufacturers looking to achieve breakthrough performance through operational improvements cannot fully succeed or sustain the gains without simultaneous behavioral and cultural change. While some executives believe this will take new people, it's always possible, easier, and more cost effective to succeed with the existing team, as long as they are given the right support throughout the entire change management journey. When organizations invest in their people alongside their processes, they win with better operations today and a culture of continuous improvement for tomorrow.

Create a Customized Change Management Plan

Achieving human capital excellence typically requires wide-scale cultural change. Processes and mindsets must evolve to create and sustain a new performance-driven culture where operational excellence is championed by every member of your team. To get there, TBM works with you to customize and implement a change management plan designed to establish the talent structure, discipline, and capabilities that drive winning culture while engaging employees at every step.

Learn More About TBM's Leadership Solution Practice 

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