ARTICLE

Details, Details, Details: Precision Trumps Speed in Successful Plant Relocations

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Key Takeaways:

- **Precision Trumps Speed:** Precision of execution in a plant relocation effort requires due diligence, detailed planning, and a focus on essential details are crucial.
- **Formalize Design Criteria Early:** This includes factors like space requirements and headcount planning, helping to guide the project manager and ensuring alignment among the project team from the beginning.
- **Optimal Consolidation Strategy:** Conduct a thorough audit of current sites and operations is recommended. Assessing factors such as geography, talent pool, and operational needs helps determine the optimal consolidation strategy.
- **Smart Manufacturing Planning:** Integrating smart manufacturing technologies early in the plant relocation process transforms the move into a strategic opportunity, ensuring the new facility is future-ready.
- **Customer Impact Assessment is Key:** From changes in service provision to inventory management, a detailed analysis is crucial and helps to develop a robust plan to safeguard customer relationships.
- **Consider Labor Factors Beyond Cost:** Failure to find and retain the right talent can jeopardize the success of the relocation.

Plant relocations remain a common trend in manufacturing, with activity levels fluctuating over time.

Many management teams continue to prioritize relocating and consolidating physical assets—not only to control operational costs, but also to strengthen resilience against ongoing economic and supply chain disruptions. This shift is increasingly driven by the need to be closer to critical materials suppliers and key customer markets, enabling faster response times and improved logistical efficiency.

Making the Call

The decision to relocate goes beyond just choosing a site and should only be made after extensive due diligence is performed on capacity needs; the state and quality of current capacity; the strategy for fitting the new site in with any other physical sites; and any forward-looking business demands that may materially impact strategy and operations going forward.

Of course, the operative word in the above is 'should' – this is the ideal sequence of decision-making, which as we all know rarely occurs. The way it usually works: the executive team makes the decision to relocate and conveys that to their functional leaders and teams, who are then expected to make beautiful music together, without a play sheet, by a certain date.

Under this model, important details inevitably fall through the planning cracks and rear their ugly heads at the worst possible times. In our experience working with clients on these massive, multi-dimensional projects the number one success factor, far and away, is being precise and thorough every step of the way. No detail should be considered irrelevant. Speed falls far down the priority list.

Putting a Plan Together

The first step in any relocation plan is to develop the principles of design for the new site – those absolutes that need to happen because of the move. There is no such thing as being too detailed as this upfront work provides a valuable guide for the project manager to keep all the wheels spinning in the right direction.

In most relocations, actual office space tends to be a smaller part of the new space needs. The bulk is needed for records and storage, and if there's a heavy manufacturing component – machinery, racking and shelving, and potentially hazardous materials storage areas and containment areas.

The issues to consider can seem like an endless loop, but to streamline:

Formalize Design Criteria

This could include, for example, space requirements around headcount planning. Do we want to have a 25% space reduction? Or do we need to find a way to accommodate more headcount than we originally planned for? Establishing these criteria does two critical things: it helps the project manager avoid wasting valuable time on the front end on things that don't fit the strategic intent, and it helps get the project team engaged and working around the same agreed-upon principles. The biggest issue we see is that management teams either do this too late or in silos and ultimately a key stakeholder learns of the project late in the game, maybe even after permitting and construction plans have been approved. Design criteria should also include any processes to be moved to the new site.

Determine The Optimal Consolidation Strategy

It's easy to make a mistake and relocate to a site that for whatever reasons—geography, area talent pool—ends up not working out. This can be avoided by doing a full audit of all current sites, including the core operations maintained within each, headcount, types of skills on staff, equipment, storage, or any other specialized needs. Businesses have multiple warehouses for a variety of reasons. Each location may manufacture and inventory different or specialized parts, or perhaps satellite warehouses have been established in key markets over time for strategic business reasons. Either way, the desire is to downsize the footprint, and while consolidating helps centralize operations and streamline processes, full attention needs to be paid to how best to keep managing and meeting demand, especially if demand is rising.

Evaluate Smart Manufacturing Solutions Early

A critical yet often overlooked aspect of successful plant relocations is the early evaluation and integration of smart manufacturing technologies where they add value. By analyzing operational, machine, and financial data upfront, companies can identify where automation and digital tools will enhance productivity, visibility, and decision-making. Incorporating these technologies during the planning phase—rather than retrofitting them later—ensures the new facility is both operationally sound and future-ready, capable of responding more agilely to internal and external changes. This digital-first approach transforms relocation from a logistical task into a strategic opportunity for operational excellence.

Assess Impact on Customers

A paramount concern is gauging the impact a relocation would have on customers. Will the new site result in any changes in how service is provided? Will inventory be handled differently? This is where precision needs to go up several notches and forward planning becomes crucial. For example, a business may choose to purchase extra raw materials to avoid shortages and the inability to deliver to customers. These extra raw materials may lead to other considerations, such as the need for additional storage. Getting into the minutiae and embracing it will help ensure that a solid plan is in place for protecting customers.

Address Labor Considerations

Many companies, of course, relocate for labor cost reasons, aiming to capitalize perhaps on cheaper real estate and more available talent in certain geographies. The mistake they often make is putting a premium on general labor availability when it's really about whether the skills you'll need in that new or existing plant or site will be accessible to you in the new location. We have seen companies relocate, get a good momentum kick, and then have to close up shop because they couldn't find the right talent around them.

Make Training and Development Transportable

The training and development models in most companies are broken. We often work with clients that have good plans in place but in the process of executing they go through periods where they take shortcuts due to time and resource constraints. Training should be a core part of the relocation plan and be based on the core skills necessary at each location.

Proactive Communications Build Trust and Buy-In

Communication is the one area where we see companies fall short the most. It is incredibly challenging to communicate early on due to the sensitivities that may be involved in the relocation, including which groups are moving and when, what that means for other teams, etc. There are long periods where the change management plan is churning but meaningful details can be sparse—but at the appropriate juncture companies need to be fully transparent with all stakeholders, including customers. The last thing customers like is surprises, which can lead to reputation tarnish. The last thing companies like is word of mouth which isn't favorable.

Closing Thoughts

While the early emphasis is often on speed, successful relocation projects require masterful precision, and because of the number of threads involved, take time and focus. In our experience, companies typically complete these projects within 16 to 18 months. Delays can often come due to government involvement in job creation incentives or municipal licensing and approval issues.

All of this is to say that things will come up that you don't expect, and the ability to adapt will dictate the degree of success. Having a good plan in place won't make everything go perfectly, but it will put companies in a better position for great outcomes.

Ready to get started on your plant relocation project?

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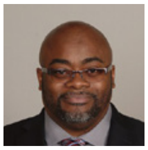

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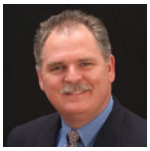

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