BCG

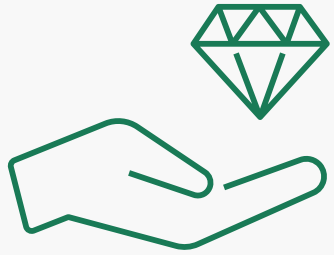# Leadership with a Powerful Purpose

Leadership is central to transformation success

Energize and engage the organization by defining and cascading its purpose and case for change
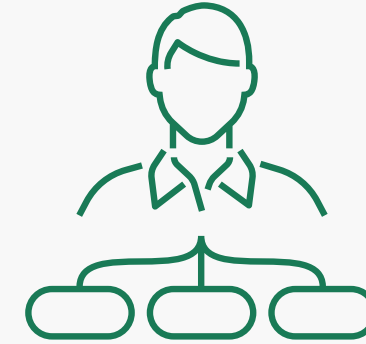
x2.3

higher transformation success rate

Align senior leadership on scope and help employees understand why they need to be part of the change

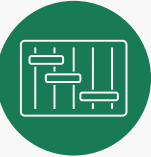## x3

higher transformation success rate

Support leaders in activating key behaviors and driving change

x1.5

higher transformation success rate

Yet leadership engagement in transformations remains lower than before the pandemic

Average transformation success against expectations[1]

	2020	2021	2022	
Value realization	~73%	~46%	−45%	**Value realization** initially declined during the pandemic and has since remained stable
Cost to achieve	+15%	+32%	+31%	**Cost overruns** nearly doubled during the pandemic and are still higher than expected
Duration	+19%	+69%	+69%	**Timeline delays** tripled during the pandemic
Leader engagement	~53%	~45%	−38%	**Leader engagement** has decreased significantly since the pandemic, showing a ~40% drop within two years
Employee buy-in	~64%	~59%	−60%	**Employee buy-in** declined during the pandemic and has since increased slightly

Generative leadership is a purposeful approach to build for the future through the head, heart, and hands

From extractive . . .
Consume resources by focusing on business growth and profitability, regardless of other consequences

. . . to generative
Grow and expand resources by putting society and the planet at the core of the businesses

Head
Reinventing business to serve all stakeholders

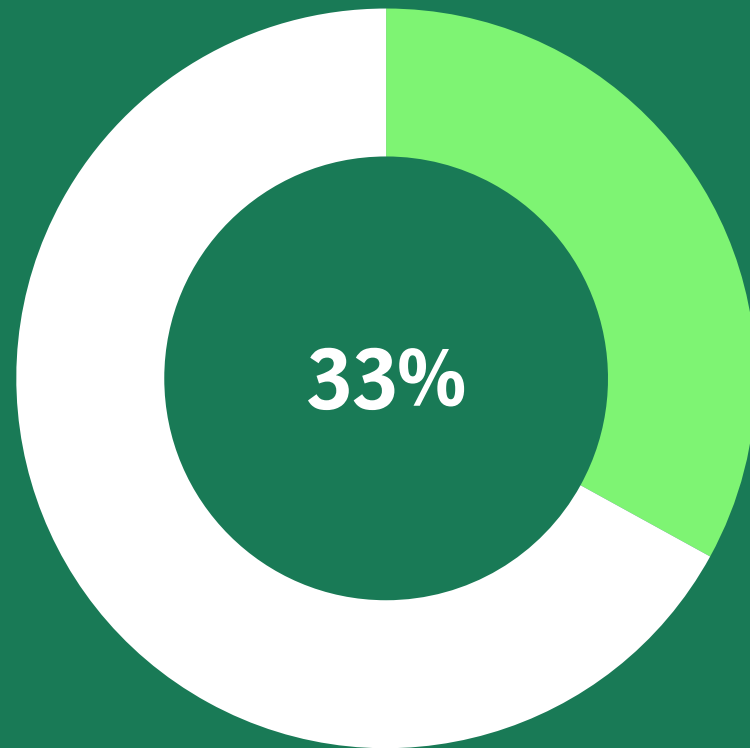**Heart**
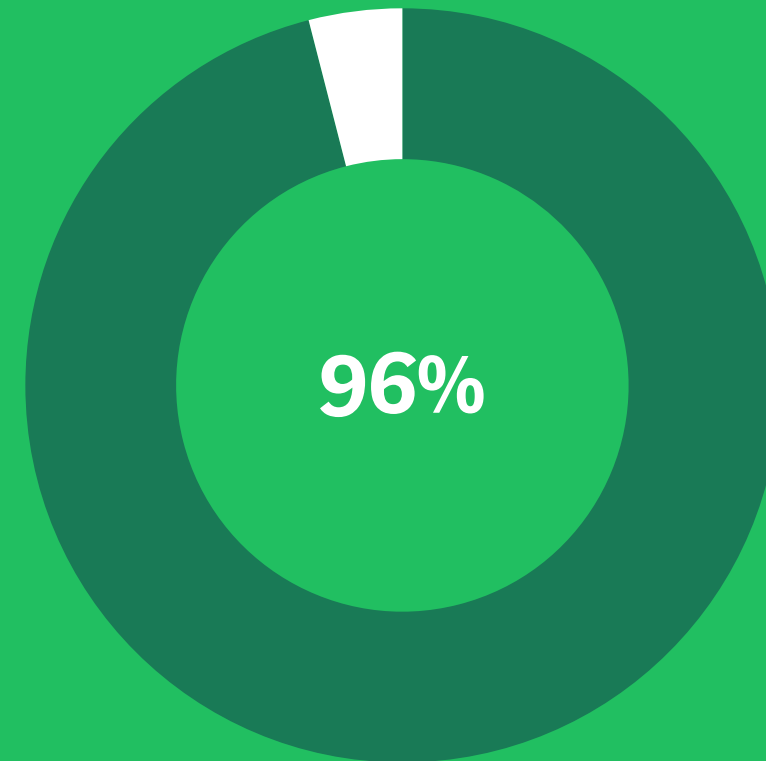Inspiring and enriching the human experience

Hands
Executing and innovating through supercharged teams

Fully engaging head, heart, and hands is key to sustaining performance improvements from a transformation

Companies with sustained performance improvement (%)

33%

Partially engaging
Head, Heart, and Hands

96%

Fully engaging
Head, Heart, and Hands

Building purpose-driven, generative leadership for the future is a multistage transformation journey

Stagnating

Yet to define a purpose and get digital transformation right—limited value created

Emerging

Executed successful programmatic transformation with a purpose, but challenges in effectively scaling organization-wide

Scaling

Embedded purpose across the organization and delivered multiple waves of successful digital transformation—pivoting to innovation-led growth

Future-built

Continuous innovation at the leading edge of disruption with generative, purpose-driven leadership at the core (fully engaging head, heart, hands)

LEADERSHIP WITHOUT A PURPOSE

Programmatic approach to fix the core and build a foundation for innovation (digital transformation)

GENERATIVE LEADERSHIP

Embed and scale cross-functional attributes to pivot to growth from innovation (continuous innovation)

Head: reimagining and reinventing the business to serve all stakeholders

Create alignment with a purpose and vision
· Define a sense of why the organization exists
· Identify and prioritize the big rocks and communicate at all levels

Ensure value for all stakeholders
· Reshape what value means to the organization
· Expand your view of stakeholders
· Understand the connections your organization has to addressing world challenges

Reimagine and reinvent
· Challenge existing assumptions to unlock creativity
· Use combination of data, logic, and intuition to make decisions

Heart: inspiring and enriching the human experience

Lead with purpose
· Embed purpose into everything the organization does—goals, decisions, actions, etc.
· Understand the connection between organizational and individual purpose

Create an empowering culture
· Put the key elements in place for a culture where people can do their best work
· Empower your people and support their growth

Demonstrate care
· Listen and learn first, then support
· Articulate and role model the importance of wellbeing
· Recognize and confront your biases

Hands: executing and innovating through supercharged teams

Create supercharged teams
· Leverage a wide array of both internal and external skillsets, as well as technology to compose teams
· Insist that teams focus on their head, heart and hands to create the highest value

Inspire ownership in others
· Share the goal and let the team decide how to accomplish
· Let go of more than you might feel comfortable and make your teams more autonomous
· Trust that your team will deliver

Boost resilience
· Learn from successes and failures
· Be flexible and adapt
· Encourage experimentation in all teams

Head: future-built companies focus on C-suite digital savviness and leadership alignment

Reimagining the business to serve all stakeholders

Share of companies with high score

KEY ENABLERS	STAGNATING	EMERGING	SCALING	FUTURE-BUILT
C-suite digital savviness	15%	37%	68%	100%
C-suite alignment	23%	60%	81%	97%
Middle management alignment	26%	41%	65%	89%
Priorities and monitoring	22%	45%	73%	89%
Roadmap for digital, AI, and climate and sustainability initiatives	20%	44%	77%	86%
ESG alignment with strategy	20%	36%	57%	64%
Current ESG performance	11%	30%	48%	58%

Heart: future-built companies focus on societal leadership and a compelling employee value proposition

Inspiring and enriching the human experience

Share of companies with high score

KEY ENABLERS	STAGNATING	EMERGING	SCALING	FUTURE-BUILT
Societal leadership	39%	49%	81%	78%
Compelling employee value proposition	15%	32%	75%	75%
People growth and development	15%	28%	65%	72%
Digital skill investment	41%	36%	32%	72%

Hands: future-built companies focus on empowering management

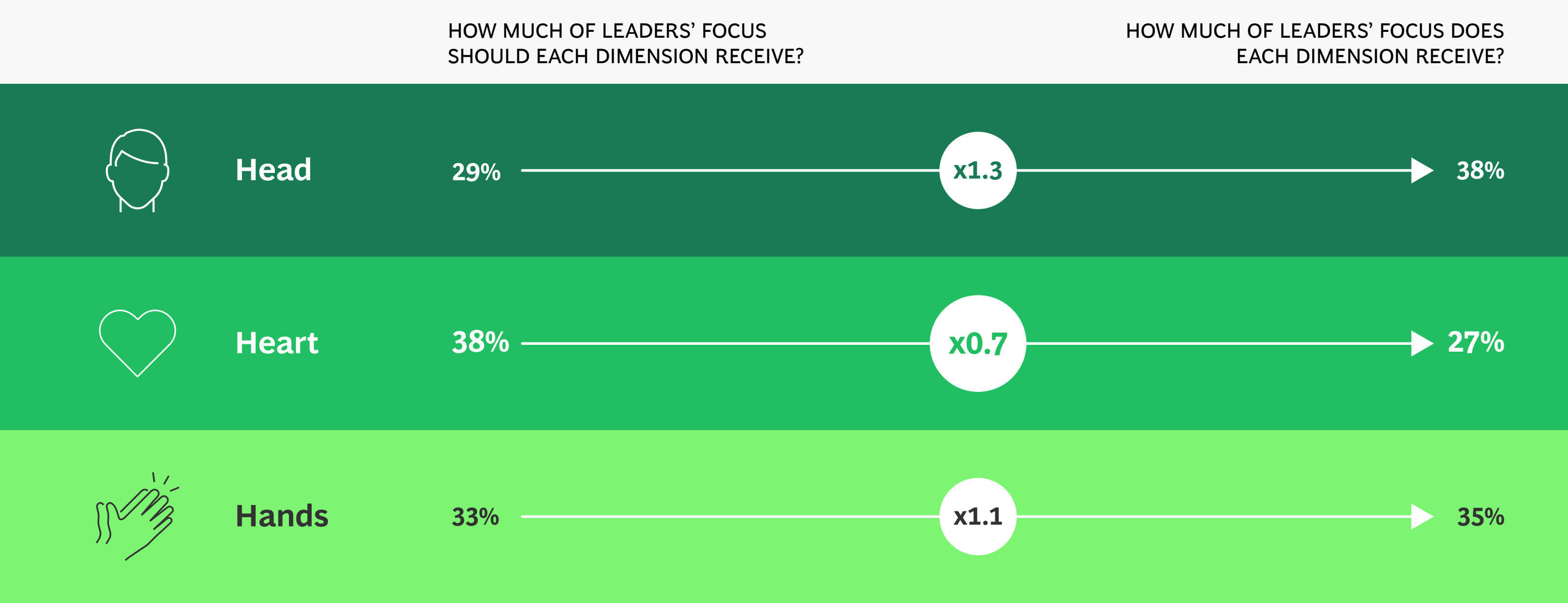## Executing and innovating through supercharged teams

Share of companies with high score

KEY ENABLERS	STAGNATING	EMERGING	SCALING	FUTURE-BUILT
Empowering management	20%	38%	74%	100%
Rapid scalability	11%	23%	44%	86%
Entrepreneurial culture	23%	30%	53%	83%
Optimized work design	15%	30%	58%	83%
Team focus	27%	44%	73%	75%

Leaders see clear purpose as essential to transformation success …

Among top 3 success factors along transformation, transformation leaders rated a clear purpose as #1

- **Unsuccessful transformations**
- **Average success with transformation**
- **Successful transformations**

30%

39%

31%

KEY FACTORS IN SUCCESSFUL TRANSFORMATIONS

470 — Clear purpose

398 — Clear communications

375 — Aligned leadership
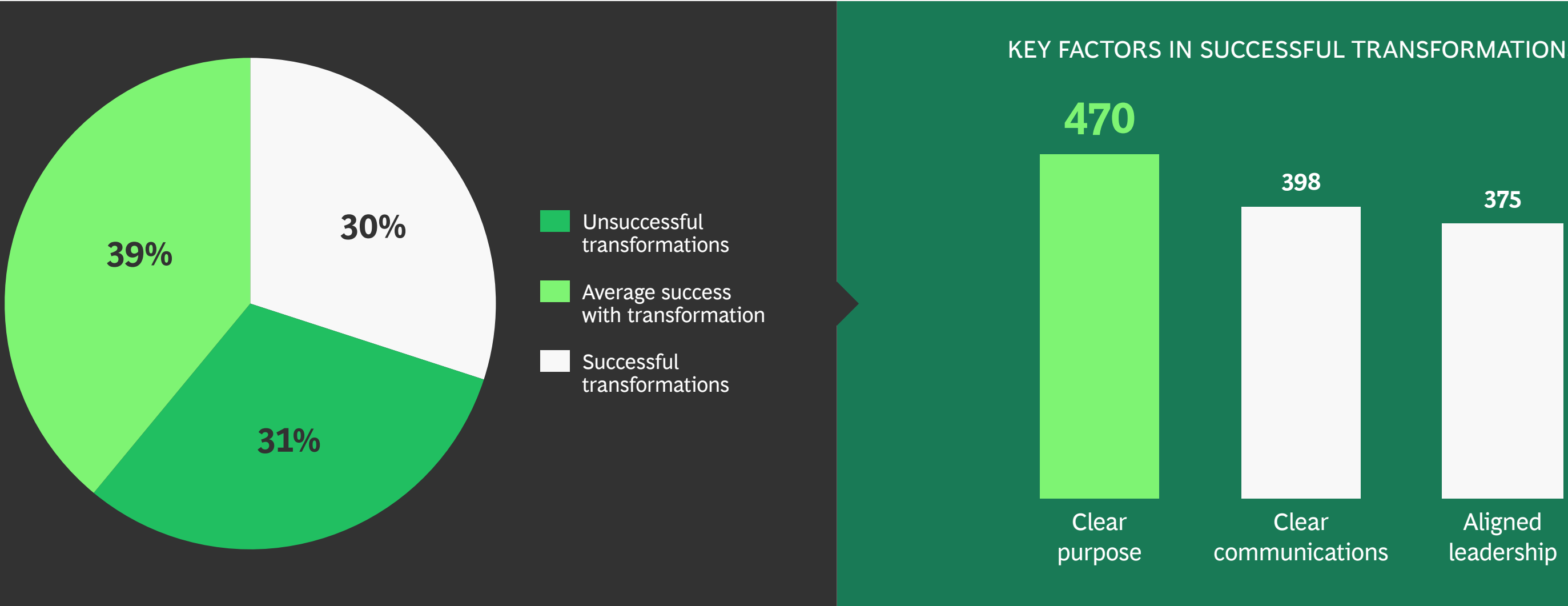
… yet leaders often neglect heart-based leadership during transformations

HOW MUCH OF LEADERS' FOCUS
SHOULD EACH DIMENSION RECEIVE?

HOW MUCH OF LEADERS' FOCUS DOES
EACH DIMENSION RECEIVE?

Head   29%   ⟶ x1.3 ⟶   38%

Heart   38%   ⟶ x0.7 ⟶   27%

Hands   33%   ⟶ x1.1 ⟶   35%

Companies should focus on six principles to develop generative leaders

Relevance
Balance learning content and capability **building across head, heart, and hands**

Flexibility
Tailor journeys to leaders' needs and **focus on a subset of 3–5 target behaviors**

Impact
Measure the outcome from every action

Immersion
Invest in **targeted and dynamic learning activities**

Impact
Build change into leaders' **real, day-to-day work**

Coaching
Unlock personal change for individuals in a **coordinated approach** with overarching transformation

And leaders must set a powerful example by shifting key behaviors

1

Drive cross-functional collaboration

Buy into the integrated roadmap and create cross-functional teams that work as a unit toward shared objectives

· Engage constructively to manage the workflows between product, network, business unit, and IT teams

2

Be an active initiative sponsor

· Engage on details and give pragmatic assistance on bottlenecks and issues
· Pick the right accountable initiative owners, who are motivated to succeed
· Emphasize the connection between initiatives and the broader transformation
· Celebrate team successes

3

Work for efficiency and quick wins, not perfection

· Commit to frequent reviews of initiatives and authentic, informal discussions about issues, risks, trade-offs and re-prioritization
· Ask questions and encourage continuous re-prioritization vs. a static workplan
· Demand small, frequent outcomes, allowing teams to learn, iterate, and improve
· Implement informal 24-hour escalation pathways—if anyone at any level of the organization has a problem and they can't resolve it in their team, they have the green light to escalate it

4

Actively seek coaching

· Strive to unlock personal change first
· Learn and refine how to highlight initiatives in all communications as a top priority

A mining company supplemented a transformation by helping its frontline leaders engage more with the heart

Context

· A mining company seeking to improve productivity underwent a rapid transformation effort
· The company sought to upskill approximately 6,000 frontline managers to be more caring and engaged
· The company built a leadership journey focused on Heart qualities to **improve recognition, people coaching, and empowerment in leaders across the firm**

Action

● **Discover**
Through robust measurements, the company accurately assessed performance by individual and function

● **Learn**
· A new playbook showed managers how to manage employee sentiments and difficult conversations during the transformation
· Personalized capability training sessions addressed the needs of individual managers

● **Apply**
Apply learning experience into daily routine to ensure practicality and relevance for front line

● **Embed**
Role models were identified to teach the other frontline leaders

Results

· Most impactful capabilities were selected to further strengthen them
· Managers grew more comfortable having difficult conversations during the transformation

A global insurance company builds a pipeline of generative leaders

Context

· A global commercial property insurance company recognized that it would **lose a significant number of its top leaders** to retirement in coming years

· The company sought to **identify and develop successors** to executive-level leadership roles with an interactive, **generative leadership journey**

· It **launched leadership development journey** grounded in succession planning

Action

· The company developed a **high-touch, customized approach** to developing generative leaders, centered on **executive coaching**

· The 9-month development journey, geared at **high-potential employees**, included a combination of:
  – Sprints/workshops across head, heart, hand
  – 1:1 coaching
  – Coalition group coaching

· The aim of the journey was to **grow and empower adaptable leaders** that drive business results

Results

· Strengthened cadre of **generative leaders** who will be ready to fill top leadership positions when needed

· Strengthened **cross-functional relationships** between leaders

· Culture shift to incorporate more **feedback and collaboration** among leaders