



GEORGIE FROST: Welcome to *The So What from BCG*, the podcast that explores the big ideas shaping business, the economy, and society. I'm Georgie Frost. In this episode, most business transformations fail to deliver on expectations, but it doesn't have to be that way if leaders just follow the science. Joining me is Kristy Ellmer, a core member of BCG Transform. Kristy is the coauthor of a BCG book about the science of change due out in early 2026. Kristy, what's your "so what?"

KRISTY ELLMER: Georgie, my "so what" is I actually believe as humans we were designed to do hard things and need to be challenging ourselves to really get out there and do hard, bold things, and that, for me, is what transformations are all about.

GEORGIE FROST: Change is hard. In fact, we're biologically hardwired to resist it, which might help to explain why, despite 60 years of research, 75% of business transformations fail, a figure that has stayed stubbornly high for decades. The truth is that the science behind the change has been documented for quite some time, yet it's rarely followed.

KRISTY ELLMER: Transformations can mean different things. I actually think they often follow different archetypes. So you can think about having a cost transformation, or a growth transformation, or we've just done an M&A and that's transitioning how we think about our business, but the way we really like to describe transformations are programs that identify opportunities across major step changes on all parts of the business. Think about that as top line, bottom line, new innovation, new businesses, but also includes what do we need to change as a culture, and the ways that we're working to truly achieve those outcomes.

GEORGIE FROST: What do you mean, what do we mean, when we say fail?

KRISTY ELLMER: Yes, we look at how we define successful or failed transformations. We really want to look at not does it just deliver what the stated goals are in the short term, but how they deliver in the long term. Did the company achieve its stated goals and did they sustain those results over a three and five-year period? Because successful transformations should actually allow you to deliver the step change, but be in a new position to take on the next level of challenge.

GEORGIE FROST: Now we know what failure and what success means. Why has nothing shifted the dial on this?

KRISTY ELLMER: It's fascinating to me and actually quite frustrating because when we actually look at every piece of research and we look at the transformations and truly study them, it's actually very clear where they went wrong. In practice, it can be difficult. Transformations are hard work, they're daily grinds, but when you look at the core of what makes success, it really is just really equal focus on the *how* of transformations.

We think about companies, they often talked about, "What's the strategy? What are the big levers we need to pull?" They spend a lot of time talking about that. They spend very little time thinking about, "How do we change the behaviors? How do we change the ways of working to enable the change that we want? And then how do we think about the employees at the heart of that?"

Because truly, if you think about change and driving big change in your organization, it's really driven by hundreds, if not thousands, of people in the organization and investing time and resources to ensure that they can take up the change.

GEORGIE FROST: You're very passionate. Why? Where does that passion come from, personally?

KRISTY ELLMER: When I started my career, I was actually fortunate to take a job at Delta Air Lines during their bankruptcy, and I honestly didn't know what I was getting myself into. It just sounded exciting, a company going through a big change, and it was one of those bankruptcies that was truly one of the most successful of all time if you think about the time in which they were in, the strategy in which they came out, and actually delivering the results and sustaining outperformance for decades that followed.

And for me, to be part of that team as an employee who was part of, "What is the strategy? What do we need to change?" and thinking about what we were going to be afterwards, we worked really hard. It was a lot of blood, sweat, and tears. But what I would say is when we came out on the other side, you could look back and you could say, "I was a part of something that mattered. I was a part of something that took a historic company and really gave them their next shot."



And for me, what I found different about the way Delta did change is they put the employee at the heart of everything that they did. We were all deeply involved, we were engaged, we were trained. And so when we came out of it, on an individual level, our career trajectories had completely changed and us as people had changed. We were tougher, stronger, smarter. And I walked away from that really having a foundation of what good transformation and change look like, but also what the results could give you on an individual level.

And so for me, as I think about transformation and the work that we do at BCG with our clients, I really want the individuals who experience change to not only get success, but to have a better outcome personally at the end of it.

GEORGIE FROST: But change is hard, particularly when you're in the eye of what can be quite a big storm. What does the science actually tell us about how we respond then to change?

KRISTY ELLMER: If you go back to when we were cave people and the real threats that existed in the time, anything that was out of the norm truly could affect our safety, and our brains have not evolved. So we're now seeing anything that's a threat to our ego, a threat to our way that we operate, it's seen as the same level of threat as you would see a lion coming at you.

And so knowing that, we have to understand how to help people see that the change is less threatening and we have to help them be a part of it so that they feel they're designing it for themselves as well, not just that it's being done to them.

GEORGIE FROST: How do you do that? How do you make sure that people are on that journey?

KRISTY ELLMER: Yeah, I think it's important that we actually design the programs and transformations with them in mind, but then also give them the chance to be involved. Too often when we see transformations, they're very high-level. The executive team decided to make a change, they have a small set of people working with them and say, "These are the initiatives that we're going to do." And then as the initiatives start to get executed, they're done to people.

And what we would say the science is, is no, actually involve them. Let more people be involved in designing what are the initiatives they're going

to work on, what's their role in it? There's something that in the sciences called the IKEA effect, and there was research done that basically said if you've built a piece of IKEA furniture, you are more committed to keeping that piece of furniture or harder for you to give it away than a piece of furniture that you just bought, and it's because you have invested in that.

So when we think about helping people come along the change journey, we want them to build the change because they'll be more invested in it. It's still challenging, it's still hard. Because they built it, they are committed to seeing it through. And so as we think about bringing them on the journey, the first piece is to really help them be part of the change.

The second is to actually pull together from all these different pieces of science to say, "We know there are going to be hard moments. We know that momentum is going to be lost," so actually creating, as a leadership team, a momentum map to understand where are the emotions going to go low? Where are people going to have anxiety? Because there's natural points in a transformation when you're doing things that that will happen.

And then third is helping them understand that. People know this is hard. People don't show up to work to do a bad job. It's hard. We're asking them to break and change habits, but if you help them build the capabilities to cope with that, but also just the general understanding on, "What's actually going on? Why am I feeling anxiety?" And so really making sure you're helping people with the training on the skills, but also themselves.

GEORGIE FROST: Change in transformation, there's a lot of sophistication in it, so forgive me for boiling it down to what I imagine a lot of workers will just be thinking when any change happens is, "I'm going to lose my job." And the reality is things like that do happen and that can cause discomfort, upset, concern. What do you do as leaders, to, if you do have to go through that process, make sure that everything is communicated well? I suppose communication is key.

KRISTY ELLMER: Yeah, it is a part of most transformations. There are hard decisions that need to be made. You mentioned communication. The first piece is really being up front about that. If you try to hide it, people know. Tell them what is going to be included, that this is being reviewed, but also give them timelines. People like certainty.



So even as you're going through the work, communicating with transparency, but also communicating when certain milestones or deadlines will happen, that is critical for people to stay on the journey and to reduce some of the anxiety.

The other piece is to think about how you handle that process because there is ways to do it where just reducing costs and taking people out. There are also ways to say, "That's a piece of it, but also we're going to look at how do we become more productive? And if we're more productive, actually we're growing, so we could actually have less of a cut than we needed to." But then also I think how you handle the process, even if they lose out on a role and you are respectful in how you do it and you help them, decent severance packages, helping with retraining, things like that, right?

And so I think the good companies, the companies that get this right in a transformation really understand it's important how they manage the process because it's a downside of every transformation, but if you can do it in the right way, it's not as negative as it could be.

GEORGIE FROST: I'm just curious about the process as a leader of making the decision to transform. When is it required that you need quite a major transformation? What are the signs as a leader that you should be looking out for that now is the time or perhaps you should hold off and wait?

KRISTY ELLMER: So in any given industry, there's about a third of companies that are always underperforming their peers. And so that's always an indication of, "Okay, for us to be successful in terms of delivering to our investors and to our customers and employees, we need to transform." So if you're starting to see a two, three years where you're not catching up, that's a very clear sign.

The other is actually when there is disruption in your industry, so a major technology comes in, a new player comes in. If you don't transform, while you might be performing well, it's not going to sustain in the coming years. For any given sector, about every ten years, those moments come.

The third is actually when you're in a position of strength, and this is the one that I think surprises people the most. We've done a lot of research and recognized that companies that were top-performing that chose to take on a transformation over-performed in the coming years against peers.

So if you position a transformation as coming from a position of strength, you can actually get outsized performance results because you already have teams that are working well together, you already have a really good platform, and if you can lean into that success, you can actually over-perform even the peers compared to where you were.

GEORGIE FROST: Obviously every company's transformation journey is unique, but is there a point along the chain of transformation where you see the most vulnerabilities to failure? Are there any trends here?

KRISTY ELLMER: Yes. The parts where we see the biggest failures begin is what I call the messy middle. So if you think about a transformation, there's usually deciding to change, planning for it, so you're planning to launch, then you're in this stage where we've actually launched and we're just executing it, and that's the longest phase because you can be in that phase depending on your transformation from one to three years.

It's actually in that phase where people get a false sense of success. So it's actually quite easy in a transformation in the first three, six months to start delivering results. People are energized by "we're kicked off this transformation," but the reality is the work that's done in the beginning is actually the easier work.

And so people will put in these routines and discipline and really get focused, and then you get six months in, 12 months in, depending on your transformation timeline, and everyone's going, "Wow, look at us. We're really starting to do this thing and it's happening. So can we scale back? We don't need to meet as often. We don't need as many KPIs."

And that is what I call a transformation trap because nothing has really changed yet, you've created early momentum, but the hard work is to come. The initiatives that are done in the last half of the transformation are always much harder. They're much more cross-functional. They usually involve new technology and new ways of working around innovation, new business models that we don't know how they're going to work yet.

This is where I encourage everyone to actually lean in more, lean into the discipline, lean into really getting into what I would call the leading indicators, the micro things that are happening, but then also leaning into "how do we keep the



organization motivated? How do we keep people engaged?"

But it happens across many of these transformations and it's human nature. I often think about if you've ever been on a health journey and you get seven, eight months in, you're near the goal weight, but you're like, "Oh, I can skip a few things this week. I don't need to track. I'm not going to exercise." And all of a sudden things start to slow backwards, especially because those last five, ten pounds are hard to lose. And so it's the same thing in a transformation journey.

GEORGIE FROST: How do you balance the need for discipline and structure during the change process with flexibility? Because inevitably, even the greatest plan, there will be things that don't quite happen in the way that you expect it to.

KRISTY ELLMER: Yes, every transformation does not go perfectly, right? You can have the best plan, you can put it all in. And I recommend to every leadership team and every team I've been a part of, we spend real time up front investing in getting the plan as best we can.

I had a client that, through the pandemic, became extremely busy. They were in grocery and in run the business side of things dramatically shifted. They actually said, "No, we're going to lean into the transformation, meaning we're going to keep our discipline, our weekly meetings, our steering committee. We're going to keep those things because we actually need them to really think about how we're going to execute this plan and deal with the change in the plan." So I think if you understand the principles, you can say, "Okay, we need flexibility, but what we might cover might be different."

Another example would be I had a client that had a death at their site. You can imagine saying, "Okay, we're going to focus on the transformation" became a lot less concerning to everybody at that point. What the leadership team did actually though instead was they said, "We're going to keep the discipline, but we're going to use the meetings for the next two weeks to talk about how, through the transformation, we can improve safety."

And so what they didn't give up was the discipline, but they changed the subject matter to make sure it was relevant for the challenge where people were and the change that needed to happen for those couple of weeks, but they used the principles of the

transformation and the science to say, "Let's actually tackle that problem using those."

GEORGIE FROST: You said earlier that transformation success isn't just about the short-term game, the one-year gains, it's about sustaining momentum over three, five years. What does it take to achieve that?

KRISTY ELLMER: To sustain a transformation, the first is actually identifying early on what are the cultural behavior changes that need to happen? Because you're going to identify a bunch of strategic levers, things that need to happen, but if you can't address the behavior change and the ways of working in the organization, you won't sustain it. For example, if you're trying to take a bunch of costs out, actually helping people understand the cost of the business and the decisions that they make and what it actually costs the business helps them understand and make better decisions.

So often, what we'll see, okay, if we're going to do a large cost-out in procurement, there's retraining of the employee base on what it means for the decisions that they make. If you identify a behavior up front that says, "Okay, people need to have more of an ownership mindset as part of this," what are the things that we're going to do to help them feel like they can have that mindset, but then also remind them.

If you don't do that in a cost transformation, for example, the costs are going to creep right back because we did a bunch of activity, we've done the work, and as humans, we want to dust our hands and say, "Okay, phew, the work is done."

But if we haven't actually changed how we think about it and how we behave around cost, you'll be back in three years doing the same thing again.

GEORGIE FROST: I understand in the book you've identified the principles of change. Can you share some of those with me?

KRISTY ELLMER: Yeah, I'll give you a couple examples. So the first is expect take-up to be earned, not automatic, meaning behavior change can't be mandated, and the behavior change often fails due to gaps in capability, opportunities, or motivation. So leaders, it's incumbent on them that they have to identify specifically what needs to happen to drive those behavior change.



Just asking an employee to change or telling them they need to without helping them understand what good looks like, the capability that they need to do that, and then reinforcing those behaviors and rewarding them, that's the way you get take-up into a transformation.

Another principle we identified was sharing stories and symbols, not just dollars, as we would say. So for the change to resonate, numbers aren't enough. If you go out and talk about the transformation in terms of what it's going to deliver for shareholders or a big number, "We're going to deliver \$2 billion in the next two years," people aren't motivated by that.

There are some people that are, but the rest won't be. And so it's critical as you think about your communication and how you're helping people through change to tell stories, to create emotionally compelling stories around, "Are we in this because it's our destiny to drive this change, or is it really a threat because there's a competitor?" So how are we helping create this rallying cry that people can understand? But then create compelling stories around it and then reinforcing that through symbols.

So if we're talking about a transformation or a change, when we share the stories, we need to talk about the impact it's going to have on them personally, but also how it's going to impact customers and communities and teams as well as the financials because that's how people are motivated. And so making sure all of our transformations and change communication touch on those primary motivators for people and have real symbols and stories so that it resonates and sticks in their brains.

GEORGIE FROST: You're an expert on change. Was there anything in there that surprised even you?

KRISTY ELLMER: I never wanted to write a book. I just was very frustrated that, for executives, there just wasn't an answer out there on how to get to these successful transformations. So we set off on this journey to sort of say, we're going to bring together all the sciences on change and then put them into a practical way on how to think about them in transformation.

And as we were out doing all of the research, it just continued to shock me how much of the answers are already out there. They're sort of disparate in

academic journals and studies and different case experiences, and some of them we knew, but I was shocked at how much there was actually out there just reinforcing the same principles, the same core things, and what challenges you'll run into when trying to drive humans through change.

GEORGIE FROST: What's the one bit of research that every CEO should know then?

KRISTY ELLMER: It's that leaders and their people often have very different feelings around change. If you tell a group of leaders that a change is coming in the workplace and ask them how they feel about it, 68% of the leaders will say they feel very positive. Even if they haven't heard any of the details, you just tell them, "A change is coming," and 68% of them will say, "we feel very positive." But if you ask a group of employees that a change is coming and how do they feel, only 45% of them will say they feel positive.

You get a similar result if you ask about whether they think this unknown change will succeed. Seventy percent of leaders will say, "Unknown change, but do I think it will be successful?" They say, yes, they do. Forty-nine percent of employees actually say they think it will be successful if they don't know.

So there's a real delta and distance in how leaders think about change versus employees think about change. And so when you're designing a transformation or in that, you need to keep that distance in mind. As a leader, you've likely benefited from change in your career and you're closer to the details. If you're an employee, you probably haven't, and you have a lot less control of the transformation and change.

GEORGIE FROST: Do you think that change and transformation has a bit of a PR problem almost, especially among employees?

KRISTY ELLMER: Yes, I do. If I could change the word transformation, I would. It's one of these overused business words and for what it really means when you're doing it well and you're doing it right. And yeah, I mean, if you go to any company and you say, "Have you been through transformation?" every employee is going to raise their hand. If you ask them, "How many have been successful?" very few will raise their hand.

GEORGIE FROST: So apart from reading the book when it's out, what is the "now what?" for leaders



listening today, the one thing that they should start doing right now to increase their odds of a successful transformation?

KRISTY ELLMER: Just step back and look at what you're driving for the change that you have, whether it's a program or a certain set of initiatives, if you step back and look at that and say, "Did I put the employee at the center of this change? Did I flip my mindset and say, 'I'm actually working for them because they're the ones that have to drive the change and lead the change'? Have I thought about the behaviors that need to change and what am I doing to enable them through the process?"

GEORGIE FROST: Kristy, thank you so much for your time, and to you for listening. For a deeper dive into the challenges of growth in tough times, check out the BCG publication, *The Transformation Paradox: How to Grow When the Growing Gets Tough*, an article Kristy co-authored, linked in the show notes of this episode.