



From CEO Signal to People Action

The Underestimated Gap in Transformation

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By Jens Baier, Philipp Kolo, Anita Coronel, Mila Albertzart, and Adriana Dimitriou



Where Strategic Clarity Meets Applied AI

We are navigating an era of unprecedented change and disruption—powered by technology, marked by complexity, where change amplifies at scale. To lead, companies need a partner that can bridge the gap between ambition and outcomes. BCG is built for this moment. We bring strategic clarity, rooted in over 60 years of deep domain knowledge, to ensure leaders make the right choices. We combine it with applied AI, shaped and wielded by our practitioners, teaming shoulder-to-shoulder with your teams to deliver transformative impact at scale. The result? Stronger returns, transferred capabilities, and change that sticks. We are BCG.



1 Why it's Time to Translate CEO Priorities Into People Strategies

Companies are currently operating in a highly dynamic environment. Artificial intelligence is increasing the pressure to transform business models and processes. Trade tariffs are straining supply chains. Geopolitical conflicts are driving energy prices sharply upward. Those who adapt quickly gain a competitive advantage, those who wait too long fall behind.

Yet, a gap persists between rapidly evolving CEO priorities and the reality in many organizations: people, roles, and skills often change far more slowly than markets and technologies.

For CHROs, this creates a clear mandate: they must steer the people agenda faster, more strategically, and more effectively than ever before. In our People Advantage Radar, we examine what is currently top of mind for CEOs worldwide and translate those priorities into concrete people strategies.

Methodology

Boston Consulting Group applies an integrated, data-led and expert-validated approach to identify and translate CEO priorities into actionable people strategies. Each quarter, we analyze earnings call transcripts from more than 5,000 companies worldwide using our proprietary Market Sensing Tool, tracking the frequency and evolution of curated keywords to identify the most prominent CEO topics.

Building on these insights, our People Advantage Radar leverages advanced analytics and AI to assess the degree of people relevance embedded in each priority. This assessment is grounded in BCG's proprietary **Creating People Advantage** framework, which spans 28 HR and people management topics across nine distinct clusters – from strategy and talent acquisition to culture, transformation, and HR operating models – providing a structured lens to identify the most critical organizational levers for each CEO priority.

We then translate these insights into a curated portfolio of people and organizational actions, grounded in BCG's expertise and thought leadership. All findings are reviewed and refined by our senior People & Organization experts to ensure practical relevance and robustness for executive decision-making.



2 How CEO Priorities Are Reshaping HR

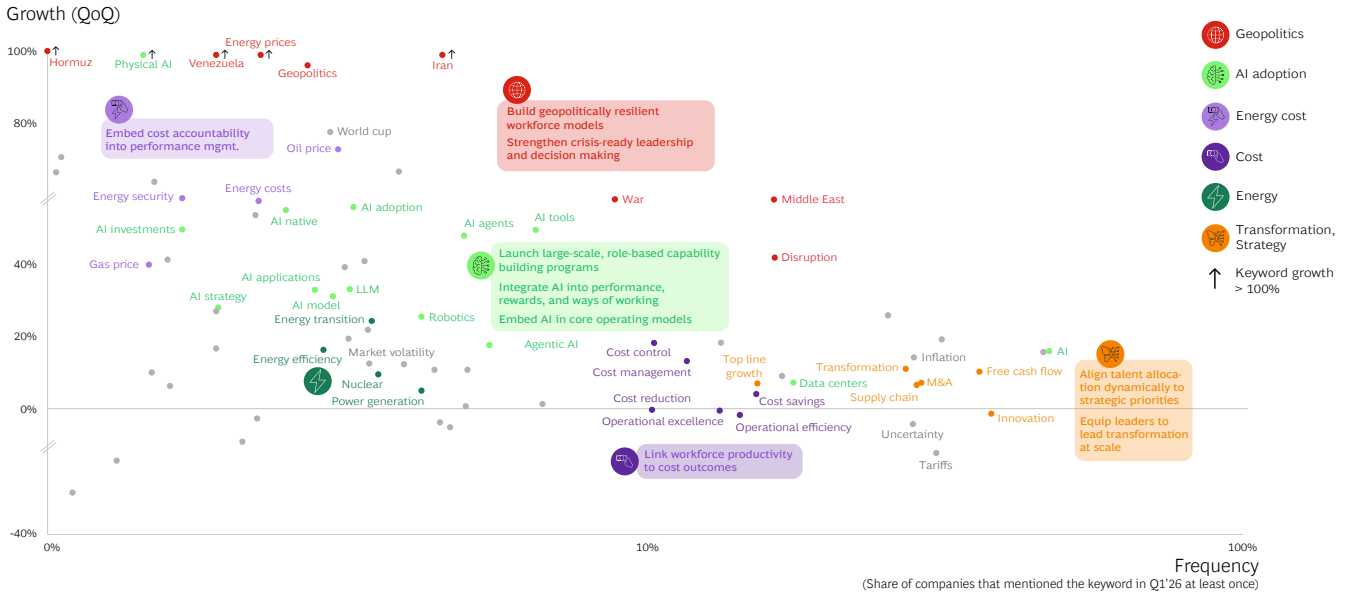
Our analysis clearly underlines one aspect: bringing AI into organizations goes far beyond introducing a new skill set. Artificial intelligence fundamentally reshapes structures, roles, and ways of working. At the same time, the increasing automation of tasks – often driven by CEO priorities – does not necessarily lead to job losses. Most roles will continue to exist, but they will look completely different. This significantly increases the pressure on CHROs to continuously adapt the people agenda. In practice, however, organizations often lag behind. This creates a strategic blind spot.

Thus, HR must step in, anticipating trends and translating them into concrete people measures quickly and effectively. But where is the most urgent need for action? And what should HR leaders do, precisely? To find answers to these questions, we matched the most urgent CEO topics with corresponding people strategies.

As the map illustrates, AI is just one of several topics shaping the CEO agenda. Let's take a closer look at some of the most important levers that HR leaders should pull in the current environment.

EXHIBIT 1

People Advantage Radar I Q1 2026 CEO Agenda Cascaded Into People Dimensions



Source: BCG Market Sensing Portal, BCG Marketing Analysis; April 2026

2.1 Building AI Capabilities Across the Workforce

HR plays a key role in the AI transformation that is currently at the center of the CEO agenda. Most organizations are still designed for a human workforce, with functional roles, handover processes, and hierarchical decision-making. In an AI-driven organization, however, processes and tasks are fundamentally redefined. Ultimately, only around 30 percent of successful AI transformation depends on technology. The remaining 70 percent depends on how people work and how organizations are structured. To be more precise: in BCG’s case work involving hundreds of companies, about 10 percent of value from AI comes from the algorithms themselves and another 20 percent comes from the technology required to implement them. The remaining 70 percent comes from rethinking the people component. Thus, when AI falls short it is rarely because the technology falls short, but because the operating model is not aligned with human-AI collaboration.

There is significant room for improvement. **BCG research** shows that 72% of employees worldwide already use generative AI regularly, yet only 36% feel adequately trained. Adoption among frontline employees has stalled at 51%, and only around one in four employees report receiving clear guidance from leadership on how to use AI effectively. This highlights a critical lever and a common mistake: workforce strategies must be an integral part of transformation, not an afterthought following the introduction of new technologies.

A future-ready workforce model requires a role-based AI

capability framework that defines the specific skills each role needs. HR can use this as a foundation to design targeted training, define learning paths, and systematically integrate AI into daily work.

This requires a new approach to learning: instead of isolated training sessions, capability building must be embedded in day-to-day work. Employees learn using real tools on real tasks, with immediate feedback. At the same time, organizations must rigorously evaluate whether these efforts actually improve AI capabilities – because training alone does not guarantee impact, especially in uncharted territory.

AI is also fundamentally reshaping operating models. HR must define which tasks are handled by AI agents and where human responsibility remains. Over time, workforce skill profiles will shift toward more complex, non-automatable tasks. This requires new career paths and training models for talent managing AI-enabled systems. At the same time, HR must integrate AI into its own technology and data architecture: scalable, AI-enabled systems are a prerequisite for embedding AI into workforce planning and organizational design.

2.2 Factoring in Geopolitical Disruption

AI is central, but not the only issue on the CEO agenda. HR must anticipate multiple developments simultaneously – from geopolitical risks to transformation and cost pressure – and steer resources accordingly.

For instance, geopolitical tensions increasingly affect business operations and supply chains far beyond the immediate conflict zones. Talent availability, mobility, and regulatory requirements are becoming highly volatile. HR must adapt workforce strategies rapidly to local conditions.

The goal should be building geopolitically resilient workforce models, as resilience and security of supply increasingly take precedence over efficiency. This requires managing global workforce structures based on risk and availability, identifying risks to employees early, and preparing workforce planning through scenario-based approaches.

Therefore, crisis leadership and decision-making under uncertainty are becoming essential management capabilities in today's global, digital economy.

2.3 Systematically Strengthening Transformation Capabilities

Against this backdrop, HR must establish clear responsibilities and ensure that talent is deployed where it creates the greatest

strategic value. This requires disciplined transformation governance with clear decision paths, consistent KPI monitoring, and regular implementation reviews.

This can only succeed if HR systematically strengthens change and execution capabilities across the organization and anchors transformation outcomes in leadership incentives.

Workforce cost management also remains a critical issue. The goal is to sustainably improve productivity, not simply reduce headcount. The key question is: where do personnel costs truly create value, and how can resources be allocated accordingly? For HR leaders, this means shifting from cost cutting to active cost steering, making cost awareness part of every workforce decision.

2.4 Levers to Shape the Organizational Response

Thus, CHROs can exert direct influence and use a multitude of levers to shape the organizational response. Building on what we've analysed, in the following table, we are matching the current CHRO priorities with corresponding people implications and strategic people actions:

| CHRO PRIORITIES | PEOPLE IMPLICATIONS | STRATEGIC PEOPLE ACTIONS |
|--------------------------|--|--|
| AI Transformation | <ul style="list-style-type: none"> AI is moving from capability build to enterprise-wide transformation of work Organizations must manage two parallel shifts: <ol style="list-style-type: none"> Scaling AI across the workforce (broad adoption) Redesigning work via AI agents (structural change) | <ol style="list-style-type: none"> Scale AI across the workforce: Build an AI transformation roadmap with clear adoption milestones and quantified impact; embed role-based AI literacy into core training and onboarding, daily workflows and performance systems Redesign the operating model: Assess business impact across key activities (e.g., research, synthesis, delivery, admin) and redefine roles, ownership, and workforce composition toward higher-value work Build enabling infrastructure: Upgrade HR tech & data architecture for AI at scale, establish governance frameworks (risk, accountability, compliance), and integrate AI into workforce planning and org design |

CHRO PRIORITIES

PEOPLE IMPLICATIONS

STRATEGIC PEOPLE ACTIONS

Geopolitics

- Workforce strategies must adapt to **fragmented, region-specific realities**
- Increased volatility in **talent availability, mobility, and regulatory constraints**
- Shift from **efficiency to resilience**, with deliberate capacity buffers

- 1. Optimize global workforce mix:** Define a location strategy based on geopolitical risk and client proximity, with clear targets for onshore, nearshore, and offshore allocation
- 2. Build workforce risk intelligence:** Monitor geopolitical exposure across roles and locations
- 3. Scenario-based workforce planning:** Prepare for disruption (relocation, shortages, shutdowns) by developing and assessing scenarios
- 4. Strengthen leadership readiness:** Equip leaders with decision frameworks and playbooks for operating under uncertainty, supported by simulations and scenario testing

Transformation & Strategy

- Strategy execution increasingly depends on **leadership capability**, aligned incentives, and sustained behavior change
- Leaders and managers need to be positioned as the **primary owners of transformation outcomes**

- 1. People Strategy Alignment:** Translate strategic priorities into critical roles, skills, and workforce implications by assessing skill gaps and quantifying workforce needs
- 2. Leader Enablement:** Targeted capability building for leaders on change execution, decision-making, and role modelling, supported through focused training, coaching, and integration into leadership goals
- 3. Accountability & Measurement:** Embed transformation outcomes into performance management, succession, and rewards with clear KPIs, integration into reviews, and linkage to incentives

Cost Management

- Cost discipline is **structural, not cyclical**
- Focus shifts from headcount reduction to **sustainable productivity improvement**
- Workforce cost becomes a **continuously managed variable**

- 1. Implement cost-per-output workforce metrics:** Link workforce cost to business output and value creation
- 2. Optimize workforce mix:** Dynamically balance FTE, contingent labor, and automation guided by work segmentation and cost-efficiency considerations
- 3. Continuously rebalance workforce allocation:** Shift resources to highest-value, cost-efficient activities
- 4. Embed cost discipline in workforce decisions:** Integrate cost considerations into planning, hiring, and deployment reinforced through cost checks in approval and planning processes

CHRO PRIORITIES

PEOPLE IMPLICATIONS

STRATEGIC PEOPLE ACTIONS

Energy Cost

- Energy cost becomes a **visible driver of workforce decisions and trade-offs**
- Need to shift from passive awareness to **active cost ownership at workforce level**
- Limited transparency today on **energy cost per activity/role/output**
- Leaders must manage **productivity vs. energy cost trade-offs**

- 1. Embed energy cost accountability into roles:** Link energy cost metrics to KPIs and performance management
- 2. Drive cost-aware workforce behaviors:** Equip leaders to make trade-offs between productivity and energy spend
- 3. Align incentives with energy efficiency:** Reward cost-efficient ways of working and decision-making

Energy

- Critical talent shortages in **energy-intensive and regulated domains** (e.g., nuclear, grid, transition tech)
- Need to **reskill workforce** toward energy transition roles (from legacy to low-carbon/efficient operations)
- Workforce for new **energy systems** (build-out phase) increasingly tied to asset location and physical infrastructure constraints

- 1. Build and secure critical energy talent pipelines:** Target scarce skills (e.g., nuclear, grid, energy efficiency engineering) through partnerships, hiring, and reskilling
- 2. Reskill for the energy transition:** Shift workforce from legacy operations to low-carbon and efficiency-focused roles
- 3. Anchor workforce planning to asset footprint:** Align workforce location and deployment with energy assets and infrastructure needs
- 4. Retain and redeploy scarce talent:** Prioritize retention and internal mobility for critical energy roles



3 Conclusion & Call to Action

Considering the rapid changes we're seeing in today's environment, competitive advantage no longer stems from strategy alone – but also, maybe foremost, from the speed of execution. The decisive factor today is how quickly companies translate priorities into concrete workforce decisions: which skills are needed, where capacity must be built, and how roles are evolving.

This is why CHROs are moving closer to the center of enterprise steering. Both short- and long-term trends are

reshaping requirements for people, structures, and ways of working. It is the CHRO's role to bring this transformation into the organization, ensuring that talent, capacity, and leadership are deployed where they create the greatest impact.

In doing so, CHROs can bridge the gap between strategy and execution and turn insight into tangible results.

About the Authors



Jens Baier

Managing Director and Senior Partner
BCG Düsseldorf
baier.jens@bcg.com



Philipp Kolo

Partner and Director, People Strategy & HR
BCG Munich
kolo.philipp@bcg.com



Anita Coronel

Managing Director and Partner
BCG Amsterdam
coronel.anita@bcg.com



Mila Albertzart

Director - Talent & Skills, BCG Vantage
BCG Düsseldorf
albertzart.mila@bcg.com



Adriana Dimitriou

Senior Analyst - BCG Vantage
BCG Düsseldorf
dimitriou.adriana@bcg.com

For further contact

If you would like to discuss this report, please contact the authors.

