

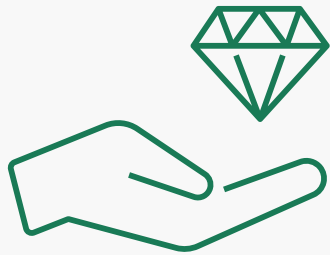


# Leadership with a Powerful Purpose

MAY 2023



# Leadership is central to transformation success



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

**x2.3**

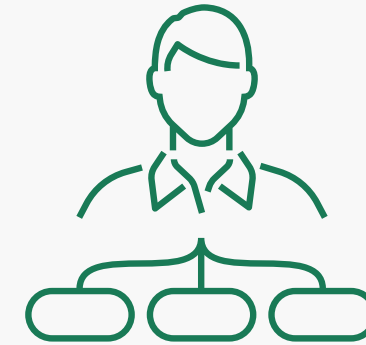
**higher transformation success rate**



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

**x3**

**higher transformation success rate**





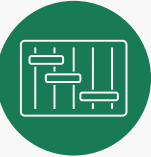


Support leaders in activating key behaviors and driving change

**x1.5**

**higher transformation success rate**

# Yet leadership engagement in transformations remains lower than before the pandemic

## Average transformation success against expectations<sup>1</sup>

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

Sources: BCG transformation check analysis, 2020, 2021, 2022.

<sup>1</sup>Based on self-assessment by survey respondents.

# 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

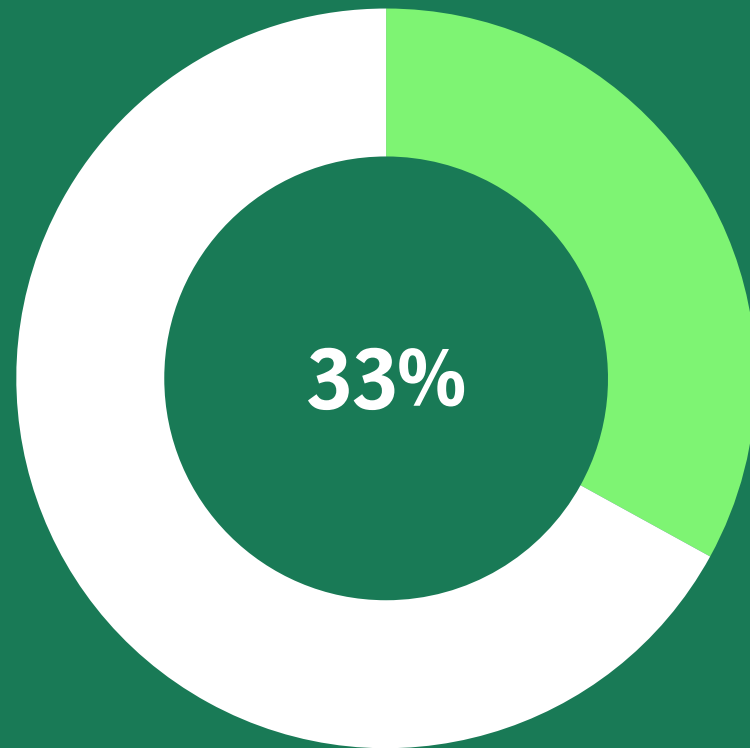


### Hands

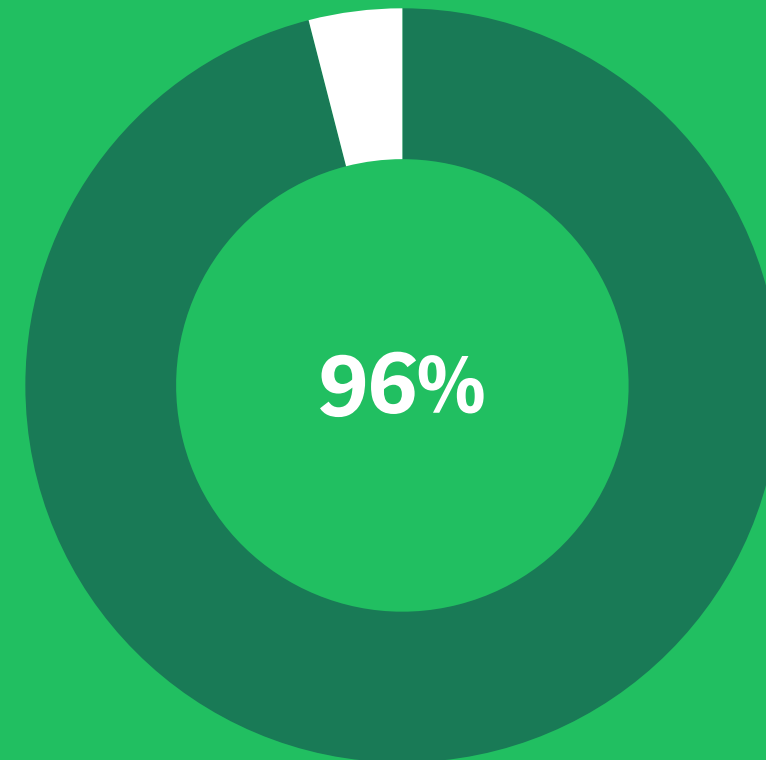
Executing and innovating through supercharged teams

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

**Companies with sustained performance improvement (%)**

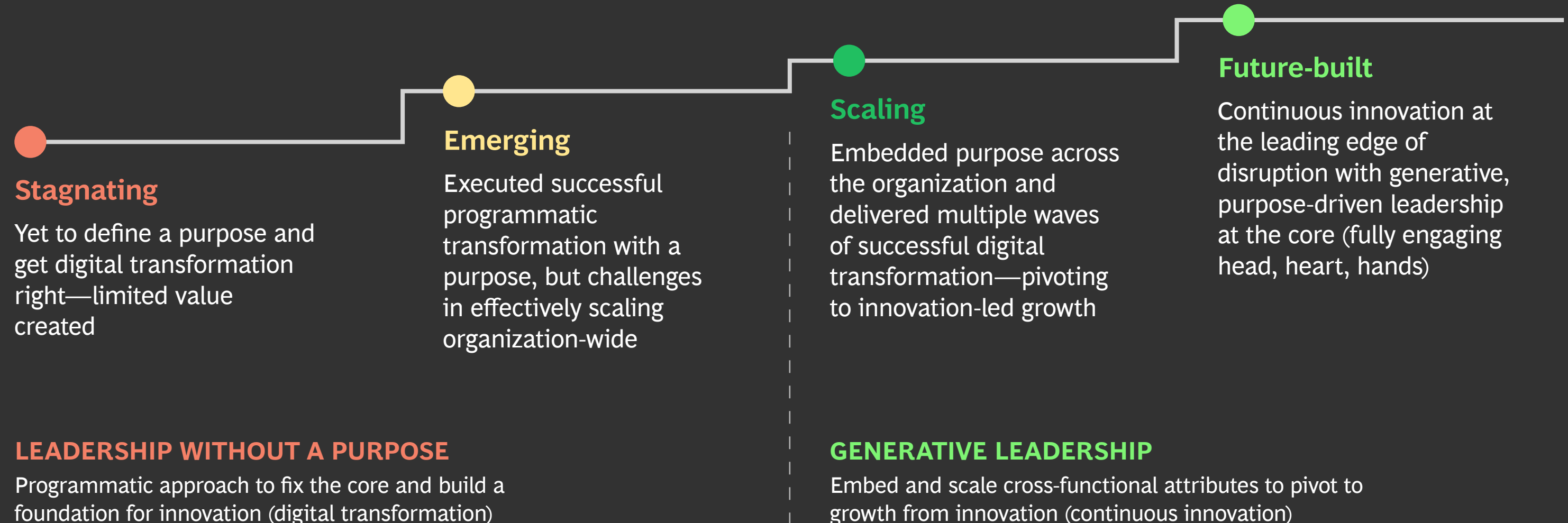


**Partially engaging**  
Head, Heart, and Hands



**Fully engaging**  
Head, Heart, and Hands

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





# 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

**Sources:** BCG and BVA Group leadership survey, October 2020 and July 2021; BCG analysis.

## 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%

Source: BCG Global Company of the Future Survey 2022; n = 546.

Note: ESG = environmental, social, and governance.

# 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

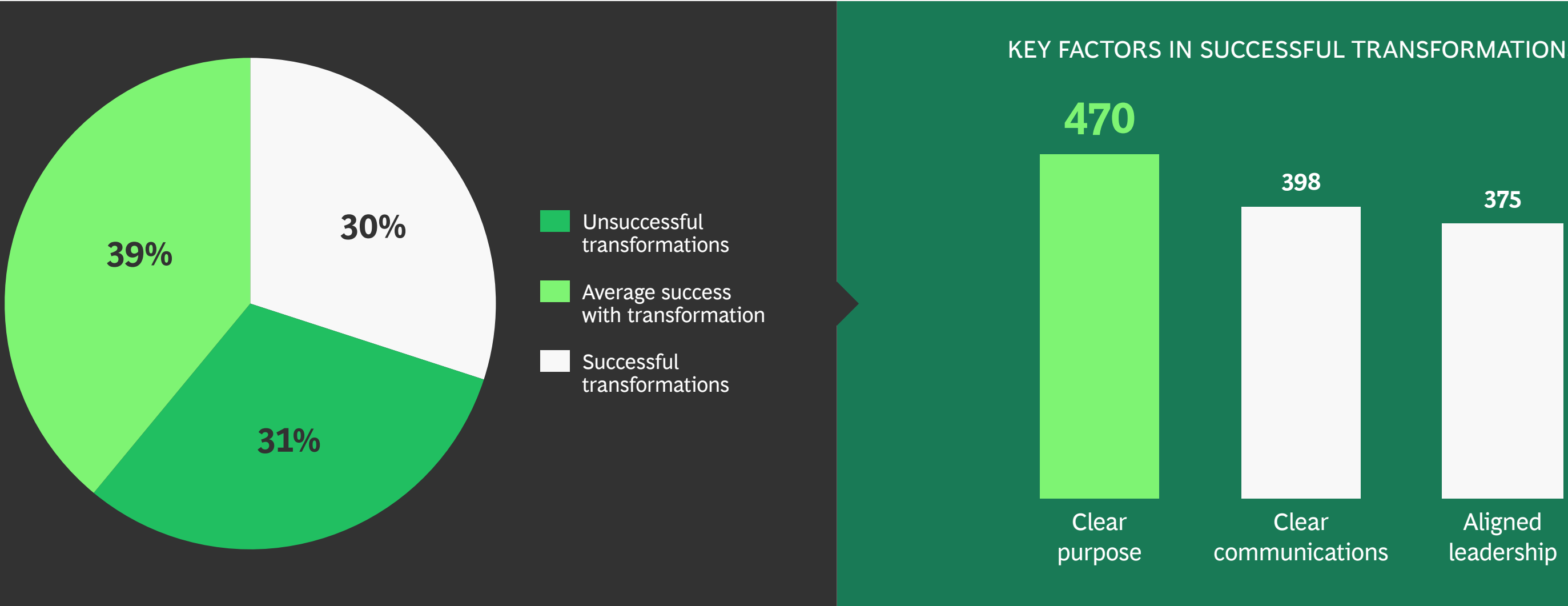
KEY ENABLERS	STAGNATING	EMERGING	SCALING	FUTURE-BUILT
Societal leadership	39%	49%	81%	78%
Compelling employee value proposition	15%	32%	75%	75%
People growth and development	15%	28%	65%	72%
Digital skill investment	41%	36%	32%	72%

# Hands: future-built companies focus on empowering management

Executing and innovating through supercharged teams	Share of companies with high score			
	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%

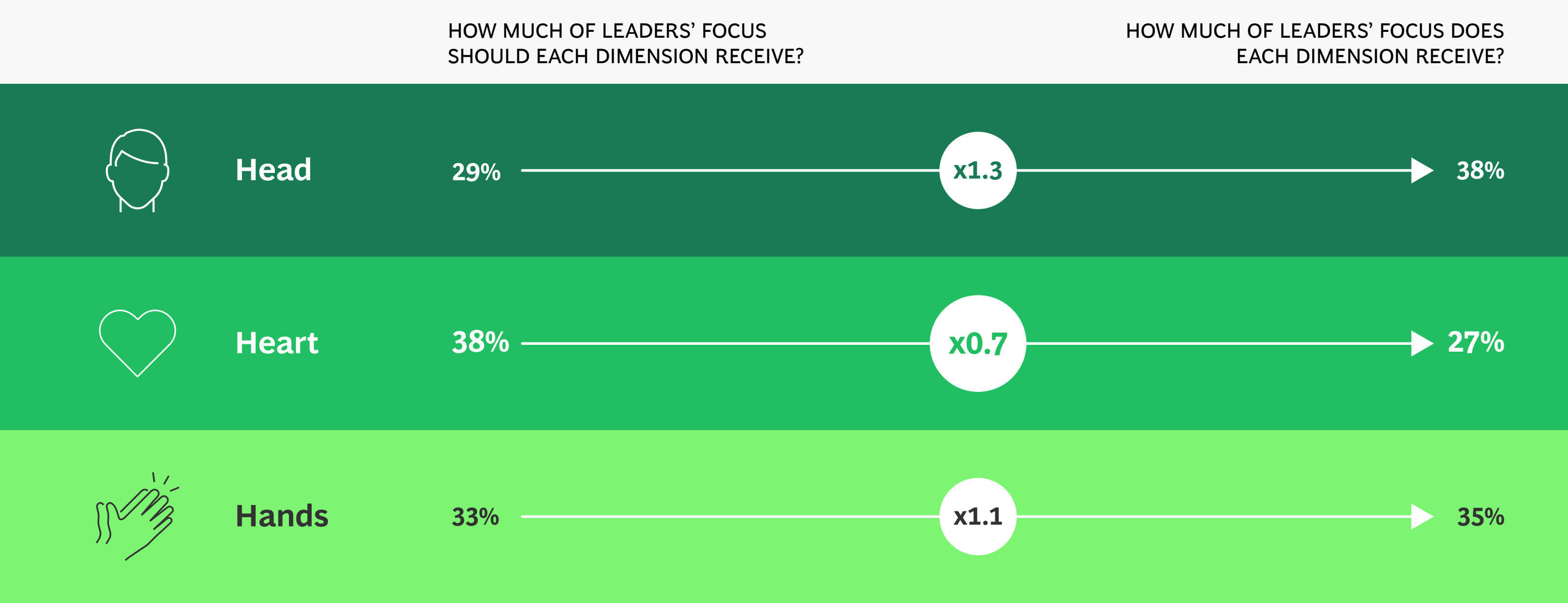
# Leaders see clear purpose as essential to transformation success ...

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



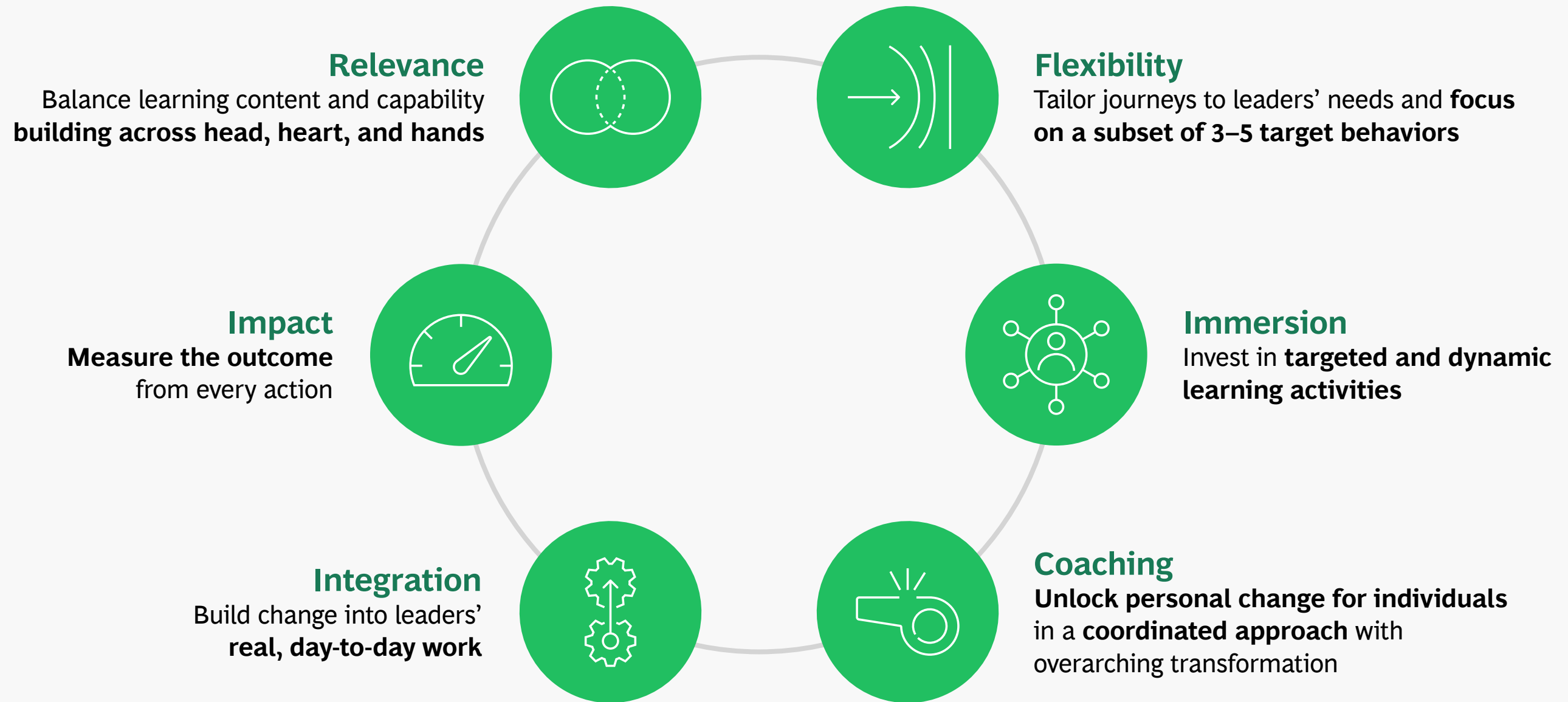
Source: BCG BrightHouse, BCG Global Transformation check Benchmarks 2020.

# ... yet leaders often neglect heart-based leadership during transformations



Sources: BCG and BVA Group leadership survey, October 2020 and July 2021; BCG analysis.

# Companies should focus on six principles to develop generative leaders





# 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