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

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

Support leaders in activating key behaviors and driving change

x2.3 higher transformation success rate

x3 higher transformation success rate

x1.5 higher transformation success rate

Source: BCG Transformation Check 2022.
Yet leadership engagement in transformations remains lower than before the pandemic

### Average transformation success against expectations

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value realization</strong></td>
<td>~73%</td>
<td>~46%</td>
<td>~45%</td>
</tr>
<tr>
<td><strong>Cost to achieve</strong></td>
<td>+15%</td>
<td>+32%</td>
<td>+31%</td>
</tr>
<tr>
<td><strong>Duration</strong></td>
<td>+19%</td>
<td>+69%</td>
<td>+69%</td>
</tr>
<tr>
<td><strong>Leader engagement</strong></td>
<td>~53%</td>
<td>~45%</td>
<td>~38%</td>
</tr>
<tr>
<td><strong>Employee buy-in</strong></td>
<td>~64%</td>
<td>~59%</td>
<td>~60%</td>
</tr>
</tbody>
</table>

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**Value realization** initially declined during the pandemic and has since remained stable.

**Cost overruns** nearly doubled during the pandemic and are still higher than expected.

**Timeline delays** tripled during the pandemic.

**Leader engagement** has decreased significantly since the pandemic, showing a ~40% drop within two years.

**Employee buy-in** declined during the pandemic and has since increased slightly.

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1 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 (33%)
- Fully engaging Head, Heart, and Hands (96%)

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)

Source: BCG analysis.
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

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

Heart: inspiring and enriching the human experience

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

**Hands:** executing and innovating through supercharged teams

*Sources:* BCG and BVA Group leadership survey, October 2020 and July 2021; BCG analysis.
### Head: future-built companies focus on C-suite digital savviness and leadership alignment

#### Reimagining the business to serve all stakeholders

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

#### Share of companies with high score

- **STAGNATING**: 15%
- **EMERGING**: 37%
- **SCALING**: 68%
- **FUTURE-BUILT**: 100%

**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

<table>
<thead>
<tr>
<th>KEY ENABLERS</th>
<th>STAGNATING</th>
<th>EMERGING</th>
<th>SCALING</th>
<th>FUTURE-BUILT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Societal leadership</td>
<td>39%</td>
<td>49%</td>
<td>81%</td>
<td>78%</td>
</tr>
<tr>
<td>Compelling employee value proposition</td>
<td>15%</td>
<td>32%</td>
<td>75%</td>
<td>75%</td>
</tr>
<tr>
<td>People growth and development</td>
<td>15%</td>
<td>28%</td>
<td>65%</td>
<td>72%</td>
</tr>
<tr>
<td>Digital skill investment</td>
<td>41%</td>
<td>36%</td>
<td>32%</td>
<td>72%</td>
</tr>
</tbody>
</table>

#### Share of companies with high score

Source: BCG Global Company of the Future Survey 2022; n = 546.
**Hands:** future-built companies focus on empowering management

### Executing and innovating through supercharged teams

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

**Source:** BCG Global Company of the Future Survey 2022; n = 546.
Leaders see clear purpose as essential to transformation success …

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

… yet leaders often neglect heart-based leadership during transformations

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Should</th>
<th>Receive</th>
<th>How Much</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head</td>
<td>29%</td>
<td>x1.3</td>
<td>38%</td>
</tr>
<tr>
<td>Heart</td>
<td>38%</td>
<td>x0.7</td>
<td>27%</td>
</tr>
<tr>
<td>Hands</td>
<td>33%</td>
<td>x1.1</td>
<td>35%</td>
</tr>
</tbody>
</table>

Sources: BCG and BVA Group leadership survey, October 2020 and July 2021; BCG analysis.
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.
- **Integration**: Build change into leaders’ real, day-to-day work.
- **Coaching**: Unlock personal change for individuals in a coordinated approach with overarching transformation.

*Source: BCG analysis.*
And leaders must set a powerful example by shifting key behaviors

<table>
<thead>
<tr>
<th>1</th>
<th>Drive cross-functional collaboration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Buy into the integrated roadmap and create cross-functional teams that work as a unit toward shared objectives</td>
</tr>
<tr>
<td></td>
<td>· Engage constructively to manage the workflows between product, network, business unit, and IT teams</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2</th>
<th>Be an active initiative sponsor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>· Engage on details and give pragmatic assistance on bottlenecks and issues</td>
</tr>
<tr>
<td></td>
<td>· Pick the right accountable initiative owners, who are motivated to succeed</td>
</tr>
<tr>
<td></td>
<td>· Emphasize the connection between initiatives and the broader transformation</td>
</tr>
<tr>
<td></td>
<td>· Celebrate team successes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3</th>
<th>Work for efficiency and quick wins, not perfection</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>· Commit to frequent reviews of initiatives and authentic, informal discussions about issues, risks, trade-offs and re-prioritization</td>
</tr>
<tr>
<td></td>
<td>· Ask questions and encourage continuous re-prioritization vs. a static workplan</td>
</tr>
<tr>
<td></td>
<td>· Demand small, frequent outcomes, allowing teams to learn, iterate, and improve</td>
</tr>
<tr>
<td></td>
<td>· 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</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4</th>
<th>Actively seek coaching</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>· Strive to unlock personal change first</td>
</tr>
<tr>
<td></td>
<td>· Learn and refine how to highlight initiatives in all communications as a top priority</td>
</tr>
</tbody>
</table>

Source: BCG analysis.
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

Sources: IMD.org; CUES, CEO Dialogue.
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

Source: BCG analysis.