

# CEOs Are Betting Big on AI Transformations. Science Is How They Win

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CEOs across the globe are betting their reputations on an AI-first future. Nearly three quarters now place themselves at the center of AI decision-making in their organizations, according to our research, and 90% are boosting AI investment.

CEOs don't embark on large-scale transformation programs thinking that they'll fail. But if history is any indicator, most of them will. Only one in four growth transformations succeed—a figure that hasn't budged in the 30 years we've been keeping score.

As the financial and leadership stakes rise for CEOs, beating those odds will take more than a positive outlook. It will require shifts in how human beings get things done together.

In *How Change Really Works*, BCG experts Julia Dhar, Kristy R. Ellmer, and Philip Jameson combine behavioral science with real-world experience to explore why transformations succeed or fail. They argue that change efforts break down not for lack of ambition, strategy, or CEO charisma, but because organizations focus too little on how executives and employees will think, feel, and behave during change.

Each author brings a distinct lens to the subject—Dhar from behavioral science, Ellmer from working alongside hundreds of CEOs on large-scale transformation, including as a chief transformation officer, and Jameson from partnering with leaders to orchestrate change programs at scale.

They recently sat down with BCG Editor-in-Chief Paul Michelman to discuss the secrets of human-centered transformation and the behaviors they urge CEOs to stop romanticizing.

*The interview has been edited for length and clarity.*

**Paul Michelman:** It takes a special kind of hubris for a leader to believe they will get a transformation right when so many before them have failed. At its core, is change failure a

function of unrealistic expectations?

**Julia Dhar:** Failure to make successful change is not necessarily a function of unrealistic expectations. Ambition and optimism are qualities that are important and necessary in a leader. The reason most transformations fail is because people feel change is thrust upon them. That happens when leaders don't pay enough attention to the human beings at the center of change.

Behavioral science clearly tells us that a leader's change expectations must be absolutely matched with an understanding of how everybody else involved—the thousands of humans who comprise an organization, people with different amounts of power and influence and experience—will respond to being asked, or often told, to change.

**Kristy R. Ellmer:** CEOs also underestimate what it's actually going to take for change to be successful.

The 'big vision' part is fun and exciting, especially at the top. The reality, though, is much messier. Because what makes change really happen is the boring stuff—the process, the grind, the unglamorous work.

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— JULIA DHAR, MANAGING DIRECTOR & PARTNER

**Paul Michelman:** Could that explain why CEOs often act as if announcing a change is the same as making a change? Why is that delusion so persistent?

**Philip Jameson:** CEOs who are announcing a change are in a unique position. They've spent weeks or months shaping the idea, debating it with colleagues, and detailing it out. So by the time they announce it, they already feel deep in the journey. But for everyone else, it's just the beginning. That disconnect is what we call “change distance.”

We asked about 6,000 people—executives and employees—to imagine a change coming to their working life. We told them that they had no information about it at all: the type of change, its size, or its impact on them. And then we asked a simple question: “How do you feel about it—positive, neutral, or negative?”

About 70% of executives said they felt positive. Less than half of employees said the same.

That gap illustrates why leaders can underestimate how differently employees are likely to feel about a change compared with employers.

**Paul Michelman:** When is a change effort or transformation most at risk due to CEO behavior?

**Kristy R. Ellmer:** When a CEO launches a bold transformation without fully recognizing that they need to do more than set the direction. To be successful, they also need to change how they lead, how they show up, and how they guide their teams through uncertainty and setbacks. And given the change they want to see in the organization, how they will need to lead differently.

Part of this is resisting the urge to move quickly on the transformation program before building real agreement. There's a tendency to settle for surface-level alignment and jump into action rather than taking the time to define what success actually looks like, how it will be measured, and how the team will work together to deliver it. That impatience often extends to planning. Leaders want momentum, but without deep, upfront planning, teams are left without the clarity and context they need. And that misalignment compounds over time—we call this the “mathematics of misalignment.”

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— KRISTY R. ELLMER, MANAGING DIRECTOR & PARTNER

**Paul Michelman:** What about as the transformation progresses? What behaviors should CEOs guard against six months or even a year in?

**Kristy R. Ellmer:** In the “messy middle” of a transformation, leaders often feel tempted to ease up on governance and process just when discipline matters most. Because that's exactly what keeps results on track and builds sustainability of the changes.

Execution also gets harder, requiring faster decisions and stronger cross-team collaboration, with CEOs playing a key role in challenging teams to work through complexity rather than around it.

Finally, there's the risk of treating transformation as endless. While the pressure for CEOs to keep evolving is real, organizations still need clear milestones and moments of closure. Without them, fatigue sets in, and with it come reduced change capabilities.

**Paul Michelman:** What does a CEO do differently the moment they actually buy into the idea that employees are the customers of change—and what do they stop doing?

**Julia Dhar:** They shift from broadcasting about the transformation to earning employee buy-in for the change. They don't just assume alignment. They pressure-test their own narrative by asking, “Why would anyone choose this?” They start listening much more deliberately to both the facts of

the transformation and the feelings of the people living through it. They get sharper about whether the change actually improves employees' day-to-day experience and whether people can clearly connect it to what's being asked of them in practice.

At the same time, CEOs stop assuming that a compelling announcement or a well-formed plan is enough. They stop mistaking belief for buy-in, and alignment for commitment. Instead of pushing forward based on top-down confidence, they adjust in real time by updating plans, refining assumptions, and meeting the organization where it actually is. That shift unlocks a more grounded, adaptive approach to transformation—one that builds real momentum because it starts with how employees experience the change, not just how leaders intend it.

**Paul Michelman:** How often do CEOs confuse fear with buy-in—especially in a weaker labor market—when employees may comply outwardly but disengage underneath? How does the senior leadership team spot that early?

**Kristy R. Ellmer:** Early in a transformation, you often see a lot of apparent buy-in. There's energy, some fanfare, and a sense of "I should get on board, or at least look like I am." But many people are really just acting like they are on board while they take in new information and figure out how this will actually play out and how it will change their day to day.

The way to spot this early is to keep culture front and center. You gather real data about how people feel and encourage dialogue through conversations and workshops where people feel they can speak honestly about where they are. And when concerns are raised, you need to visibly act on them. That's what builds real buy-in before disengagement sets in.

**Paul Michelman:** What about false alignment inside a senior leadership team? What are the tells that a CEO is getting polite agreement instead of real commitment even from those closest to them?

**Philip Jameson:** When false alignment in a leadership team is brewing, it has a few typical effects on the people trying to interpret instructions from those leaders. Sometimes, you see paralysis—nothing moves because team members feel like they don't have enough clarity to act. Sometimes it's hyperactivity—people trying to do everything because they're getting mixed signals. And sometimes it's tunnel vision—people latch onto one narrow piece of direction and run with it, even if that piece isn't solving the company's most important problems.

**Paul Michelman:** How can a CEO spot this before the dysfunction spreads?

**Philip Jameson:** One of the early tells is silence. If members of a leadership team are persistently quiet about a proposed change, it may be that they're not in agreement. There could be a disagreement that is not being voiced.

The key here is to not read silence as consent, but to get curious about it. Ask, invite, even provoke dissent early. We use that word deliberately, because you want those disagreements on the table as early as possible while there's still time to work through them. That's how you move from polite, passive consent to real commitment.

**Paul Michelman:** Are there other signals besides silence?

**Kristy R. Ellmer:** If people are saying, “Yes, I’m aligned,” versus actually articulating what was agreed, that’s a signal. It’s important for CEOs to question that. Ask your leaders to articulate what was agreed, how success will be measured, and who’s doing what by when. Because when you do that, you start to hear the nuances. People will describe things slightly differently, or say, “I agreed with that part, but we also need to think about this or that.”

That’s where false alignment shows up. When you get into the specifics, it becomes clear quickly who’s in agreement and who isn’t.

**Paul Michelman:** A lot of CEOs say they want employee involvement, but what they really want is employee acceptance with just enough decoration to give the illusion of involvement. What’s the difference between real involvement, real agency in change, and engagement theatrics?

**Julia Dhar:** Behavioral science tells us that the more people have a hand in shaping something, the more they value it, and the more committed they are to making it work. People don’t burn down houses they help build.

The same is true of transformations. When employees have a real role in building it, when they feel they have ownership, it’s more likely to be successful.

The clearest form of ownership comes from giving people real decision rights and holding them accountable for outcomes. You also need to give them meaningful influence in the transformation process. Let them provide input and then close the loop by showing them what you did with their feedback, even if the answer is no. Some of the best transformations reject most suggestions but are very explicit about why.

**Paul Michelman:** How do you encourage employees to get involved?

**Julia Dhar:** You can’t tell people, “Get involved,” without creating a real pathway for meaningful participation. There need to be clear on-ramps for participation, and then clear signposting about what’s expected. That’s what turns involvement into real agency.

For example, involvement could be inviting someone to a meeting. Agency would be hearing someone identify a problem to which they already know the solution but just don’t have the resources to implement and giving them permission to use the company’s time or money to press ahead and fix it.

It’s also important to remember that creating involvement doesn’t always mean I was personally part of the process. It’s often enough to know that people like me—people I trust—had a voice and were heard. For example, I may not have been on the team, but if Kristy and Phil were, I feel reassured because I know they understand my goals and needs.

**Paul Michelman:** What you just described can be hard for a CEO to stomach, especially with critical stakeholders demanding ever-improving performance. Kristy, when you work directly with

CEOs, what do you say to keep them grounded in doing the transformation the right way? And to keep the rest of the senior leadership team similarly focused?

**Kristy R. Ellmer:** First, you're not doing the transformation yourself. You're doing it through people. Your job as CEO is to build the system that allows people to perform at their best.

It can feel like a lot, but the goal isn't to do everything. It's to create the environment and the "machine" that makes it all work and keeps people involved.

This is really a mindset shift: flipping the pyramid and recognizing that you work for them, because they're the ones who have to lead the change.

Second, on a personal level, it will feel heavy at times. There will be hard days. The trick is to stay focused, take it one day at a time, and just keep going. You're building something that creates a multiplier effect, but it takes consistency and discipline.

And finally, not everything deserves your attention. In any transformation, there are a thousand issues, but only a few really matter. The rest should be handled by the system you've built. The discipline is knowing what's noise versus what truly needs your intervention.

**Paul Michelman:** What should a CEO watch for in the messy middle of the process that tells them the transformation could be in trouble even if the dashboard is still all green?

**Kristy R. Ellmer:** One of the classic transformation traps for CEOs is focusing too much on outcomes and not enough on the signals coming from inputs and the transformation process.

CEOs need to ask not only, "Are we delivering?" but also, "Are people engaged in the work that drives delivery?" Are they showing up to meetings, updating actions, and using the tools? Because when these actions start to slip, they are leading indicators that momentum is fading. That won't show up in the results right away.

It's a bit like a weight-loss journey. The scale might still look good for now, but if you've stopped going to the gym, you know where it's headed.

**Philip Jameson:** There are often early signs that indicate transformation momentum is slipping.

Some teams may be persistently struggling to execute on their change initiatives. A little struggle is normal, but when a team underperforms for too long, it can be increasingly difficult for them to get back on track—the experience starts to undermine their confidence.

When that happens, you need to give the team a fresh start. A reset. Give them space to learn together about what didn't work, reset the metrics, and start again without being weighed down by past failure.

Teams that overperform early on can also lose momentum because they get bored or complacent. There may be more value and opportunity to go after, but an overperforming team's

drive may not be there anymore. To rekindle it, they usually need a new set of challenges, framed by a new story and supported by a new burst of attention and energy. Of course, this can only happen after you've clearly recognized and celebrated what they have already achieved.

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— PHILIP JAMESON, ASSOCIATE DIRECTOR

**Paul Michelman:** Why are CEOs so often the last to know when the organization is exhausted, cynical, or quietly resisting?

**Julia Dhar:** Hierarchies are real, and people naturally hesitate to deliver bad news to the CEO. Sometimes the environment doesn't make it easy, but even when the CEO does make it easy, it's just human nature to soften the truth upwards.

Leaders must assume that it's going to be incredibly hard for them to get quality field intelligence about what's really going on with a transformation. What they need, therefore, is a system that consistently surfaces the truth.

First, they need to surface the facts—how are we actually doing? If everything is green, that's almost always a red flag. Either things aren't as good as they look, or we're not pushing hard enough.

Second, they need a regular, reliable read on how people feel, and not in a vague way. Hearing that “the organization is tired” is just too simplistic, because some individuals and teams will have energy and momentum, while others will be struggling. The goal is to understand where the energy is—and where it's depleted—so you can respond accordingly. Because in any organization, you'll have both at once.

**Paul Michelman:** If you had to name one behavior CEOs need to stop romanticizing, what would it be?

**Kristy R. Ellmer:** The idea that people will just naturally get on board with change. Leaders often project their own experience with change onto others. They've leaned into change previously and reaped the benefits. But the reality is, they're the exception. They're wired differently, and even their top teams may not approach change with that same mindset.

The trap CEOs fall into is assuming that what feels obvious or motivating to you will feel the same to everyone else. That's why recognizing that gap—and not projecting your own experience onto

the organization—is critical to leading change effectively.

**Philip Jameson:** Another romanticized idea is willpower. It's attractive to think, "If only this organization had more willpower, change would happen more quickly." But that's not a very useful framing for leaders, because it's extremely hard to act on.

A better approach is to ask yourself, "Am I creating the conditions for successful change? Am I making it easier and more natural for people to do things differently?" Those are questions you can actually design for and take action on.

**Julia Dhar:** I would advise CEOs to remember that stories are powerful. There is always more to the story than they can see. And that everyone wants to be the hero of their own story. In transformations, the CEO's opportunity is to be a hero-maker for so many people across the organization.

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