



## BUSINESS RESILIENCE

# How Europe's CEOs Are Winning with Quiet Resilience

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Europe has more going for it than the headlines suggest. It is home to the world's most advanced chip equipment builders, the first to market in GLP-1 drugs, and a pioneer in green cement and production-grade autonomous driving. And yet, the continent is still routinely portrayed as the “sick man” of the global economy: dragged down by weak R&D investment, a lack of digital champions, fragmented markets, and inflexible labor laws.

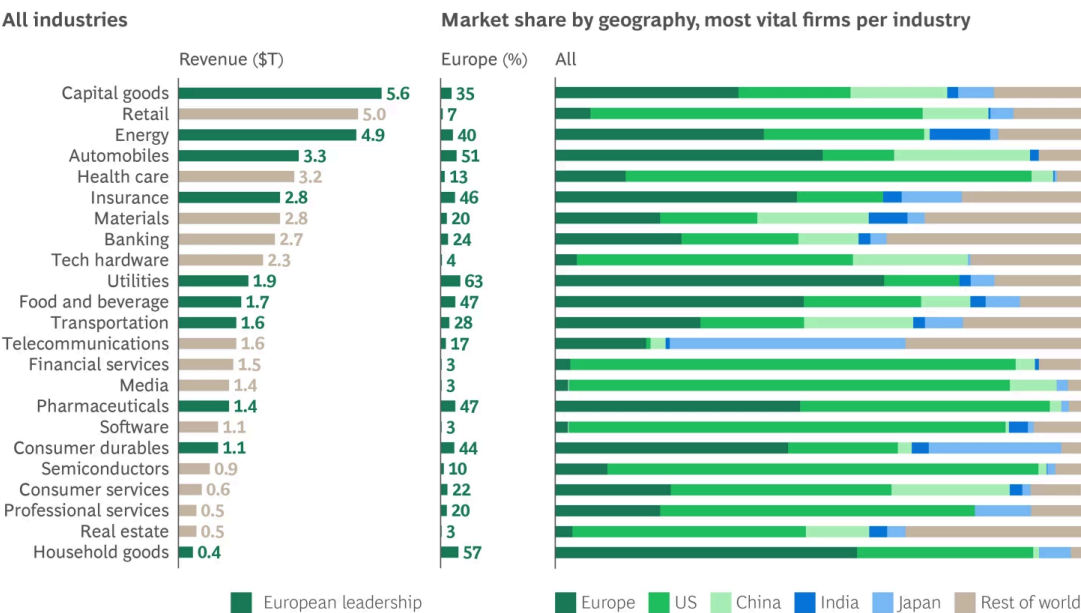
This portrayal isn’t unfounded—as the Draghi report made evident—but it isn’t the end of the story. A group of European companies, spanning pharmaceuticals, advanced manufacturing, utilities, and consumer goods, is defying the narrative, and has learned to turn adversity into advantage. In the face of a pandemic, an energy crisis, supply chain breakdowns, and deep geopolitical rifts, they’ve outpaced their global peers in corporate vitality: a proprietary metric developed by the BCG Henderson Institute that takes a composite view of financial and nonfinancial strength to assess a company’s ability not just to grow but to sustain value-creating growth over time.

Led by CEOs who combine discipline, purpose, and long-term vision, these “vital” companies keep Europe in the game, often outside the spotlight but at the very core of its renewal. Their resilience offers lessons for company leaders keen to be part of Europe’s next chapter of progress.

# Europe’s Hidden Strength

The region may lack giants like Google, Apple, or Tencent, and often trails in fast-moving industries such as software and media, but it consistently outperforms in others like pharmaceuticals, automotive, consumer durables, insurance, utilities, and more. Together these 10 industries, led by Europe, represent ~\$25 trillion in annual global revenue. (See Exhibit 1.)

**EXHIBIT 1**  
European Firms Lead the World on Vitality in 10 Out of 23 Industries



Sources: BCG vitality index; BCG Henderson Institute analysis.  
Note: Europe = EU plus UK, Liechtenstein, Norway, and Switzerland.

This leadership becomes visible when we take an industry-by-industry perspective, looking beyond conventional indicators like market cap or revenue share to apply BCG's vitality metric. The vitality framework tracks 24 organizational "biomarkers," such as the clarity of a firm's growth ambition, GenAI adoption, and the level of internal bureaucracy, to gain a nuanced view of what sets growth leaders apart.

The resulting index is based on more than 10 million data points across more than 3,000 global firms. Vital companies are those with their best days ahead of them; over the past five years, these firms have grown twice as fast as their peers and delivered 1.9 percentage points more shareholder value per year.

Europe is home to 360 of these vital industry leaders. While the United States has a size advantage thanks to its large capital market, boasting 580 such companies with above average vitality, European firms are about 60% more likely to lead in their respective industry than those from the US.

## Meet Europe's Vital 360

Europe's strength rests on these 360 highly vital firms—often working in sync with policymakers, suppliers, and labor unions—and often, but not always, in asset-intensive industries. These include well-known innovators like Danish Coloplast, and German technology players Trumpf and Carl Zeiss. There are also many emerging champions like French gaming company Voodoo, Dutch consumer goods player Versuni, and Spanish fashion and beauty company Puig, owner of brands like Rabanne, Nina Ricci, and Jean Paul Gaultier.

Europe's vital 360, on average, outperformed other firms globally by 3 percentage points TSR in the last three years, and by an even higher margin of 8 percentage points in the last year alone. They dominate industries that represent ~25% of global GDP and \$37 trillion (35%) of total market capitalization and collectively employ 45 million workers.

Beyond their stellar performance, these companies set productivity benchmarks that ripple across entire economies, pulling up standards for suppliers and competitors alike. As magnets for global talent and adopters of best practices, firms like Booking.com or Spotify connect Europe to global innovation hotspots. They also provide crucial exit paths for smaller firms—think SAP or Siemens acquiring startups, much like GAFA's absorption of AI innovators. And many, including Spotify, Adidas, Hermès, IKEA, Maersk, and Ferrari, are icons of Europe's soft power far beyond its borders.

In short, they are not just economic actors, but system shapers, and are the unsung force behind Europe’s capacity for renewal.

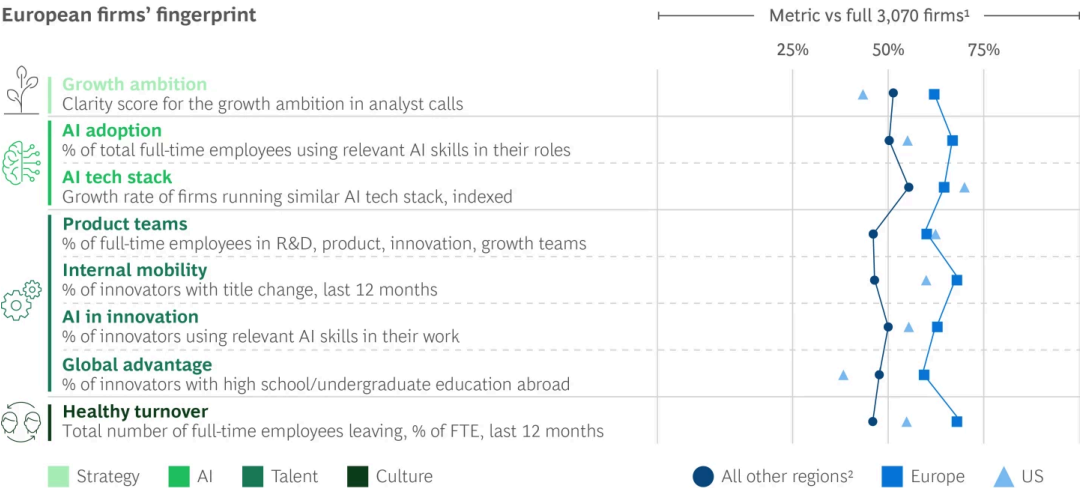
# Europe’s Management DNA

Europe’s vital companies demonstrate a distinctive approach to innovation and management. Using the vitality framework, we can gain a new perspective on what makes these firms tick.

In some ways, European companies conform to the popular narrative of being “bloated,” slower, and more risk averse. They tend to be more bureaucratic, have a thicker middle-management layer, and are also more likely to incentivize their teams on profitability than revenue growth. Not surprisingly, their digital capabilities are also weaker—reflected both in thinner frontier-level digital engineering talent and fewer digitally enabled innovations, especially when compared with their US counterparts. They are also less inclined to form open partnerships to drive innovation.

But there’s also a specific European way of operating that counterbalances these collective tendencies. European firms score higher than their competitors in the US and elsewhere across several key dimensions. (See Exhibit 2.)

EXHIBIT 2  
European Firms Excel in 8 Key Dimensions



Sources: BCG vitality index; BCG Henderson Institute analysis.  
<sup>1</sup>Average of percentiles within each industry.  
<sup>2</sup>Including the US.

**Crisper, More Clearly Articulated Growth Strategies.** Growth is often harder to come by in European markets, forcing companies to fine-tune more carefully, segment more deliberately, and

make sharper choices about where to play and how to win. In this way, a difficult operating environment can force strategic clarity.

**Leadership in People's Readiness for AI Adoption.** While European firms lag behind their US counterparts on deploying the latest AI-enabled technology stacks, many appear to be ahead when it comes to workers actually making them part of their daily work—a crucial aspect of any AI strategy. Based on our analysis of millions of employee descriptions of their own jobs across 23 industries, employees in European firms report more active usage of AI-enabled tools and workflows than those in the US. The US leads on this employee-centric measure of AI adoption in 8 industries, most notably in software and services, but Europe takes the lead in 15 others.

**Fluid Core Value-Creating Teams.** In R&D, product, innovation, marketing, and sales, European firms tend to invest more—not just in headcount, but in how these teams are built and refreshed. It's more common to see lower tenured workers, higher internal mobility, and more external hiring—often from other entrepreneurial firms—than even within their US counterparts. These teams are also significantly more international, reflecting Europe's openness to highly skilled foreign talent.

**Greater Ability to Restructure and Adapt.** In response to economic pressure of the last 12 months, European firms have made deeper cuts and more structural changes than many of their global peers, with higher attrition rates across most sectors. While US tech layoffs draw headlines, they are less representative of broader corporate adaptation. Despite conventional wisdom, Europe's businesses are becoming leaner without sacrificing their core functions.

Together, these insights point to a distinctly European innovation management DNA: shaped by strategic focus, resilience, a deep investment in people development, embracing AI adoption, and a readiness to implement even hard performance improvement initiatives.

## Pockets of Progress

Europe's distinctive innovation approach is driving results. Over the past year alone, 102 European firms—representing 18% of all European companies in our analysis—rose to become global vitality leaders, while only 42 dropped out, resulting in a net gain of 60 firms. (See Exhibit 3.)



### EXHIBIT 3

## Nearly Two Thirds of European Firms Are in the Top Half of BCG's Vitality Index

European firms only



Sources: BCG vitality index; BCG Henderson Institute analysis.

Note: Chart compares position of European firms in BCG vitality index, 2024 and 2025, n = 573.

These new entrants are particularly concentrated in the 10 industries described above in which Europe leads; still notably absent are firms in software, media, and financial services. However, no other region has improved its position within industries to the same extent. Two industries stand out for their progress:

**Energy.** Energy utility companies are often perceived as slow, uncompetitive, and constrained by regulation. Legacy infrastructure, high fixed costs, and tight oversight have traditionally meant limited pricing power and vitality scores 15% below cross-industry averages. But the past few years have flipped that script. Europe's utilities—from E.ON to RWE to EDP—weathered overlapping shocks, from the COVID demand collapse to Russia's supply disruptions, and emerged stronger. They moved fast: securing supply, reshaping portfolios, and accelerating digital and green transitions. SEFE (Securing Energy for Europe) is a notable case. Rebuilt after Gazprom Germania's nationalization, it has become central to Europe's energy security—made possible by executives and policymakers working hand in hand to stabilize supply and rebuild trust.

The turnaround has been remarkable. Today, 80% of Europe's largest utilities score above the global industry average on vitality, and the region is home to 63% of the world's most vital firms in this sector. Performance is also accelerating: on average, utilities improved their vitality ranks by nearly 100 places year over year, with eight majors—including E.ON, Snam, SSE, Redeia, and Uniper—moving from below to above industry average. The top improvers share three levers: growth experience, healthy organizational turnover, and scalable tech stacks that enable speed in a sector once defined by stability. Europe's utilities show that even in the most regulated industries, vitality is not only possible—it can become a lasting source of strategic advantage.

**Consumer Goods.** Some 44% of the world's most vital durable goods firms and 57% of household goods leaders are based on the continent. The past year alone saw seven European names move

from below to above the industry average. This movement was driven by many consumer product, fashion, and luxury players—including L’Occitane, Amer Sports, Richemont, Garmin, Birkenstock, and Dior. In total, 22 of 35 major European consumer firms (63%) now score above their respective industry medians.

The reasons go beyond brand power. European consumer leaders outperform their peers on productivity, digital R&D, and global scale, while setting the pace on AI adoption and AI-driven innovation. The improvers share a similar playbook: credible growth ambitions, a healthy performance culture that rewards top talent, and targeted M&A to fuel growth. These ostensibly traditional firms have also not shied away from global challenges, identifying opportunities within shifting consumer demands, changing technologies, and increasing sustainability obligations. In doing so, Europe’s consumer sector shows that vitality can thrive even under structural pressure, turning volatility into renewal.

# The Management Agenda for European CEOs

Many European companies prove that growth and industry leadership are possible even in tough times. Other CEOs of firms with large European footprints have reason for cautious optimism—and can get started by asking five key questions:

**Where do we want to take the business?** While every business has a set of programs and execution plans, many shy away from setting an aspirational midterm growth ambition. But this is precisely what the best run European firms do, and more. Build investor confidence in your long-term growth ambitions by clearly communicating targets and your specific path to get there. You should also de-average that ambition across the portfolio, assigning clear roles to different parts of the business. And finally, consider aligning executive incentives to reward long-term growth, while maintaining a healthy focus on near-term profitability.

**How vital are we today?** Real, measurable progress requires a clear baseline to start. Leading European firms outperform their global peers through higher overall vitality. To start, benchmark your company with peers, and enrich that data-driven view with perspectives from customers, suppliers, and regulatory stakeholders. Go beyond mere financials and monitor vitality in strategy, technology, people, and culture. Work with your CFO to create cockpits that allow you to steer not just today’s financial performance but also the underlying drivers of your future growth.

**How can we build from strength?** Leading European firms build on Europe’s distinctive advantages: pragmatic growth strategies born of constraint, and a broad-based highly skilled labor force. These advantages enable enterprise-wide AI adoption, fluid teams focused on value creation,

and even drive buy-in around the firm's restructuring needs. You can also leverage Europe's unique political advantages, for example by using Europe as a springboard to hire global talent into your tech and digital teams.

**How can we work around our weaknesses?** Even the best-run European companies have their weak spots—most notably chronic overstaffing in middle management, bureaucratic complexity, and limited digital capabilities. Address these challenges by pursuing targeted acquihires of teams operating in relevant market segments and providing long-term incentives to retain them. Another major, yet underused, lever for speed and innovation is collaboration. Here, Europe's relative lack of openness is as striking as it is limiting—far greater innovation impulses could be unlocked through more teaming and co-creation with other firms, academia, and startups.

**How can we energize our teams?** Leadership of a vital organization starts with the executive team. The most forward-leaning European CEOs see corporate vitality to be as foundational as their personal fitness, a capacity that can be built through daily focus and long-term persistence. As a successful CEO, you must get personally involved: energize your innovation teams, be the first user of new products, engage directly with key partners and policymakers, all in the service of leaving behind an organization that can adapt and perform regardless of what the future holds.

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By learning from the successes of Europe's most vital firms, CEOs can harness the unique strengths of the region to boost vitality and innovation in their organizations—a critical step in the continent's ability to reclaim its place as a thriving business ecosystem.

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