

BUSINESS TRANSFORMATION

Global Ambition, Local Execution: Managing Change in Decentralized Organizations

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Most transformation plans sound great in the executive boardroom. For chief transformation officers (CTOs), the challenge is implementing those plans in far-flung business units around the world. Teams that operate away from headquarters—either because of physical distance or because of different cultures and areas of expertise—often have distinct priorities, behaviors, regulatory contexts, and constraints. Because of those factors, simply issuing transformation orders from the top rarely works.

Instead, companies need to balance centralized oversight and local accountability. In this approach, a central transformation management office (TMO) sets the overarching ambition but gives local teams the freedom and autonomy to adjust the plan based on conditions on the ground.

In our experience, this model—a transformation program that is centrally designed but anchored in local realities—generates faster impact, greater overall results, and stronger engagement from local offices. For large, decentralized organizations, it can be the difference between success and failure.

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Four Common Pitfalls

Companies often deliberately choose a decentralized organizational model, and for good reason. This approach can make companies more agile and responsive, with decision-making authority pushed to local business units and tailored to local market conditions. Employees and managers often thrive in this context, with greater opportunities to shape how they work and improve overall performance.

At the same time, there's a relationship between the degree of decentralization in a company and the challenge of implementing a global transformation. The more removed a business unit or division is from headquarters, the harder it can be to implement change. Global initiatives that need to land in decentralized organizations—across regions, markets, and business units—typically face four common pitfalls:

Messaging That Gets Lost in Translation. Communication that seems clear in the boardroom and C-suite—such as the rationale for the change or the top-line objectives—often gets altered by the time it reaches frontline managers and teams on different continents. As a result, local enthusiasm for the effort drops.

Local Resistance. In some cases, local teams may resist the change, due to powerful leaders who argue “that’s not how we do things here.” While such deviations may reflect valid, context-specific improvements, the absence of structured coordination mechanisms prevents these insights from scaling or influencing broader practice.

Limited Visibility for Leaders. C-level leaders may not have granular insights about how work gets done on the ground at local business units. For that reason, it’s not effective to issue universal, top-down mandates about how a specific transformation program should be implemented.

Misaligned Objectives. Business units or regions often focus on optimizing their own P&L, while the central leadership team focuses on delivering against board-level or external market commitments. This tension can materially undermine impact and slow decision making. In some cases, one business unit may need to take a step back or absorb an investment to enable the full organization to move to a common platform that ultimately benefits the company as a whole. Without explicit alignment, these tradeoffs become difficult to execute.

The Solution: Global Coherence and Local Accountability

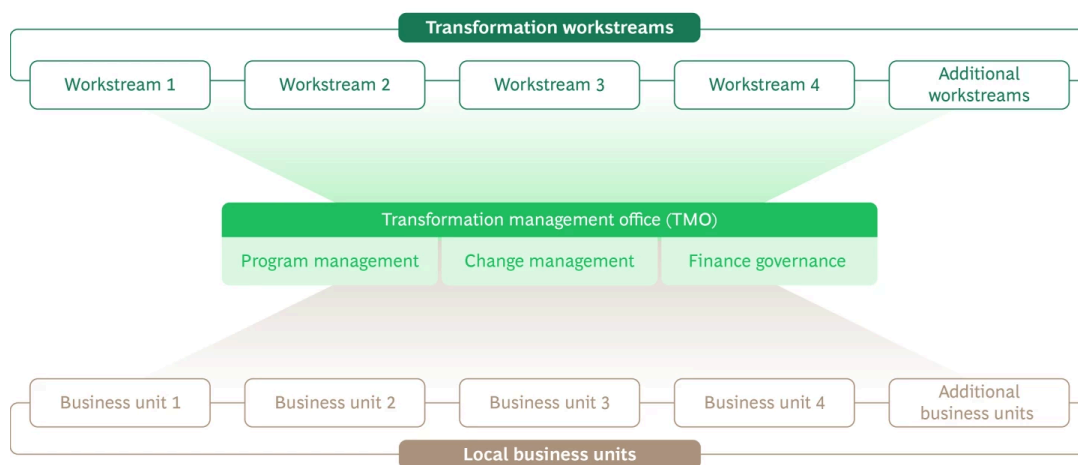
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Rather than controlling every aspect of a transformation from the center, companies can generate better results by finding a balance between centralized oversight and local autonomy. A central TMO sets overarching objectives and parameters but gives local units and divisions in other markets some freedom—and holds them accountable for results. In other words, the TMO determines the “why” and “what” of a transformation, but it delegates some portion of the “how.” That approach respects the context and expertise of local units, while still ensuring that the overall transformation succeeds.

Structuring a transformation this way requires several elements:

Governance Infrastructure. Proper infrastructure for a well-run decentralized transformation is shaped like an hourglass. (See the exhibit.) At the top are the set of central workstreams that comprise the overall program. In the middle sits a strong TMO. Its job is to define the enterprise-wide ambition, set strategic guardrails, and ensure transparency across the transformation portfolio. It establishes common standards, methodologies, and metrics, creating a consistent frame within which both workstreams and local units can operate and execute confidently and comparably.

The TMO Sets Goals across Workstreams and Lets Local Business Units Execute Change Initiatives



Source: BCG analysis.

That central body is mirrored by a local TMO on the ground in each business unit or division, where the real work happens (the bottom of the hourglass). Local TMOs can vary in size, from an individual (often a local representative from finance) to a small team. Regardless of size, the local TMO should be integrated into leadership teams rather than viewed as a corporate extension. When local leaders truly own the agenda, adoption accelerates and transformations become embedded in day-to-day operations.

The TMO works as the central “engine room” of a transformation, integrating financial discipline, program management, and change management into a single governance layer that ensures both execution rigor and sustained impact across workstreams.



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For transformation success, it's essential that change management is embedded at the local level. To that end, the TMO can coordinate with local leaders on a tailored case for change that communicates overall objectives in a way that resonates with teams in local business units and operating companies. Similarly, companies can build a community of local change agents: influential people at all levels that embrace and drive the change from the ground up—and learn from each other across business units. Last, regular pulse surveys can assess people's awareness, desire, and ability to execute their component of the transformation.

Financial Mechanisms That Foster Accountability. Decentralized transformations work best when accountability is crisp. Effective performance management requires KPIs that bridge global objectives and local commitments. Regular review cadences, harmonized definitions, and transparent baselines allow leaders to track impact consistently, escalate issues early, and intervene when necessary.

That must extend to financial reporting mechanisms, ensuring that the value of the program shows up in financial impact to the P&L, budgets, and forecasts. Rigorous tracking of benefits, CFO engagement, and financial governance can all ensure that value from the transformation isn't lost to leakage.

The Handshake. A critical element of the interface between central and local business units is the handshake—a clear agreement that specifies the activities to be delivered, the expected value capture, and the respective roles of central and local teams in execution. The handshake includes several aspects:

- **Program Management.** The first element of the handshake is a local roadmap—a sequence of initiatives, including milestones and objectives—for how the transformation will be implemented in the local market, as well as the resources required.
- **Change Management.** The second element is a detailed list of commitments, including plans for communication, capability development, leadership training, and any other support required for the local component of the program to succeed.
- **Finance Governance.** Third, companies must set an explicit, financial target for the program (and how it will be measured), along with the investment needed to achieve that and clarity about who will fund it.

This kind of structured, up-front agreement aligns expectations, prevents misunderstandings, builds mutual trust, and raises issues early enough to efficiently address them.

How Two Companies Put These Ideas into Practice

To see how global corporations execute transformations across far-flung business units, consider the example of a consumer packaged goods company. As part of a recent supply chain transformation, the leadership team had to harmonize the process across 25 local companies in individual markets. To succeed, the organization created a regional TMO as an engine to drive the transformation, along with clear governance anchored at local level. The team made communication one of the core components of the program. It developed the “why” at the regional level, but it tailored the “how” to the level of individual companies. Moreover, it ensured that two-way communication channels were in place so leaders could hear feedback on the program. In parallel, they established a single, robust source of truth to track the funnel of value initiatives at the country and plant level.

As a result, the organization achieved major milestones in the first year of the transformation, including a 50% reduction in packaging and product complexity and a 25% reduction in carbon emissions. At the same time, it determined that some elements would need to be standardized across the entire network. For example, it implemented a single sales and operational planning system and tool, which all 25 companies now use, leading to greater accuracy and efficiency in production.

Similarly, when a global telecommunications company launched a multiyear transformation to improve operational and financial performance across several countries, it faced a familiar challenge: with differing regulatory environments, market dynamics, and organizational cultures, the company needed an approach that balanced global oversight and alignment with local execution and ownership.

The company established a central TMO to set the overall ambition, priorities, and value targets while appointing dedicated transformation leads in each country to localize execution. The central TMO maintained a holistic view of the baseline and impact, set a consistent execution schedule through weekly check-ins, resolved cross-market roadblocks (and surfaced cross-market opportunities), and elevated critical topics to executive attention. Country teams, in turn, adapted objectives to their local context and led delivery on the ground.

This structured, two-way model helped the leadership team make fast decisions, proactively resolve issues, execute in a disciplined way across markets, and track performance. Over the two-

year transformation, the company significantly improved its cash flow, which helped increase its stock price by 25%.

In the current business environment, transformation is a must. But CTOs at large, global organizations have significant input as to how they structure transformation programs. Rather than simply issuing top-down mandates, the most successful teams focus on big-picture elements and tap into the power of local business units and teams while still holding them accountable. That approach leads to better engagement across the entire enterprise and better transformation results.

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