BUSINESS TRANSFORMATION

The Power of Priorities: Why Less Is More in a Transformation

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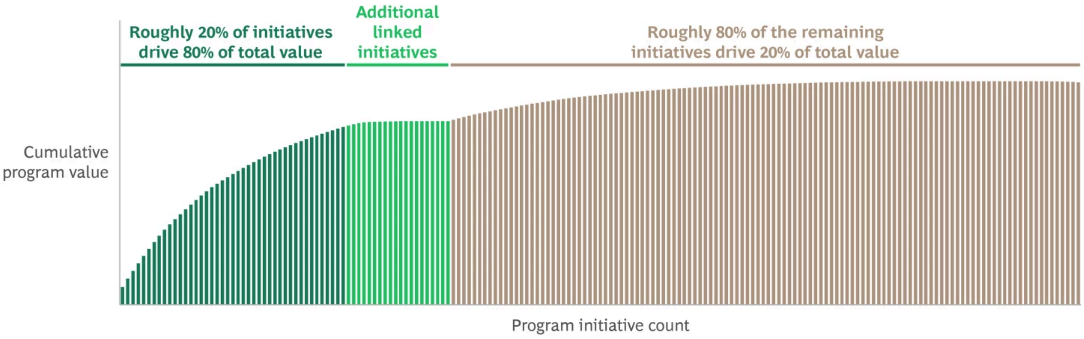
When transformations begin and are in the ideation stage, the air is full of excitement, ideas, and the belief that doing more will deliver better results. But in our experience, this is a trap. In reality, less gets done because teams get pulled in too many directions. Execution teams lose traction, leadership teams face decision fatigue, and the initial surge of energy turns into frustration. The strain is most acute in areas with constrained resources—key talent, capital, technology—where competing demands can make momentum grind to a halt.

The real success factor in a transformation isn't how many initiatives get launched—it's the courage to pause, refocus, and invest only in those measures that truly matter. In practice, that means making tough choices. Companies can often achieve 80% of a transformation's value by focusing on roughly 20% of initiatives. (See Exhibit 1.) That sounds straightforward, but setting priorities requires a structured, transparent process that reviews the entire pipeline of workstreams and initiatives—those required to run the business and those needed to transform it—and then assesses expected impact and potential tradeoffs.

EXHIBIT 1

In a Typical Transformation, a Subset of Initiatives Deliver Most of the Value



Source: BCG analysis.

When companies use this approach, they generate early wins that build momentum and confidence for the broader change effort, while giving teams clarity and relief that leaders are decisive and steering the organization to what's most important. This can flip the odds of long-term transformation success in the company's favor.

When Everything Is Urgent, Nothing Is

The overall track record of corporate transformations is underwhelming. BCG research has found that about 70% fall short of their objectives. These are large, complex programs that require a lot of time, energy, and leadership bandwidth. In the current environment, the challenge is even tougher: companies are already running at full speed to keep pace with geopolitical shifts, rapid changes in technology and customer behaviors, talent gaps, supply constraints, and relentless cost pressure. Setting priorities can help alleviate these challenges, but companies often struggle to do so. Behavioral science offers several reasons why setting priorities is so hard:

- **Urgency Fog.** In transformations, people feel that everything is urgent, making it hard to say no to anything. Teams don't know where to focus, so their time and energy get dissipated—and nothing changes.
- **Sunk-Cost Fallacy.** By their nature, transformations should change what people are working on, but emotional ties to past decisions or investments make it hard for them to shift gears. People feel they've already gone so far down a specific pathway that they have no choice but to see it through to the end.
- **Conflict Avoidance.** Stopping or deprioritizing certain ideas can feel personal and confrontational, so leaders shy away from making those kinds of difficult decisions.

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Focus on What Matters Most

At its core, prioritization is about sequencing work to maximize the value from a transformation. This includes doing the right work, at the right time, with the right resources. Setting clear priorities ensures that the strategically important initiatives get sufficient resources and attention from leadership. It helps teams see what's urgent and what can be deferred until later (or shut down entirely). It can also show people how their contributions directly support the enterprise's most important measures.

Prioritization also shows empathy for frontline employees and managers by acknowledging that they have real limits on their capacity. This can make the transformation feel achievable rather than overwhelming. It builds important credibility for leaders by underscoring that they are willing to make intentional tradeoffs for long-term success. That they are shaping a transformation with employees in mind—not just the leadership team's top business goals.

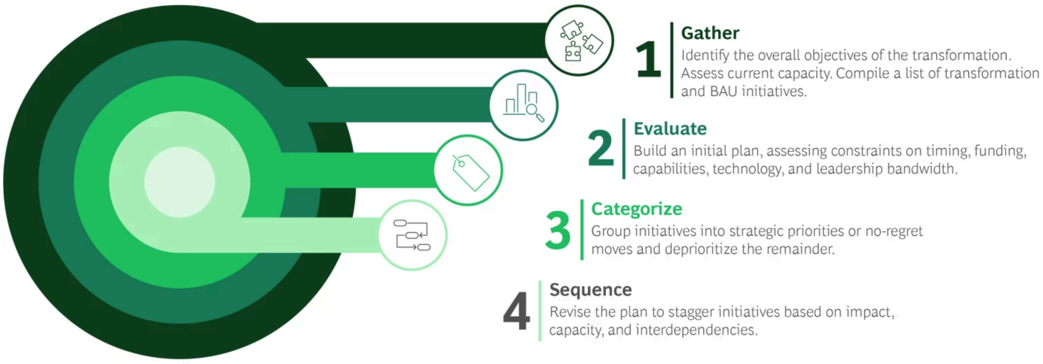
Four Steps to Setting Effective Priorities

While setting priorities can happen at different stages in the transformation life cycle, it is critical that it occurs at least once in the planning stage before the program formally begins. That requires an investment of time and work up front, but it saves significant effort in the future, and it increases executional certainty.

Specifically, the prioritization process has four steps. (See Exhibit 2.)

EXHIBIT 2

Companies Should Follow Four Steps to Set Effective Priorities in a Transformation



Source: BCG analysis.
Note: BAU = business as usual.

1. Gather. Step one is to compile information about the overall objectives of the transformation, including expected business impact, how fast the company wants to achieve that impact, and which capabilities it must develop through the program to make the impact sustainable. Organizations also need to look at their current capacity, bandwidth, and desire for change—not just in employee workloads but in the overall investment required, technical demands, and ongoing business-as-usual (BAU) commitments. Importantly, it's not just transformation efforts that should be considered, but BAU activities as well. Stopping low-value daily work, such as reports, meetings, and routines, frees capacity and shows that leaders are serious about their areas of focus.

In addition, companies need to make a clear-eyed decision about what they want to optimize through setting priorities. For example, some organizations may choose to focus on financial impact delivered to the bottom line. Others may want to build a foundation of new capabilities, even at the expense of near-term financial returns. And others may want to ensure the success of early measures, minimizing execution risk and avoiding any disruption to BAU activities.

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There is no universal right answer—each company’s priorities will depend on its unique situation, including leadership expectations, capital constraints, and talent limitations. But leaders need to be deliberate, so that they can choose priorities accordingly.

2. Evaluate. The second step is to build an initial plan based on detailed, bottom-up inputs from teams, so that leaders can identify constraints and determine where to set and adjust priorities. Those constraints could include the following:

- **Timing**. By evaluating interdependencies, organizations can execute them in the optimal sequence. For example, a company may prioritize improving its customer service processes before it launches a major growth initiative, to ensure that newly acquired customers get the best possible experience.
- **Funding.** Companies may face limits on both the upfront capital for the transformation or the amount required during peak activity levels.
- **Capabilities.** Transformations could face bottlenecks in terms of the number of people or teams with critical skills that are available.
- **Technology**. Technology capacity—particularly in IT and data functions—is often an acute constraint. Companies can’t develop every AI tool or digital solution at once, so they need to make measured choices about where technology will deliver the most differentiated value and build IP that truly matters
- **Leadership Bandwidth.** Senior people need to devote sufficient time and focus to oversee, steer, and motivate teams. This is important to overall sustainability.

Not all of these factors are always significant. But most of the time companies will need to assess the constraints they face across these areas and adjust the roadmap accordingly.

3. Categorize. Next, companies should group initiatives into several broad categories. The most important are top-level strategic priorities—foundational, future-focused initiatives to deliver on the program’s ambition or critical enablers that build the needed capabilities. Firms should prioritize these and ensure that they have the right resources in place to execute them (or develop those abilities quickly).

Additionally, companies should identify no-regret moves—those that can be executed by self-contained teams and that don't often create resource constraints—so they can create momentum early on in the program.

The remaining initiatives are those with lower value or strategic priority and should be sequenced in a way that does not impact the more critical initiatives—or consider stopping them altogether.

4. Sequence. Last, companies should revise the original roadmap with a more deliberate sequencing of initiatives, looking at the interdependencies according to the constraints we have illustrated.

Engaging Stakeholders

When setting priorities, it's critical to engage key stakeholders to generate buy-in and a sense of ownership. The process inevitably involves making some difficult decisions, and those whose projects get deprioritized may feel that their work is less valued. For that reason, companies need to communicate directly about the overarching goals of the transformation in improving company-wide performance. Here are some particular communication points to strive for:

- Align on guiding principles for what the organization is trying to optimize (such as value, capabilities, or risk).
- Ensure that stakeholders have a common understanding of resourcing requirements and constraints.
- Categorize initiatives in conjunction with a transformation office, with straightforward and objective criteria.
- Hold workshops at all stages of the process, to solicit input, promote good communication, and ensure that everyone is on board with final decisions.
- Acknowledge and celebrate disciplined choices. Deprioritizing or halting work takes courage, but it reflects an enterprise mindset and strengthens the organization's focus.

Transformations are challenging, and companies often launch them in response to an urgent need for change. But jumping in without setting priorities is a recipe for failure—akin to starting construction on a house without a blueprint. Transformation leaders who pause to prioritize can move forward faster with sharper focus and follow-through.

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