



How many of the **FIVE** traits do you have?

The Boston Consulting Group (BCG) recently released an article about the traits that a CEO needs to transform an organization quickly and effectively:

“ In a fast-moving environment characterized by digitization, organizations face threats that emerge more rapidly – and from a wider range of competitors – than ever before. In this setting, some companies need to transform their organizations to stay on top, while others face a decline in performance and require dramatic measures to turn themselves around. In either case, transformations are extremely tough to pull off. Only about 30% of large-scale efforts succeed. ”



Based on an analysis of large U.S. companies from 2004 through 2016, here are the traits that BCG lists for truly transformative CEOs:

- 1. They take decisive action quickly** and launch formal transformation programs. When companies face disruption, some leaders tend to wait it out. The companies that posted the strongest transformation results announced a formal program within one year of a decline in total shareholder return.
- 2. They unlock immediate gains to fund the journey** and tell their story in the market. As initial steps in a transformation, most companies cut operational costs or take other quick actions to boost revenue or restructure the organization. Evidence shows these measures are effective in rapidly improving financial performance during the first year. But to regain the market's confidence, leaders need to tell a convincing story to investors and analysts about how the company will leverage its new resources.
- 3. They include a clear second chapter in their transformation** to boost growth. In years two through five of a transformation, revenue growth becomes the main driver. Accordingly, CEOs can't focus on short-term, operational improvements alone. They must also introduce a strategy for new growth through new products and services.
- 4. They are willing to make changes to their team.** As a company moves into new business models and markets, CEOs must be willing to make changes to their leadership team. BCG studied the executive turnover at companies immediately after a steep decline in revenue. Companies that replaced 20% or more of the officer group showed a slightly better performance in the short term and a notable improvement over the long term.
- 5. They commit to long-term transformation programs of sufficient scope and scale.** Short-term efforts do not lead to lasting success. Among firms with a formal transformative program in place, nearly half ran their initiatives for five years or more.

The takeaway? We've entered an era of "always on" business transformation. So be sure your company has a clear long-term focus for better results.

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