

88% of business transformations fail to achieve their original ambitions; those that succeed avoid overloading top talent

New research from Bain & Company finds the strongest predictor of a transformation's success is how well the company retains, develops, and acquires the right talent and capabilities

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NEW YORK – April 15, 2024 – While Bain & Company estimates more than a third of large organizations are undergoing business transformations at any given time, new research from the firm shows only about 12% achieve their original ambition. Those that do get it right avoid overloading their “star players,” which can lead to burnout among that oversubscribed group, and they often hire a dedicated Chief Transformation Officer (CTO) to lead the effort.

“Our research shows transformations are ever present in business, but the vast majority do not achieve their intended outcomes,” said Melissa Burke, executive vice president of Bain’s Transformation & Change practice. “One of the first mistakes companies make is failing to focus on their critical strategic roles and getting the right people in them. They too often overload top talent, burning them out and overlooking other worthy team members. True transformation is a long-term endeavor. Winning companies invest in the talent they will need to sustain it. For many, this includes hiring a dedicated chief transformation officer.”

Bain & Company’s Transformation & Change Survey of over 400 executives and senior leaders found the strongest predictor of a transformation’s success is how well the company retains, develops, and acquires the right talent and capabilities to pull it off. The research identified three common mistakes companies make in their pursuits.

Three common mistakes that cause a transformation to fail

Transformations that fall short often make one or more of three typical mistakes: failing to focus on the roles critical to the transformation, pulling from too shallow a talent pool, and/or preparing poorly for the future.

- **Failure to focus on the critical roles.** Companies often neglect to tie their strategic priorities to the specific outcomes required in the next two to three years, making it difficult to pinpoint which roles are essential to delivering those outcomes and who is best fit to fill them. As a result, the wrong people often end up in critical seats. Bain’s research found 76% of those with a successful transformation record said they understood which mission-critical roles were essential, while only 58% of those from poor performers felt they had the same understanding. In Bain’s

experience, 90% of the value and results of any transformation are created by less than 5% of roles. So, getting the best qualified people into those roles is critical.

- **Relying on too shallow a talent pool.** Failure to look beyond well-known “star players” contributes to their burnout as they are often allocated to the transformation on top of their other work. This sets them up for failure while also sapping the transformation’s momentum. By contrast, two-thirds of survey respondents from strong transformers said their companies ensured the people assigned to transformations had at least half their time allocated to the new role. Fifty-six percent of strong transformers avoided overloading their top leaders, compared to 44% of poor transformers. The role of a dedicated chief transformation officer (CTO) can be critical. Bain’s database of more than 24,000 transformation initiatives shows that large-scale change efforts achieve 24% more of their planned value when a dedicated CTO oversees them.
- **Poor preparation for the future.** Spending too little time building long-term strategic capabilities can compromise a company’s ability to sustain its transformation. Bain’s research found that more than half of companies’ high performers were viewed as lacking the capabilities needed to succeed in critical roles in five to 10 years. Addressing that requires looking beyond the performance skills that people need to meet their current job descriptions, focusing on inspirational skills, such as how they motivate themselves and others to go above and beyond. Once the critical gaps are identified, a variety of approaches can help develop these capabilities and behaviors, including classroom training, on-the-job-learning, coaching, role rotation, and behavioral nudges such as automated feedback gathered from direct reports.

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