



THE FOUR TRAITS OF SUCCESSFUL CHIEF TRANSFORMATION OFFICERS

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This article is part of a series on the challenges of transformation. A previous article explored the people journey, and future articles will explore the leader and program journeys, all of which companies must undertake simultaneously. More than ever, companies are finding that managing these interdependent journeys in a holistic and integrated way is essential to their success in achieving change.

ORGANIZATIONS HAVE LONG UNDERTAKEN ambitious transformation programs to keep up with challenges to their businesses. And because up to seven in ten transformations fall short of their goals, many organizations have come to rely on chief transformation officers (CTOs) to improve the odds of success. But simply having a CTO on staff isn't a panacea. Like transformations themselves, some CTOs are more successful than others.

Through interviews with more than 20 CTOs and analysis of transformations at more than 1,000 companies, BCG has identified four traits that are common to successful CTOs. We found that change man-

agement initiatives are more likely to succeed when the CTO is persistent, hyper-vigilant, flexible, and a role model for change.

Why CTOs Fail

When CTOs lack these traits, their failed initiatives can cause organizations to flounder, ultimately losing profits and market share and even going out of business.

Since transformations are relatively rare, most people who lead them are likely to have managed only a handful, so their experience is limited. In fact, the CTO role is often seen as a development opportunity for junior-level corporate leaders. Moreover, the position is by its nature not a permanent one, so there's less opportunity to gain experience on the job. And CTOs tend to lack not just experience but training. It's often assumed that people tapped for the role have easily transferable leadership and project management skills. Consequently, they aren't offered the training and development that might help them

succeed. Finally, the extreme stress of the transformation environment can further hamper a CTO's performance.

The traits that we identified can help CTOs overcome these challenges and increase the odds that the transformations they lead will flourish.

Success Trait #1: Persistence

We traced many transformation failures back to efforts that started strong but declined later on. In some cases, organizations celebrated their successes before difficult problems had been fully solved. In others, senior leaders were simply in a rush to push the implementation forward. Successful CTOs doggedly hunt for parts of a transformation initiative that haven't performed as well as expected, working to correct problems until performance improves.

Our data shows that the role of an activist transformation office is 20% to 30% more important in the later stages of an implementation program than in its earlier stages. Successful CTOs take this into account by continuously tracking implementation processes and progress in employee adoption of target behaviors.

CTOs must also be persistent about staying in sync with the organization's leaders on the transformation program's purpose, targets, and approaches. In fact, alignment with leadership expectations is one of the most important success factors. When the CTO and leadership are aligned on the same goals, the odds of success increase by up to 30% compared with programs in which their respective goals for the transformation do not line up.

Success Trait #2: Hypervigilance

CTOs have to make sure that people take the right actions at the right time. It's their job to build the roadmap that explains how to achieve the stated goals. That means they must be hypervigilant about uncovering deficits and complexities that could undermine progress.

We see transformations as comprising what we call the leader journey, the people journey, and the program journey. The importance of each varies according to the phase of the initiative. (See the exhibit.)

The CTO must understand and manage all three of these journeys. Early planning, in particular, is critical because it helps estab-

Transformations Require Three Change Journeys



Source: BCG analysis.

lish goals; according to our research, transformations that lack clear goals are three to four times more likely to struggle later on. We also found that when senior leadership is truly committed, transformations create approximately 30% more value.

Successful CTOs are constantly hunting for signs of trouble in the leader journey, the people journey, and the program journey. They must constantly anticipate when and where things could go wrong. They must look at the big picture, taking a holistic view of the transformation program in order to spot potential pitfalls. And they must delegate work so that others are on the lookout for problems as well.

Success Trait #3: Flexibility

Companies transform themselves by continually adopting new products, services, structures, and processes. But constant change is not compatible with the way most people think and with their need for certainty. As transformation programs get underway, the CTO must balance the imperative for change with employees' desire for stability, clarity, and consistency.

One way to do this is by establishing a transformation office. We have found that transformation programs are 20% more likely to succeed when a highly visible transformation office is part of the structure. The office has to be well organized in order to carry out the change program but flexible enough to respond to unforeseen circumstances that could necessitate refinements as time goes on.

In our interviews with CTOs, we learned that some parts of a transformation program—such as its form of governance, focus, or team members—typically change every four to nine months. The CTO must be flexible enough to consider making such changes and to figure out how to make them and to what extent. To minimize anxiety and disruptions that could affect the transformation team, the CTO must be able to articulate why the changes are needed and then carry them out as quickly as possible.

Decisions about when to change key aspects of the transformation plan should be based on an analysis of available resources and capabilities. This can be done with tools such as BCG's Employee Capacity to Absorb Change (ECAC), which determines how much change a specific part of the organization can adopt at a given time. The ECAC also measures change program results and identifies where employees are failing or refusing to adopt new behaviors. One BCG global industrial client used the tool to gauge employees' reactions to an ongoing transformation initiative. After detecting hot and cold spots, the company's project management office was able to effectively prioritize programs to encourage employee acceptance.

Success Trait #4: A Role Model for Change

Transformation demands that employees move away from their normal ways of doing business. After all, if an organization could reach its goals by the usual means, there'd be no need for transformation. Some of the biggest challenges arise when the transformation agenda collides with business as usual.

In order to become a role model for change, the CTO must first convince the company's leaders to change the ways that they work themselves—in everything from planning to performance reviews to investing. And once the new normal has become a reality, the CTO must ensure that these behavioral changes become permanent.

The CTO must also show rank-and-file employees what the transformation program means for them and the specific steps they need to take. But that's easier said than done. BCG has found that the majority of organizations struggle to get people to adopt and stick to new ways of working long term. It is relatively easy to overcome the initial resistance and to try doing things in a different way, but sooner or later employees tend to slip back into old habits.

To combat resistance and attrition, the CTO must identify what causes those be-

haviors across the organization and then adjust the organizational context to encourage the desired behaviors. They can use methods based on behavioral science, including digital nudges, to get people to adopt new behaviors. Such prompts can help break down large goals into smaller ones, build accountability into behavior changes, and reward people when they reach change goals.

- Give transformation leaders room to fail, which can help them learn from mistakes and wind up with better processes as a result.
- Provide them with a transformation office and a team that's experienced and dedicated to working solely on change-related projects.

How to Cultivate Strong CTOs

Transformation initiatives have a better chance of succeeding when they're led by capable CTOs. But leaders with the necessary traits don't just materialize. Organizations must take care in their choice of whom to appoint and then provide the resources, support, and encouragement necessary to succeed.

- Pick transformation leaders who have not only relevant past experience but the capacity to be persistent, hypervigilant, flexible, and a role model.
- Offer the CTO personal coaching and guidance as well as support from the C-suite.

THERE'S NO SECRET to being a successful CTO. These leaders take a holistic approach to change management that allows them to do the right thing at the right time to the right degree. They work through obstacles, hunt for problems that could stand in the way of accomplishing their goals, course correct as needed, and act as role models for their own teams and the organization. The training and support that organizations provide will further the personal development of these transformation leaders while making it more likely that the company's change efforts will pay off.

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