

McKinsey Global Survey Results:

Creating organizational transformations

If organizational transformations are to succeed, change can't be thought of as a single, standardized process.

Organizations need to change constantly, for all kinds of reasons, but achieving a true step change in performance is rare. Indeed, in a recent McKinsey survey of executives from around the world,¹ only a third say that their organizations succeeded in doing so. Executives were also asked how their organizations designed and managed a recent change effort, how they engaged employees in it, and how involved senior leaders were.

The survey results highlight several important tactics that organizations use to transform themselves successfully. Setting clear and high aspirations for change is the most significant. A second tactic is engaging the whole company in the change effort through a wide variety of means; a highly involved and visible CEO is important, but successful companies also use various other communication and accountability methods to keep people involved—far more methods than unsuccessful companies use. Also notable: successful companies are far likelier to communicate the need for change in a positive way, encouraging employees to build on success rather than focusing exclusively on fixing problems.

¹The McKinsey Quarterly conducted the survey in July 2008. A total of 3,199 executives from industries and regions around the world responded.



Jean-François Martin

Planning a transformation

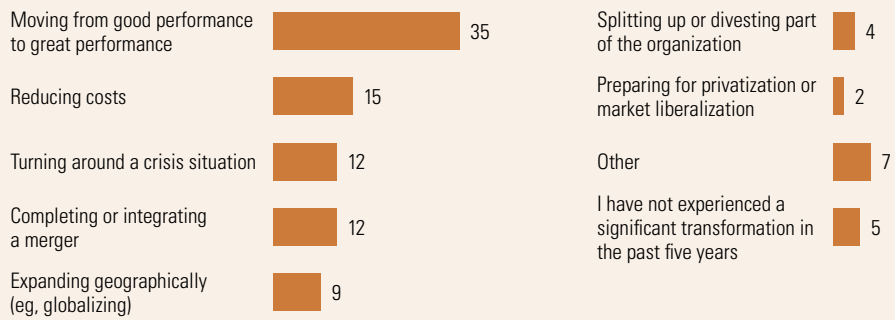
Although change in corporations is often talked about as if it's all the same, the survey highlights the great variety of goals that organizations are trying to achieve through a transformation (Exhibit 1).

Exhibit 1

Why change?

% of respondents¹

What overall objective, if any, was your company trying to reach with its transformation?



¹Figures do not sum to 100%, because respondents who answered “don’t know” are not shown; data are weighted by GDPs of constituent countries to adjust for differences in response rates.



Setting a clear and significant stretch goal might seem like an obvious first step for an organizational transformation. And, in fact, the results do show that executives who believe that their organizations transformed themselves successfully are much likelier than others to say that their goals were both clearly defined and truly transformational (Exhibit 2).

However, organizations clearly don't get this right as often as they'd like: nearly a quarter of the respondents say the target was not well defined. When asked what they'd do differently if they had to undertake their transformations again, nearly half of all respondents say they would set clearer targets—significantly more than any other option.

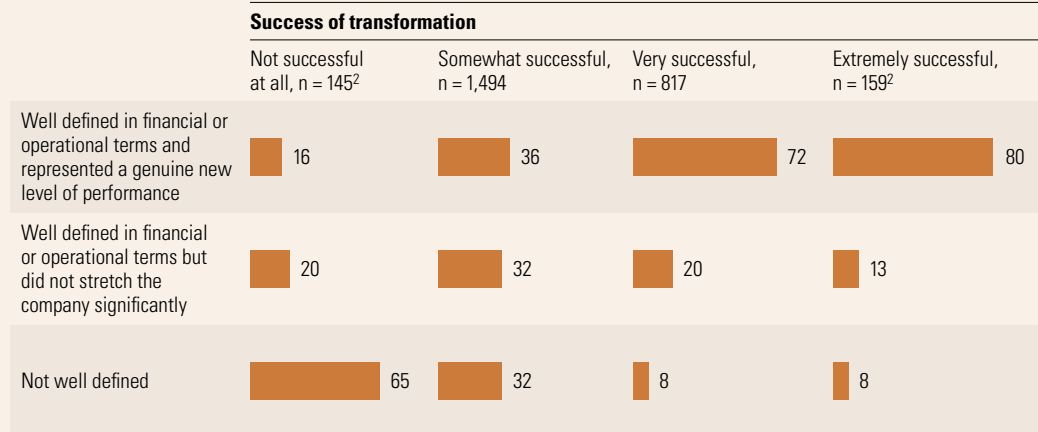
Another indication of a mismatch between goals and outcomes: among respondents who say that the transformation was supposed to affect the whole organization, only 54 percent say that the daily work routines of a majority of the workforce actually changed as a result

Exhibit 2

Targeting success

% of respondents¹

Which of the following statements best describes the targets your company set to define success for the transformation?



¹Excludes respondents who answered “don't know” or “other”; data are weighted by GDPs of constituent countries to adjust for differences in response rates.
²Figures do not sum to 100%, because of rounding.



Engaging for success

It’s a commonplace of the change-management literature that both employees and leaders need to be engaged in the process. Responses to the survey quantify the difference that engagement can make to the success of a transformation and show how successful companies differ from others in how they engage.

Although most respondents say that the CEO or the relevant business unit leader was very strongly involved in the transformation project, these leaders were much more involved and much more visible at companies where the transformation was successful (Exhibit 3).

The data also suggest that engaging staff as early in the process as possible is related to success. For example, the most common planning method at organizations where the respondents view the transformation as extremely successful is large-scale collaboration across the organization, with 38 percent choosing that approach. In contrast, at organizations where they don’t see the transformation as at all successful, only 7 percent engaged the staff in this way, while nearly half say the CEO and top team did most of the work alone.

Overall, only a third of respondents say the transformation program was very or extremely successful

Exhibit 3

The value of visibility

% of respondents¹

How visible was the CEO’s or business unit leader’s involvement in the transformation?

	Success of transformation			
	Not successful at all, n = 144	Somewhat successful, n = 1,519	Very successful, n = 835	Extremely successful, n = 165
Not at all visible	23	6	3	1
Not very visible	29	22	10	13
Fairly visible	32	37	31	25
Very visible	16	35	56	61

¹Excludes respondents who answered “don’t know”; data are weighted by GDPs of constituent countries to adjust for differences in response rates.

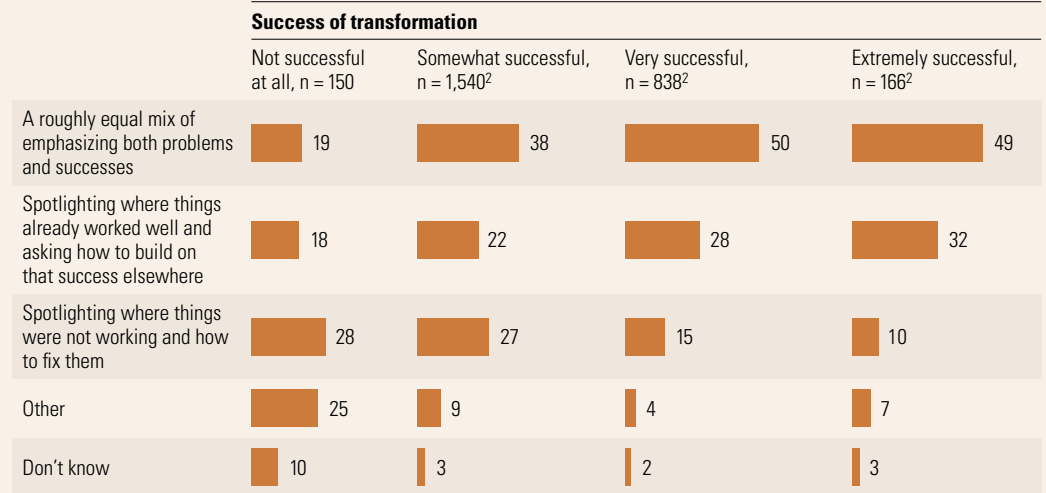
Another crucial role an organization’s leaders can play is to ensure that communication about the transformation is as clear and effective as possible. The survey results indicate that respondents whose organizations emphasized building on successes, rather than focusing exclusively on fixing problems, are much more apt to consider the transformation successful (Exhibit 4).

Yet communication alone, the data suggest, isn’t enough to engage the organization successfully. One reason may be the sheer scale of many transformations; they can change the lives of thousands of staffers around the world. Indeed, executives overall say that, among all the tactics their companies used to mobilize employees, they were least successful at ensuring that frontline workers felt ownership of the change—less than a third of all respondents say their companies achieved this goal. Further, even at the most successful companies, more than a quarter of respondents say they would spend more time engaging the staff if they had to undertake the transformation again.

Exhibit 4
How to communicate

% of respondents¹

Where did your company place the most emphasis in its communications about the transformation program?



¹Data are weighted by GDPs of constituent countries to adjust for differences in response rates.

²Figures do not sum to 100%, because of rounding.



That may explain why successful companies use several different tactics to engage the whole organization. Executives at companies where the transformation was extremely successful used more than three times as many different tactics as executives at unsuccessful companies did.² Among the successful ones, engaging the organization through ongoing communication and involvement edges out accountability as the tactic used most frequently (Exhibit 5). Another indication of the relationship between engagement and success is that ongoing involvement drops to third place among all respondents and to fifth place among those who say the transformation was not at all successful.

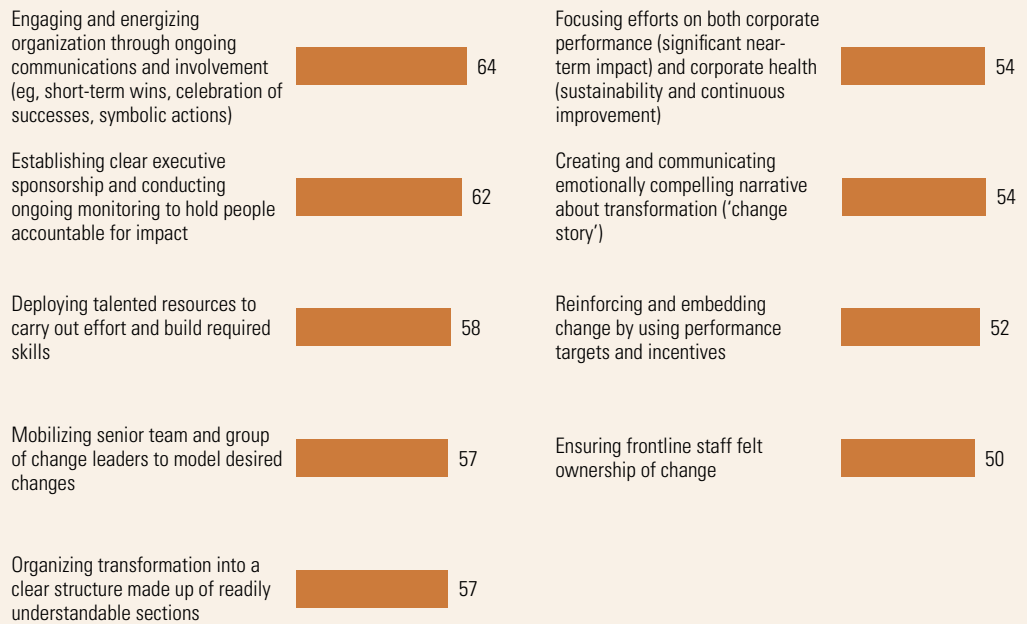
²At companies where the respondents considered the transformation not at all successful, an average of 1.6 tactics were used; at somewhat successful companies, 3 tactics; at very successful companies, 4.3; and at extremely successful companies, 5.1.

Exhibit 5

How successful companies engage

% of respondents whose transformation was extremely successful,¹ n = 166

Among the tactics your company used to mobilize staff behind the transformation, which of the following, if any, do you think were successful?



¹Figures do not sum to 100%, because respondents could choose more than 1 answer; data are weighted by GDPs of constituent countries to adjust for differences in response rates.

Looking ahead

- The survey shows that, if organizational transformations are to succeed, change can't be thought of as a single, standardized process. One implication is that companies should use a range of tactics in conjunction to engage their employees as early as possible. They ought to base their tactics on the type of transformation they are planning and the methods to which their employees will respond best.
- In addition, companies are investing an average of six months in planning their transformations yet still aren't managing to set clear, aspirational goals. A company that spends its planning time thinking through the goal appropriate for its situation seems likelier to transform itself successfully. ■

Contributors to the development and analysis of this survey include **Mary Meaney** and **Caroline Pung**, a principal and consultant, respectively, in McKinsey's London office.

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