

Olivier Gorter,
Richard Hudson,
and Jesse Scott

The role of the chief transformation officer

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The individual charged with leading change must have multiple capabilities.

An experienced and highly capable leader—the chief transformation officer (CTO)—will significantly improve the chances of a successful transformation. In our work with scores of companies that have embarked on this course, we've seen CTOs single-mindedly drive the organization forward and hold accountable those responsible for the hundreds (even thousands) of daily actions and initiatives that underlie a typical program. Effective CTOs inspire employees and act as role models for the sort of behavior needed to encourage and embed change.

At the heart of the CTO's role is an ability to strike the right balance between carrot and stick, between short-term improvement and long-term value, and between making sure line managers themselves take responsibility for change and personally ensuring they deliver results quickly and with suitably high ambition. Such judgment is also important when it comes to deploying the often-limited resources at their disposal to the different priorities of a transformation.

CTOs should be independent (certainly not associated with the decisions of the past), have experience of similar turbulent corporate environments in their earlier careers, and enjoy support from the board, the CEO, and top management. Their mandate—responsibility for ensuring that the full bottom-line target gets delivered—must be clearly defined at the outset. They should be fully integrated into the executive team (not sidelined to a separate transformation unit), and their compensation must be linked to performance, with a significant bonus for overdelivery. Ideally, they should behave like an extension of the CEO or even the board and as such be able to hold the top managers accountable.

The CTO is a high-level orchestrator of a complex process that involves large numbers of discrete initiatives. Responsibility for making the day-to-day decisions and implementing those initiatives lies with line managers, but the CTO's job is to make sure the job is done. This is not always easy.

He or she acts as the face of the transformation, sets the tone, spurs enthusiasm, and challenges current wisdom. Like a military drill sergeant who demands daily push-ups

and ten-mile runs, the CTO has the objective to make the organization fitter so as to sustain the effort over the longer term.

Great CTOs accept nothing without facts and independent analysis. They are not only good problem solvers and business leaders; they have a high emotional quotient and strong interpersonal skills. The most successful transformations we have seen are the result of CTOs igniting passion and leveraging the efforts of a range of individual talents. They recognize and reward outperformance.

In his book *Outliers*, author Malcolm Gladwell popularized the idea (since disputed by others) that it takes roughly 10,000 hours of practice to achieve mastery in a field. Being a skilled CTO certainly requires that sort of training. To this end, it's important that CTOs have a strong cross-functional background (as opposed to being an expert in one area) and have seen a variety of different business situations and challenges during their career. Only with this experience will they know when to praise and encourage and when to go in hard.

What undermines a CTO

We have seen CTOs fail when their position is undermined. Here are two examples of what can go wrong.

- **Poor governance.** Problems arise when the CTO is treated like a member of the corporate staff, as often happens when companies set up a traditional program-management office. The CTO's power and ability to make things happen comes from the CEO, who visibly and explicitly lends his or her authority and backing for the duration of the transformation. Anything that undermines that implicit contract undermines the CTO, such as when the board and the CEO hold the CTO accountable without affording him or her the opportunity to influence decisions. The CTO should be able to call upon senior leaders (including the CEO) to attend meetings: in turn, these executives should send clear and regular signals of their trust and encouragement.
- **A negative environment.** If managers and employees fail to recognize the urgent need for change, the CTO's job is likely to be an uphill struggle. The CTO must be determined to override such negative mind-sets and behavior, instilling in the organization a bias for action. Attitudes such as "that's the way we've always done things around here" are particularly corrosive, especially if shared by senior managers, and should be opposed vigorously. Time wasted in meaningless debate and bureaucracy is a sign that the organization does not fully support the process and tools of the transformation and that the CTO's message is not getting through.

Eight questions for the CTO

The success of a transformation requires CTOs to address a wide range of organizational and business issues. Here are eight questions CTOs should ask themselves (exhibit).

Exhibit

Eight questions for the chief transformation officer

- 1 Do I have the full backing and confidence of the CEO and the board?
- 2 Have I taken on incumbent vested interests and slaughtered relevant sacred cows?
- 3 Have I established a rhythm and clock speed that is changing the metabolic rate of the business?
- 4 Have I connected to the front line and truly understood its perspectives and frustrations?
- 5 Am I coaching the CEO and top team and successfully changing how they lead the transformation?
- 6 Do I have a clear-eyed view on where the real value lies and where we cannot afford to compromise?
- 7 Have I intentionally picked some fights with senior line leaders and gotten them to change?
- 8 Do I understand the dominant culture and mind-set and where it needs to shift?

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Olivier Gorter is a senior vice president of McKinsey Recovery & Transformation Services (RTS) and is based in McKinsey's Amsterdam office, **Richard Hudson** is an RTS partner in the London office, and **Jesse Scott** is an RTS senior vice president in the Sydney office.