The Four Building Blocks of Transformation

How to lead the disruption of your own enterprise.

BY AL KENT, DAVID LANCEFIELD,
AND KEVIN REILLY
If you are a business leader, you are probably thinking about radical change. New industrial platforms, geopolitical shifts, global competition, and changing consumer demand are reshaping your world. You face upstart competitors with high valuations encroaching on your business, and activist investors looking for targets. Meanwhile, you have your own aspirations for your company: to be a profitable innovator, to seize opportunities, to lead and dominate your industry, to attract highly committed talent, and to carve out a socially responsible role in which your organization makes a difference. You also probably want to clear away the deadwood in your legacy system: practices, structures, technologies, and cultural habits that hold your company back.

The conventional response is a transformation initiative — a top-down restructuring, accompanied by across-the-board cost cutting, a technological reboot, and some reengineering. Maybe you’ve been through a few such initiatives. If so, you know firsthand how difficult it is for them to succeed. These efforts tend to come in late and over budget, leaving the organization fatigued, demoralized, and not much changed. They don’t take into account the fundamentally new kinds of leverage available to businesses that have emerged in the last 10 years: new networks, new data gathering and analysis resources, and new ways of codifying knowledge (see “Leading a Bionic Transformation,” by Miles Ever-son, John Sviokla, and Kelly Barnes, s+b, Winter 2018).
Successful transformations may be relatively rare, but they do exist — and yours can succeed as well. A transformation, in this context, is a major shift in an organization’s capabilities and identity so that it can deliver valuable results, relevant to its purpose, that it couldn’t master before. It doesn’t necessarily involve a single major initiative (though it could); but the company develops an ongoing mastery of change, in which adaptability feels natural to leaders and employees.

An effort of this sort can take place on a large or small scale; it can involve the front, middle, or back office; it can be conducted by any type of enterprise, from a startup to a global enterprise; and it will affect every aspect of the organization’s structure, including such functions as innovation, finance, marketing, sales, human resources, and operations. At any scale, it requires a cultural shift and highly engaged leaders, who take control of the organization’s future in these four ways:

- **Create a strategic identity.** Articulate a single desirable future for your enterprise and focus all your efforts on achieving it.
- **Design for trust.** Develop ways to attract and deserve the commitment of everyone related to your enterprise — particularly customers and employees.
- **Master the pivot from sprint to scale.** Test new practices in an intensive, experimental, startup-style manner. Pick the approaches that work, and rapidly implement them throughout the larger system.
- **Treat your legacy as an asset.** Save the best of your past, divest the rest for advantage, and use the income to fund the future.
We think of these as the basic building blocks of any successful transformation. They aren’t specific steps, stages, or organizational designs. Those will vary from one enterprise to the next. Rather, they are ways of thinking about influence and change: perspectives on how to shift organizational and individual behavior in a more productive, competitive, and engaging direction.

We identified these elements through a comprehensive research and synthesis project that took place early in 2018. We convened a broad, global group of PwC’s most knowledgeable experts on organizational change, particularly change at the nexus of business strategy, customer experience design, and advanced digital technology. At an extended in-depth session with 35 members of this group, we studied examples of successful transformations and articulated the factors common to them. Then we tested our findings in follow-up research and discussions with other experts, inside and outside PwC, and with clients. Though the cases varied widely — by region, industry, circumstance, and personality — the four building blocks were consistently pivotal to success.

The transformation initiatives we studied (described here and included in our library of case studies on the PwC website) have helped companies shake free of their self-imposed shackles, adopt dynamic new business models, and raise their game in a swiftly changing world.
Create a Strategic Identity

Every company today needs to make a distinctive mark. This is a matter of building not just a brand, but a powerful identity, in which the company’s value proposition, core capabilities, customer and employee experience, and culture all reinforce one another. Companies with a fully coherent, differentiated, strategic identity — the likes of Apple, IKEA, Starbucks, and Honda — become iconic. They make an absolute commitment to a single overarching way of doing business, and to a grand vision of the company they need to be. Sean Connolly, president and CEO of Conagra Brands, offered his view about this sort of organizational change in a 2016 interview with the Chicago Tribune: “[It] is not for the faint of heart.”

At the time of that interview, Conagra was still in the early stages of its celebrated transformation — from a diffuse, US$18 billion conglomerate of agricultural and food-related businesses (described in the press as a potential takeover target) to a focused $8 billion purveyor of consumer food brands in North America. Connolly had been hired in April 2015 after serving as the CEO of Hillshire Brands. At Conagra he was charged with refocusing the company’s
mission and turning it around. That mandate intensified a few months later, when the activist hedge fund Jana Partners bought a stake in Conagra and gained two seats on its board.

On the most practical level, Conagra’s transformation initiative involved deals and structural moves: selling a private-label business, spinning off a vertically integrated potato business, relocating headquarters, resetting the cost structure, acquiring contemporary brands, realigning its operating model, eliminating unprofitable legacy practices (including the indiscriminate use of discount promotions), and changing the company name from ConAgra Foods to Conagra Brands. At the heart of all this activity was a new concept of the company’s identity: a nimble innovator, with (according to its vision statement) “the most energized, highest-impact culture” in the food industry. Conagra’s brands would now be required to be the first or second in their sector, and to be known for attracting highly loyal followers (for example, Hunt’s, Peter Pan, Orville Redenbacher’s, Reddi-wip, Slim Jim), defining a prepared food niche (Bertolli, Hebrew National, Marie Callender’s), or emphasizing quality ingredients and health (Alexia, Blake’s, Frontera, Healthy Choice). “This is a totally new era,” Connolly told stock analysts in October 2016. “We are not the ag business that we started as almost 100 years ago. We are certainly not the global conglomerate that we’ve been for decades. For the first time in our history, we will be a branded CPG pure play.”

The related new body of operations practices, dubbed the “Conagra Way,” was modeled after smaller, more flexible companies. The new IT system, built on a cloud-based infrastructure, was oriented toward rapid innovation and communication across internal silos. “Where there is friction [in the digital infrastructure], there is opportunity,” CIO Mindy Simon told CIO Magazine. “How can we use analytics to help our chefs develop new products? How can we use sensors to improve our distribution?”

The results include more than $300 million in annual savings and quick growth in financial metrics, including more than 40 percent growth in total shareholder return between May 2015 and May 2017. Employees and retailers describe Conagra Brands as an entirely different company. And its 2018 acquisition (for $10.9 billion) of Pinnacle Foods (with brands such as Birds
Eye, Gardein, EVOL, and Smart Balance) makes Conagra the second-largest frozen food company in the U.S., after Nestlé. The Conagra story shows how a well-considered shift in identity can take hold in even the largest and most established companies.

As you take on the mind-set of an upstart, and articulate a bold new vision to establish your company’s new identity, keep these precepts in mind:

**Tell a good story.** All too often, the leaders of a transforming company use dry, technocratic language to explain the change and its rationale. But in a successful effort, the business leader sets the tone by translating the company’s new strategic identity into vivid, everyday language — so that everyone can see how their jobs contribute, and why each part of the change matters.

This may well mean articulating a company purpose that goes beyond making money. Employees and customers understand that enterprises are powerful, and that they exist to achieve something with that power — connecting people, producing wealth, creating products and services, or bringing new forms of value to society. When there is a clear, evocative statement of how the company creates value, not just for the shareholders and owners but for the greater world around it, employees feel a connection with the new identity. They understand how it will help them prosper and make them proud to be associated with it.

Use symbolic gestures to represent this clarity of purpose and bring the identity to life. For example, Conagra consolidated all its Chicago-area suburban offices into one downtown building to attract talent, create a high-energy collaborative environment, and accelerate decision making. Connolly explained it this way: “[We can] see each other in the hallway, and get business done in five minutes, rather than on a conference call five days later. Everything [is] recharged.”

**Link your strategic identity to your most distinctive capabilities and skills.** If you take a hard look at your core business, you’ll probably find it’s not a core at all. Rather, it’s a portfolio of non-synergistic offerings, often requiring very different capabilities. This transformation is your opportunity to focus on what you’re really good at, and cut back the rest. Everything you do afterward, including your digitization, cost management, and product and service line development, should relate directly to these distinctive strengths. For example, Bosch
Rexroth, a global electronics and engineering company based in Germany, is creating a new identity as the hub of an Industrial Internet platform. Grounded in its sensor and Internet of Things businesses, the identity is aimed at “smart city” projects and middle-market companies. The company is demonstrating its value by using its expertise in sensors and analytics to trim its own operational expenses. Company leaders talk of saving 1 billion (US$1.2 billion) internally by 2020 and thus building a company that can uniquely offer comparable savings to its customers.

**Stretch your aspirations.** When explaining the need for transformation, don’t just talk about threats or “burning platforms.” Fear paralyzes and distracts people. It creates a toxicity that can take years to remove. Instead, talk about the company you want to (and may need to) create—a company that can do things it can’t do now. Show how your people’s strengths and talents are uniquely qualified to realize this vision, and how you can build or buy the collective capabilities to support them. To really inspire commitment, the new aspiration should be a genuine stretch—one that will take unprecedented energy and skill to fulfill, and will deliver an equally unprecedented payoff. Hearing it described should make your company’s leaders, employees, and other primary stakeholders feel simultaneously intrigued, energized, and uncomfortable; otherwise, it’s probably not complete.

The state-owned insurance company Accident Compensation Corporation (ACC) in New Zealand is transforming itself this way—from being an established facilitator of claims to being, in the words of the 2017 annual report, a company dedicated to “improving quality of life by minimizing the incidence and impact of injury.” It is building the capabilities to help New Zealanders prepare for crisis and prevent accidents, not just recover from them.

**Invite participation.** Talk to employees; invite them to put their fingerprints on the future and to help design aspects of it with you. People are more likely to adopt what they help to create. Other stakeholders may also have powerful contributions to make. Investors, for instance, recognize the market forces driving change for your company as few others do. If they’re interested in long-term involvement with your enterprise, they’ll appreciate the power of a truly viable strategic identity.
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Name the challenges you face. You’re seeking not only greater efficiency, or only the ability to employ three sales associates where once you had five. You might need a breakthrough in revenues, a step change in safety and reliability, the ability to compete in a new arena (a geographic market or a customer group), or a boost in customer loyalty. Consider every option for dealing with those challenges, including the formerly unthinkable. Call out the trade-offs you face, and the difficult choices you have to make. Name the choices you’re not going to pursue, and explain why. Choose your financial targets and milestones carefully, to show sustained movement toward your goal, not just good results for a quarter or two. Similarly, pick tough targets for improving your reputation — e.g., would a customer, competitor, or community member who’s been observing your company over the last few years agree that it has improved?

Connect with the community. You are remaking your company to be the kind of enterprise your employees want to be associated with. They will be concerned about its reputation (and their own) outside the company walls. Consider what social values your company should adopt. They may involve environmental quality, sustainable use of resources, frugality, integrity, ethics, community leadership, or other ways of serving society. Metrics such as Total Impact can help you identify opportunities that fit your company’s staff and capabilities. Take on only those goals your company can authentically stand behind.

Bring it all together into a “critical few” elements. Resist the temptation to include everyone’s ideas. Tell a simple, clear story that gets to the heart of the
company you will create. In their forthcoming book, *The Critical Few: Energize Your Company’s Culture by Choosing What Really Matters*, Jon Katzenbach, James Thomas, and Gretchen Anderson suggest that you can distill all the complexity of change into a few cultural elements. Pick two or three traits that represent the company you want to become (such as Conagra’s nutritional consciousness, Bosch’s technological acumen, or ACC’s proactive approach to its customers); a few behaviors that you’ll need to realize the new company’s success (such as faster decision making or better collaboration across internal boundaries); and a few key people from throughout the enterprise who exemplify the new approach. It takes time to winnow the many down to the critical few. But once you’ve done this, you’ll be able to move forward much more quickly, and everybody will be able to operate more effectively, because they will understand the new company’s identity and how their job fits into it.

**Design for Trust**

It’s often possible to tell how a transformation is going by the way people feel about it. Many difficult options may be on the table, including selling part of the firm, reducing staff, and making radical shifts in strategy. But if people see reason for hope, they will invest their time and effort in building the new identity. They will trust the enterprise to deliver what it has promised.

Building trust is not just a matter of gaining buy-in. You put psychology first: designing every move so that it resonates with customers, employees, investors, regulators, and other stakeholders. This requires care, planning, and an attitude about people that often goes against the grain. Many executives believe, deep down, that people are “fixed”: once set in their ways, they will not budge. But the truth is that people can shift even their most
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fundamental attitudes, beliefs, and behaviors if they recognize the value of doing so and are given the opportunity to develop their skills. Stanford University psychologist Carol Dweck calls this perspective the “growth mind-set.” If you don’t believe in the flexibility of your company’s employees, you won’t believe in the transformability of your company. Such disbelief is likely to become a self-fulfilling prophecy.

How do you learn that people will change? By designing an approach that gives you and your employees reason to trust one another. Dwâr Cymru Welsh Water, the sixth-largest of the 10 regulated water and wastewater utilities in England and Wales, accomplished this when it transformed its retail business in 2015. To reduce an excessive level of bad debt and drive its costs back into line, the company required more than 3,000 employees to reapply for their jobs; 40 percent of them were not rehired. Yet when Welsh Water conducted an employee engagement survey afterward, the remaining employees responded in record numbers, and the company’s engagement score (a measure of satisfaction and commitment, derived from that staff survey) rose substantially. There was also a significant improvement in cost-to-serve, an increase of more than 20 percent in capacity per pound invested, and a 73 percent improvement in cash collection rates.

The factors that made a difference were intangible, but all related to building trust. Welsh Water’s leaders were clear with employees about the criteria for being rehired. These leaders demonstrated a growing competence in their own managerial decisions, in part because of improvements in the way they
used data. Data about customer use and operational efficiencies had been kept in organizational silos; as a result, finances had been mismanaged, excessive debt and overhead had accumulated, and customer experience had declined. To fix these issues, the company released a series of dashboards — electronic scorecards available to employees in which they could see, for the first time, key performance indicators related to their job. By calling this new approach the “Welsh Water Way of Working,” and rolling it out in a series of three-month waves, the company gave employees a clear signal that new behaviors would be valued and rewarded, and gave them time to adjust.

The new practices also built trust in the community. More than 5,000 customers who had been in arrears are now on a reasonable payment plan, with many more expected to follow, reducing the debt burden on other customers’ bills. Moreover, as employees saw customers’ lives improve (particularly those with little means who needed help), and as their own workday became easier and more rewarding, they gained more pride and confidence in the company.

These precepts can help you get similar results from your own transformation.

**Start at the top.** Your culture takes its cue from the leadership team. Are they in sync and capable? Or are they visibly uncomfortable with one another and distant from everyone else? If the latter, then you should help that group improve its leadership, perhaps through intensive coaching and conversation.

**Redesign your HR motivators.** Translate trustworthiness into tangible incentives such as salary, promotion, and perks. Incentives don’t have to be expensive; they could include flextime, educational opportunities, participation in a high-growth part of the enterprise (with the challenges and career prospects that go with that), or access to particular mentors or projects. Find out what different people want from this transformation, and tailor your menu of incentives, structures, relationships, and practices across that range.

Perhaps the most commonly overlooked motivation is autonomy. Set things up so people can control their own budget or part of the system, with clear accountability and open communication about how they might contribute to the
new strategic identity. Foster the kind of workplace that encourages what London Business School professor Dan Cable calls the “seeking system”: the part of the brain that craves experimentation and creativity as a way to learn.

**Treat resistance with respect.** Some visible key people will inevitably remain beyond reach, opposed to your new strategy. There is a reason they object; can you engage with them, find out why, and make a good-faith effort to win them over without compromising your strategy? If you must lay people off, ensure that they are given the support they need to find new roles elsewhere. Even if you need opponents to leave, seeing you treat them fairly will give others more reason to commit to the new enterprise wholeheartedly.

**Build trust with customers.** Too many companies have undermined their customers’ respect and interest with careless use of data or duplicitous practices. Set an example for competence and genuine commitment to trustworthiness. Embody this in the quality of the online and offline customer experience you design. Devote the resources and attention needed to accomplish this and make it profitable.

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**Master the Pivot from Sprint to Scale**

New ideas need time and space to incubate; in their early stages, they must be protected from the larger system’s interference. But if they remain isolated, they’ll inevitably be marginalized. It takes a great deal of on-the-ground skill to resolve this paradox. Successful transformational leaders build in that resolution from the beginning. By combining the speed and agility of a startup with comprehensive full-scale execution, they acquire, develop, and sustain the capabilities they need to differentiate themselves.

Pernod Ricard, based in Paris, is the world’s second-largest wine and spirits company (after Diageo). Its many well-known brands include Absolut, Beefeat-
er, Glenlivet, Jacob’s Creek, Jameson, Kahlua, and Seagram’s. In 2016, with the goal of becoming world leader, it began to transform its marketing and operations organizations. Among its tools was Briefcase, a distribution app that replaced paper binders and digital spreadsheets. With Briefcase, sales teams can pull up comprehensive sales data on their smartphones, along with sell sheets and cocktail recipes for particular accounts and brands, and connect through social media with their colleagues around the world. Because independent distributors that supply retailers, bars, and restaurants work with Pernod Ricard, they too are part of the Briefcase system.

In years past, it might have taken a long time to develop this app. Instead, Pernod Ricard brought together a dedicated team of internal and external professionals to create it on a cloud platform. They tested it rapidly with a target group of salespeople, implemented their suggestions, and rolled it out in key territories within a few months. Briefcase is credited with a 300 percent increase in account visits, a key sales metric for any customer-oriented consumer products company. “This is a game change,” said Marc Andre, vice president of IT solutions at Pernod Ricard North America. “We now have all the information and tools we need to manage each distribution channel.”

A successful transformation involves a continual series of small innovations, each building on the concepts that worked before. They can include new products or services, entries into new markets, operational improvements, new ways of tracking results, explorations of new business models, or new ways of working that emulate (or improve on) those of upstart technology companies. Typically, you will develop and try out each new approach on an experimental basis, and then syndicate those that prove themselves, implementing them at full scale. As you raise the bar a bit each day, the organization shifts much more easily and effectively than it would if you set up a grand dramatic scheme for demanding behavior change across the enterprise. Some precepts for accomplishing this follow.

**Adopt the methods of agile innovation.** Small groups can try out multiple new ways of working, and introduce new products and services, using the same development techniques that are common in tech companies and research universities. In a typical sprint-and-scrum process, a small cross-functional group
of stakeholders and knowledgeable people is given a period of time, perhaps 
three to six weeks, to come up with the necessary innovation. The team should 
be diverse, representing every relevant function and skill — strategists, design 
thinkers, operational experts, finance professionals, and technologists. They 
converge on the problem, ignoring their other responsibilities, and develop a 
first-phase prototype. Then they test it in some real-world setting, perhaps with a 
few variations.

New Zealand’s ACC, for example, set up “innovation labs” — pockets of 
activity where people experimented with the use of analytics and new customer 
services. These served as incubators in the firm’s transformation. Avis is similarly 
prototyping 33 potential new revenue streams, each as its own mini-enterprise. 
“We’re making a portfolio of bets,” Ohad Zeira, Avis’s head of fleet ventures, told 
Wired. “When I came in, there were a ton of ideas. My job was picking the right 
one.” In our own firm’s Experience Center design sessions, we bring together 
experts in business strategy, consumer and employee experience, and technol-
ogy to work intensively as a team, building and prototyping new ways of solving 
problems. These prototypes are fast and imperfect by design, the equivalent of 
alpha releases in software; we then refine them, test them, and rapidly move the 
better ideas forward.

**Plan for scale.** Protect new ideas from interference, but only until they prove 
themselves. Then, replicate them quickly throughout the enterprise, replac-
ing existing operations at every level. You will probably have a small, author-
itative senior group set up to pick which ideas get scaled — not all at once, 
but when each is ready. The senior group may assign new team leaders at that 
point; the characteristics of experimenters and implementers are very different. 
Provide enough guidance for teams around the world to implement each new 
approach wholeheartedly.

**Build your personal knowledge of customer needs.** In many large, established 
firms, the innovate-then-scale approach is countercultural. Thus, you often see 
ideas emerge that should get picked up, but don’t; overly programmatic over-
sight that stifles the prototypes before they have a chance to take hold; or ideas 
that turn out to be impractical because operations people haven’t been involved. 
The best solution for any of these problems is deeper awareness of your custom-
ers and their needs, so that you can tailor and develop these ideas with more confidence. The practices of design thinking and in-depth customer research — in which you visit, work with, and develop relationships with representative purchasers of your products and services — are very useful. If you integrate that kind of activity with your own prototyping efforts, it becomes an enormous confidence builder for your teams. Even if you get an individual project wrong, your overall hit rate will increase, as you learn how to learn about your customers more effectively.

**Treat Your Legacy as an Asset**

Your existing company has a great deal of value; otherwise, it could not have thrived thus far. Now it is moving into a new form. It is time to dispassionately and creatively determine how to make the most of the value you’ve created. Inevitably, some elements of your old organization must be left behind as the company moves on. These services, processes, practices, brands, and even subsidiary enterprises will not fit your new identity and operating model.

The attention you pay to managing your legacy can affect the entire transformation. Moreover, while you shift to a new identity, the old business must stay in motion; the company depends on its revenue and profits. You thus need a clear and effective plan for harvesting the best of your past, while fixing up and divesting anything that will distract your new organization. These precepts can help.

**Maximize value throughout the enterprise.** This precept includes parts you divest. Some of your businesses and assets may contribute to revenues or market share, but not as well as they would as part of a company with more appropriate capabilities. For instance, in 2011, McGraw-Hill was a broad and scattered media and information services provider under fire from activist investors. The
company leaders knew they had to sell off the businesses that didn’t fit, particularly the large education publishing business. But rather than hurriedly dismantling the company, they mapped out a multiyear program in which they restructured costs, put new management in place (even for the businesses that would be divested), and transformed their operating model. The divestitures, when they happened, contributed strongly to the bottom line. The resulting company, focused on financial information and rechristened S&P Global, increased its market value by $23 billion.

**Balance nostalgia and foresight.** Managing the legacy entails much of the most wrenching work in transformation. Suddenly, people are told that activities in which they have invested years of their lives are being jettisoned. For example, if your company enthusiastically switches to cloud-based interoperability, people who have held the old proprietary IT system together may wonder if they have wasted their time. Communicate your appreciation for the value that they created in the past, and make sure there is a path available for those employees to work productively in the new regime. At the same time, don’t say yes to emotionally driven pleas for the status quo. You may have to stop doing many things that served your company well in the past. Focus on the distinctive value proposition and capabilities that you need to develop now.

**Put bold and talented people on the front lines of legacy management.** The legacy management aspect of transformation is frequently treated as a backwater. But it is as critical to transformation success as the other three build-
ing blocks, and probably only a small group of executives in your company have the critical thinking skills and dispassionate temperament to master it. This can be a plum temporary assignment, in which people learn how to distinguish your company’s strategic capabilities from everyday activities; divest elements that aren’t needed; and integrate the right legacy and future-oriented capabilities together.

The Transformative Way

These four elements are all crucial to your design, no matter what type of company you have. The way you apply them depends on your unique situation; your industry, your company’s geographic footprint, and the circumstances of your company can affect the way you sequence these elements.

The first step is akin to the due diligence you would do on another company while considering an acquisition, but is performed on your own company. Ask yourself questions like these:

Creating a strategic identity:
- What is the enterprise we most want to create?
- What value would this new identity offer customers and the world at large?
- What are the critical few elements — attributes, behaviors, and key people — we could draw on to move forward?
- Why do we care about the enterprise we’re building?
- Why should our constituents care?

Designing for trust:
- How do our employees and customers see us, and what has led them to see us this way?
- How can this transformation help us tap into the full potential of our people?
- How can this transformation help us deliver more consistent and reliable value to customers?
- How should we communicate the transformation to resolve the gaps in employee and customer trust?

Mastering the pivot from sprint to scale:
- What are the most promising things our company can do to deliver value — including products, services, practices, experiences, and capabilities — that it isn’t doing now?
Putting the Building Blocks to Work

A transformation initiative is a call to action — and the sequence of events should be tailored to your own circumstances. Here are five archetypal company situations, and how the four building blocks might apply.

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<thead>
<tr>
<th>1. Create a strategic identity</th>
<th>2. Design for trust</th>
<th>3. Master the pivot from sprint to scale</th>
<th>4. Treat your legacy as an asset</th>
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<tr>
<td>A family-owned business that is shifting to professional management</td>
<td>You may already have a strong, focused identity, loyal customers, and deeply held values. But is your company as differentiated as it needs to be? What should it be known for?</td>
<td>Consider the non-family members on whom your company depends. What kinds of equity and incentives must you offer? How do you build employee and customer loyalty?</td>
<td>Pick two or more experimental efforts championed by young, engaged family leaders and invest in them.</td>
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<td>A startup that is maturing into “grownup” status</td>
<td>What do you want to be famous for two years from now — apart from your technical capability? What is your purpose and your path to profitable growth?</td>
<td>What are your customers looking for in your product? How will you foster an inclusive, diverse culture that attracts great people?</td>
<td>Focus on scale: Assign a team to develop a way to scale up your ideas and practices. Develop systematic performance measurement practices and discipline on objectives and results.</td>
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<td>A company based in an emerging economy that is just entering global markets</td>
<td>Which aspect of your identity is relevant to those outside your home region?</td>
<td>Build a board that ensures local knowledge, high-caliber oversight, and reach toward global markets. Distribute responsibility across the enterprise while increasing informal connections.</td>
<td>Look for partnerships with external enterprises that can help you innovate and scale.</td>
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<td>An industrial resources company (in oil and gas or metals)</td>
<td>Your industry is paying more attention to social and environmental impact. Where can you make a mark that demonstrates leadership?</td>
<td>Rethink the mix of internal and external constituents. What voices are you not hearing? What risks (for example, with interest rates or logistics) do you need to consider in new ways?</td>
<td>Find ways to better electronically model new ventures (such as digital twin technology) without as much capital investment.</td>
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<td>A retail, media, or financial-services company that is facing digital disruption</td>
<td>What strategic identity would increase your engagement with end-users and consumers, while building on your established brand and strengths? Should you provide a platform for your competitors’ brands?</td>
<td>What “critical few” behaviors could build your digital acumen?</td>
<td>Intensively create a smartphone-based customer experience interface, knowing from the start how you will scale it to the entire enterprise.</td>
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<td>Conduct a “parking lot” exercise: Imagine every business activity moved out of the building. Which would you bring back in as critical, and which could be divested?</td>
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• How can we best prototype those new ideas? Where? And with whom?
• How do we select the best ideas to nurture and scale, and then redistribute resources in the enterprise to support them?
• Are we prepared to learn from our experience as we go along? What practices for observation and feedback do we need to put in place?

**Treating your legacy as an asset:**
• If we were designing our enterprise from scratch, which of our current activities would we still choose to undertake?
• How well do our legacy activities fit with our future strategic identity?
• Where is the latent value in our legacy activities?
• What would we have to do to realize that latent value, either by integrating those activities into our core business or by divesting them?

These questions deserve deep reflection, because the answers can allow your company to fulfill its short-term and long-term objectives. The better you understand your strategic identity and the priorities it demands, the more certain you can be about the changes you need to make — and thus the more confidently you can double down on them. That’s why in a successful transformation effort, fear is not your ideal motivator. Fear leads you to hedge your bets, and that makes your change less effective. Vow to set up your transformation initiative to emphasize aspiration, not fear. Every day, employees and other stakeholders are asking you how they can help build the company you wish to lead. If you remain resolute in your answers, one day not too long from now, you will discover you are already leading that company.

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<td>DeAnne Aguirre and Micah Alpern, “10 Principles of Leading Change Management,” <em>s+b</em>, June 6, 2014: These time-honored precepts all reinforce the value of designing for trust.</td>
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<td>Vinay Couto, Deniz Caglar, and John Plansky, “Building Trust while Cutting Costs,” <em>s+b</em>, Jan. 10, 2017: Rumors and fear can diminish the value of your legacy asset. You can reduce the turmoil by informing, empowering, and inspiring employees.</td>
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<td>Amity Millhiser and Art Kleiner, “Inside a Major Tech Company Transformation,” <em>s+b</em>, Nov. 5, 2018: Symantec CIO Sheila Jordan recounts how the company reoriented itself to focus on cybersecurity.</td>
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<td>Tom Purhiyamadam, “Failure Is an Option,” <em>s+b</em>, Mar. 12, 2018: Tells how Jeff Bezos pivoted to scale at the <em>Washington Post</em>, and how you can do the same.</td>
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<td>PwC case studies library: <a href="http://www.pwc.com/gx/en/services/advisory/case-studies.html">www.pwc.com/gx/en/services/advisory/case-studies.html</a>.</td>
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