

Ensuring resilience and the strategic imperative: A conversation with Kevin Laczkowski

A strategic transformation that focuses on resilience will allow a company to adapt to changing economic scenarios.



As markets are disrupted, a strategic transformation becomes more essential for many companies. In this video, McKinsey senior partner Kevin Laczkowski discusses how the business world is being fundamentally altered, and how companies can adapt. An edited version of his remarks follows.

Interview transcript

There are three factors driving the need for strategic transformation in today's business environment. First, the pace of change is accelerating and it's not going to slow down. Digital is disrupting most industries.

A lot of legacy companies that have been around for a long time are fundamentally rethinking their business models. In 2007 the number of digital natives that were among the top 20 companies in the world was less than a handful. Now that number is more than half.

Second, we're operating in a world where the winner takes all. If you look at economic profit generated across the globe, across all companies, the top

20 percent of companies capture 90 percent of the economic profit. The bottom 80 percent capture either nothing or destroy value. It's almost riskier not to transform than it is to transform, because that's the only way to generate economic profit in a meaningful way and be relevant.

Third, the macroeconomic environment may be changing. We're in the tenth year of expansion in the United States. Companies are starting to envision different macroeconomic scenarios and ask, "How do I think about my business in these different scenarios?"

When companies think about developing resilience in the context of a strategic transformation, they need to understand the potential scenarios that could occur. We've seen that probably over half the companies out there have considered what a different economic outlook looks like. However, less than 30 percent of the companies actually have built plans for those scenarios.

Companies have a big opportunity to create value by designing a transformation recipe that prepares them for different scenarios that could occur.

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