

Transformation Practice

## Growth initiatives in transformation: A conversation with Chris Angevine and Darius Bates

**Successful transformations integrate growth plans to shift businesses and move them forward.**

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### **Transformations involve more than cutting costs.**

In this video, McKinsey associate partners Chris Angevine and Darius Bates explain why every company embarking on a transformation should think about growth. An edited version of their remarks follows.

### **Interview transcript**

**Chris Angevine:** It's very common for companies that are facing financial pressure to think they need a transformation. And then, they'll often focus that transformation solely on reducing costs or improving efficiency. They can improve financial performance that way, but it's not the full story. It's also critical to ask: "How do I drive growth in the future?"

**Darius Bates:** If you don't start with growth in mind, when you begin freeing up dollars in the business, you end up asking, "What are we going to do with these funds?"

I've been in instances where the client has worried that the savings they've realized are going to disappear into projects or activities that are not strategic. You often end up with a real push from the leaders of the organization saying, "We have to be smart about what

we're going to do now that we're performing more efficiently." You need to think strategically about how to use your savings to shift and move the business.

**Chris Angevine:** A focus on growth requires a different mind-set because growth initiatives are often more cross-functional. They might involve marketing and sales as well as operations or a specific business unit to determine how to drive value for the customer. They might also involve IT to build new capabilities. In a growth transformation, companies often have to step outside their normal practices more than they would in a performance-focused transformation that doesn't involve growth.

To succeed, companies should set up a transformation-capital committee or capital-investment committee that looks at the capital requirements of all the transformation initiatives. They also must step back and examine the company's overall capital demands from a holistic point of view. That will include funding for everyday, run-of-the-mill activities, as well as funding demands for specific transformation initiatives.

**Chris Angevine** and **Darius Bates** are associate partners in McKinsey's Atlanta office.