

Keys to a sustainable transformation: A conversation with Seth Goldstrom

Transformations must truly change the trajectory of the organization to thrive over the long run. Here are four essential steps to ensuring lasting change.



Organizations that are committed to a true transformation can't be satisfied with just a few quick results. Transformation that reshapes an organization for the future requires a realignment of expectations, processes, and culture. In this video, McKinsey senior partner Seth Goldstrom discusses four steps that organizations should take to achieve a successful, sustainable transformation. An edited transcript of Seth's remarks follows.

Interview transcript

From our research, we've found that there are a few strategies and practices that make a transformation sustainable over time.

First, your organization needs to change the way it works. You need an execution engine and a process, just like a manufacturing company has for making products. But in this case, you're using the process to turn ideas into initiatives that improve the bottom line or the balance sheet. At McKinsey, one way we do that is by leveraging a tool called Wave, which provides a detailed, structured process to track the implementation of initiatives.

Second, you need to focus on capabilities, which means not just examining your business processes but also your organization's talent. Transformations that include this type of formal capability analysis and build upon it are twice as likely to succeed.

In the RTS [recovery and transformation services] context, we often talk about the ability to execute, which is a function of leadership and training. To improve an organization's leadership and execution abilities, we leverage the McKinsey Academy training, which we give to our own consultants, to teach clients the same skills.

The third strategy focuses on growth. Most successful transformations require organizations to be obsessed with growth as much as, if not more, than they're focused on cost reduction.

And then last and most important, you need to think about changing your culture to reinforce these three things. The right culture will lead to a healthy organization that's not just performance oriented but also supports sustainable, long-term health.

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