

Transformation Practice

## Growth transformation: A conversation with Sara Prince

**A systematic approach gives companies a proven recipe for managing the complex process of transformative growth.**

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**It takes an integrated effort** across an entire organization to achieve sustained growth. In this video, McKinsey partner Sara Prince outlines the steps that companies should take when embarking on a journey of transformation growth. An edited version of her remarks follows.

### Interview transcript

It's easy to say you want a growth transformation, but it's a complicated undertaking. Only 15 percent of companies deliver growth and economic profit that outperform their peers. Part of the challenge is that most people say that growth is just marketing or a sales activity. But it's not.

It involves the whole company. It takes operations, it takes IT, it takes HR, it takes finance, and it takes marketing and sales to complete a successful growth journey.

You have to think about a series of moving pieces. "Am I investing in the right markets and opportunities? Am I building the right products and services? Have I developed the right ways to interact with my customers? Have I built an execution engine with my commercial and operational teams that allows me to consistently and constantly engage with the customer?"

It takes an integrated effort across an entire organization to achieve sustained profitable growth. At McKinsey, we've created a systematic way of helping companies manage this complex process and achieve transformative growth.

Growth transformations have several components. You need to define the size of the prize. What is the nature of the opportunity? How much growth potential is there?

To determine this, you start with a rapid six- to ten-week growth-diligence review that examines all the potential levers for growth. This assessment allows you to set an aspirational but achievable goal based on solid facts and analysis.

This diligence review helps you plan your strategic moves: the markets you want to be in, the products you want to offer, how you want advertise, and the type of operational engine that will support these efforts.

After looking at all those levers and identifying the full potential, you're ready to declare, "OK, we're going to go big, or we're going to go home." Once you've set that bold ambition, the whole integrated organization now has to row in the same direction.

The next part of a growth transformation is building capabilities to achieve your goals. This process goes

beyond measuring institutional or individual skills, such as asking how well Johnny does his job. You need to instill the right institutional mind-set and cultural norms that will drive a successful transformation plan. When you do that, you'll have an execution engine that will get you to your goals.

To make sure companies have the right mechanisms to drive their transformations, they should think about setting up a transformation office and using a technology like McKinsey's Wave software platform. These will allow you to measure and track initiatives.

The last piece is building the necessary capabilities. You've got a portfolio of initiatives, but at the end of the day, you need to get human beings to behave differently. You need programs and tools that will take people on a learning journey to build the muscle memory and tactical skills they'll need in the future.

For an organization to outperform its peers over time and to capture its targeted growth, it has to build these capabilities. This takes time. But as we step back, we see that the organizations that invest in capabilities over the long term outperform their peers and achieve more sustainable growth.

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