



CULTIVATING TRANSFORMATIONAL THINKING

Your ability to imagine a bold future for your enterprise is also the key to achieving it.

By Marie-Caroline Chauvet

Should you be asked to pinpoint where some of the most revolutionary, inspired thinking of the 20th century originated, it's unlikely that the Soviet Union would be the first place that comes to mind. Yet, during one of the most turbulent periods in recent world history, the Iron Curtain became a surprising stage for transformative ideas. Under the leadership of former president Mikhail Gorbachev, bold initiatives like glasnost (openness) and perestroika (restructuring) fundamentally redefined Soviet politics and economics.

These reforms were not just incremental changes—they were daring shifts in thinking that aimed to open up a rigid system to transparency, innovation, and a new global dialogue.

Gorbachev's transformational thinking challenged decades of authoritarian control and led to one of the most significant geopolitical shifts of the century,

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marking the end of the Cold War and the dissolution of the Soviet Union itself.

For those of us who lead global enterprises, transformational thinking represents a radical mindset shift, and it can drive profound, systemic changes within an organization.

It starts when leaders design and **articulate an ideal or intended future state and then “stand in the future”** and look backward to the present to create the conditions and tactics that will allow them to realize their desired goals. Furthermore, it presents leaders with the flexibility to explore multiple options to rethink everything—from strategy to culture—in pursuit of breakthrough innovations and long-term success.

Another powerful component of transformational thinking is the **practice of challenging assumptions**. Senior leaders must question long-held beliefs and operational norms that once served the company but now stifle evolution. By breaking free from conventional thinking, executives unlock new possibilities and pathways for innovation, enabling their organizations to tackle emerging challenges with innovative, inventive solutions.

Rather than fine-tuning existing strategies, transformational thinking opens up uncharted opportunities that dramatically enhance business performance, delivering competitive advantages that drive industry-defining results.

Additionally, unlike traditional change management, **transformational thinking seeks systemic change**. It doesn't tweak individual elements but realigns the entire organization—its culture, systems, and processes. This holistic approach embeds lasting transformation, reshaping how the organization operates and competes.

Lastly, transformational thinking also fosters a **culture of continuous learning and agility**, helping organizations swiftly adapt to disruptions—especially during times of economic or geopolitical uncertainty and unrest. By leveraging disruptive technologies and new business models, leaders position their companies to stay ahead of the curve and remain competitive in a world where change is constant.

You Can't Lead Through the Rear-View Mirror

The saying, “You can't lead by looking in a rear-view mirror,” is a powerful metaphor for

the necessity of transformational thinking in an enterprise. It highlights the limitations of relying on past successes, outdated strategies, and established practices to guide a company through an uncertain future.

Breaking free from legacy mindsets affords executives and organizations the ability to explore new ways of operating in order to harness untapped potential, as well as breakthrough innovations that can redefine a business landscape. Whereas relying on the past can make leaders slow to adapt to fast-changing markets and technologies, transformational thinking encourages a more dynamic response, fostering a culture of experimentation, rapid iteration, and quick adaptation.

Transformational thinking can also insulate a company from being overtaken by disruptors in times of market instability. By priming leaders to **seek radical innovations, adopt new business models, and embrace disruptive technologies**, transformational thinking can catalyze growth and reinvention. In this way, uncertainty becomes a powerful driver of positive, systemic change.

Finally, transformational thinking demands continuous learning and evolution. When leaders focus on the past, they limit the organization's ability to grow. By cultivating a mindset of curiosity and openness to new approaches, transformational leaders ensure their companies remain adaptable to the ever-changing demands of the future.

How to Embed Transformational Thinking

The first step in embedding transformational thinking is to realize that **it starts at the top**. Executive leaders must articulate a bold, compelling vision that inspires and challenges the entire organization to consider future opportunities and disruptions. For this reason, it is critical that senior executives work closely with key stakeholders to ensure this future-focused vision aligns with the enterprise's broader corporate strategy. Environments like leadership retreats and strategy sessions can serve as pivotal moments to unite teams around this goal.

Additionally, executives must **model openness to new ideas, a willingness to embrace ambiguity, and the courage to take calculated risks**. By embodying curiosity and resilience—traits that are crucial for navigating uncertainty—executives can



cultivate these behaviors within their leadership teams. In doing so, executive leadership teams can create a platform to break down silos, which is essential for promoting collaboration and is foundational for transformational thinking.

A willingness to challenge conventional thinking is also central to this approach. As leaders, we must encourage employees at all levels to question traditional methods and think critically about how the organization can innovate and stay ahead. Hosting

workshops or “challenge sessions” where employees can present bold ideas and disrupt existing business models can shift mindsets toward breakthrough thinking.

Yet, **to sustain this mindset, transformational thinking must be integrated into the company's strategy and decision-making processes**. Scenario planning and agile methodologies ensure that transformation is not a “one-off” initiative but an ongoing element of an enterprise's DNA. Regular

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communication, empowerment programs, and leadership development initiatives can further engage employees at every level, fostering ownership and accountability throughout the organization.

Finally, monitoring progress and celebrating wins are essential for maintaining momentum. Using performance metrics to track success—along with learning from failures—will enable leaders to adjust strategies and maintain the drive for continuous reinvention. **Creating a formal governance structure can also ensure that transformational thinking remains a top priority long after the initial momentum fades**, allowing your organization to thrive on change and continually adapt to future challenges.

Transformational Thinking = Transformational Results

If we view transformational thinking as a seed and enterprise transformation as a mature tree, how does one get from point A to point B, especially when breakthrough results are the intended outcome? For illustration, let's use Netflix as a real-world example of how transformational thinking can result in a transformative outcome.

The company, which began as a DVD rental-by-mail company, exhibited transformational thinking by anticipating the future of entertainment and consumer preferences. Instead of merely refining its initial business model, Netflix embraced

the disruptive potential of streaming technology—standing in the future state of where they believed the market was headed. The company shifted its entire business toward on-demand streaming and, later, content creation, transforming from a distributor to a producer of original shows and movies.

Yet, it's important not to discount the enormous risk Netflix faced when contemplating shifting its business model. When the company made its foray into streaming in 2007, the company only had 1,000 movies available to stream, compared to 70,000 available on DVD. That same year, the company's annual earnings of \$1.2B (USD) had finally put them within (distant) striking distance of their largest competitor, Blockbuster Video, who still dominated the market with \$5.54B in revenue. Had their gamble been unsuccessful, Netflix could have easily cratered based on a failed corporate strategy, relegating itself to the annals of history.

In hindsight, we know that was not the case. Just four years later, in 2010, Netflix had a market cap of \$9.27B, having secured deals with the entertainment industry giants, such as Disney, Lionsgate, MGM, Paramount, and Sony. The company thereby established itself as the dominant player in the market. That same year, Blockbuster filed for bankruptcy. Fast forward to 2023, and Netflix annual earnings now exceeded \$33B; a highly-successful transformation, by most accounts.

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By envisioning a radical future—and then working backward to achieve it—Netflix was able to pivot quickly in response to technological advances and changing consumer behaviors. This bold move not only disrupted the traditional television and movie industry but also speaks volumes about the company's commitment to agility, innovation, and risk-taking, which continues to drive its growth, making it a model of transformational outcomes fueled by visionary leadership.

Imagine Your Future

The future isn't just about innovation—it's about uncovering untapped growth avenues and diversifying revenue streams. Transformational thinking challenges assumptions and explores uncharted markets, revealing opportunities often missed by conventional strategies. As a result, companies better align with evolving customer needs, delivering exceptional value, driving loyalty, and increasing market share.

Infusing transformational thinking into an organization can fuel breakthrough innovation, driving disruptive products, services, and business models that accelerate growth. By embracing a future-focused mindset, companies cultivate agility and adaptability, allowing them to pivot swiftly in response to market shifts and technological disruption. This mindset reshapes not just operations but the

culture itself—**empowering employees to challenge the status quo and boosting engagement, retention, and cross-functional collaboration.**

Leaders who adopt transformational thinking make bold, long-term decisions, fostering a proactive leadership culture that seizes emerging opportunities and embraces calculated risks. This forward-thinking approach not only preserves competitive advantage but propels companies ahead of industry trends. Meanwhile, rethinking processes and structures enhance operational efficiency, resulting in streamlined operations and improved financial performance.

Moreover, **transformational thinking instills a sense of ownership across all levels**, empowering employees to take initiative and drive meaningful change. The result is not just innovation—it's systemic, sustainable change woven into the very fabric of the organization. By embracing risk as a strategic asset, companies become bolder and more confident in seizing new opportunities.

Ultimately, transformational thinking drives long-term value creation, benefiting employees, stakeholders, and perhaps even society. It fosters deeper engagement, stronger partnerships, and a future-oriented approach that ensures companies don't just survive in uncertainty—they thrive. **IQ**