

WHITE PAPER


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BOOM OR **BUST?**

MOST CORPORATE
TRANSFORMATIONS FAIL.
**HOW WILL
YOU ENSURE
THAT YOURS
DOESN'T
IMPLODE?**

For most of the twentieth century, business transformation was about efficiency, technology, and strategy. Executives focused on optimizing labor, installing new systems, and crafting clever market plays. Yet, they overlooked one critical factor: defining a clear vision for the future.

It wasn't until the dawn of the twenty-first century that corporate leaders truly grasped the power of future-state thinking in driving transformation. The shift began in the 1990s when management theorists—finally catching up to what Peter Drucker had argued since 1952—brought psychology and organizational dynamics into the conversation. Creativity, once dismissed as peripheral, became a strategic imperative.

Today, the lesson is clear: transformation isn't just about better tools or sharper strategies. It's about shaping the future before it shapes you. Purpose-first activities like creating a “north star” and “BHAG” (big, hairy, audacious goal) were born out of this trend. As a result of the advances in thinking, corporate leaders now find themselves better equipped to succeed in their efforts to transform the effectiveness of their organizations.

Yet, while these frameworks have helped leaders articulate ambitious goals, many transformations still fail. The reason? Vision alone isn't enough—success depends on whether people at every level of the organization embrace and execute that vision in their daily work.

Why Corporate Transformations Fail—and How to Fix Them

To get a sense of what's at stake, consider the example of when the board of a Tier 1 auto supplier hired a new CEO to restore profitability to its second-largest division. Inside of their first 30 days, the CEO realized their organization was not set up to achieve profitability, nor was there an understanding of how to begin the transformation. Root cause analyses pointed to where in the business effectiveness broke down, but not why. Knowing where to put greater focus does not necessarily change the kind of focus.

Transformations are not simply about changing systems, incentives, portfolios, resourcing, or organizational structure (although these are all essential). Those are the ‘whats’ of transformation—the discrete elements of a business that need changing. Without the ‘hows’ of transformation—the manners



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in which business is conducted and the actions people take in their work—the whats will be worked on the same manner that yielded the need for a transformation in the first place.

In the example, considerable effort had been spent on the what of the supplier's transformation. Previous efforts focused on new tooling, quick-response quality support teams, shorter escalation chains and greater managerial oversight. Yet, none of these solutions worked.

The Invisible Barrier to Change: Organizational Axioms

Every organization, regardless of size or industry, operates on a set of self-evident truths—axioms that shape reasoning, decision-making, and prioritization. Anthropologists refer to these as *axioms*. In business, axioms are rarely questioned; they simply define *how things are done here*.

But when an organization underperforms, it's often because its axioms are outdated or disempowering.

In the aforementioned example, the new CEO recognized that the company's struggle wasn't just about broken processes—it was about how people thought about their work. Despite five consecutive years of financial losses, previous transformation efforts had only scratched the surface. The real question wasn't what needed fixing, but why these *particular* breakdowns continued to emerge over the past several years.

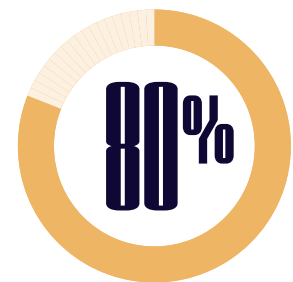
Determined to uncover the root cause, the CEO launched an unconventional initiative: listening. Employees at all levels were interviewed—from executive leadership and plant manager to shift supervisors and teams across quality, maintenance, engineering, sales, and HR. The goal was to understand what truly mattered to people, not just what corporate leadership claimed in mission statements or posters on the walls. The findings were sobering:

- Executive team leaders (ELT) didn't see the division's financial targets as theirs—they were imposed by headquarters and felt unrealistic.
- Shop-floor employees saw the division as a place to endure, not one where they could thrive. Many actively sought transfers to escape the struggling unit.
- Collaboration between manufacturing teams had broken down, undermining any effort to improve productivity.

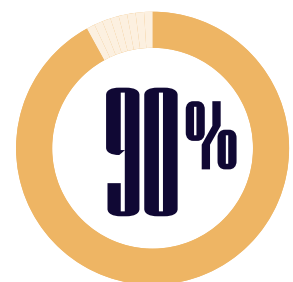
At its core, the division suffered from a lack of ownership at the executive level and disengagement at the plant level. Without a clear, inspiring goal that people felt personally invested in, turnaround efforts lacked power.



Percentage of corporate transformations that fail due to the inability to create the right conditions and develop the right capabilities.¹



The number of organizations seeking to scale their digital business that Gartner estimates will fail in 2025.²



The percentage of startups that fail, often due to running out of cash, fierce competition, disputes among founders or investors, and burnout.³

Sources: ¹Forbes, "Pitfalls Of Corporate Transformations And 3 Ways To Maximize Success"; ²Forbes, "How Effective Data Governance Fuels Business Growth"; ³Financial Times, "The surprising truth about failure in business."

A New Paradigm for Leadership

The CEO knew that for transformation to succeed, it had to reflect the realities of the business. People weren't resisting change—they were resisting change imposed on them without a meaningful connection to their own work.

The first step was getting leadership to take true ownership of the transformation. In an intense three-day offsite, ELT members confronted their own role—both positive and negative—in the division's decline. They committed to operating as a unified team and launched a campaign to engage employees in a radically different way.

Rather than focusing on problems, the leadership team commissioned a Leadership Coalition to define a set of inspiring accomplishments that would serve as proof of transformation. Historically, corporate leadership or consultants had dictated what was "broken" and what needed fixing. This top-down approach reinforced a problem-first mindset, removing employees from diagnosing and solving their own challenges.

Instead, the coalition shifted the conversation from *problems* to *possibilities*.

The Results: A People-First Transformation

The Leadership Coalition launched two high-impact initiatives:

1. A Breakthrough Project Team was tasked with designing a bold accomplishment for the division's largest customer program. Through immersive training in breakthrough thinking, they set an ambitious goal: \$5M in EBIT—\$10M more than what the company had projected for that year.
2. Quick-Win Teams tackled immediate pain points. One key initiative focused on rebuilding collaboration between manufacturing groups, ensuring that communication and coordination no longer undermined productivity.

One year later, the results spoke for themselves:

- The Breakthrough Team delivered an additional \$11.2M in profitability, exceeding expectations.
- The Quick-Win Teams added \$5M in EBITDA by embedding cross-functional coordination.
- The division, previously a financial drain, became the only profitable unit in the company.
- Corporate leadership recognized the transformation as an excellence model for the entire organization.



As the first female CEO of a major Wall Street bank, **Jane Fraser** increased Citigroup's stock value 37% in 2024, fueled by positive investor sentiment for her transformative agenda.¹



Satya Nadella's strategic pivot to steer Microsoft towards cloud computing services led to a market cap increase of \$300 billion in 2014 to over \$2 trillion by 2021.²



Appointed in January 2023, Rolls-Royce CEO **Tufan Erginbilgic** initiated a restructuring that resulted in profits more than doubling and a share price increase of over 60% within the year.³

Sources: ¹Reuters, "Citigroup CEO faces growth challenge as overhaul rattles employees"; ²StatMuse, "2014-2021 Microsoft Market Capitalization"; ³Financial Times, "The anatomy of a corporate turnaround."

The Hard Truth About Transformations

Too often, corporate transformations fail because they overlook the human element. Consider GM's costly misstep in the 1970s: facing rising competition from Toyota, the company blamed its own workforce for low productivity and invested \$90 billion in automation. The result? Failure. GM learned the hard way that you can't transform a business by removing people from the equation.

True transformation isn't about implementing industry best practices or following a cookie-cutter framework. It's about understanding the existing mindset within the business and reshaping it to unlock new levels of performance.

Without addressing how people think, how they work, and what inspires them, transformation efforts will fail.

For companies facing existential threats, the message is clear: Transformation starts with people. Ignore them, and you will fail. Engage them, and you will create something extraordinary.

Portions of this paper are derived from the work of Werner Erhard and are used with permission.

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In the face of complex problems and rapid change, business as usual is not enough. To succeed, leaders must breathe life into big ideas and bold commitments.

Over 35 years ago, Insigniam pioneered the field of organizational transformation. Today, Insigniam is a trusted partner to senior executives of the world's best-run companies for whom speed to transformation, breakthrough and innovation are imperatives.

By integrating our unique and potent methodology with end-to-end capabilities in terms of customer experience, strategy, AI and machine learning, data analytics, and digital optimization, we bring efficiencies and scale to clients in around the world, thereby delivering the very best that technology and being human can offer global enterprises.

We promise your people will think newly, act differently and deliver unprecedented results.®

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