Monitor
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**Monitor Deloitte's 2025
Chief Transformation Officer Study**

Six things to know about transformations today

What's inside
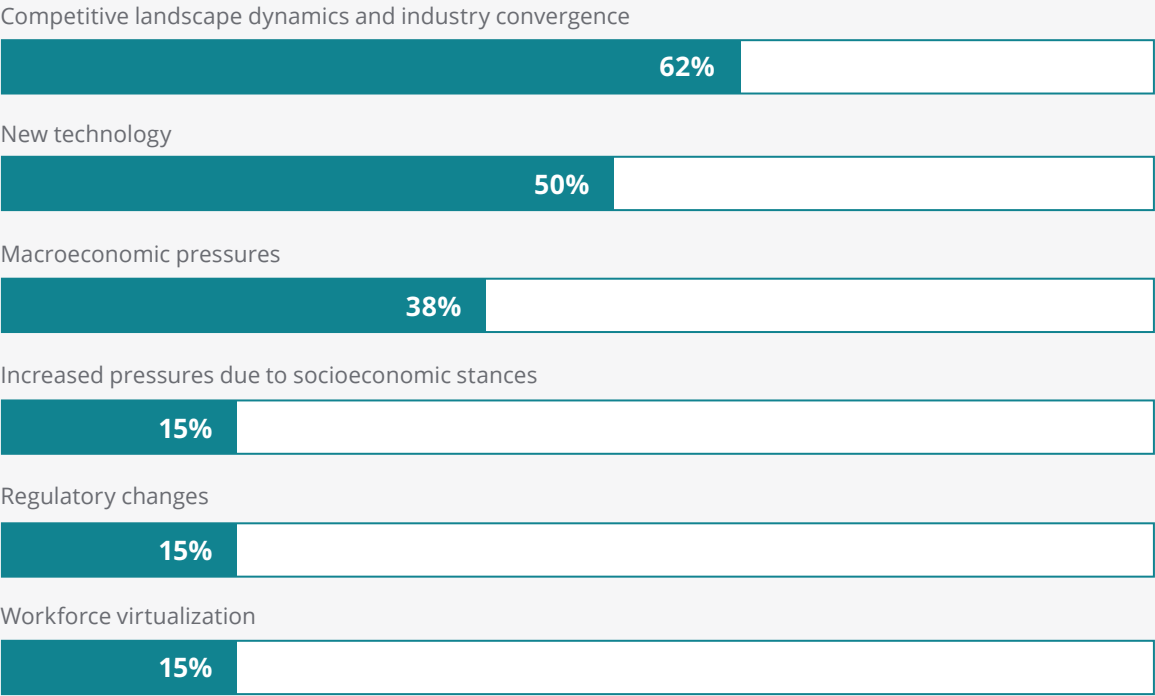
Introduction:
Disruption is the new normal

One might say that the average enterprise has lived through a lifetime of disruption—technological, economic, geopolitical, etc. in just the past few years. We believe that transformation is a company's response to disruption, and this reaction often manifests in an enterprise-wide transformation program—large, multi-year efforts spanning business units, product lines, or enabling areas. These programs typically focus on innovation and generating value from revenue expansion, cost improvement, risk adjustment, and experience improvements.

Transformation means something new and different (not business as usual). Architecting and executing complex change programs to transform is also new to many organizations. Therefore, **transformation capabilities are muscles strengthened over time, one program at a time.** As the influence and intensity of global disruptions increase, meaningful change requires companies to respond through more frequent and better-managed transformation.

Our study finds that external forces continue to be the primary triggers for transformation, driving the need for change. The evolving competitive landscape (e.g., new entrants), the rise of new technologies (e.g., Generative AI applications), and continuing macroeconomic pressures (e.g., geopolitical conflicts) are top-ranked by respondents across industries. Conversely, the influence of socioeconomic stances (e.g., sustainability goals), regulatory changes, and workforce changes has receded in recent years.

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Figure 1. External triggers for transformation
(% of respondents ranking factor as top 2 influencers)

Competitive landscape dynamics and industry convergence
62%

New technology
50%

Macroeconomic pressures
38%

Increased pressures due to socioeconomic stances
15%

Regulatory changes
15%
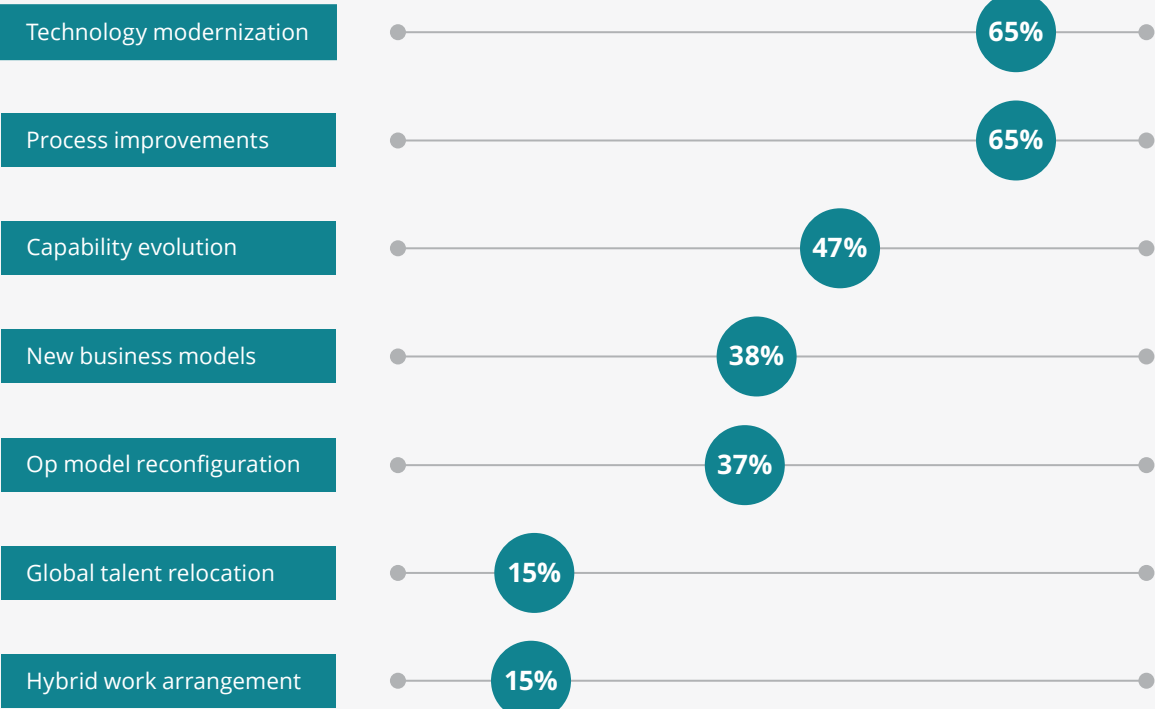
Workforce virtualization
15%

In today's environment, **most organizations are focusing on technology modernization and operational process improvement.** Traditionally, these areas often represent opportunities with reliable value cases and defined execution paths, making them proven and less risky investments (e.g., modernizing the tech stack to improve profitability or integrating a new acquisition to increase revenue). Thinking ahead, advancements that address acute challenges and lead to new paradigms (e.g., the onset of Generative AI, edge computing) are top of mind for leadership; capitalizing on these often begins with changes to underlying technology and processes—transformation.

These technology and process enhancements have broader business and operating model implications that warrant more structural change. Our experience is that these changes are usually more complex to align across leadership and implement across the enterprise. This is because the case for change is nuanced and less defined, the solution must accommodate multiple functions with varying ambitions based on market context and portfolio maturity, and the outcomes are difficult to quantify and express.

Lastly, executives are no longer as focused on talent relocation and hybrid workplace arrangements, which is understandable given that many organizations addressed these topics post-pandemic.

Figure 2. Transformation program focus
(% of respondents)

|	
Technology modernization	65%
Process improvements	65%
Capability evolution	47%
New business models	38%
Op model reconfiguration	37%
Global talent relocation	15%
Hybrid work arrangement	15%

Six things to know about transformations today

We examined a range of transformation programs that were CXO-sponsored, enterprise-wide, and business-driven. While the nature and starting points varied—for example, business model innovation, operating model redesign, and technology modernization—all were mission-critical programs for their organizations.

Our latest research confirms that **transformation programs have become a more prominent and central part of the executive agenda.** In the two years since the release of our 2022 CTrO Study, companies are adopting a more deliberate and dedicated approach to transformation.

Figure 3. Six insights about companies transforming today

1 **Investing more financial capital** > **3x more financial capital**
budgeted for transformation programs

2 **Dedicating more human capital** > **Over half of team resources**
dedicated full time to transformation

3 **Appointing more experienced and full-time leaders** > **90% of leaders have led 3 or more**
transformation programs

4 **Embracing change management as an ongoing need** > **Top budget allocation gap**
recognized by executives

5 **Focusing on execution-related challenges** > **3 out of 5 challenges**
are about "getting things done"

6 **Prioritizing measurement and accountability** > **Over 80% of programs**
meeting or exceeding performance targets
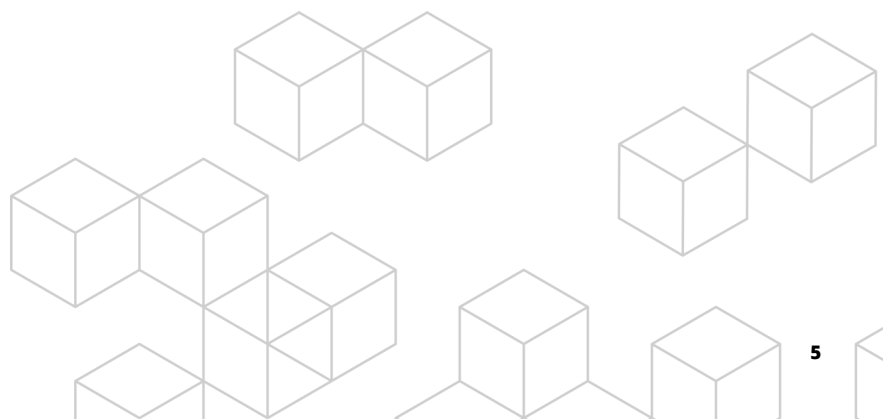
1 Investing more financial capital

Transformation efforts require significant investments that compete with other capital allocation decisions across the enterprise. The dual expectation of deploying capital and generating returns on that capital is challenging, especially given the complexity of delivering these programs on time and under budget.

One transformation leader said, "The financial objectives are getting bigger, and the timelines are getting shorter." Investment choices are subject to increasing scrutiny by internal and external stakeholders, including senior leadership, the board of directors, and capital market participants.

Despite these challenges, we found a meaningful uptick in the budget allocated to transformations. In the last two years, **executives have reported up to a 2.5x increase in transformation budgets.** This growing financial commitment conveys the importance of transformational change in the eyes of executives and investors alike.

Spend, including both CapEx and OpEx, is allocated across several areas, including people, processes, and technology. Consistent with the top transformation focus areas highlighted earlier—technology modernization, process improvements, and capability evolution—the largest share of the wallet addressed technology, process, and business capability changes.

Figure 4. Average transformation budget
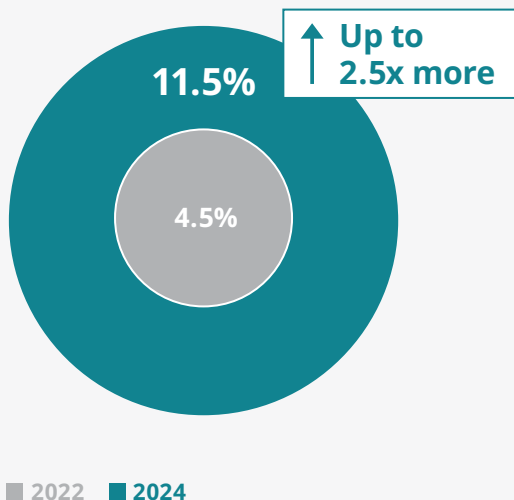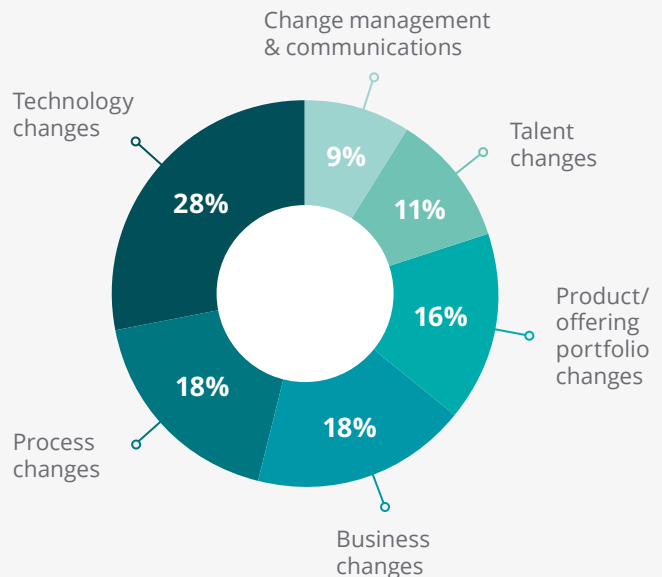*(as % of annual revenue)*

11.5%
Up to 2.5x more
4.5%
■ 2022 ■ **2024**

Figure 5. Average allocation of budget
(% of total budget)

Change management & communications — 9%
Talent changes — 11%
Product/ offering portfolio changes — 16%
Business changes — 18%
Process changes — 18%
Technology changes — 28%

Interestingly, our analysis indicates that while investing more financial capital improves the likelihood of success, allocating these investments to the right areas of change is more critical. Investing in the appropriate areas is a 2.5x stronger predictor of success than increasing the percentage of revenue spent. While executives often focus on the total size of the budget envelope (e.g., how much investment is made), they should be equally concerned about the thoughtful allocation of that budget (e.g., where investments are made).

While executives often focus on the total size of the budget envelope (e.g., how much investment is made), they should be equally concerned about the thoughtful allocation of that budget (e.g., where investments are made).

Market spotlight

Examples of major transformation announcements made by leading companies in 2024:

| Company type	Transformation focus	Investment amount ($B)
Airline carrier	Digital modernization to revolutionize customer experience and drive operational excellence across all business areas	$7,3
Health care services	Health care technology and facilities innovation to seamlessly integrate hospital, clinic, and digital care experiences	$5
Technology conglomerate	Advanced cloud and AI-based infrastructure to enhance international cybersecurity capabilities	$2,2
Enterprise software	Organizational restructuring to enable operational scalability and scale strategic growth	$2
Automotive manufacturing	Industrial manufacturing and supply chain modernization to accelerate next-generation electric vehicle production	$1,3

Sources: Company websites, press releases, and investor reports
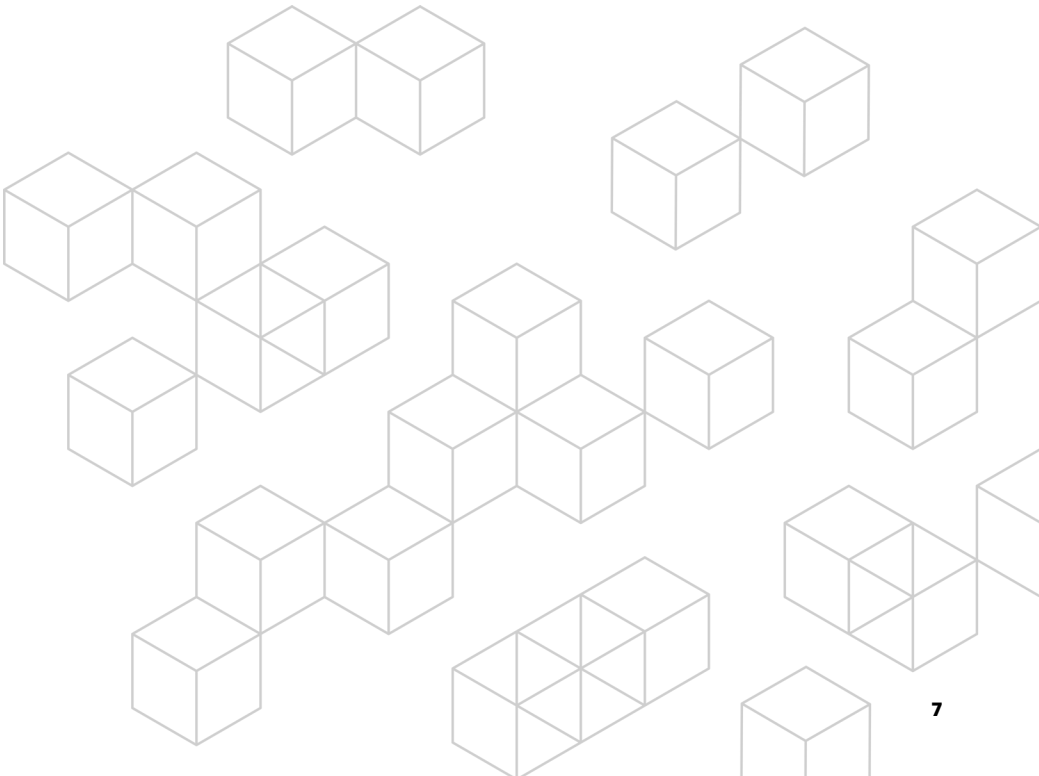
2 Dedicating more human capital

People, more so than capital, drive performance for programs of any size, scale, or ambition. Individually, they are a competitive differentiator given their talent and creativity. Collectively, people are an expression of company culture and collaboration. Therefore, how management deploys its human capital—where people engage, when they get involved, and how much time they spend—is instrumental to driving transformation success.

Our findings indicate that **companies are increasingly dedicating internal resources, rather than temporary workers from external partners,** to deliver their transformation programs. Investing in employees emphasizes the importance of the unique value they bring—institutional knowledge, established relationships, and a vested interest in lasting success. Over time, this suggests a long-term commitment to adopting transformation as an organizational capability.

We also observed a **substantial increase in full-time resource dedication to transformation programs.** This furthers the view that transformation is becoming a priority for executives and leaders. The digital transformation officer of a major oil and gas company commented, "Transformation roles [across initiatives and functions] can be three- to five-year roles that become integrated into the company. These roles seem to be more permanent than they used to be."

How management deploys its human capital—where people engage, when they get involved, and how much time they spend—is instrumental to driving transformation success.
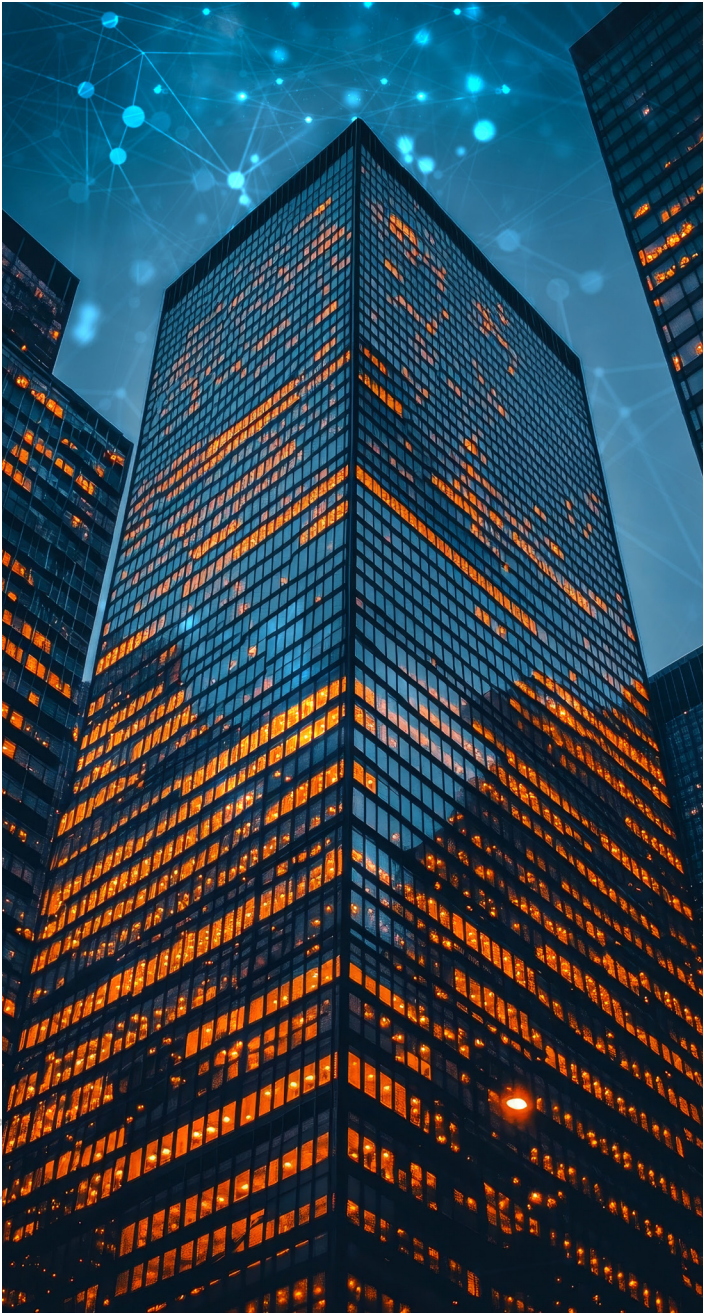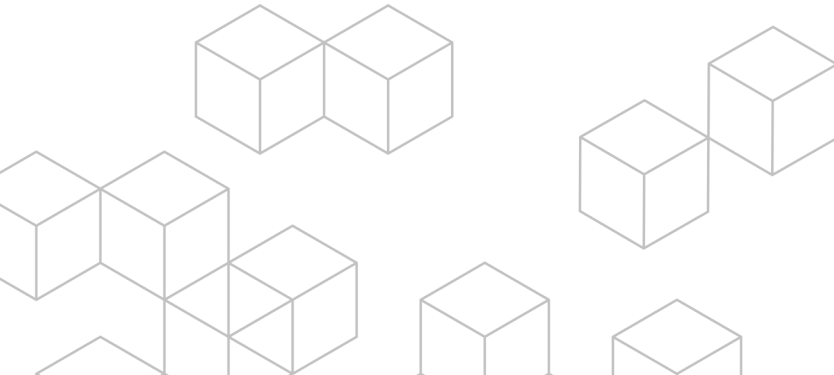
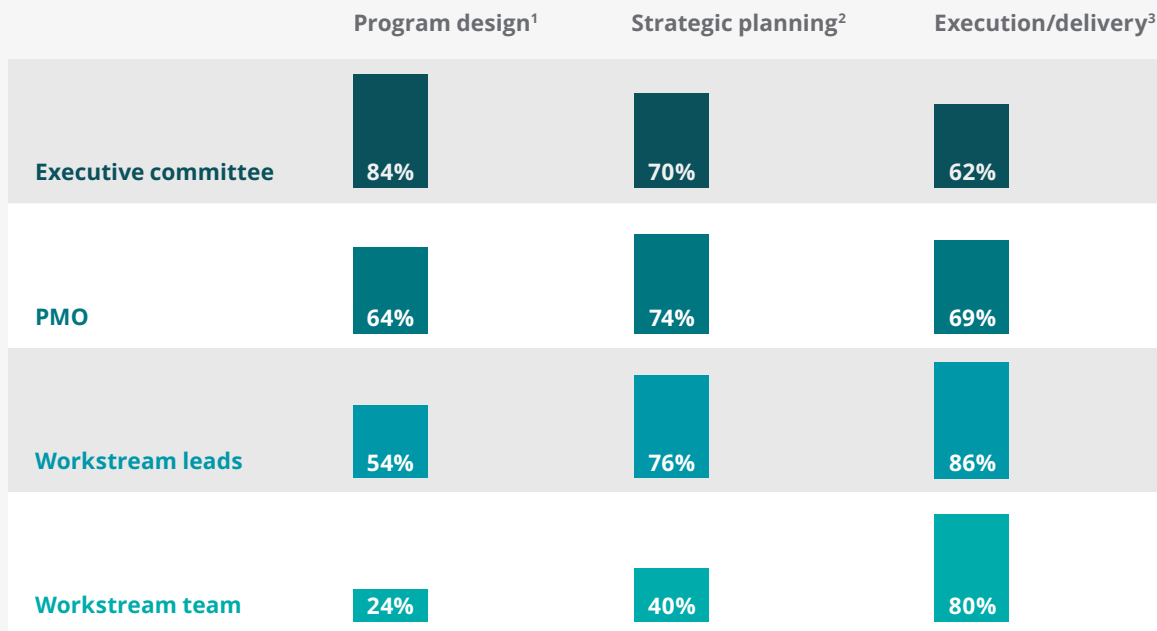**Figure 6. Resource dedication and engagement**

	2022	2024
% of internal vs. external resources	63%	**75%**
% of full-time team members	44%	**53%**

Our findings also show a more experienced and better-supported cast of operators across transformations. Most companies ensure that **team composition is more comprehensive and stakeholder engagement is more consistent across transformation stages.** While easier said than done, this more holistic approach brings continuity that fosters trust and collaboration, driving alignment and productivity across teams.

Our data shows that involving workstream leads in earlier phases (e.g., during the planning phase) increases the probability of success by 10%, which is more predictive than the percentage of full-time resources dedicated to the program. This means that **early engagement is more critical than full-time engagement.**

Figure 7. Stakeholder involvement by program phase
(% of respondents)

	Program design[1]	Strategic planning[2]	Execution/delivery[3]
Executive committee	84%	70%	62%
PMO	64%	74%	69%
Workstream leads	54%	76%	86%
Workstream team	24%	40%	80%

Notes: [1]Program design phase includes business case, objectives, and scope. [2]Strategic planning phase includes program structure and strategic roadmap. [3]Execution/delivery phase includes business process, IT, and other operational work.

Case study

When a global technology company launched an enterprise-wide transformation to improve its growth trajectory and scale its anything-as-a-service and Internet of Things business, it activated a large cohort of dedicated leadership and talent across nearly all business units and functional areas. The talent philosophy was simple—drive "on-the-ground change" by ensuring that both workstream leaders and frontline contributors understood the purpose of the transformation and were fully focused on building dozens of new digital capabilities.

Launching the program with a substantial footprint of personnel engaged across all workstreams helped drive early momentum and energy that lasted the full duration of the journey. More than 800 internal employees were engaged in the early phases, and more leadership was hired—20+ senior and middle-level officers—effectively jump-starting the transformation muscle across all levels of the organization. The program ultimately increased operating profit margin by 10x and fully replaced core business revenue decline in just three years.

3 Appointing more experienced and full-time leaders

Successful transformations are guided by seasoned leaders, who are capable of navigating and accelerating change at the highest levels. Therefore, leaders at the helm of these programs must bring the right type of experience and devote the proper focus.

Our findings show that **companies are appointing more experienced leaders** to lead transformations. Further, the CTrO position is occupied by individuals of higher executive rank. This underscores the growing appreciation for the expertise and experience required in this role.

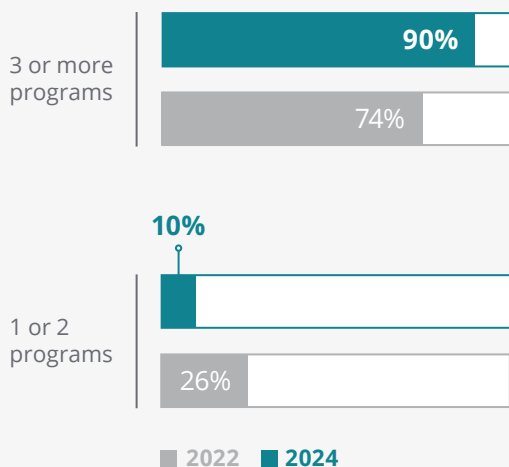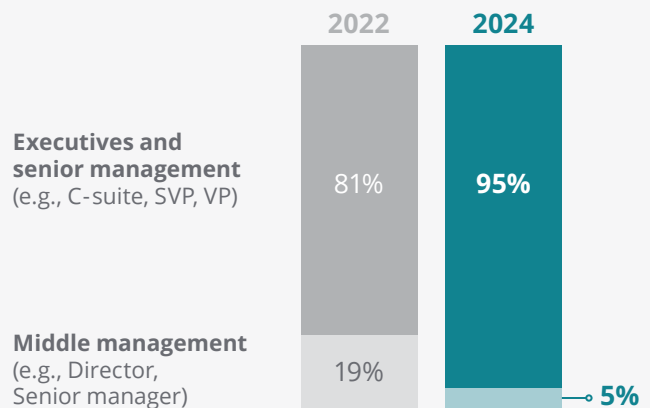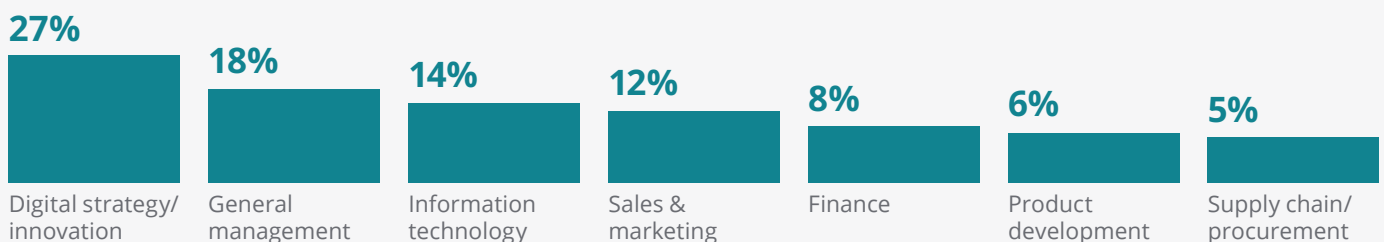**Figure 8. Number of transformations led by CTrOs**

3 or more programs
90%
74%

10%
1 or 2 programs
26%

☐ 2022 ☐ 2024

Figure 9. Management level of CTrOs
(% of respondents)

2022   2024

Executives and senior management
(e.g., C-suite, SVP, VP)
81%   95%

Middle management
(e.g., Director, Senior manager)
19%   5%

Additionally, these **leaders are bringing greater diversity of experience to the role.** While backgrounds in strategy and technology are most prominent, CTrO résumés span various front- and back-office functions. This aligns with the fact that the scope of transformation also varies considerably.

> Successful transformations are guided by seasoned leaders, who are capable of navigating and accelerating change at the highest levels.

Figure 10. Functional background of CTrOs
(% of respondents)[1]

27%	18%	14%	12%	8%	6%	5%
Digital strategy/ innovation	General management	Information technology	Sales & marketing	Finance	Product development	Supply chain/ procurement

Notes: [1]Functional backgrounds not listed include human resources (2%), customer support (1%), legal (under 1%), and other (6%).

Moreover, **programs are increasingly led by CTrOs who are singularly dedicated to the transformation program** rather than balancing the responsibilities of a dual role (e.g., within or adjacent to the Transformation Management Office). Today, nearly half of CTrOs are entirely focused on transformation efforts—a

sharp jump from just two years ago—highlighting the demanding nature of the role. We believe this is because leaders must act in multiple capacities to succeed in this role, from strategist to operator. As the size and complexity of transformations grow, the time demanded to juggle these commitments also grows.

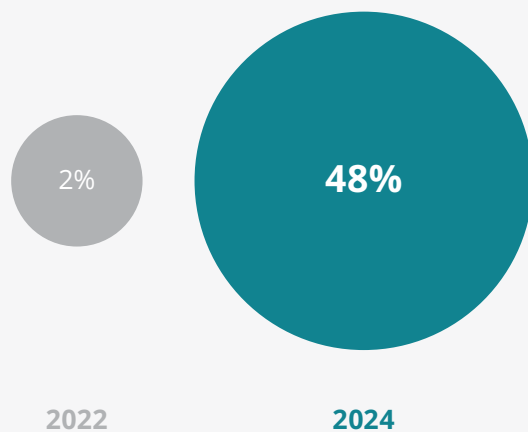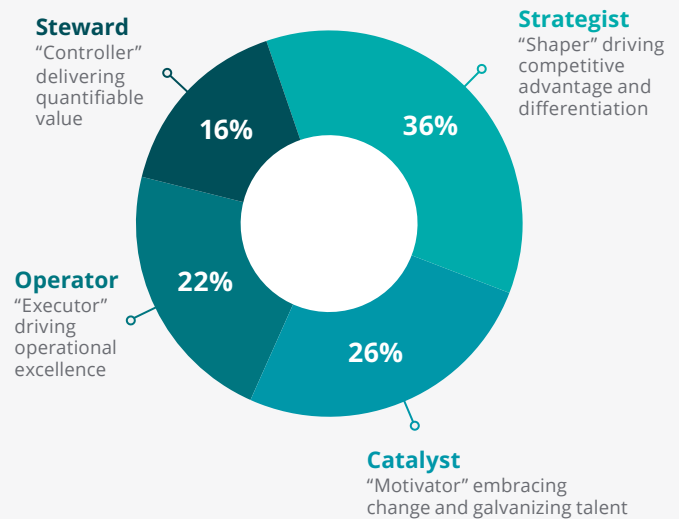**Figure 11. CTrOs fully dedicated to transformation**
(% of respondents)

2%

48%

2022

2024

Figure 12. CTrO time allocation
(% of time)

Steward
"Controller" delivering quantifiable value

16%

Strategist
"Shaper" driving competitive advantage and differentiation

36%

Operator
"Executor" driving operational excellence

22%

26%

Catalyst
"Motivator" embracing change and galvanizing talent

Our work with an executive search firm also reveals that the CTrO role often leads to more senior executive positions. Following their CTrO tenure, over half of CTrOs advance to CEO, COO, or P&L owner/business unit lead positions.[1]

Notes: [1]Based on sample population of CTrOs identified by executive search firm; this sample differs from the population used in this study.

Today, nearly half of CTrOs are entirely focused on transformation efforts—a sharp jump from just two years ago—highlighting the demanding nature of the role.

Case study

Following more than five years of declining revenue growth and shrinking margins, a global technology conglomerate embarked on an enterprise-wide transformation to reduce costs in its legacy hardware business, while investing in a new digital software and services business and expanding into new markets. To lead the organization into this new digital age, the company hired an experienced leader who had successfully launched a digital software organization at a similarly structured industrial conglomerate, which had also faced declining margins in its core businesses.

This leader's prior transformation experience proved invaluable—his ability to galvanize the workforce, anticipate similar challenges and pitfalls, commit to an agile approach, and prioritize the right things at the right time resulted in sustained organizational change. The company integrated shared digital capabilities into its legacy business, revitalizing performance and identifying more than $1 billion in forecasted revenue from new digital offerings.
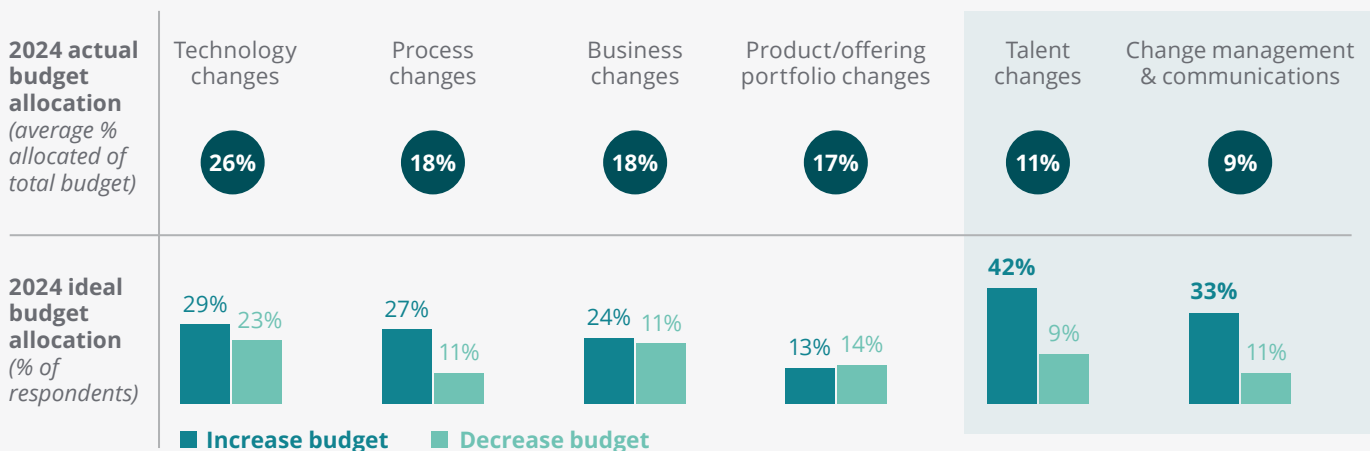
4   Embracing change management as an ongoing need

Today's organizations value but underprioritize the importance of managing change and motivating talent. Relative to other focus areas, such as technology and process-related changes, "talent" and "change management and communications" continue to receive the lowest budget allocation. However, if allowed to "rebalance the budget" in hindsight, most CTrOs would allocate differently the next time: 42% of CTrOs said they would increase investment in the "talent" category. In comparison, 33% would increase investment in "change management and communications."

Given that these findings align with our 2022 CTrO Study—low "actual" budget allocation and high "ideal" allocation for people and change areas—CTrOs should look to plan more effectively and focus more intentionally on these two areas.

Figure 13. Actual and ideal budget allocations across transformation change areas

	Technology changes	Process changes	Business changes	Product/offering portfolio changes	Talent changes	Change management & communications
2024 actual budget allocation *(average % allocated of total budget)*	26%	18%	18%	17%	11%	9%
2024 ideal budget allocation *(% of respondents)*	29% / 23%	27% / 11%	24% / 11%	13% / 14%	42% / 9%	33% / 11%

■ **Increase budget** ■ **Decrease budget**

Our findings show that program success depends on talent and change management-related factors. We analyzed more than two dozen variables that influence transformation success—meeting or exceeding the stated financial and nonfinancial transformation goals—and found that two talent and change management-related attributes ranked among the top three best predictors. CTrOs who secured support for mobilization and gained buy-in from the

workforce increased their chances of success by up to 10%. Those who could overcome a lack of appetite for risk-taking and avoid an "incrementalism" mindset increased the likelihood of success by another 6%. **Prioritizing talent and change management is critical leading up to and throughout the duration of the program.**

Case study

A multinational technology company takes a measured approach to managing change across its transformation programs. Executives strategically assemble teams that pair together two distinct types of change leaders—drivers and guardians. Change drivers are bold and decisive, while change guardians are more cautious and risk averse.

This contrast creates cultural balance by leveraging the respective strengths and perspectives of each individual. Leadership must act decisively to support the drivers while listening to the concerns of the guardians.
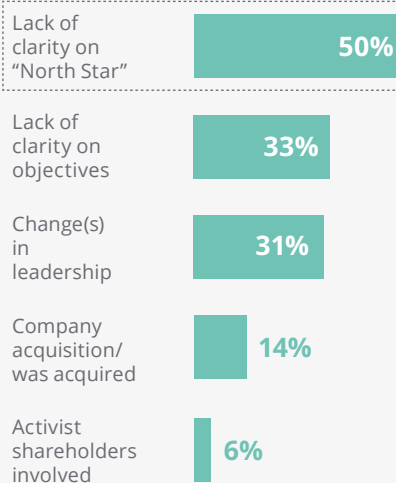
5 Focusing on execution-related challenges

All change journeys present unique challenges, and while these challenges exist throughout a transformation, the nature of these challenges changes over time—from the up-front program design to strategic planning and ongoing execution and delivery. The underlying challenges that companies choose to prioritize typically affect the pace and quality of transformation outcomes.
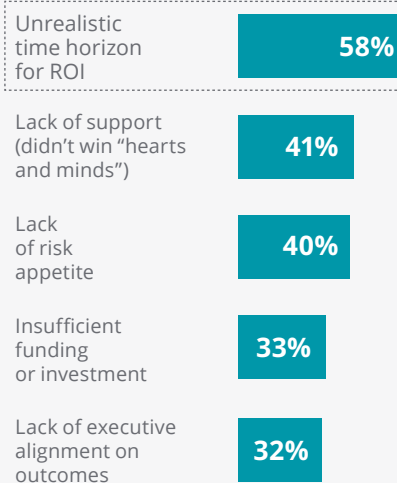
Most of our survey respondents had successfully delivered prior transformations, allowing them to retrospectively compare the importance of challenges across program phases. We found that **companies experienced the most significant challenges during execution relative to design and planning.** Three of the top five challenges cited are about "getting things done." They are closely related to managing people and change—securing the right resources with the proper bandwidth and emphasizing change management and communications.

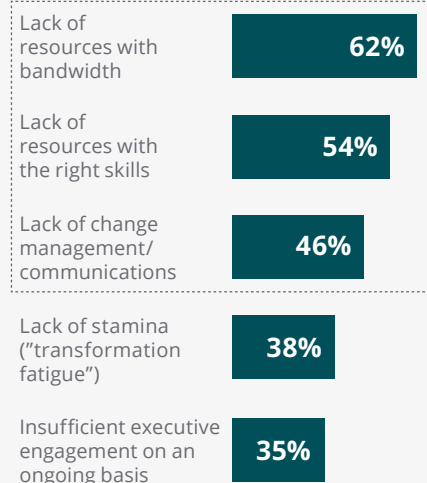**Figure 14. Key challenges cited by phase** *(% of respondents)*

Program design[1]

Challenge	%
Lack of clarity on "North Star"	50%
Lack of clarity on objectives	33%
Change(s) in leadership	31%
Company acquisition/ was acquired	14%
Activist shareholders involved	6%

Strategic planning[2]

Challenge	%
Unrealistic time horizon for ROI	58%
Lack of support (didn't win "hearts and minds")	41%
Lack of risk appetite	40%
Insufficient funding or investment	33%
Lack of executive alignment on outcomes	32%

Execution/delivery[3]

Challenge	%
Lack of resources with bandwidth	62%
Lack of resources with the right skills	54%
Lack of change management/ communications	46%
Lack of stamina ("transformation fatigue")	38%
Insufficient executive engagement on an ongoing basis	35%

Notes: [1]Program design phase includes business case, objectives, and scope. [2]Strategic planning phase includes program structure strategic roadmap. [3]Execution/delivery phase includes business process, IT, and other operational work.

Top 5 challenges cited by respondents

We also learned that proactively addressing challenges in earlier phases can alleviate downstream impact. As stated in the previous section, overcoming a "lack of appetite for risk-taking" and a "lack of support for mobilization" were two of the most critical factors in predicting success. These planning-related challenges suggest that while execution is complex, there are opportunities to derisk and accelerate progress earlier in the program.
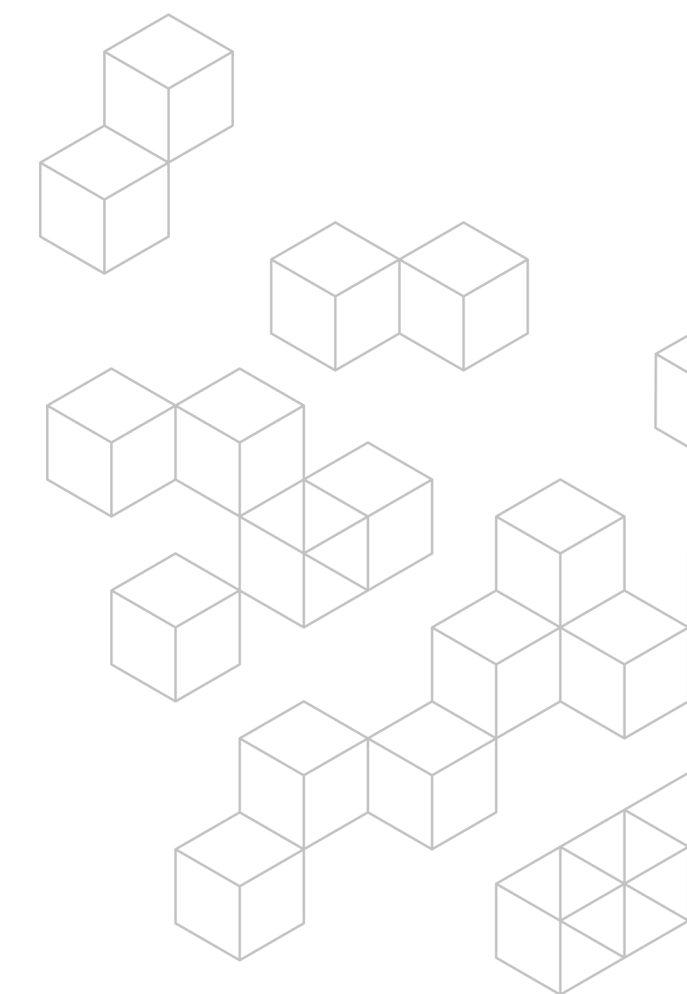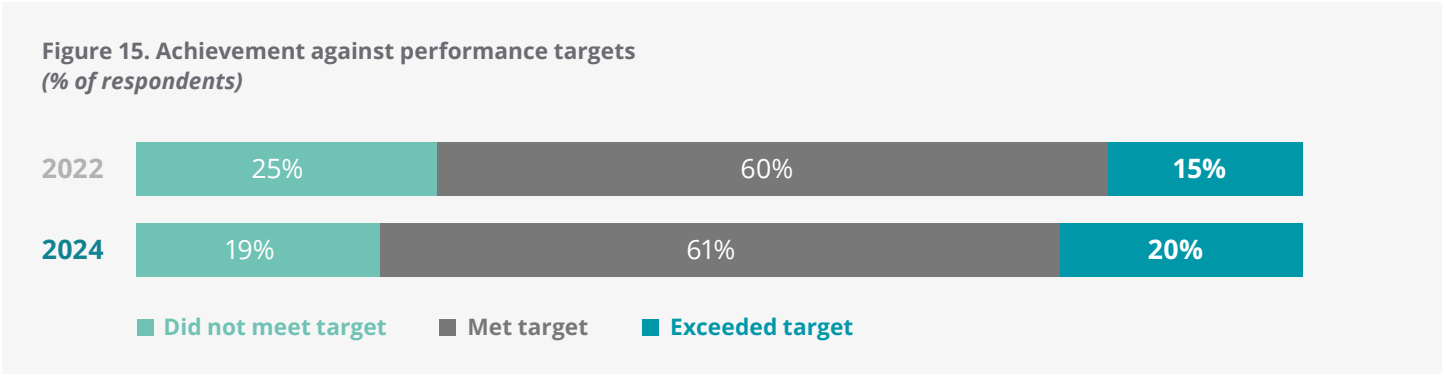
Case study

A leading communications company embarking on an enterprise-wide transformation journey took a deliberate and thorough approach to strategic planning and design—specifically to derisk and accelerate downstream delivery. The CTrO mobilized 10 workstreams over several months to create and integrate function-specific roadmaps and recommendations, while proactively identifying and addressing core operational risks (e.g., scope, budget, resourcing). Prior to the execution phase, these findings were collectively reviewed and validated by leadership.

This early collaboration and alignment across transformation leadership, workstream stakeholders, and consulting partners established a robust foundation for execution.

6 Prioritizing measurement and accountability

Counter to the long-standing narrative that "transformation often fails," our study found that companies are increasingly investing in transformation capabilities and achieving greater success. We 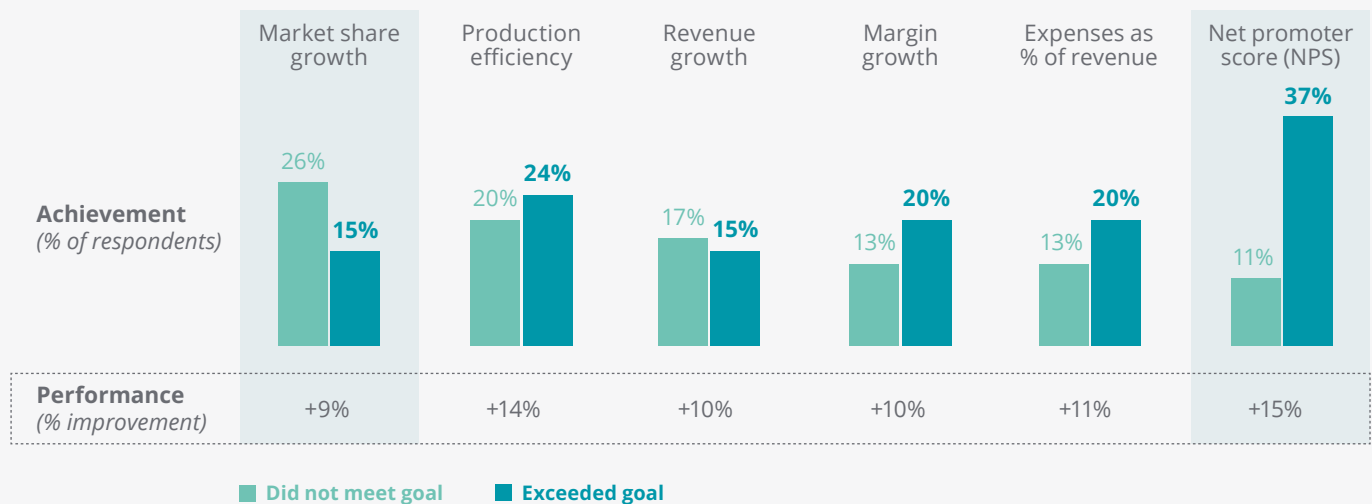believe this may be attributable to a heightened focus on what is measured and how it's measured. Data shows that **more than 80% of transformation programs are on track to meet or exceed their goals in 2024, up from 75% in 2022.**

Figure 15. Achievement against performance targets
(% of respondents)

	Did not meet target	Met target	Exceeded target
2022	25%	60%	15%
2024	19%	61%	20%

■ **Did not meet target**   ■ **Met target**   ■ **Exceeded target**

While many companies exceed efficiency, margin growth, and customer satisfaction goals, they often need to catch up on their market share and revenue growth goals, indicating that **transformations are more inward-focused than market- and customer-focused.** This highlights a potential overreliance on lagging indicators, which measure past performance rather than leading indicators that can predict future success.

For example, while net promoter score (NPS) is a valuable metric, it's essential to consider it alongside leading indicators like customer acquisition cost or market penetration rate. Moreover, the success gap between NPS and market share may indicate several factors, including increased competitive pressure, new market entrants, or a focus on customer retention over acquisition.

Figure 16. Top six priority metrics: Goal achievement and performance

	Market share growth	Production efficiency	Revenue growth	Margin growth	Expenses as % of revenue	Net promoter score (NPS)
Achievement *(% of respondents)*	26% / 15%	20% / 24%	17% / 15%	13% / 20%	13% / 20%	11% / 37%
Performance *(% improvement)*	+9%	+14%	+10%	+10%	+11%	+15%

■ **Did not meet goal** ■ **Exceeded goal**

Better and smarter key performance indicators (KPIs) lead to better and more innovative digital transformation. Leading organizations treat KPIs not as reporting and accounting mechanisms but as strategic decision drivers; in other words, they don't keep score; rather, they change the game.

Beyond tracking KPIs or using them as "scorekeeping," executives must consider strategically selecting and utilizing KPIs to increase the likelihood of meeting their transformation goals. KPIs should serve as a compass, guiding decisions and actions throughout the journey. Focusing on leading indicators and a clear understanding of desired outcomes will empower companies to navigate the complexities of transformation and achieve sustainable growth.

Case study

A life sciences company with a history of transformations over the past 20 years emphasizes the importance of setting a North Star vision, ensuring alignment among executives and stakeholders, and most importantly, maintaining transparency through metrics. Transparency and metrics help everyone in the organization understand the "how"—specifically, how the North Star translates into the outcomes and impact the transformation is meant to achieve, and by when. A relentless focus on metrics allows leadership to identify issues early on and openly engage in discussions to make corrections.

Having successfully navigated several transformations, the company now embraces a continuous state of change and adjustment. The metrics to track the transformation journey not only serve as waypoints but also foster a culture that embraces change and encourages a willingness to take on new challenges—bringing individuals together to achieve the seemingly impossible.

Closing thoughts:
Our reflections on transformation success

Successful organizations recognize the need for an "always-on" capability and work to incorporate this muscle into their corporate DNA. Our study describes six key insights about success, as demonstrated by leading companies; however, each organization's ability to execute is the ultimate measure of success. While the recipe for transformation has been well-documented, the types of leadership, talent, and resources needed—how these ingredients come together—can vary considerably.

Sustaining success requires organizational stamina—the ability to change reliably and repeatedly. The transformation muscle isn't built once but rather conditioned over time. While transformation has not gotten more straightforward or less consequential, companies are demonstrating the ability to learn and mature through experience, increasingly finding the right approach to succeed. Continuing this trajectory will require anticipating and preparing for disruption, not just responding to it.

Successful organizations recognize the need for an "always-on" capability and work to incorporate this muscle into their corporate DNA.
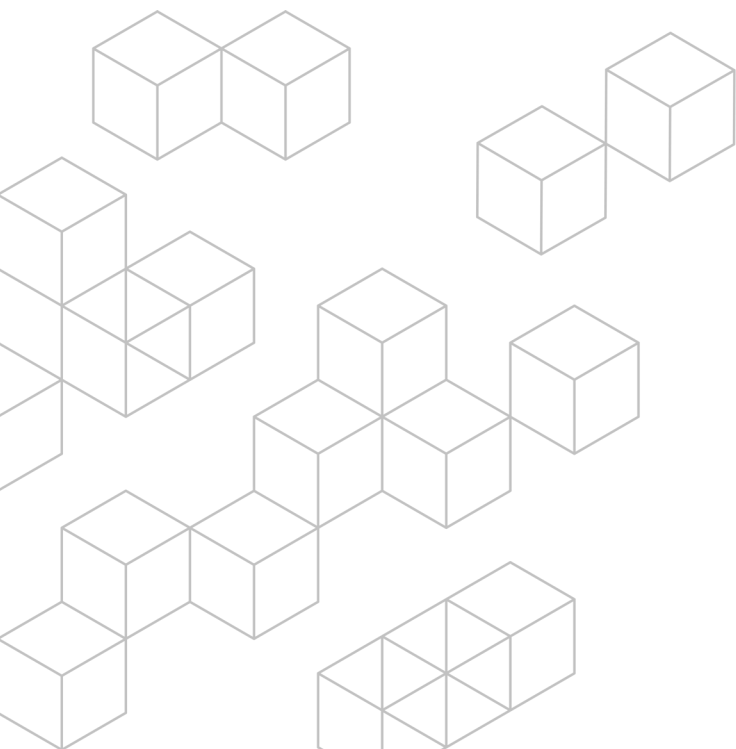
About this study

The survey for this study was fielded among 200 transformation executives across a range of industries and geographies. We asked executives how their companies responded to disruptions of all types to ascertain key characteristics demonstrated by leading companies, ultimately aiming to help organizations strengthen their transformation capabilities.

Respondents have extensive transformation experience, with more than 90% having overseen three or more enterprise transformation programs. More than 80% led transformations that achieved all stated performance targets. Below are additional details on the study participants.

Figure 17. Survey respondents by industry

- Other: 6%
- Energy, resources & industrials: 12%
- Financial services: 14%
- Life sciences & health care: 19%
- Consumer: 22%
- Technology, media, & telecom: 27%
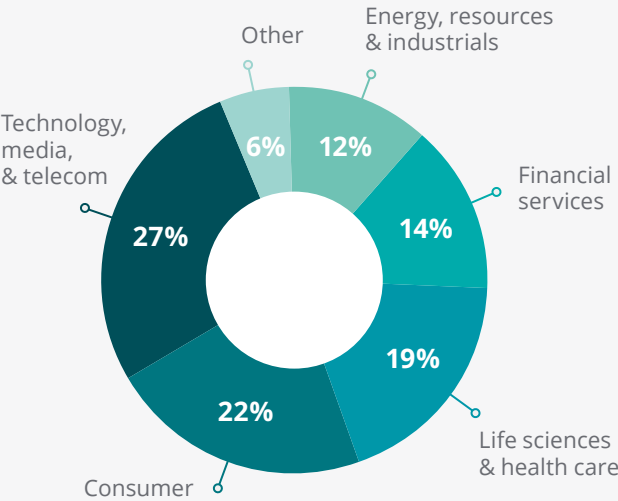
Figure 18. Survey respondents by revenue

Greater than $25B annual revenue
43%

Between $25B and $5B annual revenue
29%

Less than $5B annual revenue
29%
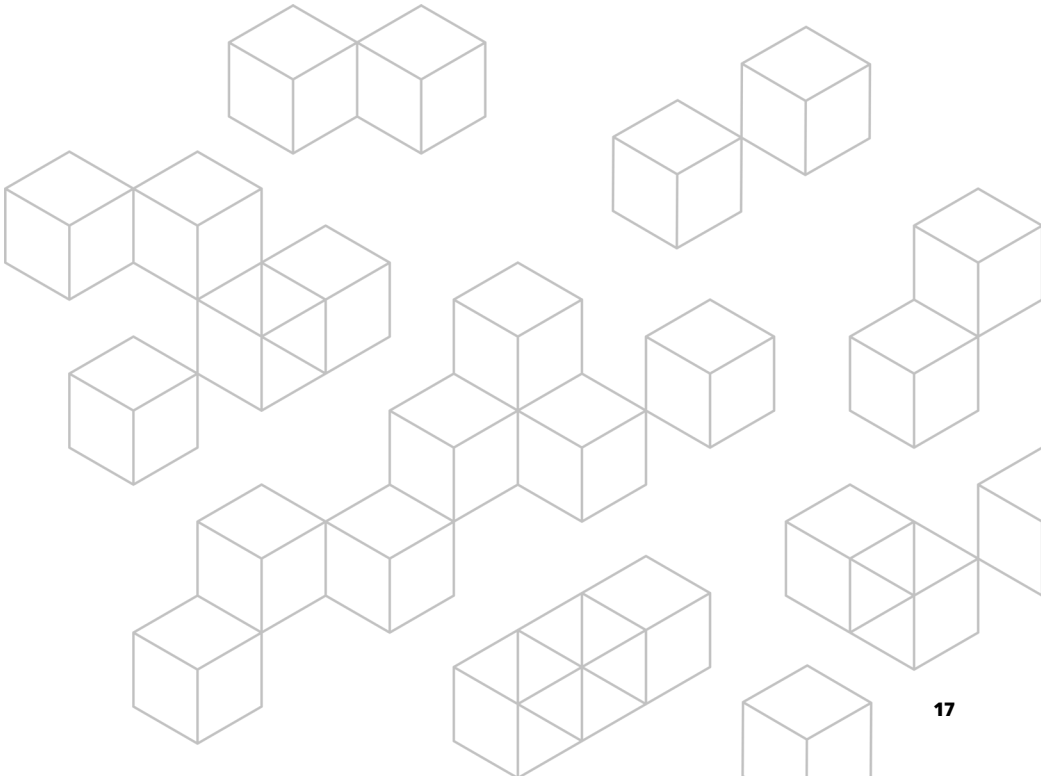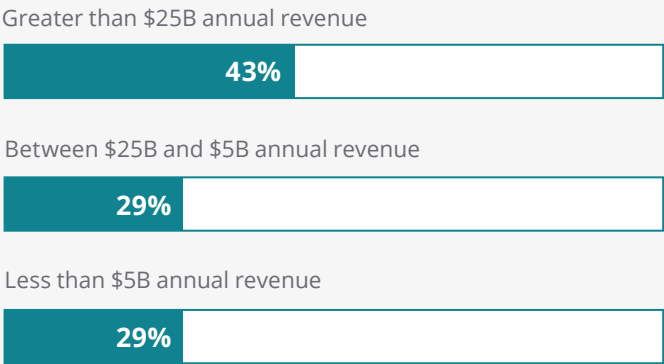
Authors

Anne Kwan | Principal, US Monitor Deloitte | annkwan@deloitte.com

Cristina Stefanita | Principal, US Monitor Deloitte | cstefanita@deloitte.com

Rohan Gupta | Principal, US Monitor Deloitte | rohangupta@deloitte.com

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Contact: CSOProgram@deloitte.com
Website: www.deloitte.com/us/chiefstrategyofficer