

## Change Management Compass 2025

How to build strong foundations for business success in times of turmoil

## INSIGHTS

//01

Seven out of ten major companies in German-speaking European countries fail to transform their business to meet future challenges.

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Lack of ownership of end results is a major root cause for transformations missing their targets.

//03

Clarity, competence, and handing over control are the three main factors executives need to master for transformation success.







The first two Porsche Consulting Change Management Compasses were published during times of crisis — in 2021 during the pandemic and in 2023 amid the Ukraine war, both of which significantly disrupted the global economy. It seemed that both settings created challenges on their own account, which absorbed most of the attention at the time. However, it has become clear that those events cannot be looked at in isolation and that we are not returning to a more predictable world. Armed conflicts involving major economic powers are looming in different corners of the globe. Pandemics can resurface in other forms at any time. And still unresolved developments like climate change could potentially create a multitude of negative effects for humankind and the economy over the next decades that we cannot yet fathom in their entirety. We are experiencing a confluence of interdepending, complex issues that form a world of uncertainty. Political discourse offers fragmented solutions leading to unstable legal frameworks in which companies must operate and strategize. Flexibility, agility, and the capability to transform are determining factors that will decide over success and failure. This challenge can only be mastered as a team, reinforcing the foundations of the business to withstand the storms of this new era. All hands need to be on deck to ensure the company is robust and flexible enough not to be swept away. Therefore, we believe the importance of excellent change management has never been more crucial than today and will increase in heft in the future.

It is in this context that we have surveyed leading managers at major companies in Europe's German-speaking countries to assess the state of this key competence in our economy and set out to identify the most important levers through which top decision-makers may lead their people to transformation excellence. We now present the 2025 edition of our biennial Porsche Consulting Change Management Compass.

#### Top transformation topics

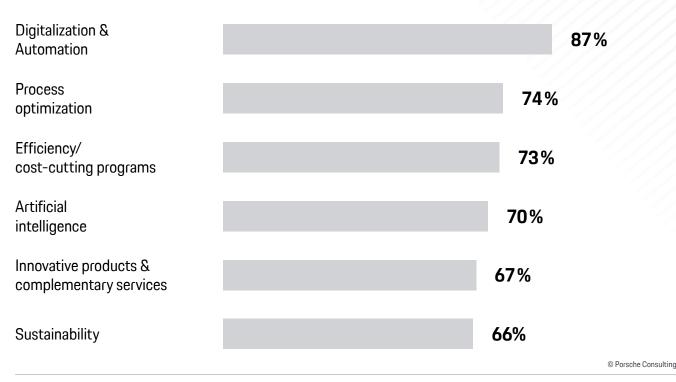


Fig. 1. Digitalization and automation are by far the most prevalent strategic priorities among major companies in German-speaking countries in Europe.

In 2025, digitalization remains the primary catalyst for initiating strategic transformations among companies. A substantial 87 percent of surveyed firms identified this as a critical factor. The priority to stay competitive and reach financial targets ranks high on the executive agenda, with process

optimization ranking second with 74 percent, followed closely by efficiency and cost-cutting programs at 73 percent. CEOs have shifted their focus from sustainability (ESG) to AI, which has replaced it as the strongest growing trend for 2025.

#### Top 3 descending topics

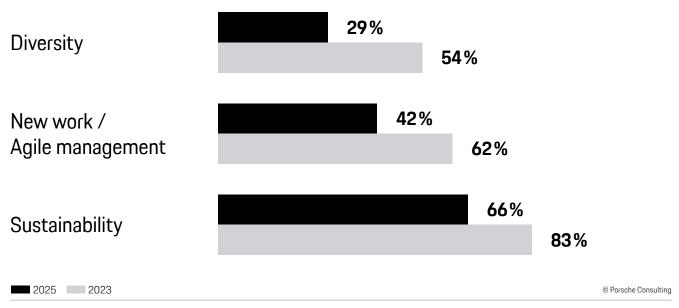


Fig. 2. Diversity experienced the most significant drop in transformation priority among the major companies in German-speaking countries in Europe.

In fact, sustainability has significantly lost in importance, dropping by 17 percentage points compared to 2023. Topics such as new work and agile management have seen an even greater decline of 20 percentage points, while diversity, which was the second-most rising topic in 2023, has dropped by 25 percentage points. With predominantly operational and financial priorities rising on the agenda, the responses indicate a higher degree of immediate distress, which prevents top decision-makers from focusing their resources on reputation-building initiatives or subjects of a long-term strategic character such as sustainability. Essentially, the economy has entered "fire-fighting" mode, channeling resources to maintain essential business KPIs. Arguably, most managers reading these lines can relate. While topics such as inclusion, diversity, and sustainability used to feature greatly on



agendas of leadership conventions, those topics have now been overshadowed by more urgent concerns such as cost-cutting, profitability, and performance improvement. At present, the focus is thus narrowed down to short- and medium-term objectives at the expense of long-term strategically valuable recalibrations.

#### **Industry comparison**

Failure to achieve all transformation goals

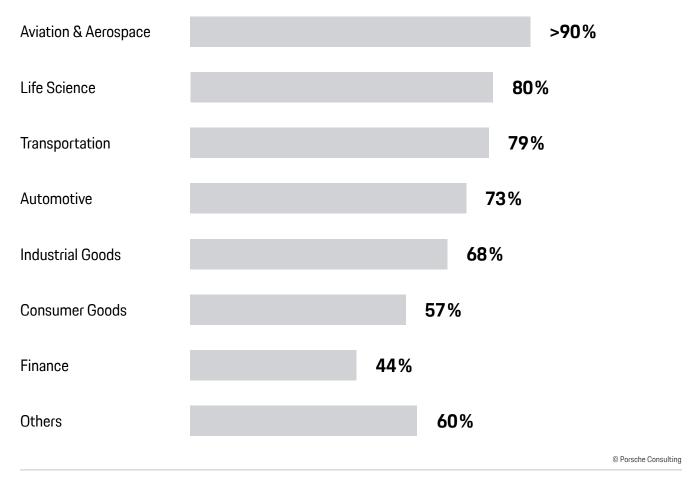


Fig. 3. Aviation and aerospace top the list of industries that fail to reach transformation targets.

Regardless of the shift in topics, the rate of companies failing in their transformations remains stable at a concerningly high level of seven out of ten. The most severely affected companies in 2025 are to be found in the aviation and aerospace sector, with an over 90 percent failure rate. Here, transformation success can be seen as the exception to the rule. Life science and transportation companies do not fare much better, with eight out of ten transformations failing (80 and 79 percent

respectively). Roughly seven out of ten automotive and industrial goods companies make it over the finish line (73 and 68 percent), followed by more than half of the consumer goods companies admitting defeat in their strategic transformations (57 percent). And even finance — the industry faring best in our comparison — must be interpreted as unsatisfactory, with just over half of the strategic goals met through transformational efforts.



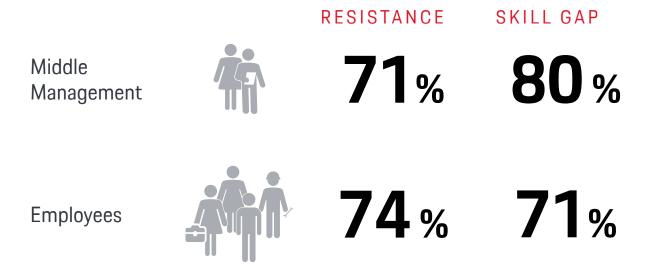


# stalls implementations



However complicated the world has become, as we seek out the reasons for transformation failure we need to shift our focal points inwards. In reality, managers often have to "sell" new transformative initiatives to their teams, only to realize over time that the transformation they had been advocating for had come to a grinding stop. As a result, everybody involved becomes disillusioned and even less ready to embrace change in the future. To find out

where exactly transformations take a turn for the worse, we looked inside organizations that missed their ambitious goals. Here, the intricacies of the inner workings of a company — the people constituting it and carrying out the change — become pivotal. We therefore assessed the surveyed companies regarding their workforce's willingness as well as their ability to change.



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Fig. 4. More than seven out of ten employees and middle managers in companies failing in their transformation efforts are unable and unwilling to change.

The results must strike every business leader like a thunderbolt: at those companies failing in their transformation endeavors, more than seven out of ten people do not support the transformation, with a slight difference between middle management (71 percent) and the layer of employees without management responsibilities (74 percent). The ability to change or, in other words, the ability to function in the transformed organization to be, presents an equally bleak scenario. Only three out of ten employees would master upcoming changes with their respective skill set. Even more concerning: that number drops to two out of ten in the middle management layer — those crucial individuals who are expected to implement the transformation and inspire their teams to work towards the common strategic goal.

It would not be far-fetched to assume a lack of general motivation among the workforce. Interestingly, this is not the case. According to surveyed managers, employee motivation is significantly higher than their apparent reluctance to support company changes suggests. While almost three-quarters (74 percent) of employees in failing companies resist the change, almost half do in fact display personal motivation in the work context (47 percent). The number rises even higher in those companies performing well in their strategic transformations, leading by 20 percentage points at 67 percent.

implementations

**47**% 67%

Strong implementations

INDIVIDUAL MOTIVATION OF WORKFORCE

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Fig. 5. Individual motivation of the workforce in successfully implemented transformations exceeds that of weak ones by a large margin.

At the same time, the majority of companies do not succeed in transferring individual motivation into ownership of results. In fact, the surveyed managers drew an inverted picture here. Among those seven out of ten companies that fail in their transformation efforts, not even three out of ten employees (29 percent) are empowered to see their work through in an end-to-end responsibility. In other words, the vast majority of people in weakly performing companies are not responsible for the end results.

Consequently, the lofty goals that leadership sets for such companies are dwarfed by the inability to see things through and bring theory to reality. All too often, transformations that started promisingly die a death by a thousand cuts. Any manager who has headed a change stream or a transformative work package can relate — there is always that one person on the team who questions the very merit of change at all, who lacks results orientation, and who prefers to divert attention away from the tasks at hand by endlessly delaying decisions and refusing to abandon old ways of working. Such deflective behavior breeds responsibility diffusion, infects others in the group, and represents one of the most potent toxins to reliably kill a transformation — slowly but surely.

implementations

implementations

Strona

**29** % 76 %

**EMPLOYEE** FOCUS ON RESULTS

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Fig. 6. Employees in strong transformation implementations focus on end results much more than those in weak implementations.

The opposite applies to the three out of ten companies that succeed, displaying a more entrepreneurial mindset among the workforce to take up the torch and fight for a successful outcome: over three-quarters (76 percent) assume end-to-end responsibility for their work, fostering a sense of individual ownership that drives collective progress towards common objectives. Clearly, end-toend responsibility is strongly correlated with the success of strategic transformations.

## ACTION FIELDS FOR

## transform ation success

The answer to the question of how to boost individual ownership can be found underwater. More specifically, in a nuclear submarine of the United States Navy, the USS Santa Fe. Its commander, David Marquet, achieved nothing less than a transformation from the worst-performing submarine in the fleet into the best. He did so by simply changing his leadership principles: by providing greater freedom in decision-making and demanding individual ownership in return. He literally turned the ship around and converted a crew of followers into leaders in their respective areas of competence and expertise.<sup>1</sup>

While comparisons to a military submarine should not be taken too far, there are parallels between an organization undergoing a transformation and such a vessel. Although the stakes and potential consequences on board a submarine are far higher, both have central figures responsible for their teams' success and who face constant strategic pressures to avert threats. The three principles that Marquet puts forward in his book — providing clarity, building competence, and handing over control — do in fact correlate greatly with our own research.

#### Use of transformation success principles



Fig. 7. Providing clarity, building competence, and handing over control are practiced up to two times more in successfully transforming companies than unsuccessful ones.

As the following pages will show, we aggregated specific data from our research to form each of Marquet's principles. When comparing the results of successfully transforming companies and failing ones regarding those data points and the aggregated three principles respectively, we receive a clear confirmation of their validity in the business context. In fact, twice as many successful companies provide clarity to their people (factor 2.0) compared to failing ones. For building competence, the factor is 1.6 and for hand over control, again, 2.0.

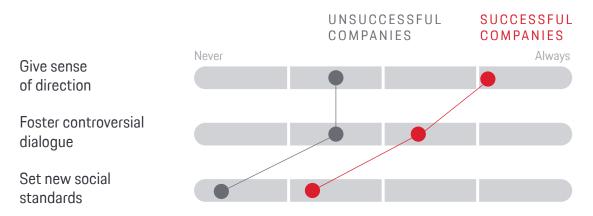
Managers are well advised to change their management style accordingly. Cultivating a responsible, entrepreneurial mindset across all levels necessitates leadership that plants and nurtures this culture. Reason enough to delve deeper into the elements that constitute these three winning principles, and thereby obtain clear "must dos" for top executives currently leading their people through strategic transformations in these difficult times.

#### 3.1 Provide clarity

Throughout a transformation, intermediate and short-term goals might evolve, according to dynamically changing circumstances or newly acquired knowledge on strategic outlooks. Current adjustments in the e-mobility strategies of major automotive players, in which rejuvenated combustion technology is making a surprising reentry, may

serve as an example. Therefore, clarity on strategic reasoning for everyone involved is the prerequisite for any effort to go into the right direction. To obtain it, three elements must be taken into account. Managers at all levels — be it team leaders, department heads, or board members — must take these to heart as they communicate with their people.

#### Three elements of providing clarity



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Fig. 8. Three change management elements that provide clarity make the difference between transformation success and failure.

Successful leaders provide a sense of direction. They build a clear vision, identify a compelling purpose, and paint the "big picture" in detail to get their people on board. Our own experience as management consultants confirms that people need a coherent vision, a mission, and a compelling purpose to become active supporters of changes coming their way. For any company undergoing a transformation, a captivating picture of the future, which emphasizes its overall global impact, must form the North Star towards which all efforts are geared. In other words: any employee should be able to explain to curious family members what their current transformation is all about, in clear and concise language that even outsiders can understand.

Once the direction is set, it is important to create platforms for controversial dialogue. Possibly negative sentiments will not disappear simply because they are not addressed. Instead, they will find ways to surface in damaging ways, below the radar of those leading the transformation. This may manifest as passive resistance to practical implementation efforts such as workarounds in old process landscapes. Or people may start making their own interpretations of alleged downsides to the upcoming changes and spread damaging narratives in informal gatherings at the proverbial watercooler. Thus, controversy should be used for employees and managers alike to vent their concerns, which in turn will allow top leaders to gauge the atmosphere as they continuously adjust the change journey.

New social standards then serve as the third element that further clarify favorable behaviors in the context of a transformation. No room for interpretation should be given as to what that behavior should look like. As new processes still need to be defined and run in, these social standards then serve as a guiding framework within which specific behavior manifests. Leaders must be at the forefront and serve as role models for these new social

standards and counteract concerns through their own example for all to see. Change begins at the top, and all eyes are on the leader when it comes to changing behavior within one's own work environment. Such things can be as easy as appearing with other department heads in town hall meetings rather than alone, exemplifying cross-functional collaboration, for example.

## A case of providing clarity: **Lego**

The Danish icon Lego set out to infuse their organization with new leadership behaviors. This endeavor was not exclusive to the managerial cast - leadership was understood as an act, not a position. Anybody, regardless of their role, should be able to lead their teams in new social standards that were summarized in the three elements of curiosity, focus, and bravery. However, seasoned employees had seen different initiatives come, go, and dissipate. A new and capturing approach that would encompass the entire organization was needed. In line with the Lego brand DNA, CEO Niels Christiansen and his team came up with the Leadership Playground. As part of every workday, the three core behaviors were to enrich the daily lives of Lego employees in all career trajectories. Presented by Christiansen himself in a series of town halls, he provided a clear sense of direction to the entire organization, conveying the importance of fostering these new behaviors. Soon after, his team began rolling out the concept at offices, followed by retail locations and production sites. A group of ambitious individuals were made Builders, serving as ambassadors of the Leadership Playground and facilitating the concept in the field. Through a multitude of channels, staff was invited to join the Leadership Playground and embark on "missions"

pertaining to those three behaviors. The idea was to pick a challenge from any one of the three areas and make it happen during the workday. An example from the Bravery category: email a senior leader and ask them about their bravest moment. As a result, Christiansen himself received about 50 emails on this subject. The concept was designed to be viral and inclusive, leading to many employees taking on the role of Builder themselves, sending a wave of grassroots activity across the organization that created a sense of ownership at the very base. Throughout this wave, participants expressed the desire that even more senior leadership take part in the program, which underlines the importance of top executives displaying the desired behavioral changes for all to see. Moreover, the new leadership behaviors had to be solidified by translating them into HR processes such as recruitment criteria and annual reviews, proving yet again that none of the five forces of Strategic Change Management can be looked at in isolation, but must interplay to best address the respective challenge.2

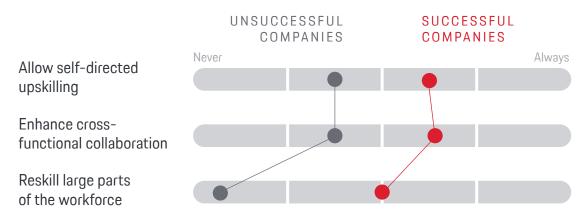


#### 3.2 Build competence

With a skill gap of 71 percent at employee level and even 80 percent in the managerial cast in low-performing companies, the need for a competence boost is evident. The highest degree of clarity on transformational goals is worthless if efforts cannot be backed by the necessary competence to

make it happen. In fact, it might prove highly counterproductive if control is handed over to teams and individuals who do not possess the necessary skills. Therefore, the following three elements must come together to a coherent formation of competence on all levels.

#### Three elements of building competence



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Fig. 9. Three aspects of building competence are decisive for successfully implementing necessary changes.

A powerful lever to ensure everybody has the necessary skill set is to provide the opportunity for self-directed upskilling. Adults follow a much different learning pattern than children in that they benefit more from constant learning nuggets that they can pull upon request, fitting their respective need. For that matter, more rigid, directed learning curricula increase the probability that a transformation will fail. That said, learning content and available qualification programs must of course be aligned with a company's specific requirements.

All too often, individual teams do not work in tandem because they are presented with opposing goals or simply because no connecting channels and processes exist. However, working across departments and hierarchies is crucial for transformations to succeed. An important step is building up the competence of cross-functional collaboration. Executives should break up a silo mentality by establishing temporary cross-functional teams that can address both impending transformation-related activities as well as longterm business topics in a perfect setup. Such an anti-silo attitude can start small, for example by hosting events that include people and topics from different departments to foster a broader understanding of what "our team" actually means. Without inter-silo frictions and inefficiencies and with the perfect combination of experts, diverse perspectives strengthen innovation capabilities and decision quality in the critical times of a transformation and beyond.

In a world of uncertainty, knowledge that was essential five years ago may no longer be of any relevance another five years down the road. Instead of slow-moving "evolutionary" competence- building practiced in many companies at present, entire workforces need to absorb and apply new knowledge at an unprecedented level. The advent of Al

and its numerous possible applications in almost every niche may serve as a prime example. Therefore, companies in transition need to find a way to continuously identify relevant competencies and seamlessly reskill large parts of their workforce, without risking business continuity in everyday operations that still need to run uninterruptedly.

### A case of building competence: **Amazon**

Amazon reskills large parts of their workforce in the massive initiative "Upskilling 2025." It aims at providing 100,000 employees - over one-third of their staff in the United States — with relevant future skills. The remarkable approach is not limited to certain career paths or levels — all job categories benefit from this bold move to build up valuable competence. The program started in 2019 amidst a shortage of skilled workers in the United States, with job openings far exceeding the number of unemployed Americans. The broadly launched program includes the foundation of the in-house Amazon Technical Academy, qualifying Amazon employees without technical background for software engineering career paths. Moreover, warehouse staff, responsible for handling customer orders, are given an opportunity to acquire skills for technical roles — with or without a background

in IT. The same group of employees is given access to a pre-paid tuition program, Amazon Career-Choice, allowing for self-directed upskilling in pursuit of a position in the high-demand occupation of their choice. Another element, the Amazon Machine Learning University, is directed at employees with technical experience to build up machine learning skills through on-site training. At the entry level, Amazon Apprenticeship offers intensive classroom and on-the-job training. Moreover, the AWS Training and Certification allows employees to build practical AWS Cloud knowledge that will very likely increase in relevance in technical occupations. The initiative mirrors the changing job landscape in the United States and puts Amazon staff in a much better position to tackle the challenges of today and tomorrow, at their current or any future employer along their career paths.3

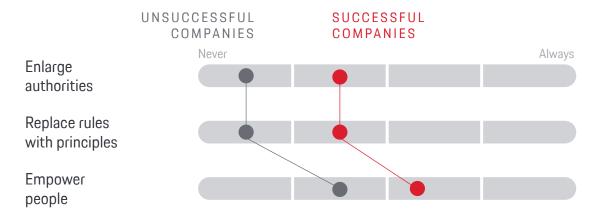


#### 3.3 Hand over control

Once clarity provides unambiguous orientation and all levels of the workforce possess the right skill set to put their motivation into action, the key component of handing over control comes into play. However, all too often — and especially in times of uncertainty — management clings to control. As soon as a matter is out of their hands, they

can no longer influence the outcome, which they will still be held responsible for. As a result, a lot of decision-making competency of capable team members is left untapped, while the workload on the managers' desks mounts. Therefore, the fear of a loss of control must be overcome and three elements be kept in mind:

#### Three elements of handing over control



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Fig. 10. Handing over control through three specific elements set successfully transforming companies apart from unsuccessful ones.

First of all, enlarged authorities must take effect. By that we mean the freedom to pass decisions pertaining to an individual's or team's own circle of influence without exceeding one's own capacity or ability of judgment. Such an approach unburdens management from tedious micromanagement, which again frees up their capacity to turn to more strategic questions. At the same time, judgment of people on the ground and dealing with relevant issues on a regular basis will add to the quality of the decision-making process. Guidance from above should be sought only if individuals and teams do in fact need subject matter expertise or strategic guidance, not simply because decisions are by design to be passed by supervising managers.

To allow empowered teams and individuals to make their own informed decisions as they strive for the overarching transformation goal, rigid rules should be replaced with easily relatable principles. As long as clarity leaves no doubt with regard to what is to be achieved and guidelines provide orientation to gear collective behavior towards it, individuals and teams can leverage their enlarged authorities to define the details on how to succeed. Continuous success measurement and progress tracking help avoid a laissez-faire attitude on the one hand and overly strict supervision on the other. Much like in combat, empowered employees should act within the leadership's "commander's intent" instead of strict rules that might not foresee the specific necessities of future situations.

Once put in position for decentralized decision-making, people should be empowered to choose the time, location, and focus of their work to pursue the transformation goal more freely, creating the optimal environment for themselves and their team to deliver optimal results. People are dispersed over a broad continuum of personalities. While some are powered by the hustle of a buzzing office space and the constant stimuli provided by coworkers, others may thrive in a more secluded

home environment to delve into highly productive deep work sessions. When general motivation is coupled with trust in making the right choices for individual work situations, productivity ensues. Flexible work modes, ranging from traditional onsite presence to remote work, cater to diverse preferences, enabling individuals and teams to select the most effective modes to accomplish their tasks.

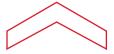
### A case of handing over control: **3M**

Inspired by the gains in productivity during Covid-19 lockdowns and reassured by an unwavering trust in their workforce, 3M was among the first major companies to launch a full-scale flexible working model. The idea was simple and left no doubt as to what employees could expect, and what was expected from them in return. Am I delivering business outcomes, and am I taking care of myself? Everybody needed to realize that combination for themselves in a work mode that allowed them to find that balance. Thus, existing rules governing employees' work modes gave way to a trust-based guideline fittingly coined "Work Your Way". Obviously, this could mean a lot of different things to different people. Therefore, 3M empowered employees to seamlessly oscillate between on-site presence and remote work. As a result, different work personas emerged. For example, very people-oriented individuals who benefit from social interconnection spent most of their time in offices. Others chose a hybrid model in which team meetings and client interaction were carried out face to face, while retreating to the quiet surroundings of their homes for more focused deep work. At the same time, the new policy lifted a heavy weight off the shoulders of working parents and those caring for their elderly relatives, as they could reconcile personal and private commitments much more easily. Even spouses of military personnel, who sometimes need to switch bases across continents, were suddenly able to grow their career alongside their partners, as the actual place they conduct their work had become flexible.4





It is in times of uncertainty and turmoil when true leadership is rarest and those in charge are tested hardest. At the same time, this is when real leaders emerge from the crowd and find ways to inspire their people to stand straight in the headwind to confidently work together towards a common goal. As for the heading, what the right path for a given company is differs from case to case. Top executives are paid to find the right way and map the road to get there. The other part is harder still - enabling their people to follow them, in terms of both mindset and skill set. However, the good news is, as our research has shown, that the way to truly motivate people to change follows a pattern, most strongly displayed by the successfully transforming companies referenced in our paper. Therefore, the arguments brought forth herein shall serve as a guideline for those in charge to model their change management activities after. We are by no means doomed to be passive bystanders of tumbling markets or global disarray. We don't have to watch the walls come down. Every crisis is an opportunity in disguise. It is up to every organization to recognize their specific challenge, rise up to it, and mobilize everybody from interns to the executive level. The key here is threefold: to provide clarity of the strategic goals of a company; to build relevant competence among the workforce; and to hand over control to the people, who are then both willing and able to strive towards the strategic goal and take responsibility for the outcome of their actions. Only the leaders, whom all eyes rest on when times become turbulent, can bring this about. These are the people who inspire their teams to build the foundations for a secure and prosperous future and emerge strong from what may first have been perceived as an existential threat.



## IN BRIEF

- O1 The majority of transformations fail because leaders cannot translate the motivation of their workforce into active support for their goals.
- 102 In order to turn motivation into active pursuit of targets, must demand accountability from employees for the end results of their activities.
- 13 Leaders must provide unambiguous clarity on strategic goals so that everybody can break them down to their personal contribution.
- O4 Employees of all levels must be effectively upskilled at large scale so they are actually able to live up to the entrepreneurial mindset expected of them.
- Once all prerequisites for ownership of end results are met, executives must take a leap of faith and hand over control.

#### Methodology

Every two years, the Porsche Consulting Change Management Compass surveys relevant trends of change management in major companies in German-speaking European countries. The focus is on the success rate of strategic transformations as well as influential framework conditions and facilitating success factors. 220 executives with a representative industry average took part in the comprehensive written survey between April and July, 2024.

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#### **Appendix**

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