Transformation That Sticks: Why COOs Are Best Positioned to Lead Today's Enterprise Change

Russell Reynolds ASSOCIATES

Transformation isn't new for organizations; simultaneity is. Digital technologies, AI, geopolitical disruption, sustainability mandates, and shifting customer expectations are hitting every part of an enterprise at once today, creating a perfect storm that requires leaders who touch most parts of the business—and understand how they connect.

This becomes real in operations, which includes the end-to-end system that orchestrates administrative tasks, supply chain, procurement, and logistics, connecting customer orders to delivered goods and services. Operations also oversees the core processes that determine speed, cost, and resilience. The stakes are existential: Our recent research found that 74% of senior leaders believe their companies could fail within the next decade without fundamental change, yet only 29% say their organizations are successful at executing it.[1]

Against that backdrop, the center of gravity for change has moved to operations. Given their deep, end-to-end knowledge of the business, COOs are positioned to translate ambition into adoption by aligning operating models, talent, and technology to deliver measurable outcomes. The pattern is consistent across industries. From our research and work with COOs, three findings stand out:

- **Execution fails without an operational core.**

- Transformative COOs **pair operating excellence with data and AI fluency** and build the right leadership pipelines.

- **Scale requires board and CEO support**—a clear mandate, an aligned operating rhythm, and sustained investment.

Transformation is stalling—and the solution lives in execution

Across sectors, transformation enthusiasm has outpaced leadership readiness. An MIT study found that only about 5% of AI pilot programs result in significant revenue growth, while the rest fail to produce measurable impact.[2] Nearly half of AI proof-of-concept projects are abandoned before reaching production.[3] The barrier isn't access to technology—it's the organizational capability to convert experimentation into enterprise adoption.

> "Getting real value out of AI requires transformation, not just new technology. It's a question of successful change management and mobilization, which is why C-suite leadership is essential."
>
> **Alexander Sukharevsky**
> Senior partner and global co-leader, McKinsey AI arm QuantumBlack[4]

Russell Reynolds' Transformational Leadership Study explains why execution stalls: Organizations are prone to insight inertia, psychological inertia, and action inertia (Figure 1). These are leadership and talent problems, rooted in capability gaps, risk aversion, and the absence of leaders who can mobilize organizations through complexity. Crucially, each of these inertias maps to a COO lever:

Figure 1: The three key types of inertia that impede effective transformation

Insight Intertia	Psychological inertia	Action inertia
Lack of awareness or inability to recognize the need for change	Strong drive to revert to the status quo	Delayed response or inability to take and sustain required actions
COO levers - Performance architecture and metrics that focus attention	**COO levers** - Operating rhythms, incentives, and role design that unlock behavior change	**COO levers** - Process ownership and resource allocation that move from pilots to scaled deployment

Source: Russell Reynolds Associates' Transformational Leadership Study, 2025.

Closing these gaps requires more than strategy or innovation can provide—it requires leaders who control the organizational levers where transformation either succeeds or stalls. COOs own those levers: the processes, the people systems, the performance metrics, and the cross-functional operating model that turns ambition into execution. Operations stands at the intersection of operational excellence and AI-enabled transformation.

COOs don't just understand processes—they understand which processes generate the most value, where data quality matters most, and how to scale adoption across the organization.

Where transformation is happening—and what it requires of COOs

Transformation is increasingly operational. Back-office administrative tasks, procurement, supply chain, and logistics—often reporting to the COO—are the largest, most data-rich drivers of enterprise value. Procurement spend alone typically represents about one-third of revenue in service organizations and at least half in manufacturing.[5]

Delivering impact at scale across these areas comes down to capabilities. Research on high-performing COOs shows a consistent capability pattern among leaders who turn ambition into adoption. IBM identifies around 15% of COOs whose organizations significantly outperform peers on financial results, innovation, and capability maturity. What differentiates transformative COOs is their combination of strategic vision, technical fluency, and a disciplined approach to scaling.[6]
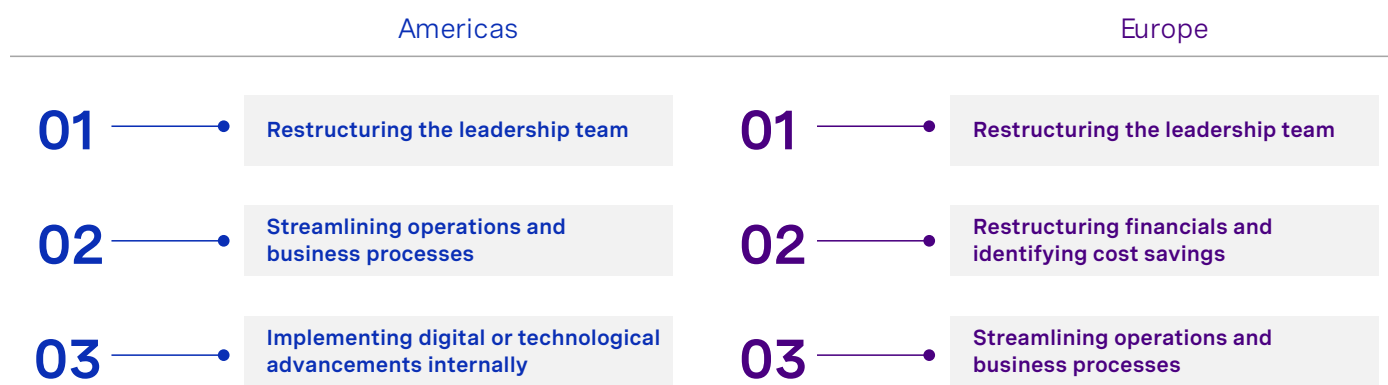
As transformation has moved to the operational core, expectations have shifted. Two-thirds of COOs now say they must focus on strategic growth and innovation in addition to their core operational roles. A mindset shift is underway: COOs historically minimized variability to ensure predictability; now, 46% say they are willing to trade some efficiency for increased innovation capacity.[7] This requires COOs to build technical expertise across their teams and develop operating capability that pairs execution with experimentation.

The confidence gap—and how COOs are responding

Despite the capabilities COOs bring, a significant gap remains between what they believe they can accomplish and what they think the broader leadership team can deliver. The data is striking: 85% of COOs in the Americas and Europe believe they can transform their own areas, but only 71% in the Americas and 48% in Europe express confidence that their companies' C-suites collectively can transform the enterprise as a whole.[8] Meaning: COOs are ready to lead transformation, but many doubt their peers are equipped to move at the same pace.

That confidence gap is shaping priorities. Russell Reynolds data reveals where COOs are acting today and shows notable regional differences (Figure 2).

Figure 2: Top COO transformation actions in the Americas and Europe

Americas	Europe
01 Restructuring the leadership team	**01** Restructuring the leadership team
02 Streamlining operations and business processes	**02** Restructuring financials and identifying cost savings
03 Implementing digital or technological advancements internally	**03** Streamlining operations and business processes

Source: Russell Reynolds Associates. H1 2025 Global Leadership Monitor.

What comes first in both regions is telling: restructuring the leadership team. Before pursuing technology rollouts or other initiatives, COOs are prioritizing leadership alignment—signaling to CEOs and boards that transformation requires the right team in place first. The regional differences also are notable: Americas COOs consider digital advancement their third-highest priority, while Europe COOs are focused on financial restructuring and cost savings, suggesting different market pressures or transformation maturity levels across regions.

The urgency is real: 38% of COOs in the Americas and 31% in Europe believe competitors are moving faster than their organizations.[9] These are self-reported perceptions and may reflect bias, but the pattern is consistent across regions. Combined with COO confidence in their own remit, it helps explain why boards are choosing continuity (longer tenures) and internal promotions (over external hiring) to lead transformation.
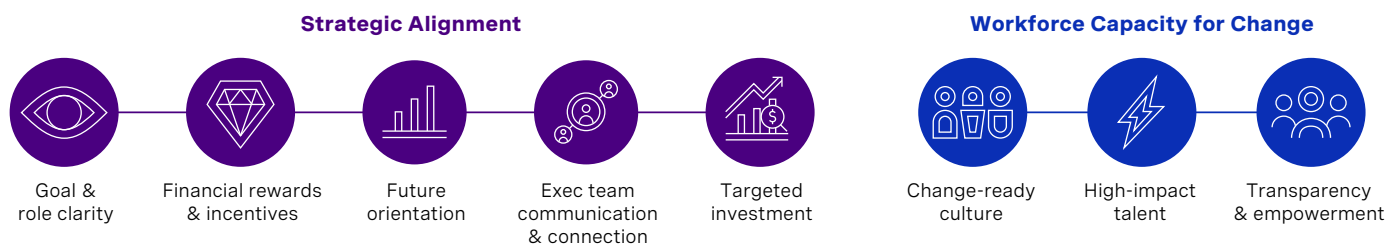
Creating the conditions for success: What boards and CEOs should consider

As COOs work to close capability gaps and lead transformation, boards are making a clear choice in favor of continuity. COO departures fell by more than 40% in the first half of 2025 vs. the first half of 2024, and 81% of incoming COOs were internal promotions.[10] Boards are betting that institutional knowledge combined with proven operating credibility creates a stronger foundation for leading change than hiring a COO externally.

That choice makes sense when transformation is centered in operations: A COO needs deep knowledge of how the organization actually works—where the bottlenecks are, which processes are fragile, which teams are ready to experiment, and which stakeholders need to be brought along. The confidence-gap data shows that even strong internal COOs struggle to transform enterprises if the rest of the C-suite isn't ready.

Russell Reynolds' Transformational Leadership Study identifies eight organizational conditions required for successful transformation (Figure 3). COOs own the levers that turn ambition into adoption, but establishing these conditions requires board and CEO leadership.

Figure 3: Organizational conditions needed for transformation

Strategic Alignment

Goal & role clarity · Financial rewards & incentives · Future orientation · Exec team communication & connection · Targeted investment

Workforce Capacity for Change

Change-ready culture · High-impact talent · Transparency & empowerment

Source: Russell Reynolds Associates' Transformational Leadership Study, 2025.

To create these conditions, boards and CEOs should prioritize three actions:

- **Structure the COO role for strategic impact, not just execution.** Ensure that the mandate explicitly includes transformation ownership, with clear accountability for capability-building and cross-functional change management.

- **Tighten the CEO-COO-CIO-CFO operating rhythm—and align the C-suite.** Establish a regular cadence across the senior leadership team to align priorities, resolve trade-offs, and make joint capability-investment decisions.

- **Back the COO-CHRO to build the operating bench.** Provide mandate, resources, and succession oversight to deepen a pipeline that's too narrow (81% internal promotions), focused on roles that connect AI/data foundations to day-to-day adoption.

Leadership priorities for the COO

Translating ambition into adoption comes down to three leadership priorities.

1) Evolve the leadership capability mix. Pair operational excellence with data and AI fluency. This isn't about COOs becoming data scientists; it's about the judgment to ask the right questions of data teams, challenge assumptions in AI models, and recognize when technical solutions are masking organizational problems.

2) Build a complementary operating team. Assemble a bench that connects AI and data foundations to day-to-day execution and adoption. Recruit leaders who can translate technical possibilities into operational improvements—and be willing to upgrade talent when next-generation leaders can't make the shift.

3) Lead change management as an operating discipline. Technology is adopted through repetition, reinforcement, and visible leadership. Treat change management with the same rigor as process optimization: clear ownership, measurable milestones, and regular reviews of adoption rates and friction points.

Looking ahead: The talent imperative

For COOs—and the CEOs and boards who support them—the implication is practical: Make capability, team architecture, and leadership alignment the core enablers of transformation. COOs are ready to lead transformation; boards are choosing continuity to enable it; and the execution gap is widening between organizations that are building the capabilities and those still experimenting. The differentiator isn't access to technology—it's whether the COO has the mandate, the team, and the CEO and board backing to make transformation stick.

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Footnotes

[1] Russell Reynolds Associates. 2025. Transformational Leadership Study

[2] Fortune. August 18, 2025. MIT report: 95% of generative AI pilots at companies are failing

[3] Lindsey Wilkinson. March 14, 2025. AI project failure rates are on the rise: report

[4] Singla, A., Alexander Sukharevsky, A., Yee, L., et al. March 2025. The state of AI - How organizations are rewiring to capture value

[5] Hales, M., Thill, Y., Agarwal, S. January 14, 2020. Realizing the power of procurement. Kearney

[6] IBM. August 28, 2025. The intrepid COO: 5 strategies to shatter enterprise inertia

[7] IBM. August 28, 2025. The intrepid COO: 5 strategies to shatter enterprise inertia

[8] Russell Reynolds Associates. H1 2025 Global Leadership Monitor

[9] Russell Reynolds Associates. H1 2025 Global Leadership Monitor

[10] Russell Reynolds Associates. September 2025. Global Chief Operating Officer Turnover Index

About Russell Reynolds Associates

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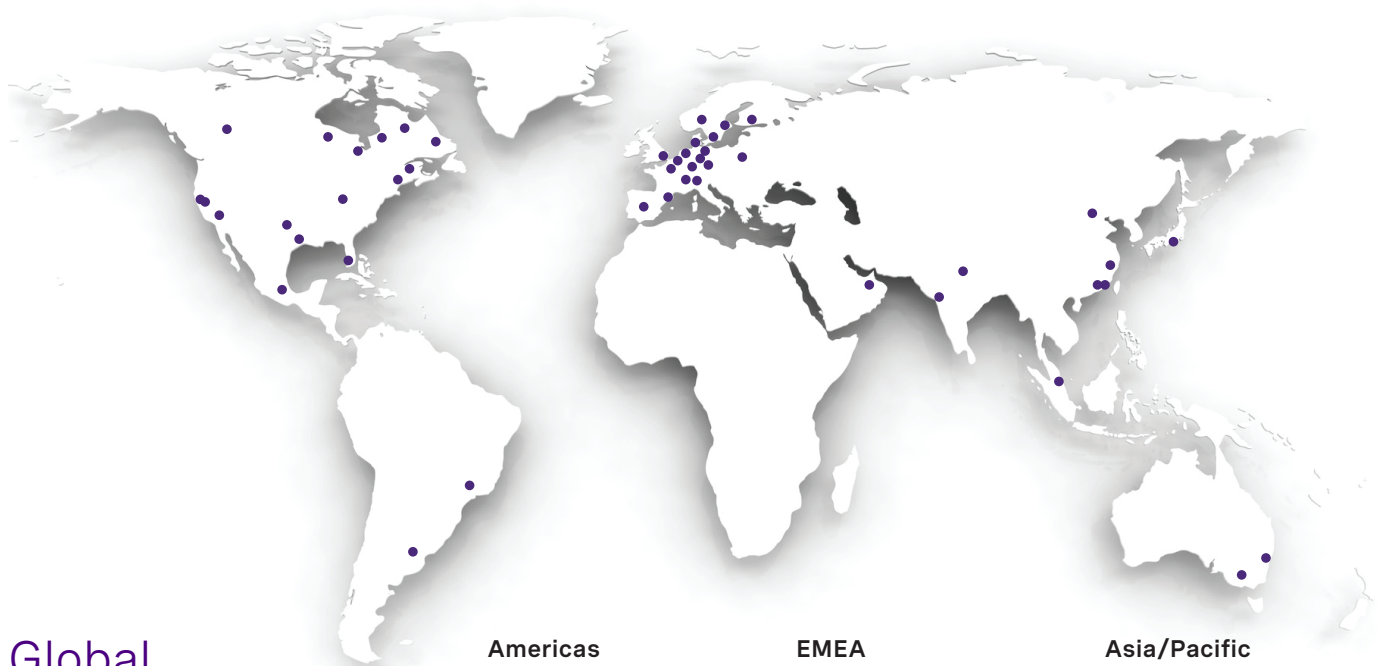
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