The outlook for business transformation in 2025:

Why change has never been more critical

A research report by Grayce surveying UK C-Suite leaders from FTSE350 companies on the challenges, opportunities and barriers of transformation today

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Introduction from
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Transformation - and in particular, digital transformation - continues to be a key priority for the UK right now across both public and private sectors. The October 2024 budget placed an emphasis on technology, recognising its role in driving economic growth and productivity within the UK.

The UK Government has since inked a five-year cloud and AI deal with Microsoft to increase innovation and efficiency within the public sector. Further to this, 2025 began with Prime Minister, Keir Starmer, announcing an AI blueprint to help turbocharge growth across the UK.

Globally, projections from Statista forecast spending on digital transformation projects worldwide to rise to $3.9 trillion by 2027. Organisations are under huge pressure to adapt and accelerate digital transformations. However, with the majority (88%) of business leaders saying that only 50% or less of their digital transformation projects in the past year met the expected goals or outcomes, millions could go down the drain if these projects aren't optimised.

$3.9 trillion global forecasted spending on digital transformation projects by 2027

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So, how prepared are UK businesses for change? And where do the blockers lie?

Grayce set out to find out by surveying 100+ UK C-Suite leaders from FTSE350 companies on their opinions on change and transformation, their business and team's readiness for change, as well as the key barriers they're facing.

The themes addressed in this report link directly to the work Grayce does in the transformation space. Launched in 2012, Grayce has vast experience in supporting ambitious organisations across diverse sectors – from FinTech, finance and banking, all the way through to pharmaceuticals and the public sector – with change and transformation projects.

As diverse as the businesses that we have supported have been, so too have the types of projects we have helped deliver. From helping organisations adapt to global shifts that have revolutionised ways of working, to supporting businesses roll out strategies for emerging technology, such as AI, the breadth of projects we've supported over the past 12 years has given us plenty of insight into how businesses deal with change and transformation.

This report delves into the findings of our latest research with C-Suite leaders, combined with advice from Grayce experts based on the past 12 years of working with ambitious businesses on change and transformation projects.

The absolute need for business transformation today

Our research paints a stark picture, over half of respondents think that their organisation's current business model is unlikely to survive the next 10 years, with a third citing it won't be viable in the next 5 years. Change is necessary if businesses want to survive the next decade, a decade where technological advancements will be expedited. And whilst not all transformations are digital transformations – DEI, climate change, sustainability and geopolitical are all common focus areas – research shows that tech is the area that's on most people's minds right now.

Indeed, when Grayce asked respondents to rank the biggest challenges that they believe their business will need to adapt to in coming years, 4 out of the top 5 responses were all based around technology:

1
The impact of AI

2
Remote / Hybrid working models

3
Cybersecurity enhancements

4
Sustainability & the climate agenda

5
Data protection & compliance

Given the exponential impact AI has had on the world in recent years, it is not a surprise to see it front of mind for our respondents. Businesses have quickly realised that they must adopt, and fast, or risk being left behind. With the rise of emerging technologies such as AI, which require vast amounts of data to operate successfully, this naturally has huge knock-on effects for cybersecurity, data protection and compliance, which also feature in the top challenges.

Businesses are handling more data than ever before, and cyber criminals are getting smarter, meaning that business leaders recognise they need to remain agile in their adoption of new tech, while taking extra measures to protect themselves from attacks. Otherwise, the consequences could be catastrophic.

Remote/hybrid working models

From our research, remote and hybrid working models are still the cause of much change and transformation, even after the initial global shift to remote working five years ago. Many organisations and businesses have seen the benefits of hybrid and remote working, making it more commonplace. A FlexJobs survey into the impact of remote working on the workplace found 95% of employees want some form of remote work, with 96% believing it has a positive impact on their mental health.

Despite the benefits continuing to be reported, many businesses have sent out return-to-the-office mandates, including huge firms such as Amazon, which has recently mandated a full five days in the office. This has become a contentious topic.

However, as of 6th April 2024, UK employees gained the legal right to request flexible working from their first day of employment. With flexible working written into law, it is critical that businesses set clear policies and guidelines so that workers know what to expect.

95%
of employees want some form of remote work

Sustainability & the climate agenda

96%
believe remote work has a positive impact on their mental health

And while many believe that recent political changes across the globe signal potential bad news for the climate agenda overall, we predict that sustainability will continue to be a driving force for many businesses.

At Grayce, we have witnessed an increase in CSO jobs within large corporates; this correlates with the rise in firms committing to ESG targets with their shareholders. The role is becoming particularly common in financial services businesses, where many investments are now being made into renewable and not-for-profit areas. This is supported by 2024 research by Morgan Stanley, which found that over half of investors plan to increase their sustainable investment allocations. It's clear that competing pressures, changing social, economic and political landscapes, and new technologies are creating urgent need for change in businesses nationwide.

The transformation on everyone's mind: AI

With AI being cited as the number one transformation challenge for FTSE350 leaders, our research also covered the opportunities and challenges that come with it. We found that ineffective or lack of education, low volumes of skilled professionals, and AI scepticism are three of the main blockers. Despite the challenges, most respondents recognised the opportunities that AI presents. In fact, 39% stated that capitalising on AI is in the top three of their transformation priorities.

While both challenges and opportunities were found, contrasts in sentiment around AI perhaps boil down to the foundations an organisation has in place to equip themselves for this change. Positively, over a third have an AI strategy in place, 39% already have a dedicated head of AI or equivalent in a senior role, and 46% stated their organisation is clear on who is responsible for AI within the business. However, a resounding issue in organisations unlocking AI's true potential is a lack of adequate skills - 38% say their organisation doesn't have enough skilled AI professionals.

AI is often seen as a groundbreaking, complex innovation that promises to revolutionise industries. And whilst it does have the potential to do this, at Grayce AI is viewed as just another business change – one that requires the same strategic planning, governance, and change management as any other transformation. This means investing in developing a clear AI strategy that is headed up by a dedicated team, ensuring that there is a key point of contact that employees can speak to in order to clear up any questions or concerns.

Once an AI strategy is in place, upskilling the team and securing buy in is crucial. Employees should be able to fully understand how to use the technology and have a clear picture of the company's expectations and rules of usage. Only by getting everyone on the same page will an AI strategy be fruitful.

Challenges:

- 41% are worried about the ethics of AI
- Almost a third don't know where to start when it comes to AI
- 38% said their organisation doesn't have enough skilled AI pros
- Only a third of businesses surveyed have invested in briefing and educating employees on AI strategy and how it impacts their day-to-day work
- Just 29% feel confident that they know the benefits AI can bring

Opportunities:

- Capitalising on AI is a top 3 current transformation priority for 39% of businesses
- 36% have an AI strategy in place
- 35% are actively using AI to support change and transformation projects
- 37% said AI has already significantly streamlined processes within their org
- 38% say their organisation doesn't have enough skilled AI professionals
- 46% said their organisation is clear on who is responsible for AI within the business
- 39% of FTSE 350 companies have a dedicated head of AI (or equivalent senior role)

How C-Suite execs rate readiness for transformation between entities within their organisation:
(Most prepared to least prepared)

52% of the organisation as a whole agreed ready

46% of the wider leadership team agreed ready

43% of stakeholders agreed ready

42% themself as a leader agreed ready

How ready are FTSE 350 businesses for change?

With the need for transformation never more urgent, and the transformation agenda being set by the rapid advancement of technology, change can seem an insurmountable task. The average cost of a digital transformation project is $27.5 million, according to a recent study from the International Data Corporation. On top of this, nine out of ten transformation initiatives fail to meet their objectives on time or are significantly delayed. So there's a lot to lose if transformation doesn't deliver what it set out to.

Much of this comes down to lack of adequate preparation. Sentiment around how prepared for transformation the UK C-Suite perceives different stakeholders in their company varies. Interestingly, leaders rank themselves as least 'ready' for transformation when compared to other groups within their organisation, perhaps signalling a lack of confidence in their own change abilities.

Naturally, leadership confidence and successful change go hand-in-hand. When leaders demonstrate confidence, it inspires and motivates employees at all levels to embrace change, fostering a culture of adaptability and resilience, leading ultimately to lasting success. Emma Norris, RSA's Head of Business Transformation, observes:

Effective change management starts with early engagement. Bring recipients of change in early — help them design and socialise new processes to ensure smoother transitions.

Remember, business readiness cannot be a last-minute consideration. Proactive communication and involvement are key to successful change.

Emma Norris
Head of Business Transformation at RSA

Confident leadership and communication are crucial not only for achieving success but also when change does not go to plan. Given the high failure rates of change initiatives reported in the market, maintaining confidence is essential to ensure the success of future business transformations. Rebecca Haines, the AA's Head of Change and Transformation Insurance, comments:

"**True leadership is about celebrating individuals, not just the big wins. It's essential to know your team and coach them rather than merely managing. Remember, how you lead during times of failure is more critical than during success. Build trust and foster a no-blame culture, as these behaviours are the foundation of a resilient and motivated team.**

Rebecca Haines
Head of Change and Transformation Insurance at the AA

Leaders were more likely to say that their business is prepared for change in the medium term (3-5 years) rather than short term (12 months). This is natural, but with digital transformation particularly moving at pace, leaders are in need of support for more imminent change. It's important to remember that as transformation is a continuous process, developing an organisation's capabilities for change is arguably more important than the shorter-term transformation itself.

Looking more specially at the top five biggest barriers to transformation, our respondents cited the following:

1 The cost of change

2 Regulatory & governance constraints

3 Lack of human resource/talent

4 Pace of transformation too slow

5 Transformation is too reactive
(firefighting issues rather than transforming proactively)

Mel Burke, Vice President of US Operations at Grayce said...

"The transformation barriers cited by C-Suite professionals fall broadly into what we see as the main categories of why transformation projects tend to fail. The top one being cost. Businesses often find change is expensive and this becomes prohibitive. What's more, budget can be wasted and overspend can occur if the project is not planned out correctly in the first place. Scope creep is a common occurrence where transformation projects start with a certain scope and budget, but other considerations and challenges appear.

Another common challenge we find is that often, organisations' top personnel are trying to do everything, from scoping the programme, meeting with vendors right through to sourcing new tech and driving the change. It's often the case that programmes end up with bottlenecks and an imbalance of duties in the programme team.

This could be because there isn't the right balance of skills in the business. Change can be extremely complex, particularly when it includes new technology, so it's easy to see why projects fail or hit a standstill. Having a balanced team, with the right skills, focused on delivery and getting things done is key.

If project or programme leads do become overloaded, without a balanced team in place to undertake the work can have other implications too. Many people fear change and therefore resist it. While leaders are busy trying to get the projects strategised and working effectively, communicating the project to the wider organisation can often fall off. Having a team of change agents tasked with securing wider buy in is crucial. This will give the wider organisation the clarity they need to understand what the change is, what it will require of them and therefore, result in greater engagement with the change project.

This buy-in will help overcome one the biggest points of failure in digital transformation: ineffective roll-out. Once people are engaged with the project and understand the benefits you are intending for it to bring, it's critical to maintain this by keeping them up to date with progress and how this impacts them. This means they can support with roll-out by flagging challenges and useful solutions, for example if training is required. After all, it's impossible for teams leading the change to think of everything, so engage your best resource, your people.
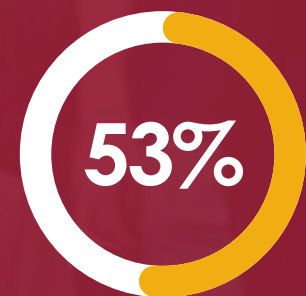
The rise of the Chief Transformation Officer

While there are several clear challenges that leaders face around transformation projects, positively, the research indicated an increased focus from leadership on change and transformation.

39%
of C-Suite professionals meet up regularly with leadership teams to discuss change and transformation requirements.

53%
agreed that the role of a chief transformation officer (CTO) is now more important than it was 3 years ago.

There has been a marked increase in the volume of Chief Transformation roles in recent years, and this is backed by multiple sources worldwide. 2022 research from Accenture found that it is a profession on the rise, with nearly all respondents (95%) in its research agreed that the role is critical to achieving transformation goals.

More than 90% of respondents stated that a permanent transformation office improves the alignment between strategy and execution, and the orchestration of multiple initiatives. So, what is it about CTOs that are making them highly sought-after individuals and a permanent fixture within the C-Suite?

CTOs have a dynamic role which involves being tuned into business processes, culture, technology needs, and overall ambitions of a business' strategy. Their role is critical to driving innovation, improve efficiency, and ensuring a company's long-term competitiveness.

When you consider the fact that half of half of C-Suite in the FTSE350 think that their organisation's current business model is unlikely to survive the next 10 years, the role of a CTO becomes even more critical.

While the appointment of a dedicated transformation officer will depend on the size and structure of an organisation, having a dedicated CTO, rather than trying to absorb the job between existing members of the C-Suite, can ensure the transformation is a proactive process, not just reactive.

We hope you've found the insights highlighted in this report useful and are able to adopt some of the key recommendations within your organisation.

About Grayce

About the research

Grayce partners with some of the world's most ambitious organisations to help deliver change and transformation projects. With over a decade's experience developing and deploying high-performing talent, Grayce delivers a low-risk and scalable solution and enables long-term capability build.

This research was carried out by Censuswide on behalf of Grayce in July 2024. 103 C-Suite professionals from FTSE350 companies were surveyed. For more information and further details, please get in touch with us on the email address above.

70% of Grayce's analysts end up staying with the organisation they have been placed in.

74% of Grayce alumni are in senior leadership positions within 5 years.

To find out how Grayce can support your business, get in touch:
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