



From Sustainment to Embedment

Rethinking the Endgame of Transformation

Executive Summary

Organizational transformations are usually the most complex and costly initiatives executives undertake. But the sobering fact is most organizational transformations fail, not because leaders don't try hard enough, or come up with workable designs, but because of a fundamental flaw in their mental model for change. Most transformations are designed to be *sustained* rather than *embedded*. They treat change as something that must be continuously reinforced and enforced keeping organizations fighting their own systems instead of redesigning them.

The prevailing explanation for unsuccessful organizational change are weak sustainment efforts. Not enough was done to follow-through and “manage the change” after implementation. Or, leaders somehow miscalibrated change readiness and if only they had shared their story more convincingly, employees would have truly made permanent shifts. We contend that such a perspective is both incomplete and potentially misleading. The root cause of failed organizational transformation lies in how leaders, and their advisors, think about what the goal of a transformation actually is. This shapes how we approach implementation and how we understand and measure success. It is the difference between adding dashboards, cadence meetings, and reminders to ensure compliance and changing how budgets are set, who can approve spending, what gets rewarded (and how), and which behaviors make someone successful in their role.

This paper argues that transformation endures only when change is embedded beyond the visible design of roles, reporting relationships, and processes. Leaders must redesign the underlying systems that shape priorities, decision-making, and incentives, ensuring the new way of working is not just defined, but naturally reinforced by how the organization operates. A design approach focused on embedment shifts perspective from maintaining change to making it inevitable. Enduring organizational change is realized not by resisting the current structure, but by redesigning it so that new behaviors become ingrained.

The Big Idea: Rather than focusing on sustaining change, focus your transformation on embedding change within your organization.

The Transformation Paradox

If transformation was an optional business investment opportunity, it's one that almost certainly no executive would sponsor. Despite substantial investment, approximately 70% of organizational transformations¹ do not achieve their desired objectives, and many of those that show initial success slowly fail over time. Cost savings are gradually eroded, newly established

1. McKinsey & Company, 'Losing from day one: Why even successful transformations fall short', 2021.



behaviors revert, and organizational structures return to previous states. In response, leaders often initiate another wave of transformation efforts. This time, it will be different, so the story goes, but inevitably the same pattern repeats itself with a slightly different cast of characters. What's even more astounding is that most executives, their teams, and even their managers will openly acknowledge this in hallway conversation and quietly assume the effort will fail from the start and yet also do nothing meaningfully different to change the outcome except for potentially hiring a different consulting firm.

When failure inevitably arrives, standard explanations include “we didn't invest enough in the change”, “we didn't work hard enough to sustain the change”, “we weren't clear on our priorities”, “we didn't communicate well enough”, or “we weren't ready for the change” so on and so forth. And while some or all of these may be true, they miss the mark in their evaluation because they misunderstand what transformations are supposed to accomplish and how.

Organizations aren't static machines that can be retooled and left to run; they're complex systems influenced constantly by both formal and informal dynamics that affect daily work. If these underlying systems remain untouched, they tend to pull everything back toward the previous status quo. Most change initiatives are approached as temporary interventions where organizations move from their current state to an envisioned future state and then aim to maintain those results through “sustainment.” The underlying belief is that disciplined effort will keep the new model in place once it's rolled out.

That's why many transformations only last as long as extraordinary effort continues. When focus shifts elsewhere, the organization often quietly slips back to old patterns.

Sustainment vs. Embedment

At the heart of this challenge is a critical distinction that is often blurred in transformation efforts: the difference between sustainment and embedment.

Sustainment: Fighting the System

Sustainment treats change as an external program applied to the organization. The new way of working is considered fragile and must be actively protected from decay through governance overlays, adoption tracking, communications, leadership reminders, training refreshers, and ongoing intervention. Success depends on maintaining these activities long enough for the old system to give way. This often means seven to ten years of sustained pressure, an expensive and unrealistic proposition for most organizations.

Sustainment asks leaders and employees to consistently behave *against* the gravitational pull of the existing system, and often against their own self-interest.

Embedment: Redesigning the System

Embedment takes a fundamentally different approach. Rather than fighting the system, it redesigns the system itself.



Embedment starts by identifying the formal and informal systems that shape behavior and how decisions are made, how people are rewarded, how work flows, how roles are defined, and how norms are reinforced. These systems are deliberately redesigned so the desired behaviors become the path of least resistance.

When change is embedded, reverting to old behaviors becomes difficult, inefficient, or irrational. The new way of working becomes inseparable from “how we do things around here.”

Consequently, sustainment activities become largely unnecessary. The organization itself provides reinforcement.

Why semantics matter: The lens of sustainment views change as an external initiative requiring continuous reinforcement. If there isn't external pressure continuously applied, then like Sisyphus rolling his rock up the hill, the change will decay over time. Sustaining the change assumes that without constant watching, reinforcement, and effort, things will revert back to the way they were before. The lens of embedment assumes no external effort need be applied once the change is integrated into the fabric of systems, structures, and culture, making it an intrinsic part of organizational operations. Once change is embedded, ongoing sustainment becomes largely redundant, as the organization itself perpetuates and reinforces new behaviors. In essence, embedment seeks to make the change “the way we always do things.”

The Hidden Costs of Sustainment

Organizations that rely on a sustainment strategy to drive change incur a set of systemic costs that are often underestimated or never calculated.

1. Phantom Savings

Cost reductions and productivity gains achieved during transformations frequently erode under pressure¹. When budgeting processes, decision rights, and incentives remain unchanged, managers naturally revert to familiar patterns² to deliver on asks which add headcount, expanding scope, or restoring spend.

Savings not embedded into systems are rarely durable and it's likely the savings supposedly captured may never have been real³. Employees are savvy and have been operating in the current system for long enough to know how to tell the story they need to tell without ever actually changing.

2. Sleesman, et al., 'Putting escalation of commitment in context: A multi-level review and analysis', The Academy of Management Annals, 2018

3. Espin and Garcia-Martinez, 'Behavioral economics in people management: A critical and integrative review', Behavioral Economics, 2026



2. Cynicism and Credibility Loss

Sustainment requires leaders to re-sell the rationale for change. Over time, employees recognize the gap between messaging and experience. Each new campaign is met with greater skepticism, making future transformations harder to mobilize⁴.

3. Transformation as a Permanent “Second Job”

Sustainment activities layer additional work onto already full roles: extra meetings, extra reporting, extra communications. These efforts often depend disproportionately on a small group of high-performing leaders, increasing burnout and attrition risk⁵.

4. Dependency on the Transformation Machine

When change is not embedded, sustainment never truly ends. Organizations become dependent on permanent transformation offices, governance forums, and external support simply to prevent regression⁶. The cumulative cost can far exceed the original value created

Collectively, these dynamics explain why many organizations appear to be in perpetual transformation.

Designing for Embedment: A Systems Perspective

Embedment shifts reinforcement from people to systems. When systems, structures, and norms are aligned, the organization itself becomes the engine of durability.

Absent intentional design by leadership, these systems will form organically, consistently yielding the outcomes for which they are inherently structured. This concept is attributed to W. Edwards Deming, who noted organizations achieve results according to the design of their systems, and even highly capable individuals cannot overcome an inadequate system⁷.

Organizations as Complex Systems

Organizations are complex, not complicated⁸. Changes in one area cascade into others. Incentives interact with structure. Governance shapes culture. Technology influences behavior in unintended ways.

As a result, isolated interventions rarely hold. Embedment requires coordinated changes across multiple, interacting systems.

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4. Khaw, et al., ‘Reactions towards organizational change: a systemic literature review’, *Current Psychology*, 2022
 5. Morain and Aykens, ‘Employees are losing patience with change initiatives’, *Harvard Business Review*, 2023
 6. Boston Consulting Group, ‘Transformation: Delivering and sustaining breakthrough performance’, 2016
 7. Deming, W. Edwards. (2000). *Out of the Crisis* - 2nd Edition. Kindle Edition. The MIT Press
 8. Kinni, ‘The Critical Difference Between Complex and Complicated’, *Sloan Review*, 2017



The Embedment Architecture

Our experience suggests successful embedment requires deliberate alignment across four mutually reinforcing elements:

Leadership

Leadership send the strongest signals in an organization, especially during challenging times. Actions matter more than words, making leader behavior a reflection of organizational values and signal which behaviors/activities are valued and which are not. For transformation to last, leadership standards must be clear, formalized, and enforced.

Organizations often rely on vague notions of “good leadership”, leading to inconsistent expectations. To prevent this, leaders should clearly define expected behaviors, unacceptable actions (even if results are positive), and how to balance delivery, people, and risk. Leaders need to constantly reflect on how their actions and words are communicating what is important, particularly during the initial stages of a transformation, employees will be hyper focused on looking for signs as to whether the transformation is “serious” or something to be waited out.

Embedding leadership into systems, performance reviews, promotions, compensation, development, and onboarding ensures standards are consistently applied. These systems shape daily decisions and signal which behaviors are rewarded or penalized, ultimately guiding culture. And if leadership expectations aren’t well-defined, micro-cultures form, causing fragmentation and undermining trust. Clear, embedded standards create a unified leadership approach across the enterprise because reinforcement about what is rewarded and what is not are constantly and consistently messaged from all aspects of the operating model.

Effective leadership is deliberately designed it is not left to chance or personality. Senior leaders must ensure systems reinforce consistent expectations, giving employees clarity and stability rather than confusion.

Rules

Rules translate leadership intent into daily actions and shape how work gets done, especially under pressure. Effective rules are explicit, intuitive, and built into the system, so employees know what is expected without constant oversight.

Rules go beyond written policies; they include decision rights, approval processes, planning mechanics, operating norms, and risk protocols, all reflecting what the organization values. Whether we were conscious of it or not, we learned what the rules were for success and how to behave. These rules, not documented policies, govern employee behavior. When these rules conflict with transformation goals, old habits persist because employees act according to what ensures their success within the system.

True change occurs when peers, not managers, enforce new rules, signaling a shift from compliance to identity. For lasting transformation, leaders must design rules that are clear, intuitive, reinforced by systems, and consistent, even during stress.

This requires eliminating outdated processes that hinder new ways of working. Ultimately, leaders need to ask which behaviors their rules really reward and adjust them to drive desired



outcomes. In embedded transformations, rules make it hard to revert to old behaviors, allowing the organization to self-regulate over time.

Purpose

Purpose acts as an adaptive compass for organizations, guiding decisions when rules or policies fall short. No company can anticipate every scenario; instead, people rely on purpose to make sound judgments in unexpected situations. Purpose helps employees understand not just how but when to apply rules and which principles matter most.

Organizations often confuse consistency with rigidity, adding more rules that slow decisions and stifle initiative. With embedded purpose, actions may differ according to context, yet remain aligned in intent, enabling speed and autonomy without chaos.

Structures and processes are simplifications; purpose bridges the gap to real-world execution. Connecting roles and workflows to value creation empowers employees to handle edge cases without escalation.

Sustainment relies on oversight, while purpose-driven embedment equips staff to act wisely when supervision is absent. Under pressure, purpose becomes the reference point for action.

Leaders must integrate purpose into decision-making, roles, accountability, recognition, and leadership behaviors. When treated as a dynamic element, purpose fosters scalable adaptive behavior.

Ultimately, embedded purpose allows organizations to deviate intelligently from rules to create value, ensuring stability without rigidity and flexibility without fragmentation. Transformation thrives even amid unforeseen challenges.

Community

Community is a powerful yet often overlooked force in organizations. Before new hires learn formal policies, they pick up on unspoken social cues about what behaviors are accepted or rewarded. People naturally seek belonging, adapting their actions to fit peer norms for acceptance and survival.

Social systems, peer expectations, shared identity, visible role models, regulate behavior more effectively than formal controls. Immediate feedback from peers, not official training, typically shapes conduct. Informal learning from colleagues often outweighs formal onboarding.

Transformation efforts falter when leaders focus on formal change programs but ignore social dynamics. New employees quickly learn old habits through daily interactions, undermining formal initiatives.

Traditional sustainment methods struggle to shift community norms because they rely on external enforcement. Employees prioritize social acceptance over compliance, particularly when the community is likely to provide more safety and when change feels imposed rather than integrated there is a tendency to circle the wagons and protect against it.



Leaders must intentionally shape the social system by making role models visible, fostering collective practice of new norms, recognizing exemplary behaviors, and building shared language. These steps gradually redefine what is admired and expected.

When community standards align with organizational goals, people embrace change as part of belonging, not just compliance. Lasting change happens when social influence drives behavior rather than managerial oversight.

Leaders should ask whether their community culture supports future goals or clings to the past. Embedding change in community norms and identity leverages our intrinsic need to belong, becoming the strongest driver for lasting transformation.

Bringing It All Together

Purpose, Leadership, Rules, and Community are interconnected components that collectively determine how work is conducted, particularly in uncertain or high-pressure environments where formal guidelines may be lacking. These four elements serve as the foundational pillars of organizational embedment.

Each component contributes uniquely to the system:

Purpose acts as a guiding principle, supporting adaptive decision-making when rules are ambiguous or situations are unprecedented.

Leadership establishes behavioral expectations, demonstrating through action especially during periods of stress what is valued and rewarded.

Rules operationalize intent, shaping standard behaviors by facilitating certain actions while discouraging others.

Community reinforces shared norms through social dynamics, influencing which behaviors are emulated, corrected, or discouraged.

Alignment among these elements negates the need for ongoing sustainment efforts such as reminders, monitoring, or external reinforcement; the system inherently maintains change. Conversely, sustainment measures often attempt to address misalignment by adding layers of effort atop an unchanged structure, leading to fatigue, reversion, and continual intervention.

A design approach focused on embedment shifts perspective from maintaining change to making it inevitable. Leaders emphasize system coherence and belonging over mere compliance or correction of behavior. This is a pivotal leadership transformation: enduring organizational change is realized not by resisting the current structure, but by redesigning it so that new behaviors become ingrained.

When Purpose informs adaptation, Leadership provides consistency, Rules guide default practices, and Community upholds norms, transformation is sustained within the organization's culture rather than extraordinary effort. This distinction between sustainment and embedment underscores why these four elements are central to lasting transformation.



Sidebar: Why Sustainment Hurts IRR (A PE Perspective)

Private equity success relies on generating cash flows that last beyond the holding period. However, many portfolio company transformations unintentionally put this goal at risk.

From an investor's point of view, sustainment-focused changes lower IRR through four main ways:

1. Value That Needs Ongoing Spend Isn't True Value

Sustainment strategies often require constant investments like transformation offices, extra reporting layers, change management, outside advisors, and additional management attention to keep improvements in place⁹. These recurring costs eat into free cash flow and lower exit multiples. Savings dependent on ongoing overhead look less like long-term improvement and more like temporary boosts to EBITDA.

2. Gains Fade After the Hold Period

Gains that rely on sustainment are unstable⁹. They usually need executives to be consistently focused on maintaining them a focus that shifts during leadership changes, refinancing, or pre-exit periods. Value that isn't deeply ingrained can disappear just before or after exit, making buyers skeptical and lower valuations⁹.

3. Management Capacity Is the Limiting Factor

In sustainment focused models, creating value depends disproportionately on a few senior leaders constantly "keeping things running." This adds key-person risk and distracts management from growth, M&A, or scaling operations. For private equity, this limits both how quickly value is created and possible strategic options.

4. Buyers Discount Non-Self-Sustaining Improvements

Sophisticated buyers and lenders now look beyond headline EBITDA figures to understand how results are achieved. If performance relies on extra effort, special oversight, or continual involvement, those earnings are seen as lower quality. Lasting changes, rooted in systems, incentives, decision-making, and routines, earn higher trust and command better multiples¹⁰.

The Advantage of Embedded Value for IRR

Embedding value shifts the focus from results that require constant effort to results driven by solid systems. Though it might demand more upfront design work, this approach greatly improves durability, lowers ongoing costs, and boosts buyer confidence.

For PE investors, the message is clear:

9. Braun, Jenkinson, and Stoff, 'How persistent is private equity performance? Evidence from deal level data', Journal of Financial Economics, 2017

10. Biesinger, Bircan, and Ljungqvist, 'Value creation and persistence in private equity', American Economics Association, 2018



Transformations that deliver the highest IRR aren't just the fastest at improving EBITDA they're the ones that make those improvements stick, even after the deal team has exited.

Conclusion

Transformations fail not because leaders fail to sustain them, but because they are rarely designed to endure.

Sustainment treats change as something that must be protected from the organization.
Embedment treats change as something that must be built into it.

Leaders who make this shift from maintenance to design can move off the transformation treadmill and create organizations where the right way of working is not maintained, but inevitable.

