

PREVIEW  
EDITION

# McKinsey Quarterly



On the cusp of a new era

2023 Number 1



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# McKinsey Quarterly

## Finding opportunity amid turbulence

We hope that you find every issue of *McKinsey Quarterly* vital as you confront your most critical challenges and opportunities. Now, we're delighted to offer you a new option: a digital edition with all the content and elegance of the print magazine in an engaging package that helps reduce our collective carbon footprint. This new digital edition of the *Quarterly* is available via a free, invitation-only membership. It's easy to sign up at [McK.co/MQmembership](https://McK.co/MQmembership), where you can learn about the other benefits of membership, including exclusive access to free downloads of our 100 most important reports. Once you sign up for your membership, we'll email you about whether you'd like to continue receiving the print edition as well.

Our digital edition is one small part of McKinsey's commitment to achieving net-zero climate impact by 2030. As the stories in this issue make clear, CEOs and business leaders across the globe are finding opportunity in the face of disruptions. As the authors of "A devilish duality: How CEOs can square resilience with net-zero promises" write, "Executives are on the spot to lay out credibly how they will deliver against the certain volatility of ongoing economic and political shocks."

Buffeted by repeated gales, leaders need the space to step back and clearly assess the environment—to discern between the trend of the minute and those shifts that are truly deep and meaningful. The authors of this issue's cover story, "On the cusp of a new era?," provide that perspective. Chris Bradley, Jeongmin Seong, Sven Smit, and Jonathan Woetzel posit that we may well be on the verge of a break from the past that is as significant as the ruptures caused by events such as the oil crisis of the 1970s and the breakup of the Soviet Union. But what would be the shape of such a new era? How would a profound global shift affect the way business leaders manage their organizations? These are the questions so many executives are asking themselves now.

Our cover story authors provide a framework for answering these queries. They look at this approaching era through the lens of five domains: the world order, technology platforms, demographic forces, resource and energy systems, and capitalization. The coming shifts in these domains will have a profound impact on almost every organization. Our story should help ensure that you ask the right questions to prepare for whatever is around the corner.

This new era will present great challenges, but it will also provide the setting for great opportunities, such as these:

- In a groundbreaking article, "The future of banks: A \$20 trillion breakup opportunity," Balázs Czimmer, Miklós Dietz, Valéria László, and Joydeep Sengupta envision the future

of financial services. The industry may be on the verge of a massive reorganization in which banks and nonbanks compete on platforms across five massive arenas. It's a shift that will affect every business and every person who engages with financial services.

- Thanks to low-cost launches and other efficiencies, the space economy is ready to blossom into an industry that could transform the way we live and work. In "How will the space economy change the world?," Ryan Brukardt suggests that companies across a range of industries will need to develop their own space strategies as this longtime incubator for innovation starts becoming more accessible. Whether better satellite data for agriculture and energy or manufacturing and R&D in zero gravity, space offers a host of benefits for prescient companies.
- The lure of software continues unabated, write Chandra Gnanasambandam, Janaki Palaniappan, and Jeremy Schneider in "Every company is a software company: Six 'must dos' to succeed." Software transformations are not easy—less than 7 percent of global software revenue accrues to nontech companies. But the rewards to those organizations that pull it off are great.

If you ask José Andrés, the internationally renowned chef who is the subject of this issue's *The Quarterly Interview: Provocations to Ponder*, every emergency has something to teach us. In Andrés's own words, "It's important to bring the spirit of emergencies to the long term." The turbulence of our times offers great potential for leaders who can examine it with perspective and find opportunities for innovation and growth within it.

As always, we invite you to dive deeper into these subjects on McKinsey.com. One great way to stay connected is to sign up for the full range of McKinsey newsletters, including *Re:think*, the *Quarterly's* most recent offering, by visiting [McK.co/subscriptions](http://McK.co/subscriptions). And, of course, we hope you'll sign up for our new digital edition, as either an alternative or a complement to this print edition, at [McK.co/MQmembership](http://McK.co/MQmembership). We welcome your feedback and hope you will be in touch: you can reach me at [QuarterlyEditor@McKinsey.com](mailto:QuarterlyEditor@McKinsey.com).



**Rick Tetzeli**

Editorial director,  
*McKinsey Quarterly*

## Table of contents

### Outlook



#### The future of aviation in charts

8

##### Can we fight climate change—and still fly?

Global aviation can achieve zero emissions by 2050. Success hinges on investments in efficiency and new fuel and propulsion technologies.

10

##### Not all planes are created equal

Just like vehicles on the road, newer aircraft are more fuel efficient and getting better all the time.

12

##### Aviation fuel 2.0

Fuel efficiency can take aviation only so far. The industry also needs to ramp up alternative-fuel production.

14

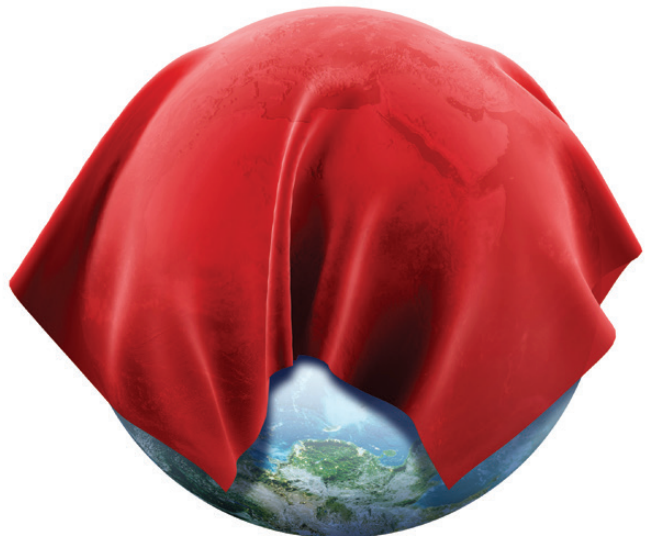
##### Novel propulsion: Another flight path

In the future, aviation could achieve emission reductions through green propulsion technologies, such as battery-electric, hybrid, and hydrogen power.

## 16 On the cusp of a new era?

Current economic and political turbulence could presage the start of a new era that's structurally very different from the past, with a modern narrative of progress.

*Chris Bradley, Jeongmin Seong, Sven Smit, and Jonathan Woetzel*



## 30

### **A devilish duality: How CEOs can square resilience with net-zero promises**

Amid turbulence on the path to net zero, leaders will have to be much nimbler to balance resilience with an energy future that is secure, affordable, and clean. Five actions can help.

*Bob Sternfels, Anna Moore, Daniel Pachod, and Humayun Tai*

## 38

### **Starting strong: Making your CEO transition a catalyst for renewal**

The best CEOs use the first six to 12 months of their tenure as a moment of great personal transition and institutional renewal. There are four keys to success.

*Carolyn Dewar, Scott Keller, Vikram Malhotra, and Kurt Strovink*

## 50

### **'It's important to bring the spirit of emergencies to the long term'**

In the third *The Quarterly Interview: Provocations to Ponder*, chef and nonprofit founder José Andrés talks about embracing emergencies for what they can teach us about solving long-term problems and being effective in two different spheres.

## 58

### **The future of banks: A \$20 trillion breakup opportunity**

Banking is radically transforming. Many banks can thrive by fundamentally changing the way that financial services are embedded into daily life.

*Balázs Czímer, Miklós Dietz, Valéria László, and Joydeep Sengupta*

## 72

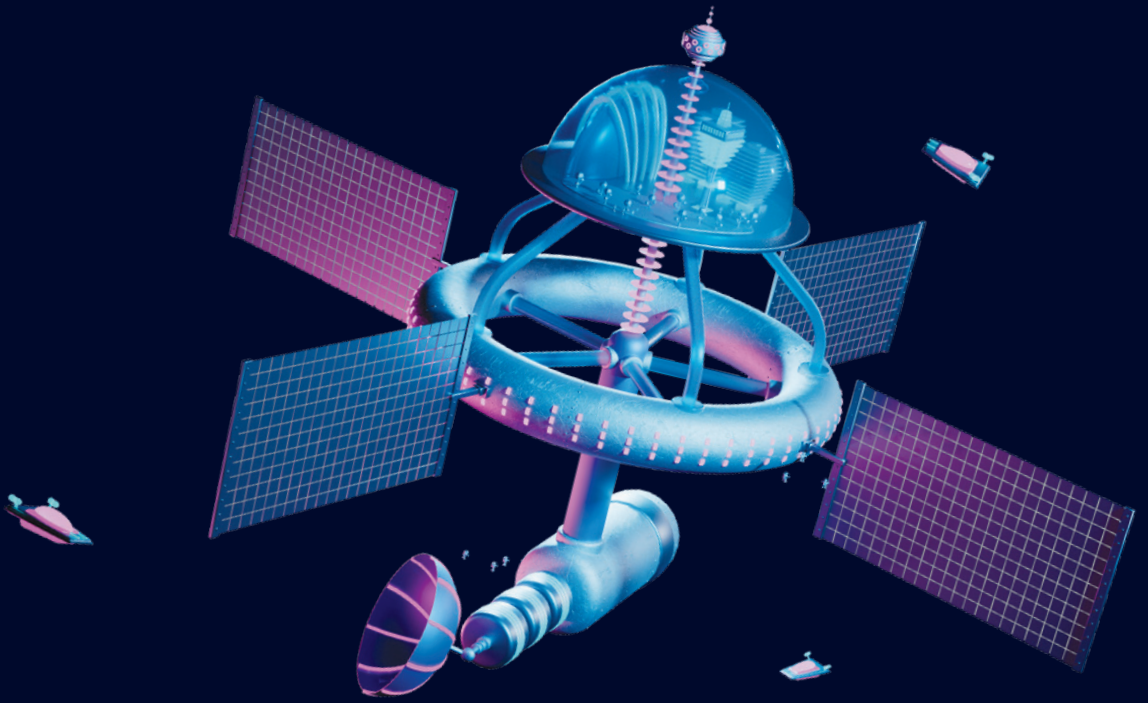
### **Re th!nk**

### **Shifting to a new mindset for equitable business outcomes**

Companies that really want to make a sustainable difference when they think about equity may need to change mindsets.

*Tiffany Burns*





# 74

**How will the space economy change the world?**

Space is no longer the sole domain of governments and aerospace and defense companies. Businesses that pursue emerging opportunities now may gain a first-mover advantage.

*Ryan Brukardt*

# 102

**Re thInk**

**A more efficient food system can build global resilience**

There are six breadbaskets in the world. Combined, Ukraine and Russia are a big one. The region produces 28 percent of the world's exported wheat and 15 percent of its corn.

*Nicolas Denis*

# 82

**A defining moment: How Europe's CEOs can build resilience to grow in today's economic maelstrom**

Can leaders lift their companies to the next frontier of resilience—not only to survive but also to thrive?

*Hemant Ahlawat, Homayoun Hatami, María del Mar Martínez, Alfonso Natale, Thomas Poppensieker, and Andreas Raggl*

# 92

**Every company is a software company: Six 'must dos' to succeed**

As software transforms every industry, leaders must turn to a new playbook.

*Chandra Gnanasambandam, Janaki Palaniappan, and Jeremy Schneider*



# 104

## Reducing food loss: What grocery retailers and manufacturers can do

An estimated \$600 billion worth of food is lost during or just after harvest. Can manufacturers and grocers do anything about it? Definitely—and it will be good for business, people, and the planet.

*Moira Borens, Sebastian Gatzert, Clarisse Magnin, and Björn Timelin*

# 114

## The 125th anniversary of the little engine that couldn't

Once upon a time, the Stanley Steamer was the “car of the future” that broke speed records, drove beautifully, and famously climbed Mount Washington. What could go wrong?

*Russell Hensley, Moritz Rittstieg, and Shivika Sahdev*

# 119

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# Outlook

The future of **aviation** in charts



# Can we fight climate change—and still fly?

Global aviation can achieve zero emissions by 2050. Success hinges on investments in efficiency and new fuel and propulsion technologies.

**C**ommercial aviation accounted for roughly 2.5 to 3 percent of global CO<sub>2</sub> emissions in 2019. When all related factors (such as the impact of air pollution and water vapor) are included, the share could be double that or more. A growing number of airline passengers around the world are worried enough about the environmental impact of aviation that they feel shame about flying or say they plan on flying less often.

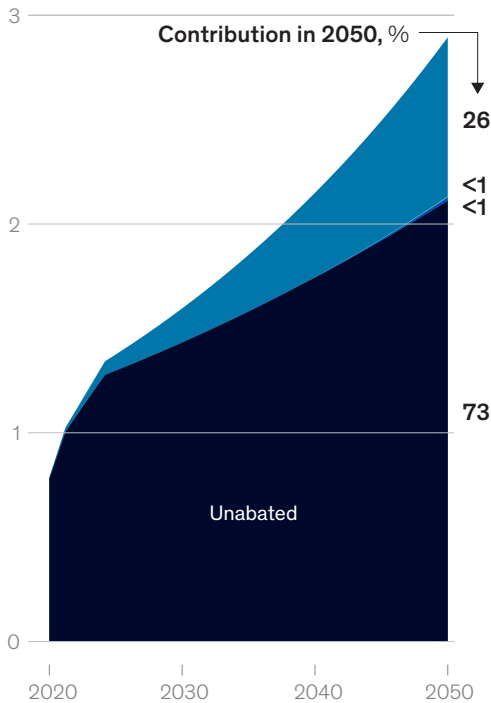
Airlines have committed to achieving carbon neutrality by 2050, a goal that will require

## Global aviation can achieve net zero by 2050.

Projected aviation greenhouse-gas (GHG) emissions, by scenario, gigatons of CO<sub>2</sub> equivalent

- Continued historical fuel efficiency improvements
- Additional fuel efficiency improvements

### Business-as-usual scenario

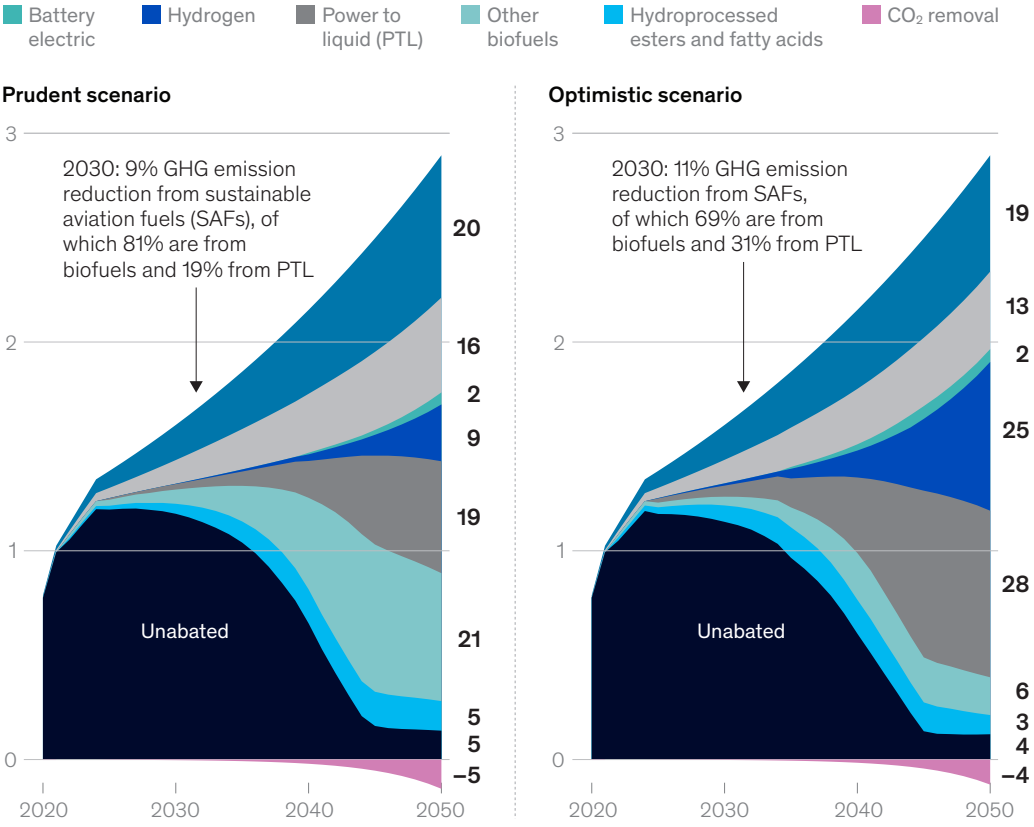
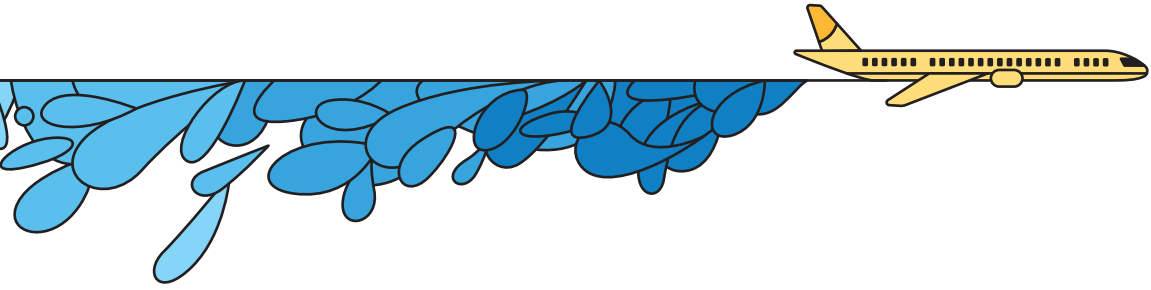


approximately \$175 billion a year (not including the capital cost of new conventional jet aircraft), on average, for the next 28 years. Around 80 to 90 percent of these investments would go to the production of sustainable aviation fuels (SAFs). To achieve carbon-neutral growth by 2030, SAF production capacity must be ramped up by a factor of five or six compared with existing and planned plants.

The remainder of the investment would go to the longer-term goal of developing battery-electric, hybrid-electric-, and hydrogen-powered aircraft,

as well as the renewable-electricity and green-hydrogen production plants to power them. Electric- and hydrogen-powered aircraft could help reduce CO<sub>2</sub> and other types of emissions, such as nitrogen oxides and contrails.

→ This outlook is derived from eight articles, reports, and blog posts about aviation published in the past year on McKinsey.com.



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