BCG

Weekly Brief

November 25, 2025

# Reshaping a Portfolio Is Hard and Often Necessary

Reshaping a company's portfolio is among the hardest jobs in business. Leaders must decide which businesses to hold, grow, or let go. And they have to make these calls before the answers are obvious.

My colleagues recently studied companies in the S&P Global 1200 that had reshaped their portfolios to understand what the best—defined by relative TSR performance compared with peers—did differently.

From 2010 through 2020, about one-quarter of companies shifted their business mix by 30% or more, as measured by revenue, while about one-fifth changed their portfolio mix by less than 10%. There was no correlation between the size of portfolio shifts and their value creation performance. Instead, six practices raised the odds of outperforming their peers in TSR:

1. **Act early.** Have the foresight to start before disruption begins weakening the core.

2. **Keep the core stable.** A stable core typically generates cash for new investment—and allows management to focus on building the future.

3. **Prune as well as add.** Successful portfolio moves sharpen the focus of the enterprise through both addition and subtraction.
4. **Move in steps.** Even large shifts in a portfolio are generally best achieved through a series of moves rather than a single blockbuster. Let each move inform the next and reduce risk.
5. **Demonstrate financial discipline, especially in M&A.** Avoiding significant erosion in return on capital builds trust with investors.
6. **Tilt toward higher growth.** Shift exposure to businesses with greater revenue growth potential.

Each practice helped on its own but was not enough to drive outperformance. Combining them had a compounding effect. Three-quarters of businesses that incorporated two or fewer of the practices underperformed, while nearly two-thirds of those that employed five or all six practices outperformed. More is better.

**An Example of a Success Story**

In 2010, Boston Scientific was a leading stent manufacturer, deeply rooted in cardiology—both “interventional” cardiology (e.g., coronary stents) and cardiac rhythm management (e.g., defibrillators, pacemakers). But it faced familiar challenges: its core cardiology markets were maturing, competition intensifying, and growth slowing. The company held established footholds in categories beyond cardiology such as endoscopy, urology, and neuromodulation, but they were comparatively small in revenue. The company faced a choice—remain over-indexed on a narrowing field or expand in adjacencies where its clinical expertise and commercial infrastructure could be leveraged to accelerate growth.

It chose the latter. Over the next decade, Boston Scientific made selective divestitures and expanded in higher-growth cardiology categories—building leading businesses across structural heart and electrophysiology. It also made several acquisitions to strengthen positions in categories such as urology and oncology. These adjacencies were natural extensions: they addressed overlapping patient populations, could be sold through existing physician relationships, and drew on the company’s know-how in minimally invasive interventions.

Boston Scientific pursued the transformation deliberately. It entered adjacencies initially through smaller acquisitions that the company integrated carefully before scaling. By 2020, legacy interventional cardiology represented less than 25% of company revenues—and the majority of revenue had shifted to categories that positioned the company for sustained growth.

Value creation followed. Boston Scientific delivered +157% relative TSR, with investors rewarding both the company’s strategic clarity and growth.

Boston Scientific followed the six practices except the first one. It did not start early. The company began its transformation as an underperforming stock but demonstrated how disciplined execution can allow a company to successfully reinvigorate itself and chart a new course.

## Insight and Discipline

The six practices tilt the odds, but success also requires insight and discipline. Today’s environment demands both—markets move, technologies advance, profit pools shift.

Insight is essential for setting direction. Discipline delivers outcomes.

Until next time,

**Christoph Schweizer**
Chief Executive Officer

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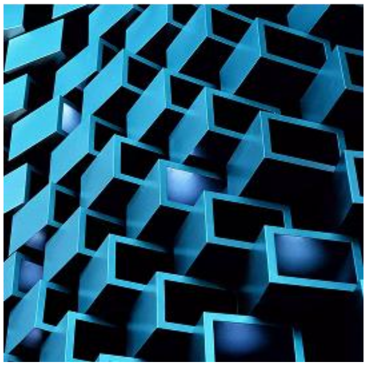
## Further Insights



## Reshaping a Business Portfolio Is Hard—What Separates the Best from the Rest?

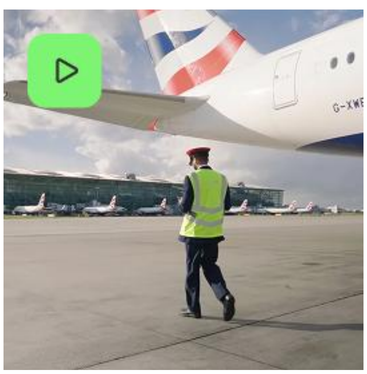
Most efforts fail to outperform. But embracing six best practices significantly tilts the odds in your favor.

OUTPERFORM BY DESIGN

## M&A, Transactions, and PMI

BCG provides the strategic decision-making capabilities and active portfolio management companies need to create value from M&A, transactions, and PMI.

DRIVE STRATEGIC GROWTH



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