Chief Strategy Officer: The Changing Imperative

BY MANISH PAJAN, PARTNER
An uptick in economic activity is an excellent time for organisations to assess their readiness for the growth ahead. As the Indian economy sprouts green shoots, the role of the Chief Strategy Officer (CSO) in companies is increasingly in the spotlight. (Often times, alternative designations like Chief Growth Officer or Head – Strategy & Business Development may also be used.) Those companies that have never had a formal CSO role have started to believe the time may be right for someone competent to guide the course of the ship, someone with a keen eye who would look ahead for potential opportunities and pitfalls, and even watch out over the port and starboard sides for any “flanking threats”.

Even the larger, more established companies that have had a senior CSO for a few years are re-assessing the role of the CSO. They’ve been well served by a Strategy Head thus far, and there’s no dissatisfaction per se. But the recurring question being asked is: What should be the focus areas for a CSO going ahead, in the age of digital business, millennial consumers, competition from non-traditional sources, and frequent disruptions to hoary business models?

More and more CEOs are grappling with questions like: What kind of a background should my ideal CSO have? Should my CSO be more of a “thinker” or a “doer”? Where do I find the “best fit” CSO?

This paper is an attempt at sharing some of our findings, and helping CEOs find the most relevant and tailored solution. After all, every ship sails a unique journey – no captain wants a cookie-cutter approach that ends up driving the ship off course!

A CSO could assume a diverse set of responsibilities in an organization. The six most common ‘Responsibility Buckets’ and the main tasks within each are as follows:

1. **Business Planning:**
   - Facilitate the business planning cycle for various business units / operating companies
   - Define frameworks for performance evaluation
   - Measure and track performance via Balanced Scorecard
2. **Strategy Review & Formulation:**
   - Lead review and formulation of business strategies, vision, mission, core values
   - Act as sounding board to business leaders
   - Champion the use of strategic tools: scenario planning, portfolio optimization, stress test, etc

3. **Strategic Projects:** Lead or support strategic projects in areas such as
   - Performance improvement
   - Productivity improvement
   - Cost optimization
   - Market expansion
   - Restructuring
   - Post-merger integration (PMI), etc.

4. **Corporate Initiatives:** Champion company-wide corporate initiatives in areas such as
   - Quality
   - Innovation
   - Corporate Brand
   - Customer Centricity
   - Customer Loyalty
   - Sustainability
   - Employee Engagement/Retention
   - Synergies
   - Best Practices, etc.

5. **Growth & Diversification:** Support the company’s growth through entry into new businesses
   - Identify opportunities for growth
   - Lead business case development for the same
   - Incubate new ventures via pilots
   - Lead or support inorganic growth initiatives – M&A, strategic alliances

6. **Thought Leadership:**
   - Analyst Reports
   - Economic Updates
   - White Papers
   - Customer Insights
   - Trend Forecasting
   - Business Intelligence
   - Competitive Benchmarking
   - Industry Partnerships, etc.

In reality, CSOs can – and do – have a wide array of responsibilities: from traditional business planning and strategy review, to leading projects and executing the growth agenda.

The degree to which each of the 6 Responsibility Buckets gets dialled up within a CSO’s portfolio depends on a mix of factors: Company vision, Nature of business, Market context, Evolution of the Strategy function within the company, etc.
The CSO’s personal preferences should not be underestimated, which in turn are shaped by their educational background, professional experience, personality and aspirations.

In the discharge of responsibilities, the CSO would need to be highly adaptable and flexible in style, perhaps more than in other roles. Expressed another way, the CSO should be able to wear multiple hats, depending on the situation, in order to be most effective. These could be the hat of a Challenger, the hat of a Business Developer, the hat of a Process Custodian, etc. (see below)

While adaptability, flexibility and versatility are important attributes, what is equally important for the CSO is the ability to exercise **choice**: since it is almost impossible for a CSO to be all things to all businesses!
Must Haves for a Successful CSO

Some of the winning skills and personality traits that can set up a new CSO for success in their role:

- Experience in consulting, operations or strategic planning:
  - Management consulting with a leading consultancy firm, OR
  - Functional experience (sales, marketing, finance, product development) or P&L experience – preferably in a multi-product line environment, OR
  - Strategic planning in a reasonably large business (least preferred option)
- Visionary and Strategic thinking skills – great at seeing patterns and connecting the dots
- Business acumen – quick to grasp underlying revenue, cost and profit drivers
- Sound judgement based on a combination of observation, analysis and experience
- Proactive and constructive style of engagement with business leaders
- Communication (especially listening), influencing, and relationship building skills

Management consultancy firms are still a favoured hunting ground for CSOs because of the training, exposure and high quality of the “raw material”. Having said that, when the role needs a high bias towards operations, it has been seen that those with a functional or operating background are the preferred choice for driving the strategy/transformation agenda of the company.

On their part, board members, CEOs and CHROs must ensure that they position the CSO role at sufficient seniority: the CSO should ideally report to the CEO, given the centrality of the function to organizational growth. The CSO should also have parity with other CXOs along with a future path (ideally one that is time- or milestone-based) into a P&L role.

When we asked a few CSOs about their biggest focus areas (in terms of time spent) as of today, and where they see the bulk of their time being spent in the next year or so, the findings were quite insightful. They pointed to a broad-based trend towards greater involvement of CSOs in business operations and increased responsibility sharing for business outcomes.

**CSO #1 – VP, Strategy & Business Development at a Diversified Industrial and Consumer Products Company**

*(Background: Management Consulting)*

- “I spend about 35% of my time running projects that are core to delivering our strategy. Another 20% of my time is spent in identifying avenues of growth – and I see myself devoting more time to this area over the next 12 months.”
- “There is now a much higher focus on execution from my side. Not just managing dashboards, but driving 1-2 projects all the way through implementation.”
- “One of my main challenges is how do we stay ahead of the curve in terms of spotting opportunities and threats to our varied portfolio.”
- “In the last year, I’ve had a lot of learning to do in new-age fields like digital, analytics and social media – even though they don’t yet have a major or immediate impact on most of our businesses.”
CSO #2 – SVP, Strategy & Projects at an Automotive OEM  
(Background: Product Development and Commercial)

■ “In our 3-year planning cycle, it is during the year of unveiling that we make long-term business plans, craft future strategy, cascade it within the company, etc. – all of this takes around 70% of my time. In other years this would be only 30-35%.”
■ “In the next 12 months, I expect to devote more time to executing key projects, pushing for M&A and alliances, and transformation/change management.”
■ “A major focus area of mine is developing lead and alternative scenarios for the future of mobility.”
■ “Govt. regulations and irrational actions by other OEMs are major challenges in our business.”
■ “Key skills for CSO going forward: Understanding of digital/social media/analytics and empirical learning, i.e. sensing trends, learning best and worst practices from others, etc.”

CSO #3 – President, Strategy & Alliances at a Real Estate Developer  
(Background: Management Consulting)

■ “As much as 50% of my time is consumed by driving key projects or initiatives for the group, and another 20% towards pursuing opportunities for growth.”
■ “Our organization is in expansion mode. So, in the coming 12 months, I see more time devoted to business planning, strategy making and growth, growth, growth!”
■ “My biggest challenge? Easing my bandwidth constraints – expanding my team to provide more leverage on my time.”
■ “In my book, the most important skills for a CSO: business acumen, analytical skills, listening skills & relationship building skills.”

CSO #4 – VP, Marketing & Strategy at a Financial Services Company  
(Background: FMCG Sales & Marketing)

■ “My top three focus areas are: (1) growth through strategic alliances and partnerships, (2) long term strategy and annual business plans, and (3) tracking performance and identifying areas for fine-tuning. All put together, I devote 65-70% of my time to these areas.”
■ “A feel for business is the No. 1 skill for a strategy head, but it’s also important for him/her to have an experimentation mindset, and not be rigid. He/she should have a solution orientation, rather than being prescriptive or theoretical.”
■ “My No. 1 challenge is how to create alignment across the entire organization for effective execution of strategy.”

The Time to Act is Now!

In recent times, there has been a discernible shift in emphasis across company types: from a pure staff role where CSOs were advisors to their CEOs and internal consultants to their business heads, the CSO role has evolved to that of a highly engaged business partner with accountabilities for execution and specific business delivery.

Regardless of what their background is, potential CSO candidates will need a few critical skills for long term success: strategic thinking, business acumen and a knack for execution are certainly core attributes, but so are the more personal traits of humility, trustworthiness and relationship building.
The message is clear: If companies wish to take maximum advantage of the growth opportunities that lie ahead, they need to reorient their strategy function into a more active business role. Companies must ensure they have CSOs who are not only adept at defining the growth agenda but can personally take ownership for driving business results while displaying high learning agility. Only then will a win-win be ensured for all.
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