A new business landscape demands new tools, yet it also requires new executive roles, organizational models and management skills. Some are fads, but these new executive roles (chief digital officer, chief data officer, chief commercial officer, etc.) serve a purpose. They challenge dated views on leadership and empower a generation of creative thinkers to break into the C-suite (in both start-ups and mature organizations). This article explores how these new roles develop and examines what skills are needed for today’s new C-suite.
Companies are having to bring themselves up to speed fast and transform their mindsets and organizations.

The exponential cadence of this digital economy makes it challenging to gain an edge, and keep it. If the new basis for competition is agility (and speed), what are the implications for leadership roles and models?

Networks that connect people, and things, are forming (and failing) so quickly today; the proverbial curve that we all aspire to stay ahead of requires a commitment to reading blogs and headlines that is difficult to sustain. One can almost be sentimental for the days when product development cycles — reflective of broader buying patterns and marketplace trends that set the pace of business — were measured in years, not minutes.

Indeed, in some cases, in digital terms, product innovation cycles have reduced to seconds. Some leading e-commerce companies use real-time data on user interactions and third-party consumer data to “create” new offerings on the fly, bundling products and deeply personalized discounts, which, rather than being calculated by a team the week before, are computed by an algorithm in a fraction of a second.

The immediacy of the digital world demands a different approach, and part of this change entails exploring new leadership models.

A mindset for change: the digital-ready CIO

Long gone are the days when CIOs just manage help desks and data centers; those stuck in that mode are increasingly diminished or moved out. Some find themselves uncomfortably “coupled” with a younger, more design-oriented “digital” executive, who probably talks fast, is always posting pictures of their lunch on Instagram and rarely sticks to meeting agendas. Rather than be threatened however the strategic CIO sees the opportunity for advancement by demonstrating how technology in the digital era can help run the business while also simultaneously growing it, transforming operations, fortifying the culture, redefining the workplace and enhancing the customer experience.

A Forrester Research Inc. report found that CIOs are now viewed as the most important senior leaders in driving business transformation and innovation. Its survey of US and European business change consultants saw 29% cite the CIO as the prime mover, with 24% backing the CEO.

A recent study by International Data Corporation (IDC) predicts that, in the next two years, CIOs’ main responsibility will evolve from directly managing IT to becoming innovation partners. It argues that their existing technology management role will expand to absorb the direction of innovation, information intelligence, customer experience and digital business presence. The opportunity to emerge as an innovation leader will only be realized, however, by those technology leaders with innovation traits, such as the agility to pause and pivot when a project is on budget but behind in user experience objectives.

---

EY research\(^3\) shows that CIOs who will help lead their companies into the digital age need six core traits:

- Have a strategic vision of how technology will transform the business – and know how to implement it
- Be relentless innovators – seeing discovery and experimentation as necessary steps toward disruptive value creation
- Focus on driving growth – and the relationships they need to support this
- Ensure their vision is understood – mindful of the need for and power of multichannel communications to drive their presence both internally and externally
- Move beyond operations and infrastructure – placing more attention on issues such as enhancing business processes and preparing their organizations for change (while continuing to ensure smooth operational running)
- Be courageous risk-takers – celebrating successful failures as opportunities for learning and improvement

Other new breeds of technological expert are also joining the top table, with titles such as chief digital officer, chief data officer (CDO) and chief analytics officer. In January 2014, research company Gartner identified that “there are more than 100 CDOs serving in large organizations today, which is more than double the number in 2012.” Moreover, it predicted that, “by 2015, 25% of large global organizations will have appointed CDOs.” Such roles are challenging established remits and responsibilities. As Gartner comments: “CIOs should view the CDO as a peer and partner who can manage data and who has the knowledge, background and skills to do so, which allows CIOs to focus on the more-than-full-time job that they already have.”

The impact of digitalization is pervasive across the enterprise and extends far beyond IT leadership roles.

New research explores the DNA of C-suite sales and marketing leaders

Despite examples of excellent practice, many chief marketing officers (CMOs) focus too little on understanding the customer or on enhancing customer experience. And many chief sales officers (CSOs) emphasize short-term targets to the exclusion of strategy and innovation. These are some of the findings of a new EY survey.

*Competition, coexistence or symbiosis? The DNA of C-suite sales and marketing leaders* examines the changing role of the CMO and CSO as digitalization, proliferating channels and growing customer power transform global commerce.

Drawing on a survey of 800 sales and marketing leaders and C-suite executives, plus a further 20 in-depth interviews, the report offers valuable insight into what it means to be a sales and marketing leader today. It considers:

- How CMOs and CSOs view their key relationships, measure personal success, rate their core competencies, assess their contribution to the business, progress through their careers and define the ideal marketing, sales or commercial leader
- How other C-suite members perceive the sales and marketing leader role, what they believe CMOs and CSOs can contribute to the business, and what their own responsibilities are when supporting sales and marketing leaders
- How the sales and marketing roles might evolve – including the recent emergence of commercial leaders who head both sales and marketing

Companies today are at a crossroads, and the path they take will determine their future success. Businesses must act now to transform their organizations so as to provide customers with the products and services they want, delivered in the way they prefer. Those organizations that embrace a truly customer-centric approach will be the ones that thrive.

Find out more at ey.com/dna-csmo.
The rise of the chief commercial officer

The impact of digitalization is pervasive across the enterprise and extends far beyond IT leadership roles. The sales and marketing function is also being radically reconfigured, notably with the appearance of the role of chief commercial officer (CCO).

CCOs, as the title suggests, lead a company’s commercial functions. Sales and marketing form the cornerstones of the role, although some CCOs head additional departments, such as customer service, innovation, analytics strategy and R&D. The emergence of the CCO reflects businesses’ growing awareness of the need to integrate customer-facing operations. This need is, in great part, a direct product of digitalization: the informed customer who can easily flit between off-line and online sites demands a smooth purchasing journey and sees at a glance when companies falter. The drive to provide a seamless customer experience, e-commerce’s tendency to use the same channel to market and sell, and the need to pool all available data requires the value chain to act in partnership. Increasingly, customers are looking to buy an outcome. Companies must integrate all their operations, including sales and marketing, to deliver a truly differentiated and positive purchasing experience.

What does a CCO look like?

**Strategic oversight**

When it comes to what makes their job worthwhile, strategic management is the top priority for CCOs, whereas it is second for CMOs and fifth for CSOs.

Seventy-three percent of CCOs feel very sure that they add value by “using customer feedback to help develop the business” (CMO: 58%; CSO: 68%).

**Customer focus**

CCOs are the most satisfied with their role, with 60% particularly happy with their “ability to influence broader company strategy and vision” (CSDs and CMOs: 49%).

**Job satisfaction**

CCOs are emphatic that they have good relationships with the CEO and COO – and the C-suite agrees. Yet, fewer than half (49%) feel they have good relations with the CIO (CMO: 47%; CSO: 58%).

**Board relationships**

The emergence of the CCO reflects businesses’ growing awareness of the need to integrate customer-facing operations.

**Career path**

Around one-third of the C-suite (34%) thinks there is a significant chance that the CCO will be CEO within five years (CSO: 13%; CMO: 11%).

---

New change, new roles, new C-suite?
Bridging the commercial divide

One CCO, Mohammed Al Bulooki, from the Abu Dhabi Airports Company, believes the post can help create this “positive purchasing experience.” He says, “The role makes sure all revenue-generating businesses talk to each other. It was created here to give one person responsibility for taking an aerial view and for making decisions holistically rather than, as is common in some companies, having teams challenging or competing with each other.”

Competition has, indeed, often marred relationships between sales and marketing. Moreover, the rising importance of big data and analytics in both functions has created a new reliance on and, in some instances, increased tension with, CIOs. Separated by conflicting aspirations – with marketing focusing on long-term brand building, sales on short-term targets and IT chiefly on keeping the systems running smoothly – the various functions frequently work in silos toward distinct objectives, though, increasingly, they are inter-dependent.

Indeed, recent EY research shows their interaction is still marked more by competition or passive coexistence than symbiosis. For example, CSOs tend to keep marketing at arm’s length. They rate “working with different departments” as way down on their list of what makes work worthwhile (far lower than where CMOs rank it). Meanwhile, only 59% of CMOs believe the two teams share the same corporate vision, and just 54% say they “work well together in tasks and initiatives.” The CCO role could serve as a valuable bridge to cross the divide.

Figure 1. Extent to which CMOs agreed with the following statements
New change, new roles, new C-suite?

Risk comes of age

Another relative newcomer to the C-suite, the chief risk officer (CRO), came of age this year. In August 2014, it was 21 years since GE Capital’s James Lam became the corporate world’s first CRO. Since then, the role’s prevalence and remit has really grown. Originally rooted in banking and, to a lesser extent, insurance, the role is now common in many other industries, including energy, oil and gas, large multinationals and government organizations. And whereas, originally, CROs focused on financial risk, now increased regulation, technological development, digital transformation, the impact of reputational damage and increasing demands for executives to be held accountable for corporate failure have widened their mandate. This remit looks set to evolve even further as business itself continues to develop: Gartner predicts that, “by 2017, one-third of large enterprises engaging in digital business models and activities will also have a digital risk officer role or equivalent.”

The CRO’s place on the C-suite has been challenged. Critics have said that, as CROs do not “own” business risks and are not experts in all risks, executive team representation is unnecessary. However, with pressured CEOs and CFOs lacking the time (and, in many cases, the expertise) to lead the risk charge, more and more CROs are reaching the top table. An EY survey in 2013 found that 25% of CROs in insurance companies report directly to the CEO, with 45% reporting to the CFO. The report observes: “CEOs are engaging CROs to help them address the issues across the full range of functions, product lines and operations. More than any other executive, CROs have the tools, analytical abilities and enterprise-wide perspective to shed light not just on individual risks, but on the complex and interdependent risk mosaic faced by insurers today.”

Increasingly, customers are looking to buy an outcome. This means companies must integrate all their operations, including sales and marketing, to deliver a truly differentiated and positive purchasing experience.
More female representation needed

Executive boards may be evolving to reflect business drivers, but in certain respects, they are proving stubbornly resistant to change.

Despite research that shows that companies with higher numbers of female board members do better against a range of financial indicators, women are universally outnumbered on top teams. In 2013, for the eighth consecutive year, there was no significant change in the number of female members of US corporate boards, with women holding 16.9% of board seats, compared with 16.6% the previous year. When it came to executive leader positions, the shift was similarly small, with the percentage of female executive officer positions rising from 14.3% to 14.6%.8

In Europe, the situation is similar: in 2013, the overall number of women on boards increased from 15.8% in 2012 to 16.6%. Breaking down those figures, 17.7% were non-executive directors and 11% were executive officers.9 This is still better than in Asia, which has a regional average of just 7% of board places being held by women. Of Asian countries, Japan – with its “bamboo ceiling” – has between 0.7% and 1.3% of female board members.10

Frustrated with business’ slowness to act, increasing numbers of countries, from Dubai and Malaysia to Norway and France, now require companies to meet set quotas of women on boards.11,12