

# COMMENTARY



## THE EFFECTIVE CHIEF STRATEGY OFFICER

Six characteristics in  
search of a role

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## INTRODUCTION

It's an increasingly familiar job title, chief strategy officer, and almost as commonplace as CEO, CFO, CIO and CTO. While the title may be a new addition to the C-suite acronyms, the role is nothing new. In many organisations, the head of strategy or strategy director likely performs the same or a similar role. So what makes an effective CSO? How does a newly appointed CSO ensure they add maximum value, despite the often vague job description? Many strategy officers perform well in the role, whilst others never really understood the remit or (less often) didn't have the capabilities or behaviours to do it well.

That remit can vary considerably across companies, and is typically determined by the personality and needs of the CEO. In this article we discuss the six important aspects to help CSOs, strategy directors, chiefs of staff, etc., to be impactful in their role. The article will also help chief executives better understand who they want in the job, what their remit should be, and how to get the most out of them.

## SIX DIMENSIONS

A fundamental prerequisite for the success of the CSO is a clear remit from their CEO. With that remit, the CSO can focus their efforts to achieve maximum effectiveness.

In our work with clients, we observe six distinct dimensions of the CSO job. To be effective, the CSO must make trade-offs between these dimensions, based on their perceived remit. Attempting to undertake all six simultaneously is a recipe for failure. Equally, focusing on just one is unlikely to give the CEO the full support they need.

### 1. The conductor

**Managing the strategic agenda(s)** – This aspect of the role is about ensuring that senior executive strategy dialogues happen in the right way at the right time. In our experience, the most successful companies focus senior management efforts on an evolving strategic agenda of high value issues. Often, the CSO's role is to develop and maintain an agenda to ensure senior management focus on the strategic issues that will really "move the needle". As issues are addressed and strategic responses agreed and executed, the CSO updates and refreshes the company's strategic agenda to keep senior management focused on moving ahead with the most valuable issues. This can sound like a bureaucratic task, but in reality the CSO ensures that the senior management team remains sufficiently focused on the horizon and not just on the here-and-now; on strategy and not just on execution.

CSOs who perform well in the agenda management role do not adopt an administrative mind-set. Performing well in this role requires great skill in working between the CEO and his/her direct reports, as the strategic agenda is developed, and refined. Investing the time and energy required to understand deeply the value drivers of the company's businesses is a prerequisite for winning the respect of the leadership of those businesses. Without demonstrating a clear point of view on the agenda items, orchestrating the right dialogue at the right time is almost impossible, and the role of agenda manager will default to lower value added administration.

**Critical attributes:** Ability to manage up, down and across the organisation

### 2. The fitness instructor

**Standard setting, protecting and coaching** – Top performing organisations set and achieve high standards for strategy development and execution. This involves (1) a clear understanding of value drivers at all levels of the organisation (group, business units, customer segments, etc.) and (2) the ability to leverage that understanding to enable a strong fact-based and analytical approach to developing high value strategies. Companies that set and achieve these high standards build a set of capabilities that enable them to outperform less well equipped competitors. Such capabilities become a strategic asset in their own right. A key role of the CSO can therefore be to build this "strategic muscle" across the organisation, for example by assisting

business units to achieve high standards in the short term and develop their own capabilities to meet those standards in the long term.

Some of our clients have achieved this by enabling the CSO to build a “centre of excellence” strategy where high-potential internal and external recruits are hired to develop strategy before moving into one of the operating units. Others empower the CSO to act as a “shield” to ensure standards are met, by rejecting and sending lower standard materials back to the units with clear and specific feedback. This often leads to a series of learning loops as the organisation builds capability over time.

**Critical attributes:** High standards, ability to work well with others to help them understand what “good” looks like

### 3. The sounding board

**Advising/Supporting** – CEOs can be centrally involved in shaping the answers to high value issues on the strategic agenda. Chief executives often feel the need for a “sounding board” for their ideas, someone independent and objective with whom they can brainstorm ideas and develop strategy. For some, a strategic sparring partner is crucial to develop the strategy, and think through the challenges and trade-offs associated with building alignment and executive support for new ideas that will affect those same executives. Sometimes a CSO in this role may act as a “cover” for the CEO, taking the lead in proposing a strategy change to the senior executive team. In the debate that may follow, the CEO can then position herself as neutral, and even reject a proposal without losing face if it doesn’t win executive team support. This can be a challenging position for the CSO, having what is viewed by others as privileged access to the CEO, but also taking the flak when ideas are rejected. CSOs that are most effective in this role, work endlessly to help improve CEO effectiveness in all aspects of executing his/her role. They are often asked to deliver hard messages CEOs may not want to hear, or to hold up the mirror.

**Critical attributes:** Objectivity, independent thinking and disciplined discretion

### 4. The communicator

**Communicating** – If poorly communicated, even the best strategy will fail to achieve its goals and potentially starve the strategy of capital resources needed for effective execution, either because investors demand that past earnings be distributed rather than reinvested, or because the company can’t raise new capital. Internally, poor communication can lead to insufficient understanding and buy-in from employees, resulting in shortcomings in execution. Many CSOs take on the task to develop or improve clarity and transparency in communicating strategy, for the investor proposition and, internally, in staff communications and to the Board. This typically involves working closely with investor relations and internal communications teams. CSOs who take on this role will need to dial in their skills which can be a challenging task if the CSO has also been involved in developing the strategy.

**Critical attributes:** Ability to take complex ideas and simplify them for broader consumption

### 5. The navigator

**Horizon scanning** – One role for the CSO is to keep management focused on the horizon. The CSO can also help the CEO and senior management team understand what that horizon might look like. In today’s environment of rapid technological change and the consequent risk of disruption in many business sectors, this task has become more important. Companies need to deliver in the present and prepare for a potentially different future. It can be too easy for the management team to become so focused on the former that they neglect the latter, especially because it can appear so intangible. As a result, the CSO has a difficult balancing act—helping the management team understand how the future might look whilst remaining sufficiently grounded – and rigorous to make that future credible and realistic. Scenario exercises can be helpful in building understanding of potential industry change, but are only realistic if accompanied by a rigorous assessment of the impact on market economics and the company’s competitive position for each possible outcome.

**Critical attributes:** Ability to frame the current situation, see the big picture and change course



## 6. The troubleshooter

**Troubleshooting/Project managing** – It is essential to ensure that key issues are not only surfaced, but actively framed and worked on. Many times the CSO will be called on to actively “fix” a problem or “lead” a project that is high up on the organisation’s agenda. In these situations, CSOs need to demonstrate a different set of skills and tools as they will be directly accountable for ensuring a positive outcome. CSOs that take on this role will often need to lead teams, establish analytical methodology and techniques, and manage cross functional or business tensions.

**Critical attributes:** Ability to surface, frame and work on key issues

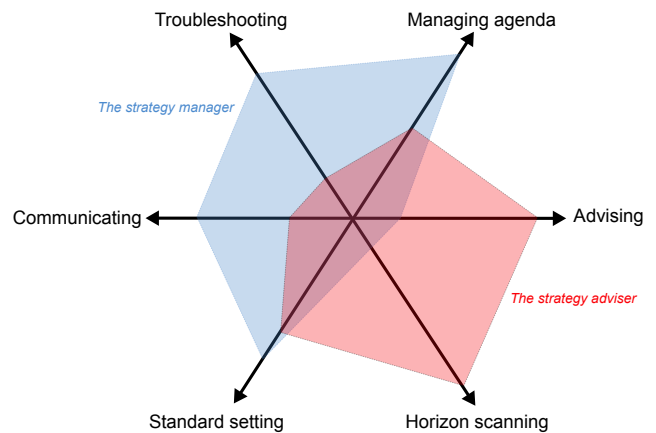
### FOCUS DRIVES EFFECTIVENESS

These six key dimensions all look like part of the typical CSO’s job, and it’s likely that all CSOs do these six things to a greater or lesser extent. Choosing to prioritise some dimensions over others, the job can look different yet be effective in different ways (see chart). Two common combinations include:

- **The strategy adviser.** Focused on advising, horizon scanning and coaching. This CSO is heavily involved in strategy formulation, both at the centre of and in businesses.
- **The strategy manager.** Focused on managing the strategy agenda, communicating, setting standards and troubleshooting. This CSO is principally focused on setting standards, facilitating strategy formulation, and socialising the results. They are more likely to be called upon to fix problems than the strategy adviser.

These two different takes on the CSO’s job, with little overlap in job content, can be extremely effective in the right business and with the right CEO. Yet conversely, the CSO can be ineffective if he/she is out of step with the business requirements and what the CEO needs.

### The six dimensions of the Chief Strategy Officer role



### The utility player

Different times may also call for a changed focus. A company facing major strategic challenges at the group level (e.g., what businesses to be in or whether to make a major acquisition) might require a strategy adviser CSO to assist the CEO in devising the best response for the group. A few years later, that same company might be more focused on ensuring its current businesses maximise value, in which case, a CSO more in the mould of what we call a strategy manager, might be most effective.

### CONCLUSION

The key elements of the CSO role require a clear remit, which can then allow a tailored focus on the necessary dimensions to deliver against that remit. For the CEO, clarity on what dimensions are important will (a) inform the selection process and (b) ensure the CSO is focused on the right things. For the chosen CSO, this will enable them to be effective in the role that may require the occasional change in tack.

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We help clients achieve their ambitions for sustainable profitable growth through:

- Stronger strategies and advantaged execution based on:
  - A better understanding of what drives client economics and value
  - Insight into changing industry dynamics and the context in which clients need to succeed
- A stronger management framework to generate better ideas and link decisions and actions to value
- A stronger organization with a more focused top management agenda and well-aligned resources
- A more confident and effective leadership team that's focused, decisive, and strategic

We have a joint team delivery approach where client ownership and engagement is paramount. Partners are highly engaged in the work product and supported by strong analytical and industry relevant capability. We work as advisers and catalysts in close, trust-based relationships with top management teams.

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