

CRO COLLECTIVE



How Chief Revenue Officers are Best Qualified to Solve
Revenue Misalignment

THE CHIEF REVENUE OFFICER

This piece was written in collaboration with BrandCulture, a performance-led brand and organizational growth consultancy that works with ambitious leaders to define brand strategies, build strong cultures, execute integrated marketing campaigns and enable sales teams.

Despite their acclaim and notoriety, Chief Revenue Officers (CROs) are only a recent addition to the C-Suite. Charged with aligning and leading a cohesive revenue team that consists of Marketing, Sales and Customer Success members, the CRO remit is to unify silo-ed departments, create frictionless revenue generation and drive a more positive customer experience.

The appointment of a CRO is a signifier of a company's maturity and should represent an inflection point in its growth. The complexities of bringing on a CRO

require serious consideration about the potential impact that the role will have. It's not always a smooth transition to create the new position and find and on-board a qualified CRO, but when done properly the added fortunes outweigh the risks.

Here we review the common functional, operational and cultural problems that B2B companies face, how a CRO can solve them, what organizations can do to create a successful CRO-Readiness program and strategies to integrate the role within a broader company culture.

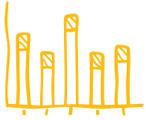
MISALIGNED SALES FUNNEL

Sales, Marketing and Customer Success departments are too often at best siloed fiefdoms and at worst operating almost in a state of cultural and political war.

Sales, by its very nature, focuses on selling and growth without proper respect for or consideration of customer experience. Due to the expansion of the role of funding institutions behind many B2B companies, Sales can command an outsized portion of resources and attention, which then encourages the department to function more independently than what is best for the larger organization.

The primacy of sales spills over to marketing, resulting in less emphasis on brand and message and more on becoming data-driven, obsessed with metrics and measurement-based outcomes. Marketing also does not always enjoy the proper level of credit it deserves for its contributions to sales results and delivery of a growth pipeline.

When service lapses happen, Customer Success has to clean up the messes but often doesn't coordinate with Sales & Marketing to make a circular funnel of new client referrals or build customer loyalty. Ironically, Customer Success owns the single most important piece of the insights puzzle: the voice of the customer. However, due to the above, the Customer Success department's golden insight nuggets frequently remain trapped in their own closed garden without being respected or properly leveraged.



The above disequilibrium usually results in:

- Uncoordinated company goals, revenue growth and performance
- Poor communication between departments
- Wasted resources as departments double-up on similar but different initiatives
- Higher than usual employee turnover as staff flee from misaligned companies
- Customers suffering from the lack of alignment, resulting in lower loyalty and referrals and diminished overall lifetime value.

Of the above issues, the most worrisome is the lost revenue resulting from this misalignment, with clear negative impact to the bottom line. Some research has shown that companies can consequently miss out on nearly 10% of additional revenue. It's clear that organizations need to correct these flaws in order to perform as optimally as they can.

ENTER THE CRO

So, what can a CRO do to fix the above problems?

A properly qualified, vetted, appointed and supported CRO brings unique capabilities and authority to align, manage and lead Sales, Marketing & Customer Success to generate revenue and build customer value.



To be effective in the role, a CRO must:

- Help lead sales across all touchpoints of the customer lifecycle
- Build consensus and unity among factions
- Possesses cross-functional expertise across all three spokes of the revenue wheel
- Forge cohesion and coordinate across multiple departments
- Establish and reinforce broader organizational culture

The benefits of a strong CRO redound exponentially. When the three aforementioned departments are in lockstep, revenue and customer satisfaction all take off. With lower turnover as the cohort of people who would leave the company due to the friction of misalignments choose to stay on the overall culture of the entire organization also becomes more understood, resilient and enduring.

There's no real downside to investing in a CRO over the long-term. In the immediate-term, however, the initial transition can be complicated and disruptive, as the organization often needs restructuring. Individuals or teams may feel unnerved by the change, as there's a risk that an established fiefdom with significant existing clout may be threatened.

This is why senior management, up through to the CEO, need to be bold, public supporters of this decisive change. Even more importantly, preparing the organization to understand both the nature and scope of the role helps ensure the success of the new CRO placement. Throwing a CRO into the deep end and relying on their swimming skills is not a recipe for success – and the impact and importance of the role is too significant to leave any aspects of the appointment to chance.

ENSURING A SUCCESSFUL CRO STARTS AT THE TOP

Implementing a CRO isn't just giving someone a fancy new title, it's fundamentally altering a corporate culture to embrace a new alignment.

First, it's important to clarify why you need a CRO. Detailing and quantifying missed opportunities, problems between fiefdoms, decreasing sales and customer satisfaction, etc. that plague the misaligned organization reveal the need for the new role.

Next, the organization must prepare for and understand the new dynamics introducing a new C-Level executive will create. The CRO needs to be empowered by other C-Level leaders in the organization to make changes that result in a better-aligned corporate culture, with the initial decision of the CEO to embrace the CRO role as an opportunity for a new beginning.

Occasionally, the CEO may feel threatened by the CRO, worried about displacement. This is an unfounded concern as their respective functional roles and purviews should not overlap -- if they do there is a design flaw in the structure of the new role. The CEO needs to equip the new CRO with the authority, resources and latitude to implement alignment. Success only comes from a united coalition / partnership between the CEO and the CRO.

PREPARING A CRO-READY ORGANIZATION

Identifying, hiring, deploying and supporting the right CRO are substantial challenges for an organization.

Hiring the right CRO is more about skills than experience. It's a relatively new position and needs someone entrepreneurial and forward-thinking who has the courage, leadership and tenacity to see the transition through. As a potentially politicized position it requires someone diplomatic yet firm and effective. It's important to explain

the authority of the new position and individual and enable him or her to make impactful decisions.

Building a strong team should also be an important initial goal for the new CRO. Over time (but not too much time) a CRO should have a Revenue Team, or RevOps function, which works to coordinate the various participating departments and make sure everyone has the strategy, access and tools they need to effectively execute.

BOTTOM LINE

Bringing in a CRO benefits organizations in many ways to catalyze profitable growth through:



- Uniting fractured departments to work together, rather than in parallel or against each other
- Delivering top-line revenue growth
- Uncovering efficiencies that reduce costs
- Building strong and enduring corporate culture
- Driving more customer success and loyalty
- Establish and reinforce broader organizational culture

WHAT CAN YOU DO NEXT?

- How would you assess the extent of the revenue problem in your organization?
- What are the strategies to understand the positive impact a CRO can have on your business?
- Do you have a CRO Ready organization?

**WHEN YOU'RE READY,
WE'RE READY TO HELP.**

warren@thecrocollective.com