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2023 Chief Strategy Officer Survey

May 2023



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Embracing change, leading the way: The evolving role of the CSO

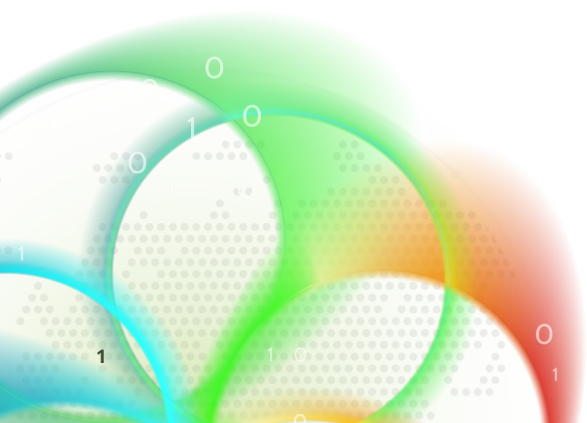
Since we last surveyed global chief strategy officers (CSOs) in 2022, the one constant in the world has been change. Organizations continue to wrestle with lasting operational changes brought about by the COVID-19 pandemic, geopolitics have become increasingly combative, and the global economic situation has gone from a positive rebound to increasingly tenuous. Amid these changes, the role of the CSO is as important as ever. Organizations see the value in the CSO's cross-functional skill set and growth-focused mindset. But the Strategy function—and the CSO's role—must evolve at the same pace as the increasingly complex and unpredictable environment.

For the fourth iteration of our CSO survey, we surveyed 117 respondents from 20 countries with a balanced representation across geographic locations and industries, coupled with interviews we conducted with a varied set of CSOs. Our research sheds light on how the Strategy function and the CSO role have evolved over time and the proactive steps organizations are taking to keep pace with the shifting market.

The Strategy function and CSO role are modernizing and evolving. CSOs play a key role in guiding organization growth and profitability and in building resiliency. As organizations continue to adapt to the evolving environment, we are seeing structural and fundamental changes in their Strategy functions as well. Specifically, they are becoming more formalized, larger in headcount size, and more agile and dynamic.

The word for CSOs in 2023 is 'intersection.' CSOs have long been the “Swiss Army knife” within organizations, well positioned to solve ambiguous problems by taking on a variety of responsibilities, with a line of sight into and a need to collaborate across different functions. We are seeing CSOs increasingly convene conversations at intersections both within and beyond their organizations. Internally, CSOs are expanding their Strategy functions in a federated model, operating both centrally and at the business-unit level to strengthen their role at the intersection of strategy and execution. Externally, CSOs are active in determining their organization's role and participation in the business ecosystems that their organizations participate in.¹ The benefits of ecosystem involvement are increasingly recognized, and our data shows a strong correlation between organization performance and business ecosystem participation.

There are clear differences in where CSOs focus their time and how they operate between top-quartile and below-industry-average organizations.² When comparing top-quartile and below-industry-average organizations, we saw significant differences in the topics deemed most important and the CSO's focus across the “six faces.”³ CSOs at top-quartile organizations tend to be more focused on forward-looking topics, while those at below-industry-average organizations are more inwardly focused on turning their businesses around. CSOs at top-quartile organizations also tend to spend more time in their roles as the adviser and special project leader, while those at below-industry-average organizations tend to focus more on their role as the engineer. However, despite the differences, they all look to increase their investment in growth areas to better prepare their organizations for the future.





The Strategy function and CSO role are modernizing and evolving

CSOs, as leaders of the Strategy function, have remained essential in guiding organizations to growth and profitability and building resiliency. In recent years, organizations have been investing in growing the Strategy function, which has seen an increase in the diversity of capabilities needed for success. As organizations push forward, the Strategy function and CSO role are also pushed to evolve faster than ever. They are becoming more formalized, larger in headcount size, and nimbler and more dynamic.

“When we look at strategy now, we need to know are we thorough with it? [Are we using the latest and greatest [information and resources] to influence our strategy?”

—Chief Strategy Officer, \$8B+ Oil & Gas organization

Organizations continue to invest more resources and talent into the Strategy function, suggesting the function’s growing importance to navigating this era of change and

transformation. Moreover, organizations are increasingly structuring Strategy as a formal function with a dedicated lead and personnel, a 12 percentage-point increase to 74% of organizations surveyed in 2023 compared to prior years (figure 1). Strategy function size has also grown, with 35% of organizations having more than 10 dedicated personnel—a six percentage-point increase from 2021 (figure 2).

This data points to the fact that the ever-changing market dynamics and continuous uncertainties have pushed organizations to invest more into the Strategy function; as more disruptions and challenges emerge, the investment into Strategy talent and capabilities will only intensify. The contours of a modern Strategy function have come into clearer focus than in past years, and organizations that have yet to formalize the function would benefit from proactively codifying a formal Strategy function.

Figure 1. **How is Strategy managed at your organization?**

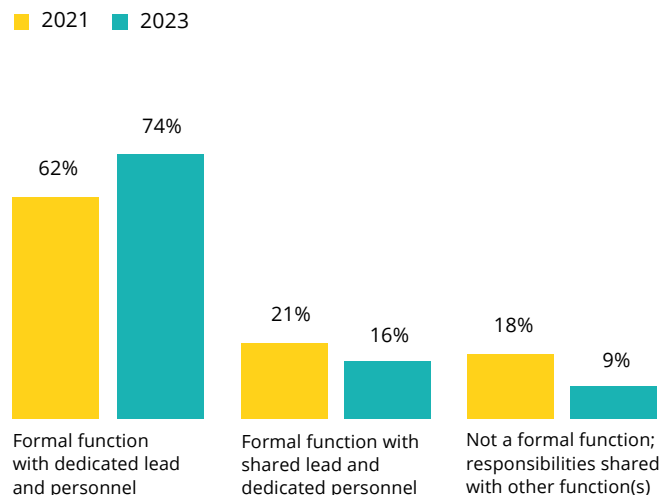
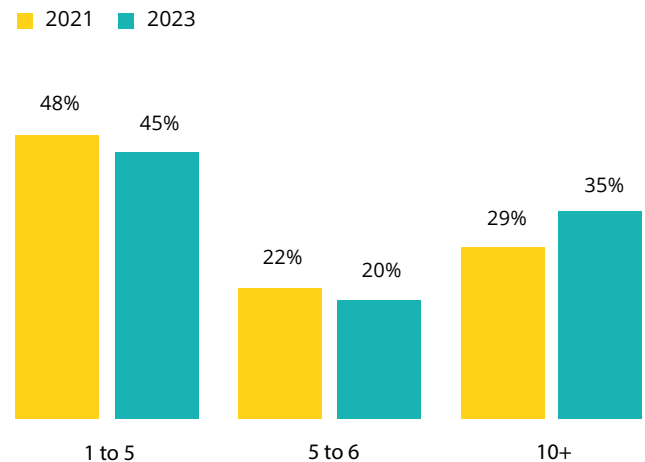


Figure 2. **How many dedicated personnel sit in your company’s Strategy function?**



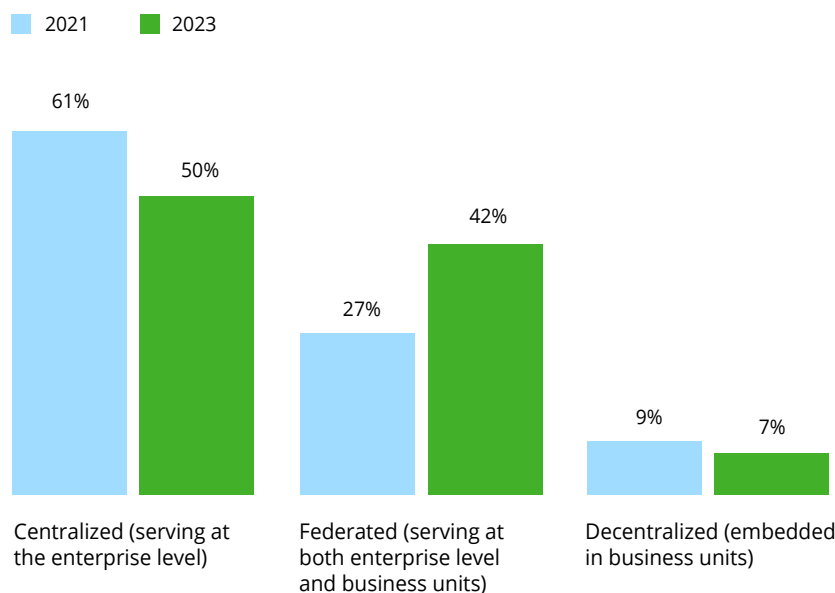
The word for CSOs in 2023 is ‘intersection’

Intersection within the organization

CSOs have long operated in multifaceted, cross-functional ways, helping to bridge gaps across internal teams to solve complex problems. As CSOs look to drive actionable change and growth, they have increasingly moved away from a solely centralized operating model. Instead, we observe that organizationwide strategy functions are increasingly operating both at the enterprise level and at the business units and functional level. This federated structure, which saw a 15 percentage-point increase in prevalence from 2021 to 2023, enables CSOs to better balance their role at the intersection of strategy and execution to drive not only business success but also talent development (figure 3).

Figure 3.

How is Strategy structured at your organization?



On the business level, with increasing volatility and uncertainties, more and more organizations are transitioning away from the historical “set it and forget it” approach with its five- and 10-year plans to more dynamic strategic planning. To remain nimble and react to opportunities and challenges, strategy requires comprehensive understanding of the business and mobility at all levels.

To accomplish this, Strategy functions are transitioning to a model where the function augments support of the executive team by also embedding strategy leaders within business units and functions to dynamically translate strategy development to execution, and to drive more value and impact from the Strategy team’s work across the organization.



The connectivity reduces execution risk and the propensity for strategies to remain academic versus tangible and executable. It also allows CSOs to maintain a strong network across the organization to keep a better pulse on the inner workings of the organization and achieve greater buy-in at all levels. Our conversations with CSOs confirm this shift to the new model. One CSO said, “[We have] Strategy act more as a feedback loop with the business, rather than corporate top down; [we] embed teams that serve as a listening function to share back with corporate strategy so we can better shape corporate strategy ... this helps to link the language between strategy formulation to strategy execution.”

The “war for talent” has become a ubiquitous term in recent years, and leaders view the Strategy function as a portal to source new and to incubate high potential talent to become future leaders of the broader organization (figure 4).

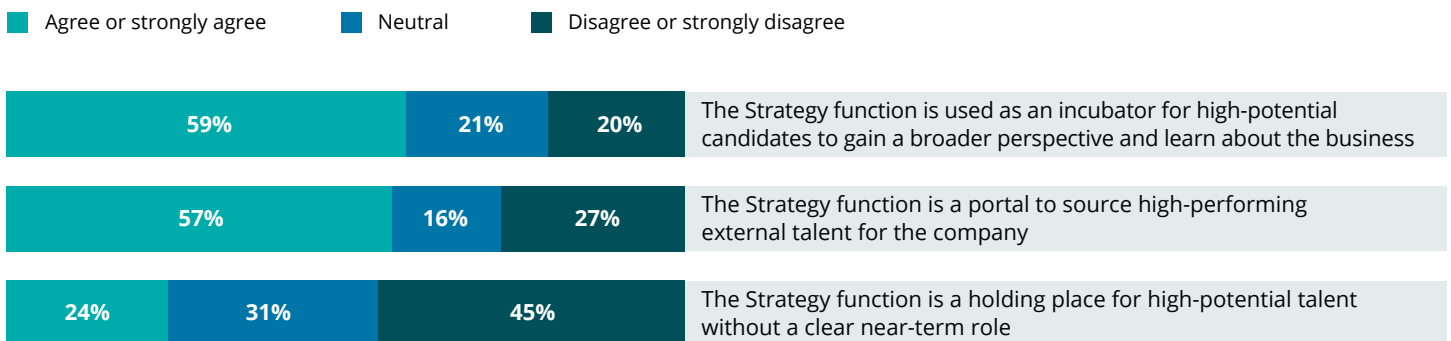
Based on our interviews, the highest-performing Strategy functions are both destinations for talent and great breeding grounds whose talent is in high demand across the rest of the organization.

As Josh Walker, Chief Strategy Officer for HBO Max and Discovery+ explained: “I have always viewed Strategy as a feeder to the rest of the organization. My Strategy team members who have moved to other teams have generally had great impact in those teams. That’s not surprising: the expansive exposure and critical skills team members develop on the Strategy team positions them well to take on other roles in the organization. While every move out of my team of course hurts a little bit, the end result is a virtuous cycle that benefits the company, the team members, and the Strategy team, because we’ve become a magnet for talent!”

The federated structure provides talent the flexibility and internal mobility to gain cross-functional exposure, tackle complex challenges across departments, and become hyper aware on strategic choices that play out within the business itself. Talent is a strategic imperative—a reformatting of the Strategy function to improve connectivity enables more seamless strategy execution and fosters future leaders.

Figure 4.

What is your perspective on talent in Strategy?



Ecosystem definition

Deloitte defines an ecosystem as a dynamic and co-evolving community of mutually beneficial relationships within or across industries that focuses on providing innovative, convenient solutions to meet customer needs holistically.

An ecosystem convener creates channels of participation and orchestrates interactions in each channel with an agreed-upon commercial model, generating powerful network effects. Ecosystem participants provide goods and services on the channels aggregated by the convener.

Intersection outside the organization

The concept of business ecosystems is not new, but it is gaining increasing awareness in today's technology-driven world that places emphasis on customer-centricity and where value for customers and firms is created through collaboration, cooperation, and sharing resources.

As organizations race to meet customer needs in the most convenient and holistic solutions, they are increasingly taking a business ecosystem mindset toward value creation and capability expansion. In a sense, they are removing the constraints of traditional market boundaries and opening up new opportunities for growth. Within ecosystems, the lines between competitors and partners blur, and ecosystem participants co-evolve to create, scale, and serve markets in ways that go beyond each individual organization's capabilities.

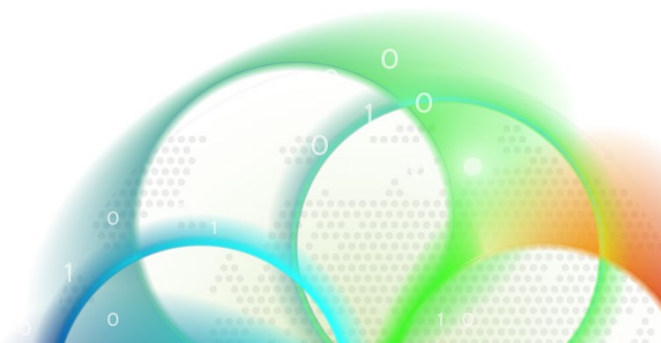
Participating in a business ecosystem allows organizations to access additional capabilities beyond what they have internally to better satisfy changing consumer needs. As organizations pull resources together, they have the opportunity to not only enhance the quality of their products, but also deliver a seamless and comprehensive customer journey.

Additionally, it allows organizations to be innovative when it comes to anticipating and addressing customer needs that they may not have even realized existed.

In our conversations with CSOs, we have observed a growing recognition of the significance of business ecosystem thinking. This year's survey further validated our observation: 77% of respondents perceive their organization to be participating in an ecosystem, and 13% of respondents are currently trying to define their role in that ecosystem or working on shaping an emerging ecosystem.

“We have an ongoing opportunity to enhance the value we bring by collaborating with others within our ecosystem to make bigger differences.”

—Sam Hsu, SVP Strategic Planning, Ecolab

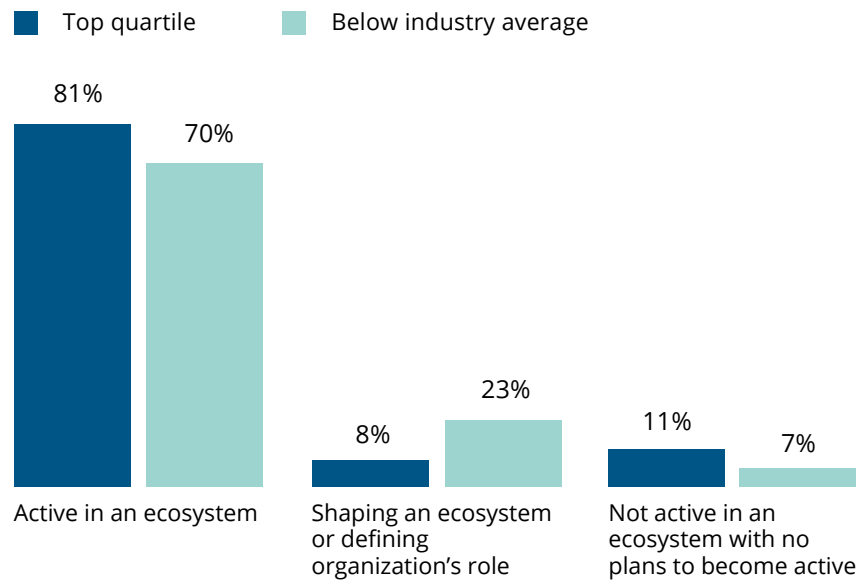




We found that top-quartile organizations are more likely to be adopting an ecosystem mindset than their counterparts, with 81% of CSOs at top-quartile organizations noting an active role in a business ecosystem. CSOs at below-industry-average organizations are actively trying to play catch-up, with 23% working to shape an ecosystem or define their organizations' role within an ecosystem (figure 5).

Figure 5.

What is your company's role in an ecosystem?



Ecosystem participation is also correlated with investment priorities, with organizations in an active or emerging ecosystem more focused on growth than counterparts: They spent nearly 35% of their investment across growth areas, roughly double that of non-ecosystem participants (figure 6).

We suspect that participation in an ecosystem allows for better access to resources and information that is not otherwise available, bringing creativity, fresh ideas, and ultimately a more effective ability to foster innovation and address customer needs.

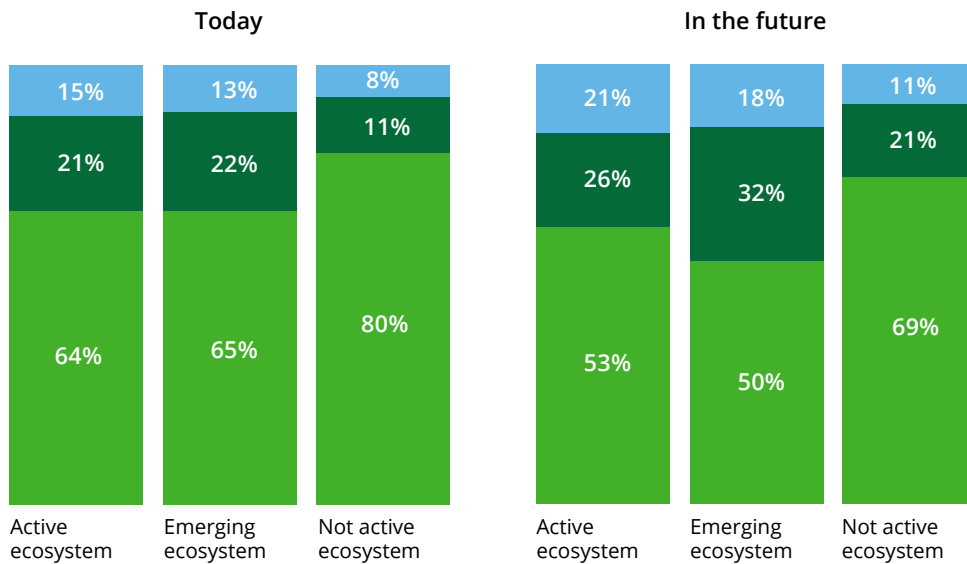




Figure 6.

**Where is your organization directing its growth investment today?
How do you expect your investment mix to change in the future?**

- **Transformational:** Develop “new to the world” product/service solutions and/or business models
- **Adjacent:** Expand into “new to the company” markets and/or products/services
- **Core:** Focus on existing products/services for existing customers



For further evidence, one can look to the evolution of the top 10 companies in the Fortune 100, which also sheds light on the importance of ecosystems. The list has substantially changed over the years, evolving from traditional conglomerates to modern-day ecosystem pioneers. By creating interconnected networks of products, services, and customer relationships, these organizations have been able to beat competition by delivering enhanced value to customers.

It is clear that to succeed in today’s market, building and leveraging ecosystems has become an imperative strategy. For those who resist, they run the risk of being left behind, with their consumers gravitating toward the more convenient and superior solutions provided by those in ecosystems.

There are clear differences in where CSOs focus their time and how they operate between top-quartile and below-industry-average organizations

Topics of importance

Given the cross-functional nature of the CSO role, CSOs get pulled in to support, lead, or shape a wide range of strategic and operational topics. Analyzing how CSOs rank the varying degree of importance across pressing topics helps us understand where CSOs are focusing their efforts and provides insight into the unique challenges and opportunities their organizations face. And while, in the case of for-profit organizations, the answer would seem simple—identify and hone that which will drive growth and profitability—the choice is much more nuanced, as an organization’s performance has a significant influence on its priorities.

One topic does rise above the rest across all organizations: changing or improving the growth trajectory of their enterprise is top of mind for all CSOs we surveyed (figure 7). Beyond this, importance rankings of other topics diverge. CSOs at top-quartile organizations ranked customer experience and societal impact/sustainability as more important than peers at below-industry-average organizations. Those peers ranked enterprise operating model/organizational design and innovation/new business incubation as more important.

Figure 7.

What topics are most important to your organization?

1 = least important; 5 = most important

Topic area	Average - top quartile	Average - below industry average	Delta
Social impact/sustainability	4.34	3.81	0.53
Customer experience	4.26	4.03	0.23
Tech modernization/process automation	3.90	3.81	0.09
Driving value from next-gen tech	3.90	3.84	0.06
Talent development and retention	4.08	4.03	0.05
Enterprise resiliency	4.14	4.15	-0.01
Margin improvement/cost reduction	4.17	4.22	-0.05
Changing/improving growth trajectory	4.40	4.50	-0.10
Innovation/new business incubation	3.97	4.20	-0.23
Enterprise op model/org design	3.53	4.27	-0.74

CSOs at top-quartile organizations are focused on more forward-looking topics. Their organization's financial success allows them to focus their efforts on bolder bets and tougher challenges, such as their focus on delivering the best customer experience throughout the customer life cycle. While societal impact and sustainability are "hot topics" but remain a lower priority for many, CSOs at top-quartile organizations have the bandwidth to incorporate green and socially responsible practices into their organization's strategy.

As other research that we have conducted has shown, incorporating ESG and Purpose Strategy into the overarching strategy of the enterprise helps these organizations to not only attract the more socially conscious customers, but also reduce cost, improve productivity, and attract talent.⁴

In contrast to CSOs at top-quartile organizations, CSOs at below-industry-average organizations are focused on an entirely different set of priorities. They are turning their focus inward to find new avenues of growth with new business ideas and innovations while "getting their house in order." This includes looking for ways to increase efficiency within operations through organizational redesign and a bigger emphasis on reducing cost and improving margins. There is also a greater focus on new business incubation and innovation. Unsurprisingly, CSOs at below-industry-average organizations are looking to reinvent their company's current business models and are looking to create new revenue streams, likely due to industry disruption or slowdown.

Interestingly, the topic of advanced technology, such as artificial intelligence/machine learning and advanced analytics, scored notably lower in organizational priorities—regardless of organization performance. Most CSOs also do not consider it as part of their scope of work.⁵ One CSO said,

"When I hear next-gen tech, I think of true tech plays—that's our CIO, who is driving and looking at the next best thing ... I try to stay informed, but I'm not someone they consult until a business play emerges."

Undoubtedly, advanced technologies will continue to become a source of differentiation across industries—for those that learn how to effectively harness and deploy them in concert. Given their position at the intersection of strategy and execution, CSOs possess a holistic view of the business that makes it crucial to shaping the process of adopting advanced technology and infusing it into the business model.

To maximize the potential of advanced technologies, it is crucial for CSOs to collaborate closely with CTOs and CIOs and help align technological advancements with strategic business goals. We expect the role the CSO plays in this realm to continue to evolve, from connecting technology to business cases, to helping balance investment in the most efficient and effective way possible and beyond.

'Six faces' definition

The "six faces" refers to the six distinct roles that most CSOs must play at various times and in different capacities to be successful. They include:

- **The adviser**—helping shape the strategy
- **The sentinel**—sensing and interpreting market shifts
- **The banker**—driving deals and partnerships
- **The engineer**—designing and running the strategic planning process
- **The aide de camp**—the CEO's unofficial chief of staff
- **The special projects leader**—tackling miscellaneous high-impact initiatives

Investment mix

When it comes to investment mix, most CSOs say they see an opportunity to invest more into driving higher-ambition growth efforts: CSOs would like to shift 12% of their core investment into adjacent and transformational areas in the future.⁶ Consistent with our findings in prior years, this indicates that despite having different battles to fight, all organizations consider innovation as a key factor to their long-term growth. While CSOs have expressed the desire to shift investment each year, core investment has remained steady at 66%. This paints a picture of organizations struggling to get started with growth beyond their core despite acknowledging the importance of innovation. Why is that the case?

There could be so many reasons, but it comes down to striking a delicate balance between innovation and stability as well as navigating the trade-off between long-term and short-term horizons. One CSO from a major utility organization echoed this sentiment, "We need to make decisions based on our market sensing ... [This includes] deciding how much more we want to take on beyond our core investments. It is hard to push for transformational investments internally, but we don't want to get caught [in a situation] down the road with something we could have addressed in the present."

CSOs and their organizations are looking to simultaneously improve the core for the present and transform for the future—a practice that needs to be managed closely. If organizations stay too localized to their core business, they expose themselves to the risk of being disrupted by increasingly frequent new innovations. On the other hand, if organizations lean too heavily on transforming the business, they might jeopardize their entire business.

The 'six faces' and Strategy function capabilities

In their efforts to drive the success of their organizations, CSOs have a broad set of levers at their disposal to push and execute strategic decisions that drive growth and competitiveness. We bucket these levers, and the capabilities required to effectively pull them, into six roles CSOs can play—the "six faces" of the CSO.

By flexing their time in different roles, CSOs help influence strategic direction and shepherd their organization's growth. The amount of time that CSOs spend across the "six faces" can also illuminate their strategic priorities.



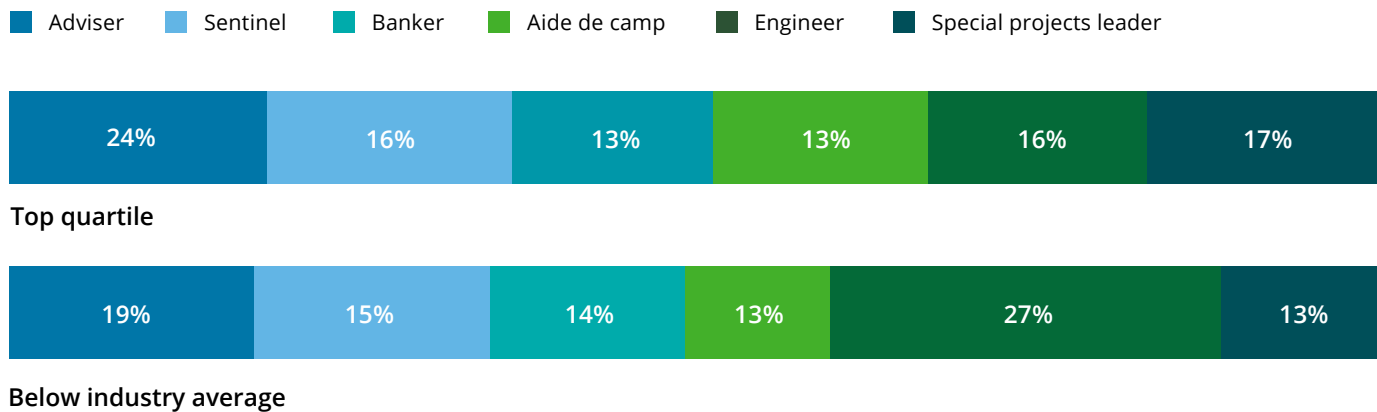
When comparing time allocations, CSOs at top-quartile organizations allocated more time in their adviser (five percentage points higher) and special projects leader (four percentage points higher) roles compared to their below-industry-average counterparts (figure 8). Comparatively, CSOs at below-industry-average organizations index heavily on the engineer role, which was 11 percentage points higher than their peers at top-quartile organizations. Given the high likelihood that a below-industry-average organization's top priority is quickly changing the course of their performance trajectory, there may be a stronger need for CSOs

to be more hands-on to push changes forward and higher urgency to supervise the strategy through the implementation process. On the other hand, the favorable dynamics at top-quartile organizations empower their CSOs to adopt a more measured approach toward execution and concentrate their attention as an adviser and leader for “top of the house” special projects.

“I feel that my role is a balance of [the ‘six faces’], flexing in and out as the circumstances dictate.”
—Kristin Wolf, SVP Enterprise Strategy, Ulta

Figure 8.

Currently, how much time are you spending in each of the six faces?



To understand how CSOs prepare their Strategy functions and teams for the future, CSOs rated their Strategy function's capability maturity levels across the “six faces,” namely capabilities related to their roles as the adviser, the sentinel, the banker, the aide de camp, the engineer, and the special projects leader.

The survey data highlights that CSOs from top-quartile organizations have an overall stronger rating on the capability maturity of their Strategy function compared

to their below-industry-average counterparts, indicating a correlation between organization performance and the Strategy function's capability maturity.

In other words, the successful growth of an organization is closely tied to having a robust Strategy function with a wide range of mature capabilities, so it is crucial for organizations to continuously invest in and improve those capabilities.

Conclusion

CSOs and their Strategy teams are indispensable to the success of their organizations. Their cross-functional mindset and natural inclination to growth enables them to tackle today's unpredictable environment and tomorrow's challenges. And as they do so, they are transforming and evolving the Strategy function to best operate in this ever-changing landscape, becoming more nimble, interconnected, and innovative.

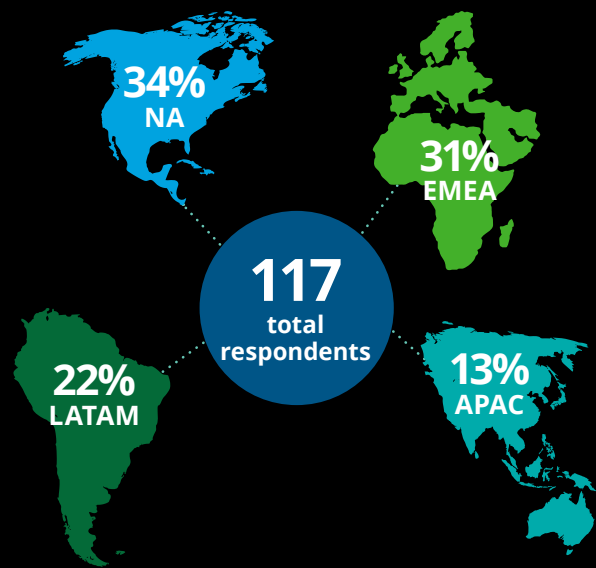
CSOs have an influential seat at the table today, but to hold onto that position, they must continuously evolve their role—adapting at the same pace as, or a step ahead of, the rapidly changing world in which they operate. Whether CSOs continue to evolve fast enough to solidify their “seat at the table” remains a question we will continue to monitor, but one thing is certain: Adaptation, at both the function level and the corporate level, will be essential to match the inertia CSOs and their organizations will continue to face.



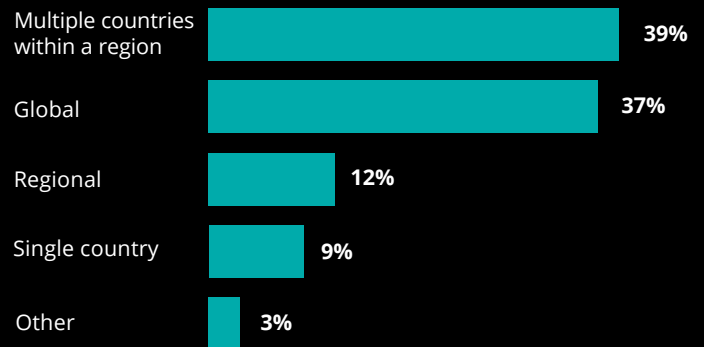


Survey demographics

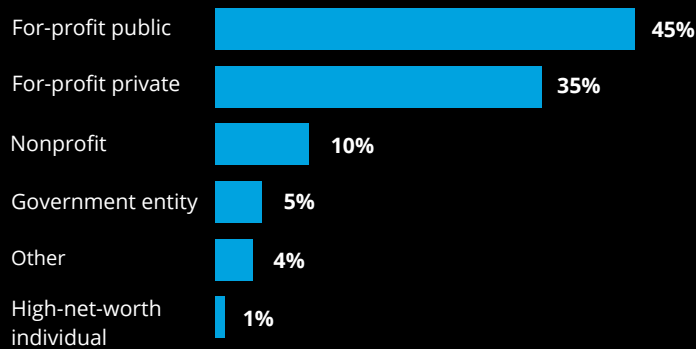
Total respondents



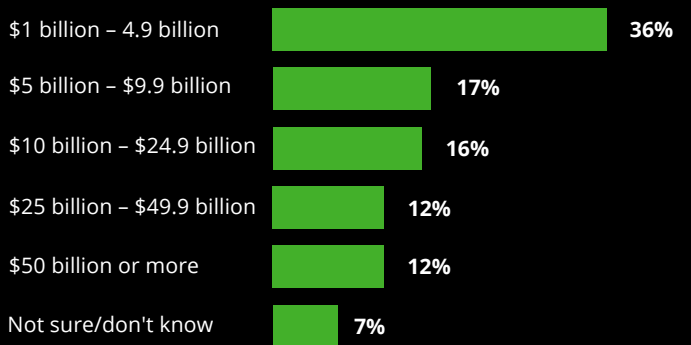
Geographic scope of responsibilities



Respondent ownership structure



Respondent company size



Note: Percentages may not total 100% due to rounding.

Authors

Gagan Chawla

gachawla@deloitte.com

Tom Schoenwaelder

tschoenwaelder@deloitte.com

Nick Jameson

njameson@deloitte.com

Virginie Henry

vihenry@deloitte.com

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Global partners

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Endnotes

1. Our colleague Eamonn Kelly defines **business ecosystems** as “dynamic and co-evolving communities of diverse actors who create and capture new value through both collaboration and competition.” Eamonn Kelly, “[Introduction: Business ecosystems come of age,](#)” Deloitte Insights, April 16, 2015.
2. Respondents were asked to compare and rate their organization’s revenue growth performance over the previous year to their respective industries, using the following categories: top 10%, top 25%, above industry average, at industry average, and below industry average. For analysis purposes, the report compared the top quartile (organizations that chose “top 10%” and “top 25%”) to those that rated themselves “below industry average.”
3. Our research finds six distinct roles, or “faces,” most CSOs must present, at different times and in varying degrees, to be successful. Read more about it in “[The making of a successful chief strategy officer.](#)”
4. Our research has found that an integrated purpose strategy focused on the differentiated role a company serves in society is a good business strategy that drives sustainable, long-term value. Read more about it in Monitor Deloitte’s [Why a purpose-driven strategy is good for business](#) report.
5. The CSO survey was fielded before the publicized launch of ChatGPT, Bard, and Bing AI. Recent news and C-suite executive engagement on the topic of AI has elevated this priority sharply in recent months.
6. Deloitte has examined how striking the balance of investment mix across the core, adjacent, and transformational growth areas is crucial to managing an effective innovation portfolio. Read more about it in “[Managing your innovation portfolio.](#)”

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