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**The making of a successful  
chief strategy officer**  
**Insights from the field**



# The perspective in brief

Chief Strategy Officers (CSOs) face a number of challenges distinct from those faced by other members of the C-Suite—in particular, the breadth and ambiguity of the CSO's role

Our research finds six distinct roles, or 'faces,' most CSOs must present, at different times and in varying degrees, to be successful; optimizing this allocation of effort is no easy feat

This white paper outlines the six roles and discusses some of the additional factors a CSO must consider to achieve their potential—especially when transitioning into the job

*Be on the lookout for more perspectives from Deloitte's CSO Program, including analysis of how CSOs from various industries allocate their effort across the six roles*

## The six faces of the CSO

**The advisor**—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

“To be a good CSO, you need to have vision and the tools and frameworks of a strategist. But you also need good relationships with the leadership team and to be a good thought partner.”

CSO, national consumer  
products company

# Understanding the role of the CSO

The chief strategy officer (CSO) of a global pharmaceutical company recently quipped: *"I am responsible for nothing and accountable for everything."* Although all C-suite executives have strategic responsibility for their respective domains, they typically focus most of their time on the day-to-day responsibilities of running a business or function. The CSO's ambit, on the other hand, is the company's overall strategy. He or she has an intangible role that is a key force in anticipating the future and mobilizing the organization to meet its challenges. The CSO of a national consumer products company put it succinctly: *"To be a good CSO, you need to have vision and the tools and frameworks of a strategist. But you also need good relationships with the leadership team and be a good thought partner."*

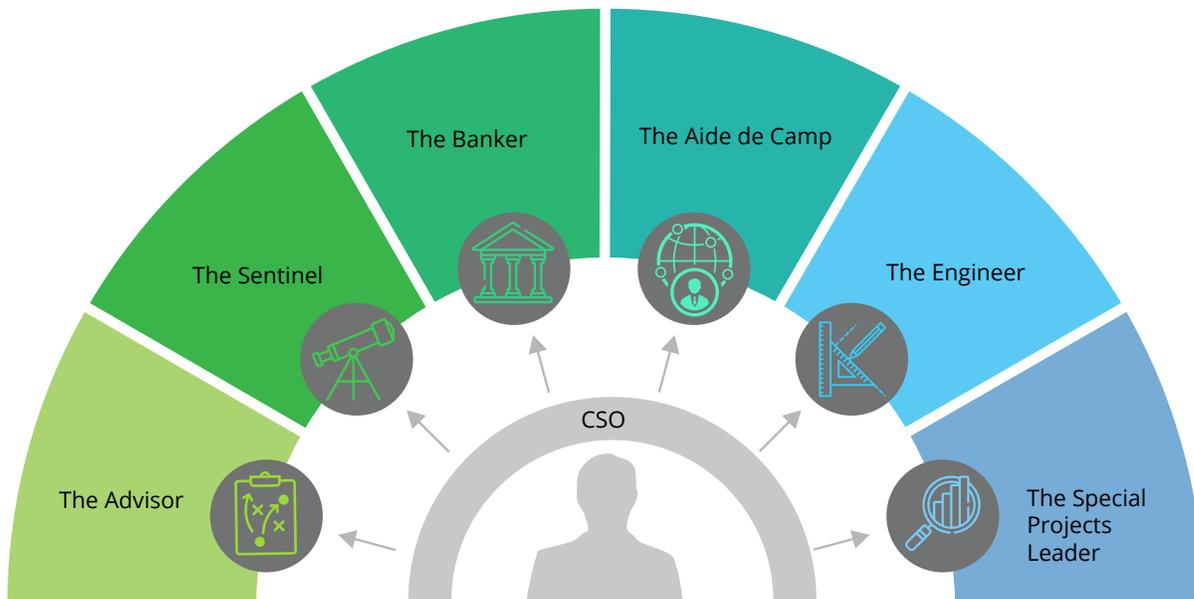
The CSO has significant influence on the organization's success and the CEO's longer-term impact. To bolster their value, top strategy executives often work as a 'quiet strategy counsels' to the CEO. He or she must build trust and stature through industry and company knowledge and the ability to drive often contentious strategic choices. As the CSO of a global chemicals company puts it: *"You're only as good as your ability to influence others."*

Stakeholder management is not the CSO's only focus, however. Most also support their CEO's board-level engagement and are also increasingly asked to monitor changes in their industry and the world and help define the implications for the company.

Virtually all CSOs manage their company's strategic planning process. Some earn heroic stature by liberating companies from tedious and often perfunctory strategy development processes and templates (which often end up in a filing cabinet).

Comparing CSOs to other C-suite executives, CSOs typically act in six distinct roles compared to about four or five for their C-suite peers. The following describes these six 'faces', outlines additional challenges faced by most CSOs, and provides ideas for charting a successful course forward.

# The six faces of the CSO



## The Advisor

The coin of the realm for CSOs is strategic ideas and insights that reflect relevant market conditions and challenges, as well as the ability to knit these together into a coherent strategy that is actionable at the corporate and business unit levels. When acting as Advisors, CSOs help formulate the company's strategy by framing clear strategic choices, soliciting the perspectives of the organization's senior leaders, driving to alignment, and articulating a comprehensive resulting corporate strategy. This strategy should outline a clear path forward and resolve the choices the company faces in an actionable and internally consistent manner.

Successful advisors socialize an organization's strategy with executives and key stakeholders in order to build consensus on key issues before communicating more broadly. Often, the CSO takes the cue from the board about the best direction forward.

## The Sentinel

Monitoring market shifts and acting on them is a major challenge. Senior leaders expect the CSO to be their eyes and ears and apprise them of potentially threatening competitive changes.

To act as the sentinel, CSOs should routinely sense and monitor trends and events in their industry and in the world. They need to identify the most relevant signals and filter out any noise they encounter about change and disruption. Once the most pertinent events, trends and uncertainties have been identified, the CSO-as-sentinel interprets their implications for the organization's competitive strategy via long- and medium-term scenario plans and points of view about the best future direction of the company. The planning process should be driven by facts including competitive intelligence about known and previously unknown competitors.

## The Banker

In quite a few cases, CSOs may be charged with overall business development including identifying gaps in the business or capabilities portfolios. They then make build, buy, or partner decisions to best fill those gaps. The banker's remit also frequently includes developing and overseeing the company's M&A agenda and developing and negotiating strategic partnerships. M&A responsibilities often entail both identifying and executing deals and managing the post-merger integration. The business development role can also encompass licensing deals and venture capital investments that support the strategic agenda.

# “You’re only as good as your ability to influence others.”

CSO, global chemicals company

## The Engineer

CSOs are often responsible for driving the implementation of the strategy in their organizations. Distinct from the Advisor’s work of helping to formulate the corporate strategy, when acting as an Engineer, the CSO defines the overall strategic planning process, shepherds the company through the process, and monitors execution of the strategies against plan. The critical responsibility of the Engineer is to drive corporate and business unit alignment around the key choices embedded in the strategy, and translate those choices into specific actions leaders are accountable for. The Engineer makes strategy happen.

## The Aide de Camp

CSOs sometimes serve as the CEO’s chief of staff, especially in his or her board interactions. The CSO prepares strategy presentations and conducts executive-level workshops and planning sessions. The CSO is also the primary liaison with outside advisors and consultants to keep leadership apprised of project progress.

## The Special Projects Leader

From time to time, CSOs are called upon to lead special projects such as analyses that support the company’s strategic aims. These projects often include work that falls outside the typical business unit remit, such as evaluating adjacent markets and executing strategic objectives such as geographic expansion. A cautionary note: This role is especially dynamic and may distract from the longer-term work of framing and making disciplined strategic choices.

We have seen CSOs acting in each of these different roles, and often in several at once. However, depending on their organization’s characteristics and capabilities, a CSO may not be required to take on all the roles. For example, an organization with a strong M&A function may be less likely to cast the CSO in the role of the banker. Similarly, an organization that is small or highly centralized may find less need for the engineer profile due to the relative logistical simplicity of the strategic planning process.

# Making the most of the first 180 days

Understanding which of the roles the company and its CEO expect the CSO to play is a top priority. Gaining traction out of the gate is also important. But it is especially critical for CSOs to build credibility and influence with stakeholders across the organization in order to get the strategy adopted broadly.

A number of seasoned CSOs point out that newly appointed strategy executives should start with the strategy development process. Creating a smooth

process can bring order to strategy creation and provide an opportunity to revisit or eliminate redundant annual strategy exercises. A new process can be a great relief to all and set the stage for the CSO to generate key insights and align the enterprise around its long-term strategy.

To help ensure they hit the ground running, CSOs should also devote time and energy to the following tasks early on in their tenure.

## Challenges facing CSOs

*CSOs tend to face a number of challenges that many of their C-Suite peers do not.*



### Multiple skills

The CSO must master, or at least be conversant in, a wide variety of skills. These include conducting top quality analysis, learning how to operate across the diverse parts of the company, and asking the questions that lead executives in strategically sound directions.



### Broad mandate, thin resources

The CSO must often work across the entire organization to design and implement strategy. This requires interacting with the executive team, business lines, and powerful departments such as finance. But the CSO's budget and staff can be limited, and the role rarely drives direct control over the resources of business lines and departments.



### A menagerie of stakeholders

The CSO has many masters and multiple agendas to satisfy, integrate, and manage. Stakeholders typically include the CEO, Board, business unit heads, CFO, and investors needing to be sold on the company's strategy and direction.

## Understand what the CEO expects

An important first step is to understand precisely where the CEO is coming from. The CEO's strategic priorities can vary widely from stress-testing and embedding the existing strategy to designing a new one. The CSO should take time to understand the CEO's priorities and how or he or she defines victory. We have found that understanding, and proactively outlining, the six faces of the CSO, can be highly effective in driving upfront alignment in how the CSO should allocate his or her effort.

## Engage in one-on-one discussions about the company's current strategy

The CSO needs to influence people and processes, making it critical which makes it critical to get to know the key players, understand their personal motivations, and identify their critical issues. The work should include conducting interviews early, broadly, and *individually* with the CEO's direct reports, business unit heads, and field leaders.

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### Entrenched view

Changing entrenched views can be a key challenge in working with senior stakeholders. Stalemates can arise, even in the face of evidence that new thinking is essential for survival.



### Mind the corporate gap

Business units in many companies develop their own strategies, often with little input from the corporate center. A core CSO responsibility is to provide advice that helps bring corporate and business unit strategies together and assure a logical allocation of resources.



### Unclear performance metrics

At the highest level, the CSO is charged with supporting the near- and longer-term growth, profitability, and viability of the company. These responsibilities depend on other managers' performance thus CSO performance metrics are often qualitative and murky.



### Talent churn

The strategy function can be a revolving door. Attracting top strategic minds to an internal strategy team and then retaining them can be difficult. The strategy department may be perceived as an attractive destination for on-the-move internal candidates, but only as a way-station along the road to larger line roles.

To engage these leaders in a structured way, CSOs should be armed with a strategy framework that stimulates thinking. One such approach is the “choice cascade” based on five questions:<sup>1</sup>

- What is our winning aspiration?
- Where will we play?
- How will we win?
- What capabilities must be in place?
- What management processes and systems are required?<sup>1</sup>

CSOs need to determine how much ambition the organization has to change and transform as markets fluctuate around them. For example, does the company aspire to move into adjacent markets and/or create transformational new businesses? Or is the company’s main goal to maintain the core business to keep it healthy and possibly be a second mover?

Equally important, CSOs should understand their organization’s appetite for strategic partnerships and mergers & acquisitions to avoid simply being thrown into the role of managing them.

## Understand company challenges and stakeholder motivations

Understanding the priorities of organizational leaders—their pet projects, valued relationships and aspirations—can help navigate the terrain and create strategy and consensus around it. Ferreting out strategic tensions among members of the executive committee sets the stage for identifying the agendas and relationships of leaders and stakeholders, and for framing critical strategic choices. As the CSO of a leading telecommunications company put it: *“In any organization there are big personalities, some of which have logical perspectives and some that do not. Everyone has different timelines and agendas.”*

“CSOs need to show their worth to the business units by getting out of the ivory tower and actually working on the big decisions and driving results.”

CSO, leading packaging company

<sup>1</sup> “Playing to Win: How Strategy Really Works,” A.G. Lafley, Roger Martin, Harvard Business Review Press, 2013.

## Define near-term activities and priorities

New CSOs learn quickly that the many priorities related to strategy require them to wear many hats and they are careful in selecting those hats. While CSOs may find themselves drawn into the Aide de Camp, Engineer, or Special Projects role early in their trajectory, they should determine what the organization's true needs are and plant flags in other domains accordingly. This will have implications for the CSO's priorities. For example, if the goal is to spend more time as an Advisor, the CSO should invest more time in developing a trusted relationship with the CEO and build a team that can take on some of the responsibilities required by the other roles.

## A path to relevance and contribution

CSOs can make significant, lasting contributions to a company's performance—and these contributions often accelerate a CSO's career.

A CSO's ability to get things done requires capturing the trust and attention of the CEO and key stakeholders, and that is done by leaning in. As the CSO of a leading packaging company said: *"CSOs need to show their worth to the business units by getting out of the ivory tower and actually working on the big decisions and driving results."* Success also requires understanding company dynamics, optimizing time allocation across the roles of the CSO, and delivering results. Unquestionably, this is a hefty agenda for any executive. However, it also represents a huge opportunity for the organization and the individual who greets the challenge head on.

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