



JSG RESEARCH REPORT

Balancing the Role of the CRO in an Ecosystem Driven Reality

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TABLE OF CONTENTS

Foreword	3
Introduction	4
Importance of the CRO Role	5
Brief Overview of the Partner Ecosystem's Impact	6
CRO Strategies for 2024	7
Driving Forces Behind CRO Growth	8
Tools of the Trade	8
The Role of the CRO in B2B SaaS	9
Retention vs. Acquisition Revenue	10
Emerging Trends	10
Conclusion	11

FOREWORD

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The role of Chief Revenue Officers (CROs) is becoming increasingly significant as technology and communication sectors continue to evolve and emerging ecosystems makes their mark on the industry.

This report offers an analysis of how CROs are shaping the ecosystem strategies, facing talent challenges, and leveraging opportunities within these sectors to grow their business. It provides a clear view of the current landscape and suggests what we might expect in the near future.

Our focus is on the direct contributions of CROs to channel growth, their effectiveness in managing and expanding partner ecosystems, and their innovation in go-to-market strategies. We will share data-driven insights and expert opinions to paint a picture of the CROs' role in the ecosystem and their impact on business outcomes.

As you read on, you will find analyses backed by recent data, examples of where there are gaps in the CRO suite, and insights on how to best overcome common obstacles. Our aim is to equip technology firms with the necessary knowledge to enhance their strategic planning and improve their operational outcomes from the CRO office. In addition, we present this information to assist current and aspiring CROs in understanding their position better and to help executive teams make informed decisions about their channel strategies.

A handwritten signature of Ashlyn Szilva in a cursive script.

INTRODUCTION

Revenue-generation and profitable growth strategies are crucial for organizational success across all areas in our industry as the days of subscriber growth without the requisite revenue and profit growth are behind us.

At the forefront of this new bottom-line-focused environment lies the Chief Revenue Officer (CRO), a key figure in the growth of most modern growth-oriented firms. This report explores how the role of the CRO has evolved within this framework and what successful CROs will focus on in the future.

As businesses navigate through challenges and opportunities, the importance of the CRO's role has become increasingly evident, shaping revenue strategies and influencing partnership ecosystems. With a focus on the relationship between revenue strategies and partner ecosystems, this report aims to reiterate the essential nature of the CRO's position. By offering insights into this relationship, we aim to illuminate pathways towards sustainable growth and strategic resilience.

Through empirical analysis and commentary, this paper investigates how the actions and decisions of CROs impact organizational outcomes. Additionally, it examines the evolving nature of the CRO role, analyzing shifts, trends, and emerging paradigms that redefine the responsibilities and expectations associated with this position.

"The journey of the modern CRO is one of moving organizations beyond the past and finding new profitable ways to think about partnering, data, organizational GTM balance, and ruthless acceleration – the ones who navigate this will be the ones we celebrate."

Janet Schijns, CEO JSG

IMPORTANCE OF THE CRO ROLE

As a central figure in organizational strategy, the CRO ensures alignment between revenue generation and overarching organizational objectives. Despite variations in titles such as Chief Growth Officer, Chief Commercial Officer, or Chief Experience Officer, the essence of the CRO role remains consistent. With responsibilities spanning sales, marketing, customer experience, and strategic partnerships, the CRO holds significant sway in shaping revenue trajectories and facilitating sustainable growth for their

Within the marketing realm, CROs are increasingly facing a new set of challenges. Our CRO survey revealed that 100% of respondents have seen increased pressure on their budgets and resources this year. Even more concerning is that **36%** of CROs reported a decrease in their budget of *10% or more*. The decrease was even more significant for **27%** of those surveyed, down by *20% or more*. This stark reality, where *nearly two-thirds of CRO's had their budget cut*, underscores the need for CROs to adapt, find innovative ways to maximize resources, and make the most of their budgets to stay competitive in a challenging economic climate.

These challenges require CROs to equip themselves with unique skills that aren't necessarily traditional for the role. To succeed, modern CROs must possess skills like strategic thinking in a multichannel environment, strategic marketing expertise, and advanced data analytics knowledge. With 81% of respondents highlighting such strategic thinking as vital, it's clear that CROs must master new skill sets to navigate the waters ahead.

Despite these requirements, many CROs face skill gaps, with 80% reporting struggles related to pricing strategies. Furthermore, 70% struggle with partner acquisition and retention, and 40% struggle with strategic marketing tactics, planning, and execution. All this makes it clear that while the role of CRO has evolved considerably, to excel in the role it is more vital than ever to build the right competencies for the position.

The current number of CRO openings signals growing demand for this pivotal position and underscores a paradigm shift in modern business dynamics. Moreover, empirical analysis reveals a compelling correlation between CRO-like roles in Fortune 100 companies and a noteworthy *1.8 times higher revenue growth* than their counterparts, further emphasizing the importance of exploring the role of the CRO in greater depth.

BRIEF OVERVIEW OF THE PARTNER ECOSYSTEM'S IMPACT

The partner ecosystem plays a significant role in modern business dynamics, providing fertile ground for collaboration, innovation, and value creation. Strategic partnerships, alliances, and channel networks within this ecosystem amplify organizational reach, unlock new market opportunities, and drive revenue growth.

By leveraging diverse partners' collective strengths and resources, businesses can achieve synergistic outcomes, strengthen competitive advantages, and navigate the complexities of a rapidly evolving marketplace. As we explore the interplay between the CRO role and the partnering ecosystem, it becomes evident that this relationship is integral to contemporary business success.

Delving deeper into this relationship, it's clear that the two are connected and vital to the success of any modern-day company. Our recent survey revealed that **63%** of CROs consider the partner ecosystem to be a four out of five in terms of revenue generation significance.

However, managing partners and activating them post-recruitment are two of the most significant challenges, with **72%** of respondents citing these issues. Other concerns that CROs face include co-selling, marketing competition, and channel saturation.

"We try to align from a sales out (net new sales) and customer engagement standpoint but struggle when the C-Suite is so uneducated on the channel!"

Survey Respondent

CRO STRATEGIES FOR 2024

For any business, aligning channel strategies with corporate goals is critical to success. However, our survey shows this can be an incredibly challenging task for CROs. The survey revealed that while businesses often push numbers down to their CROs, these numbers are frequently not in alignment with channel investments.

Respondents noted that they sometimes encounter C-Suite colleagues who may be somewhat un- or under-educated on effective channel GTM strategies.

We asked our survey participants what growth strategies they had implemented, here is what they told us:

- Establish better-quality business reviews with the partner community
- Enforce partner management discipline across all ranks
- Boost functionality from partner relationship management systems
- Establish a partner advisory council (PAC, aka. “voice of the channel”)
- Participate in quarterly business reviews (QBRs) to foster teaming

Of course, CROs also noted that although these have led to positive results, there is still ample room for improvement.

Five Critical Imperatives for CROs in 2024

1. Internal Alignment

Ensure seamless alignment across the organization, including (pre-) sales, marketing, customer experience, and services. This alignment optimizes operational efficiency and plugs any funnel leaks.

2. Customer Journey

Embrace the customer journey as your guiding principle, coordinating all contributors to deliver a consistent and exceptional customer experience.

3. Enhance Communication

Improve interdepartmental communication channels to facilitate the optimal flow of information. This enhances team synergy, presenting a unified front that boosts customer satisfaction and loyalty.

4. Align KPIs and Goals

Foster coherence in Key Performance Indicators (KPIs) and objectives across teams. This alignment cultivates a collective drive toward organizational goals and revenue growth.

5. Promote Cohesion

Develop and nurture a unified vision across revenue-generating teams. This fosters collaboration and ensures that efforts are synchronized towards common objectives.

DRIVING FORCES BEHIND CRO GROWTH

The increasing demand for CROs is fueled by the evolving business landscape. Digital products and services provide valuable insights into consumer behavior, facilitating the rapid identification of revenue opportunities. However, capitalizing on these insights requires agile technologies and a focus on delivering personalized customer experiences—a cornerstone of modern business success.

Signs Your Organization Needs a CRO

Alignment Issues

Lack of alignment between sales teams, marketing, and customer success functions

Inconsistent Sales Performance

Fluctuations and lack of predictability in sales performance metrics

Limited Market Penetration

Insufficient market reach and penetration compared to potential opportunities

TOOLS OF THE TRADE

57% of CROs mentioned the scope of their role has increased “*moderately*” due to digital transformation and the integration of marketing responsibilities, while **21%** reported a “*dramatic*” increase. CROs must understand the “tools of the trade,” across sales, marketing and customer experience responsibilities.

Essential CRO tools of the trade:

- Comprehensive customer engagement platform
- Streamlined sales processes for improved efficiency
- Agile monetization platforms to adjust to changing market dynamics
- Flexible contract management systems
- Proactive measures supported by predictive insights
- Robust customer success and renewal management frameworks

THE ROLE OF THE CRO IN B2B SAAS

In the B2B Software as a Service domain, the CRO is a revenue driver, visionary leader, and collaborator with the Chief Financial Officer (CFO). They oversee sustainable growth by managing both customer retention and acquisition revenue streams. With the continual evolution of B2B buying behaviors, companies find that their current strategies may no longer be effective. This is especially true within partner-to-partner interactions, where shifts in the market have influenced go-to-market strategy.

Despite the need for change, many companies face challenges in implementing them. Our survey indicates that **36%** of companies have succeeded in evolving their channel partner programs. Still, a more significant majority have cited that budget constraints and difficulty convincing their board to make changes are substantial roadblocks. With such a demand in B2B, these challenges must be overcome swiftly.

One key aspect that has evolved is the balance between direct and channel sales. Interestingly, **42%** of CROs surveyed indicated that their direct and channel sales are virtually equal. On the other hand, **21%** have seen a significant shift toward channel sales.

The rise of SaaS and other service-based models has dramatically influenced how CROs approach sales and marketing, with **63%** noting a profound or considerable impact. These shifts reflect changes in the industry and highlight the need for CROs to evaluate and adapt their sales strategies to stay competitive constantly.

Survey Respondents Emphasize Need for Change

"We are behind on changing our strategy and our tools, yet we lack Board and CEO support for the spends we need to make"

We need to change but cost cutting has left us without dollars to make changes"

"We need to make changes but it's hard work convincing our board of that"

"We need to evolve our channel strategy but have not yet done so"

RETENTION VS. ACQUISITION REVENUE

Focusing on customer acquisition and retention is critical. While bringing in new customers is essential, maintaining existing relationships and prioritizing customer experience is equally vital for long-term sustainability. Industry leaders like Amazon have demonstrated the advantages of this approach. By putting customer satisfaction at the forefront and building solid relationships, businesses can uncover untapped revenue streams within their existing customer base.

We asked CROs about their untapped revenue streams within their existing customer base and the strategic initiatives they prioritize to drive revenue growth within their organizations. Most cited that enhancing partner ecosystems and relationships (**54%**) and leveraging data and analytics (**45%**) is the game plan. Investing in these initiatives, businesses can cultivate a deeper connection with their existing customers, increase new relationships, and unlock new avenues for growth.

EMERGING TRENDS

Looking forward to the evolving landscape of Go-To-Market (GTM) strategies presents intriguing possibilities. Gartner predicts a significant shift, with **35%** of CROs envisioning the establishment of generative Artificial Intelligence (AI) operations teams within their GTM framework by 2025. Moreover, the increasing importance of "prompt engineering" as a pivotal skill highlights the growing emphasis on developing value-centric messaging strategies.

In summary, the role of the Chief Revenue Officer goes beyond traditional boundaries, encompassing organizational cohesion, strategic foresight, and a relentless pursuit of revenue optimization in a dynamic business ecosystem. Further research and analysis will explore the complexities of CRO dynamics, shedding light on the path to sustained organizational growth and market leadership.

CONCLUSION

In conclusion, the Chief Revenue Officer (CRO) role is pivotal in driving organizational success in today's dynamic ecosystem-first business environment. It transcends conventional boundaries, encapsulating the core principles of organizational cohesion, strategic foresight, and relentless pursuit of revenue optimization.

With the changes we have seen in the buyers journey in our industry, the CRO is facing new challenges and new opportunities to influence the future of our industry. As we navigate these challenges and opportunities, it becomes critical to continue researching and analyzing the intricacies of CRO dynamics and providing a roadmap for their future. This ongoing exploration will shed further light on the path toward sustained organizational growth and market leadership.

This report has illuminated the dynamic evolution of the CRO role within the partner ecosystem. It emphasizes the need for adaptive strategies and heralds a new era of collaboration and synergy among channel partners.

Considering these insights, it is clear that CROs play a crucial role in steering organizations toward success in the 'New Normal.' With foresight, resilience, and an unwavering commitment to innovation, CROs can lead their organizations toward sustained growth, resilience, and market leadership amidst the evolving landscape of opportunities and uncertainties.

"Change is the only constant and nowhere is that change more evident than in the CRO role. Continual investment in skills, development of new GTM strategies and a laser focus on partnering will lead the charge for most CROs."

Kathleen Martin, SVP Communities JSG

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