



What is a Chief Revenue Officer (CRO)?

If you've downloaded this PDF because you're currently a Chief Revenue Officer (CRO), or you're looking for a CRO position, or you're wondering what the heck a CRO is and whether your company may need one ... hello!

We discuss the critical role of the Chief Revenue Officer in many of our presentations to CEO groups including Vistage, The Executive Committee (TEC) and Executive Forums. We tell those CEOs that yes, every organization absolutely, unequivocally needs someone in the role of the Chief Revenue Officer.

However, you may not need a full-time Chief Revenue Officer sitting on the executive team, particularly if you're a small company. The CEO can also absorb the CRO role and use what we call "CRO Thinking" to orchestrate a sound strategy and align all the pieces to execute that strategy successfully. You can also hire an outside consultant/advisor to act as the CRO for the organization.

WHY THE CRO ISN'T A VP OF SALES OR A VP OF MARKETING

Some people think the Chief Revenue Officer title is a throwback to the first dot-com days. Others suggest it was concocted by marketers who didn't have a seat at the executive table, that it's just a pumped up title for the VP of Marketing or the VP of Sales.

We couldn't disagree more. In most companies, sales and marketing VPs are tasked with leading their teams to win the short-term revenue battles AND, in their free time, working with the CEO to chart a course for the future. Unfortunately, the company's correct long-term strategy might actually derail a VP's own compensation and/or desired career path, creating a conflict of interest. In addition, the reality is that field execution of marketing, sales, channel management, leading field organizations, etc. is a highly skilled full-time job that should have clear, measurable short-term objectives.

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Thus, the Chief Revenue Officer (or CEO wearing that hat using "CRO Thinking") is an executive who applies expertise in "Revenue Generation" and leads the strategy for generating more profitable revenue over the long term. The CRO builds the bridge from long-term corporate strategy to field execution, ensuring that the entire organization has the direction, information, resources and support to successfully execute in the field. The VPs then lead the execution of that strategy.

The company wins by having both short-term results AND a guide to ensure that the organization dominates the competition, generates profitable revenue, and achieves the company's long-term strategic goals.

ROLE & RESPONSIBILITIES

The best way to think about a CRO is to look at roles we already know. For example, most companies have a Chief Financial Officer to address strategic issues like raising capital and exit strategy. That CFO may be full-time or a consultant.

Most companies also have a controller who takes the CFO's strategy and determines what kind of software the company will need, what kind of reports, how to comply with the bank and investors — questions that make the financial strategy work. Then they hire people for payroll, receivables and so on.

It's very different on the revenue side. After the business plan, most companies – 99% — just go out and hire salespeople and a marketing person and get to work. Surprisingly, there's very little focus on revenue strategy like the CFO's strategic thinking about finance. Just as you need "CFO Thinking," you need "CRO Thinking" that says "What does our revenue strategy look like in order to accomplish the corporate strategy?"

Here's a simple example. Let's say your corporate strategy is to generate \$40 million in revenue this year. A revenue strategy might say you need \$45 million because Murphy always shows up. A CRO also needs to articulate a clear vision of that \$45 million strategy, including the markets and niches to strategically dominate and the particular offers to sell into those niches.

Armed with a revenue strategy, a Chief Revenue Officer then leads the creation and management of the structure to support it. You might say, okay, how much of the \$45 million will come through channels? How much is direct sales? What kind of marketing programs will we need to fill the pipeline? How full does the pipeline need to be? Are we filling our direct pipeline or our channel partners' pipeline? What metrics will we use to make sure everything works?

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As you can see, there's a structural level to build. With it, the sales team and the marketing team have a high probability of success because they're aligned with the overall corporate strategy and the overall revenue strategy. When you act like a CRO and use CRO Thinking, you can proactively generate predictable revenue that delivers on your corporate strategy and helps you win The Revenue Game.

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