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CSOs must forge an enduring bond with their most influential stakeholder – the CEO. Unfortunately, the role nuances and shorter- and longer-term priorities are likely to vary between CEO and CSO. As a result, priorities misalign and relationships strain.

Overview

Key Findings

- Unclear expectations and lack of time invested in building a relationship with the CEO may trigger misalignments between the CSO and CEO, which inevitably reduce transparency and impede their collective executive power.
- Many CSOs avoid conflict with CEOs by finding shelter “in the field” engaging and meeting with customers. This avoidance tactic causes issues to linger and negatively impacts the ability to communicate and reconcile contrarian views.
- Sales is often viewed by other parts of the organization as a lone function, but CSOs are uniquely positioned to encourage collaboration. A C-suite collaborative CSO ensures a customer-centric culture is created across cross-functional silos where balanced decisions can be made in the best interests of the customers and corporate organization.
- When focused only on achieving quarterly short-term results, CSOs miss opportunities to provide perspectives into the market trends and the customer experience that should guide the CEO’s longer-term planning and decision making.

Recommendations

- Develop a “social contract” with the CEO regarding levels of autonomy, risk thresholds and goal alignment for ultimate transparency.
- Adapt to the CEO’s style by consciously observing and responding to their communication and conflict resolution patterns.
- Support the sales organization by leading with strategic priorities and corporate imperatives that are consistent with the CEO’s preferences.
- Provide ongoing unique market perspectives and timely insights from prospects and customers.

Introduction

Across the enterprise, there is no more strategic or powerful stakeholder than the CEO. All executives across the C-suite benefit from CEO support. However, CSOs can benefit the most because their results are easily measured through financial results and their rewards are most aligned to those performance measures.

CSOs – as compared to the other executives in the C-suite – are in an unparalleled position. First, they lead a function that frequently includes the most headcount with significant operating expenditures and the highest variable expense structure.¹ Second, they directly engage current and prospective customers, establishing critical relationships for the organization’s growth. This allows CSOs to offer a credible voice on customer insights that are critical for customer experience.

Unfortunately, many CSOs struggle to build a strong and lasting relationship with the CEO. Often CSOs:

- Are the least present in the office because they frequently travel to visit clients, prospects and partners.
- Fail to invest enough time to “sell upward” and instead rely on customer engagements and revenue results to showcase their contributions.
- Highly prioritize near-term goals – like quarterly sales – sometimes at the partial expense of longer-term endeavors.

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- *Many CSOs leverage a persistent, “push-through resistance” workstyle that helps grow revenue. This tenacity may be necessary to achieve commercial goals, but could challenge CEOs from a managerial perspective.*
 - *In contrast, the CEO’s responsibilities include longer-term imperatives around strategy, resource allocation and future-proofing the enterprise.*
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CEOs may contribute to some of the misalignment since very few CEOs come from the sales organization or climb the corporate ladder through the sales function. Over the past 20 years, 85% of S&P 500 CEOs came from nonsales roles, including CFO, COO and divisional CEO roles. ² Despite all of the scrutiny that the CEO receives, each CEO’s role is nuanced with little that is solidly understood about what goes into their success. ³

Ultimately, it’s the CSO who needs to adapt. CSOs need to sync their goals with CEO overall directives to grow a sustainable enterprise. To improve how they execute and prosper within an organization, CSOs must get their CEOs onboard as key, engaged advocates for sales. CSOs must foster a strong relationship and provide unique value to the CEO to sustain long-term success.

Analysis

Develop a Social Contract With the CEO

To establish and maintain two-way transparency, develop a “social contract” with the CEO regarding levels of autonomy, risk thresholds and goal alignment. Additionally, encourage openness that includes responsiveness to new ideas, personal motivations, strengths and weaknesses, successes and failures, and so forth. These actions help establish mutual trust and address enterprise challenges through a partnered approach.

Understand the CEO’s near-term and long-term priorities to gain a broader perspective of enterprise risks and opportunities. Armed with a diverse set of data sources – such as financial records, mission statements, employee value propositions – you can better assess the strategic alignment and impact of sales across the enterprise. Importantly, ask your CEO to equally commit to transparency if misalignments or perceptions of other issues arise.

Be Clear on Conversation Purpose

Be honest and clear on the current state – and perception – of sales and sales performance. Pretending or hiding risks and issues almost always backfire.

CEO conversations are most effective when there is common interest in the near-term performance along with a clear understanding of longer-term actions or investments. To support the most effective dialogue, align the conversation's purpose with broader CEO themes and address questions like:

- **How do sales risks impact the probability for corporate goal achievement?** Total transparency is necessary for sales risks and the support the CSO needs from the CEO to manage those risks.
- **How does sales performance impact margin realization and market share capture?** Understand the CEO's expectations about discounting, annual growth and retention. Often, CEOs seeking to capture market share will look for sales growth to be greater than market growth.
- **What go-to-market (GTM) opportunities exist that already align to the sales team's strength?** Understanding these opportunities may serve as a more realistic goal for near-term attainment. Opportunities that are less aligned to strength may have a lower probability for success or need some sort of additional nonsales investment to be realized.
- **How are the company's offerings competing in the marketplace?** Articulating competitiveness in clear, specific and actionable terms is critical for a constructive conversation. Otherwise, you may quickly fall into the trap of complaining about competitors instead of presenting arguments for investing in improving the company's offering. Competition should be used as a case for action instead of as a scapegoat for underachievement.
- **What internal factors – across operations, legal or finance – inhibit sales success?** Sales represents a "last mile" of service and is subject to urgent deadlines around month- and quarter-end. Internal stakeholders can make seller execution much easier or more difficult. When possible, areas of friction should be exposed and remediated.

Candid and sometimes difficult conversations must be embraced with a solution-based mindset. Instead of developing an adversarial or defensive posture, think of responses that promote self-awareness, personal accountability and professional credibility. This includes being willing to shift priorities and being open to conversations on what's not working within sales. In these challenging discussions, both executives should seek agreement on the:

- **Near-term action plan**

- Expectations for support and collaboration
- Understanding of how to measure success

Adapt to the CEO’s Preferred Conflict Resolution Style

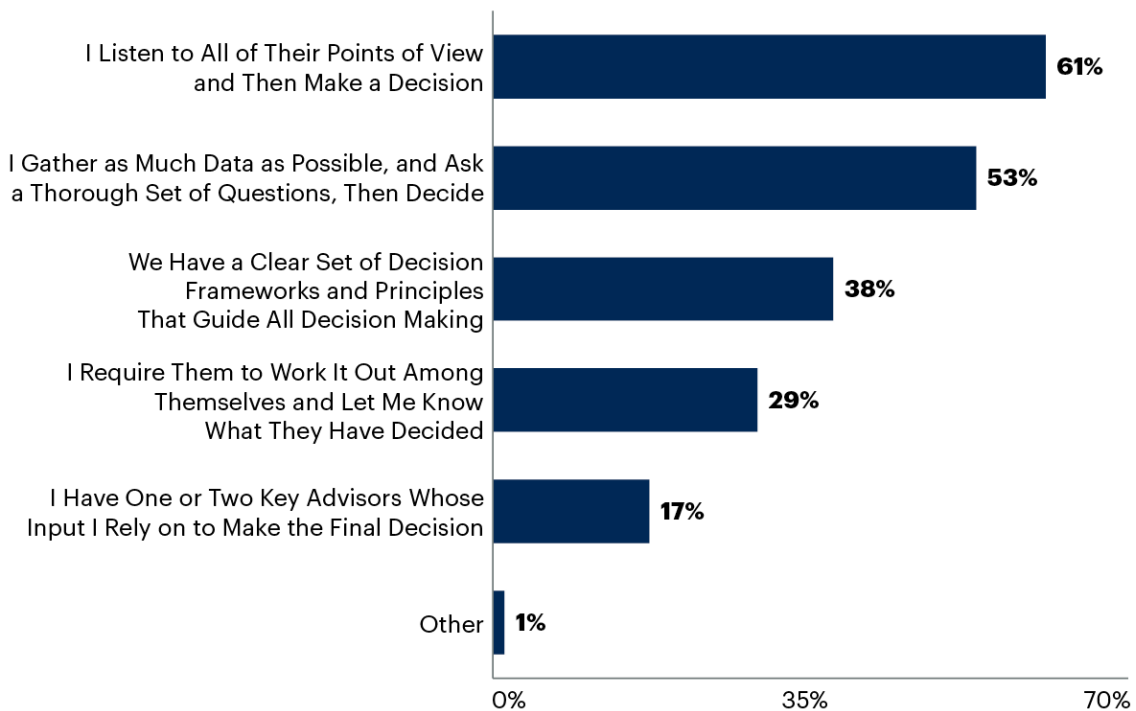
Observe and detect the CEO’s communication and conflict resolution patterns. These patterns indicate what to expect and how to proceed. CSOs must invest in building a communication pattern aligned to their CEO’s listening pattern.

Positive outcomes and relationship dynamics are a result of choosing the most appropriate tactics based on the CEO’s conflict style. Figure 1 lays out the five common conflict resolution approaches.

Figure 1: The Five CEO Conflict Resolution Approaches

The Five CEO Conflict Resolution Approaches

Top Two Rank Sum



n = 444, Total Respondents

Q. What are the top two ways you prefer to use for resolving conflicts between members of your executive operating committee?

Source: The 2020 Gartner CEO and Senior Business Executive survey

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Understand these styles to help leverage the most appropriate tactics and avoid triggering additional conflicts.

The goal is not to convince the CEO why you are right. The goal is to resolve the conflict.

Practically speaking, adapt to the CEO's preferred style. Openness and flexibility are key to adapting to not only the CEO but the situation that the enterprise faces. Table 1 illustrates key considerations for conflict management.

Table 1: CSO Considerations for CEO Conflict Management

(Enlarged table in Appendix)

CEO Persona	Conflict Approach	Considerations	CSO Tactics
Consulting	<i>"I listen to all of their points of view and then make a decision."</i>	CEOs convey openness to their team's expertise. But, issues arise if there is an expertise or information deficit.	Recognize that timing and setting matters. Recognize whether being the first or last interaction before the decision matters.
Questioning	<i>"I gather as much data as possible and ask a thorough set of questions; then I decide."</i>	CEOs create consistent, data-driven resolutions. Dysfunction follows inconsistency – i.e., questions are random, too narrow or too detailed.	Be prepared to address questions about risks, benefits and alternatives. Where necessary, don't assume the solution but initiate focus on the issue and urgency.
Framing	<i>"We have a clear set of decision frameworks and principles that guide all decision making."</i>	CEOs scale decision making using unbiased, situational frameworks to minimize conflict. However, these frameworks may not account for newer issues.	Be clear on how to align with or leverage existing frameworks. Where frameworks fall short, seek to reframe using an alternative approach.
Delegating	<i>"I require them to work it out among themselves and let me know what they have decided."</i>	CEOs convey confidence and trust in the team. But, weaker C-suite relationships trigger dysfunctional patterns, coalitions and conflict escalations.	Collect early guidance from the CEO to narrow options and focus on acceptable alternatives.
Trusting	<i>"I have one or two key advisors whose input I rely on to make a final decision."</i>	CEOs use a few key advisors who are objective experts. However, issues may arise if advisors lack key expertise.	Avoid the appearance of attacking the advisors if you are not considered a trusted advisor. Engage these advisors but do not overempower them.

Source: Gartner

Lead the Sales Function In-line With CEO Philosophies

While highly important, achieving forecast sales targets is just one aspect of what CEOs must consider as they lead the broader complex corporate organization. Take into account the CEO's broader organizational governance and targeted culture.

The CEO needs support across the C-suite. It is important to achieve individual results, but also demonstrate support by leading the sales organization using priorities and imperatives that are consistent with those of the CEO. Given the internal and external exposure, you are uniquely positioned to encourage collaboration between the sales organization and other departments – especially GTM stakeholders like marketing, product development and customer success. Proactively resolving internal conflicts and generating alignment benefits the entire executive team. Most notably, CEOs appreciate the alignment and may avoid being the adjudicator of issues.

Alignment and support begin early in these relationships by working together closely to establish clear and measurable sales goals that support the organization's strategic objectives. When disagreements arise during the planning process, such as unrealistic growth goals, or risky cost optimization measures that could impact performance, address them at that moment. However, once a decision is made, move forward, reinforce the decision and work toward achieving the results while never undermining the CEO's decision.

To help with consistency and transparency:

- Ensure the CEO is aware of and can articulate the issues that the sales organization faces, including things like the labor market, competitive landscape.
- Create and strengthen a customer-centric culture across the C-suite where decisions can be made in the best interests of the customers and corporate organization.

Provide the CEO With Unique Perspectives and Timely Insights

Your perspective into the customer experience and satisfaction should guide the CEO when making decisions that better identify growth opportunities and strengthen customer loyalty. Apprise the CEO with timely customer and market insights, especially those that improve the buying experience and revenue generation.

Multiple sales roles engage customers at various stages of the sales funnel and customer life cycle. As a result, you are best positioned to gather intelligence that conveys the competitive landscape, market conditions and customer sentiment. The CSO is the true internal voice of the customer; therefore, you should provide counsel on topics like customer satisfaction, price change sensitivity and potential M&A targets.

To be an effective voice of both the customer and the sales organization, prioritize and frame insights shared by:

- **Linking the sales strategy to corporate initiatives:** Ensure the sales strategy is aligned with the overall business objectives and helps drive the company toward its long-term goals. This includes explicitly connecting the sales action plans, investments and KPIs to corporate imperatives.
- **Developing a comprehensive sales narrative:** Cultivate a sales narrative that addresses the summarized short-term challenges and opportunities. More importantly, narratives must provide progress reports on long-term initiatives, including details on barriers to success – like kluge workflows, outdated technology or underinvested enablement programs.
- **Providing expert insight into customer behaviors and trends:** The sales organization has direct interactions with customers and prospects that provide firsthand knowledge of their needs, preferences, and behaviors. These interactions offer valuable insights into changing buying patterns, purchasing preferences and evolving customer expectations.
- **Monitoring the competitive landscape:** CSOs are well-informed on their competition in the marketplace. Share these observations with the CEO for awareness and propose actionable recommendations. These insights include leveraging strength in the marketplace, resolving weaknesses, repositioning products and reevaluating pricing strategies.

Evidence

2020 Gartner CEO and Senior Business Executives Survey. Gartner conducted this research from July 2020 through December 2020, with questions about the period 2020 to 2023. One-quarter of the sample was collected in July and August, and three-quarters from October through December. In total, 465 actively employed CEOs and other senior executive business leaders qualified and participated. The research was collected via 390 online surveys and 75 telephone interviews. By job role, the sample mix was: CEOs (n = 287), CFOs (n = 115), COOs or other C-level (n = 29), chairpersons, presidents and board directors (n = 34). By geographic region, the sample mix was: North America (n = 183), Europe (n = 109), China, Japan, Australia and other Asia/Pacific (n = 97), Brazil, Mexico and other Latin America (n = 56), Middle East (n = 13), 7 South Africa (n = 7). By enterprise revenue, the sample mix was: \$50 million to < \$250 million (n = 46), \$250 million to < \$1 billion (n = 122), \$1 billion to < \$10 billion (n = 226), \$10 billion or more (n = 71).

Disclaimer: The results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

¹ The weighting of headcount, expenditures and variable expenses of the sales function as compared to the entire enterprise varies by company and across industries. For most B2B organizations outside of the manufacturing industry, the sales function represents the majority of headcount and variable expenses, most attributable to sales incentive plans.

² The Last Mile to the Top: Future CEOs Who Beat the Odds, Spencer Stuart.

³ The Mindsets and Practices of Excellent CEOs, McKinsey & Company.

Document Revision History

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Source: Gartner

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