

# A Bigger, Bolder Vision: How CROs are Propelling Growth from the C-Suite

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To navigate constant market changes and come out on top, organizations need to be agile, strategic, and, most importantly, sustainable. Sales and marketing can no longer remain siloed, but instead should be aligned with the common goal of a better customer experience and, therefore, revenue generation. Ultimately, a successful CRO can harmonize these efforts and grow from a small start-up to a thriving, scaled-up enterprise, as the authors explain. Markus Berger-de León is a senior partner in McKinsey's Berlin office, Jerome Königsfeld is a partner in the Cologne office, Melanie Riebel is a consultant in the Hamburg office, and Kai Vollhardt is a senior partner in the Frankfurt office. They can be reached via [www.mckinsey.com](http://www.mckinsey.com).

Scaling a company—large or small—is no easy feat. For start-ups, 80 percent never reach critical scale.<sup>1</sup> At bigger companies, the challenge is even greater. Only 10 percent of S&P 500 companies have achieved growth surpassing the GDP for a continuous period of 30 years or more.<sup>2</sup>

A few qualities separate high-growth companies from the pack, but one advantage that many successful growth companies use to their benefit is the seamless integration and reimagining of marketing and sales functions (see below: “The importance of marketing and sales: B2C versus B2B companies”). Creating new leadership to oversee marketing and sales—and beyond—is

quickly proving to be a necessary move to understand and harness today's increasingly complex customer journey and digital-sales channels.

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At the center of successful growth companies that have maximized sales, marketing, and more is the Chief Revenue Officer (CRO). Though the title may

be different depending on the company (chief growth officer, chief commercial officer, or chief experience officer, to name a few), the responsibilities are generally the same. The CRO is tasked with creating a single revenue engine—from lead generation in digital marketing to closing the sale. The CRO's role goes beyond sales and marketing to the entire market landscape, customer journey, and strategic expansion plans.

CROs understand all aspects of customer success and lead initiatives that align people, processes, and technology across the entire revenue cycle, whether the company is a start-up, a unicorn, or an incumbent.

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Put another way, a CRO harmonizes people, data, and measurements across their sales and marketing teams.

In this article, we explore where the CRO role is making a difference, when to add a CRO, who is best suited for the role, how CROs can transform the end-to-end customer journey, and why CROs have become critical to growth companies.

**The importance of marketing and sales: B2C versus B2B companies**

Historically, the split between marketing and sales differed significantly between business-to-consumer (B2C) and business-to-business (B2B) companies. B2C companies invested heavily in marketing, using digital channels to acquire customers, while B2B companies focused more on sales activities and traditional channels. Although this trend is still visible today (in B2C companies, 18 percent are employed in marketing and 14 percent in sales; in B2B companies, 19 percent are employed in sales and 14 percent in marketing), the difference is much smaller than expected, with both departments demonstrating significant size across unicorns (exhibit). This shift highlights the importance of creating a seamless user journey from initial awareness to final purchase, covering both marketing and sales touchpoints. Without a strong marketing strategy, companies may struggle to generate leads, attract new customers, maintain a strong social presence, or nurture existing accounts. Similarly, without a strong sales and customer success strategy, converting leads into paying customers can be difficult.

diverse sales leadership roles at EMC and Aveksa. Under Degnan, Snowflake has grown its annual product revenue to \$1 billion— from nothing.

It's not just the obvious growth that is motivating companies to add a CRO role. Technology, led by generative AI, is changing the marketing, sales, and revenue playing field. But to fully unlock generative AI's potential to seamlessly automate marketing and sales workflows at scale, someone is still required to oversee the end-to-end value chain and identify the full potential to be unlocked. In addition, increasing automation requires executives to act faster to avoid being left behind by their industry peers, and that requires a key decision maker to quickly steer and coordinate all go-to-market activities: the CRO.

**When to add a CRO**

Once a company has decided to add a CRO, the timing to do so can vary. But from studying 100 SaaS and hardware unicorns (start-ups valued at \$1 billion or more) in Europe and the United States, along with US-based Fortune 100 companies, we've learned that companies that move quickly can be at a competitive advantage.

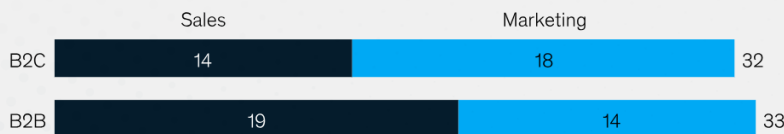
**Start-ups today are engaging CROs earlier than before, with the United States leading the way.**

In the past, companies typically did not hire a CRO until several years after founding. Companies founded between 2016 and 2022 hired CROs about twice as fast as companies founded between 2009 and 2015. While the overall CRO adoption rate is similar across US and European unicorns, US scale-ups on average hire

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**While B2C companies typically dedicate more of their workforces to marketing, B2B companies invest more heavily in sales.**

Share of total workforce in marketing and sales, by type of company,<sup>1</sup> %



<sup>1</sup>N = 100 unicorns from Europe and North America, equal split on B2B and B2C.

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**Where CROs are creating an advantage**

The growing demand for CROs is evident, with more than 2,000 current openings for this role, according to LinkedIn. They are tasked with the clear mission to identify new market opportunities, bridge siloed marketing and sales departments, and focus on one of the most crucial elements of any company's success: revenue.

And their involvement pays off: our analysis shows that Fortune

100 companies that have a CRO-like role show 1.8-times higher revenue growth than their peers. And not only do incumbents benefit from bringing a CRO into their C-suite, but scale-ups benefit as well. When US-based software-as-a-service (SaaS) unicorn Snowflake brought in Chris Degnan as its funding CRO, he built a go-to-market strategy from the ground up, propelling sustained high growth and global reach. To spur revenue, Degnan used more than 20 years of technology sales experience from

their CROs approximately two years earlier than their European counterparts. Pressure to scale faster and in a more uncertain environment forces companies to better harmonize and optimize their marketing and sales efforts under the guidance of a CRO. The challenge of turning initial traction into sustainable growth is accelerating, and we expect the number of CROs in unicorns to increase as a result.

**Timing matters—and depends on your business model.** Determining the right time to hire a company's first CRO depends heavily on the company's business model. For deep tech or engineering companies with complex products, the first priority is to build a working product and then ramp up sales. At one European urban-air-mobility start-up, for instance, three out of four cofounders were technical experts with PhDs in aerospace engineering. Marketing and sales were initially handled by the founding team; a chief marketing officer (CMO) and a chief sales officer (CSO) were not hired until after series B and series C funding—2.5 years after the incorporation. Other companies with less complex but sales-heavy products may need an initial engineering team to build a first prototype but will then invest in distribution much sooner. For example, a leading US enterprise customer-relationship-management (CRM) start-up launched with a CEO and a chief technology officer (CTO) to build the first working prototype. To help spur distribution of the product, the first key hires immediately after seed funding were a CSO and a CMO.

**Who is right for the CRO role and how experience translates into growth**

While the benefits of having a CRO in scaling a company are

clear, it does not guarantee success. When hiring a CRO, it is essential to find the right person with the right attributes. Through our research, we have identified four such traits:

**1. People: CROs need to have deep, relevant expertise**

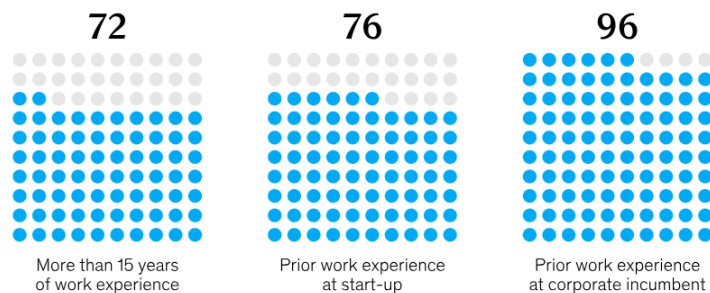
What makes a good CRO and how can companies build a high-performing team around them?

- **Substantial prior experience is essential.** To make the most of this position's possibilities, organizations need an executive with in-depth experience in sales, marketing, product, and even technology. Seventy-two percent of externally hired CROs bring more than 15 years of work experience to the role, 76 percent have worked previously at a start-up, and 96 percent having had experience at corporate incumbents (Exhibit 1).

- **A CRO leads but does not replace marketing and sales executives.** Although the CRO often has a background in sales, the role should not be confused with the vice president of sales. Instead, approximately 65 percent of unicorns that have a CRO complement this position with a head of sales, a head of marketing, or both. Rather than crowding the leadership ranks, we have found that the combination of both levels is essential for success. Heads of sales or marketing are primarily focused on more tactical short-term objectives within their functions, while the CRO stands above both and views sales and marketing as one component of the revenue-generating machine that ensures the long-term health of the company. The CRO delegates tactical execution to the heads of the departments and focuses on strategic thinking and visionary leadership.

**Chief revenue officers often bring with them long-term experience from companies large and small.**

Background and work experience of unicorn chief revenue officers,<sup>1</sup>%



<sup>1</sup>N = 100 unicorns from Europe and North America, equal split on B2B and B2C.

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Exhibit 1

**2. Pipeline: CROs must get the mechanics to work, then manage the inputs**

From testing various demand generation techniques to measuring the success of sales and marketing campaigns, it is up to the CRO to make informed decisions on where and how to allocate resources for optimal growth.

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Understanding funnel metrics is critical to the role of a CRO. When data are limited and sales cycles are long, focusing solely on converting opportunities into deals is not always effective. Instead, a pipeline should be built. CROs should set the target ambition, then cascade these targets—including the number of new customers and opportunities needed to achieve the targets—down to sales activity levels. This can be accomplished by using conversion rates and average revenue per deal to define the number of leads needed at each stage of the outbound-sales funnel. For example, if data show that to reach company targets one deal per month needs to be closed, it can be determined how many active, winnable opportunities and sales-qualified leads need to be generated to secure that deal. Combining this information with the activity of a sales agent also provides a CRO with information on the required size of their sales team. As more data and learnings are generated, CROs should not be afraid to update the targets accordingly.

To unleash the power of the pipeline, a CRO should ensure that all activities are focused on targets and that progress is monitored: tracking the number of daily qualified calls and emails, the number of marketing-qualified leads and sales-qualified leads generated each week, and the number of quotations received. With this data, the CRO can not only increase the motivation of sales representatives but also set clear expectations and help ensure that the company is on track to meet its objectives. A CRO focuses on outbound-activity metrics and eliminates misleading vanity metrics, such as counting partners as customers or placing undue emphasis on long-term potential that may not exist.

### 3. Propel: CROs must craft a strong revenue generation engine to unlock scale

To ensure that past experiences translate into valuable lessons, constant improvement, and repeatable actions, it is essential for CROs to craft a single revenue generation engine. A CRO oversees the collection, storage, analysis, and optimization of both marketing and sales data points and leads the implementation and integration of all three dimensions of the engine.

- **Data:** all marketing, outbound sales, and inbound activities generate data. It is the CRO's responsibility to ensure that all the data are tracked accordingly, cumulated, and centrally stored in a data warehouse as input for the entire engine.
- **Decision:** from day one onward, the central CRM system is at the heart of the revenue generation engine. It is linked to state-of-the-art AI tools that run analyses and generate insights such as scoring and assessment of relevant leads. The CRO should ensure the implementation of a strong tool kit with increasing automation of marketing and sales processes to generate insights for decision making and activation of customers.
- **Action:** the CRO oversees the integration of the generated insights into go-to-market strategies and communicates these to the customer success, sales, and marketing teams. This includes using data to customize social-media messaging and websites and producing automated content to entice customers. The goal is to document and spur revenue to full capacity.

For example, when a leading German advanced-industries player launched a new business,

it developed an AI-based revenue generation engine using more than ten million data points from its web analytics, sales channels, and external databases to generate and pursue insights. This enabled the newly founded business to scale rapidly, while at the same time keeping marketing and sales costs low.

### 4. Pioneer: CROs need to make bold moves when others are apprehensive

Successful CROs recognize trends before others do and benefit from early moves. Identifying new trends and their impact early allows first movers to enter developing spaces and build a strong position—which can result in higher margins and faster growth. For example, during the 2008 financial crisis, a leading online retailer invested heavily in paid advertising despite the economic downturn. By doing so, the company was able to negotiate unique deals with global media groups and achieve high channel penetration. This resulted in record brand awareness of more than 95 percent. Even after the crisis, the company benefited from the unique advertising conditions.

#### What makes CROs and their companies excel—and why

An incumbent is not immune to disruptions or technological advancements, such as generative AI, which makes the CRO a vital player in managing these shifts. Today, only 11 percent of Fortune 100 companies have a CRO. Unlike start-ups, Fortune 100 companies have long-established complex executive structures that can make it difficult to incorporate new positions. Changing these structures takes time, and many companies are still figuring out how to navigate this new landscape.

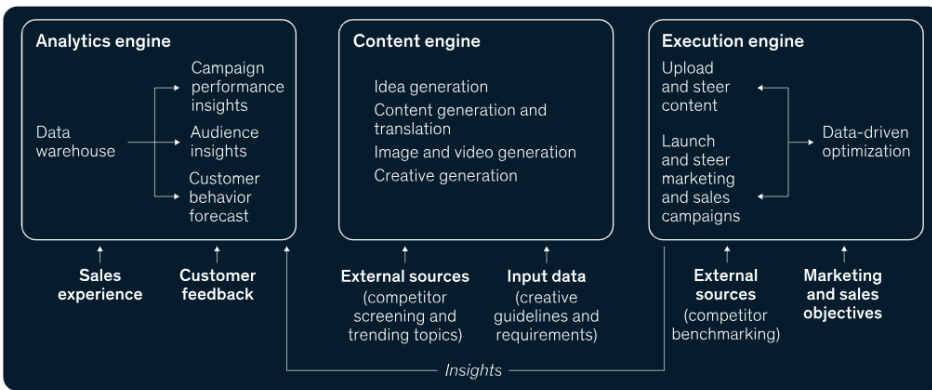
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First, a CRO should take complete responsibility for revenue, even at the business unit level. To avoid losing time, organizations with complex structures can focus on one separate business unit first, and then introduce the new role across the entire organization at later stages. For example, a global e-commerce company hired a CRO for only one of its subunits, giving the organization time to adapt to the new structure, and eventually implemented the learnings to the larger organization.

Second, a CRO should implement defined analytics and automation processes for all go-to-market processes. Consider this advanced-manufacturing incumbent that was able to rapidly establish an end-to-end, go-to-market generative-AI engine, automating every step from content generation to campaign launch and management (Exhibit 2).

**Generative AI helps build an end-to-end sales and marketing engine that fully automates campaign creation, setup, steering, and analytics.**

Generative AI supports the automation and acceleration of the content engine, illustrative example



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Exhibit 2

The process was led by the CRO, who focused on the value chain instead of viewing marketing and sales as separate departments. With the new engine, the marketing and sales team was able to increase its productivity and output by three times. Prior to introducing the new automated processes across the organization, the CRO defined and communicated clear safeguards. These rules captured which applications were well suited for the generative-AI go-to-market engine and which ones were not—such as high-stakes scenarios, heavy volume requests, or applications requiring explanation—to ensure successful usage of the new technology.

**A long-term advantage**

To navigate constant market changes and come out on top, organizations need to be agile, strategic, and, most importantly, sustainable. Sales and marketing can no longer remain siloed, but instead should be aligned with the common goal of a better customer experience and, therefore, revenue generation.

Ultimately, a successful CRO can harmonize these efforts and grow from a small start-up to a thriving, scaled-up enterprise. Again, timing can vary, but it is important to recognize the significance of the CRO role and prioritize it early in the hiring process. Regardless of when a CRO is introduced, the job should be a top priority for businesses that are considering leadership roles in marketing or sales. By appointing someone with responsibility for both departments, businesses can help ensure alignment and create a single revenue engine from the start.

1. Claudy Jules, Kate Lloyd George, and Alok Kshirsagar, "Scaling up: How founder CEOs and teams can go beyond aspiration to ascent," McKinsey, November 9, 2022.
2. **Mindset to action: Imperatives for Growth** collection, McKinsey.



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