THE CHIEF STRATEGY OFFICER

"What we've been doing isn't in line with the company's strategy—and we need to fix that." Someone in your organization has the mandate to walk into any office, speak those words, and spark some sort of transformation. Maybe it's the CEO and

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the CEO only. That's the traditional model, after all – vision, planning, and directives flow from the very top, and people at all levels of the organization act.

But it may be that a different C-level executive bears the burden of strategy execution in your company – a senior leader like AIG's Brian Schreiber. He's been the strategy chief under two CEOs at the insurance giant. As senior vice president of strategic planning during Maurice "Hank" Greenberg's tenure, Schreiber's focus was on implementing investment decisions and acquiring companies selected by the management team. Under the new CEO, Martin Sullivan, Schreiber's role has expanded to include formalizing the company's strategic-planning processes, forging new working relationships and synergies across the organization, and establishing greater transparency and accountability for those people carrying out the company's strategy. Nowadays, Schreiber says, the successful creation and execution of strategy requires not only good processes but also the ability to make quick decisions. So he also considers himself the point person for assessing whether strategic initiatives, at all levels of the organization, are in line with the company's standards and objectives.

Schreiber's experience, while impressive, is not unique. Our research and many years of experience working with leaders in large organizations confirm that CEOs are formally handing the reins of strategy execution to individuals known by a variety of titles but with increasing frequency as "chief strategy officers." In the past few years, the number of CSO appointments has surged. Interviews with executive recruiters point to the growing prevalence of this role in many industries, and CSOs are already serving large multinational companies around the world.

Companies are adding CSOs to their management teams (or at least considering doing so) for several reasons. Start with changes to the business landscape – complex organizational structures, rapid globalization, new regulations, the struggle to innovate – that make it ever more difficult for CEOs to be on top of everything, even an area as important as strategy execution. Then consider the nature of strategy itself. By nearly all accounts, strategy development has become a continuous, not periodic, process. Successful execution, therefore, depends more than ever on rapid and effective decision making. Further, as Harvard Business School professor Joseph L. Bower has noted in these pages, iron-fisted control of execution often eludes the top team's grasp, as line executives seek to define strategy on their own terms. (See Bower and Clark G. Gilbert's "How Managers' Everyday Decisions Create – or Destroy – Your Company's Strategy," February 2007.)

In circumstances such as these, a CEO needs an executive near at hand to share the load and maintain – or regain – control of a process that constantly threatens to become chaotic. The COO or the CFO may seem like obvious resources to tap, but there are risks in delegating the oversight of strategy to either. Nearly three decades ago, one executive arguing for the creation of a new top strategy role explained why it should not be folded into the COO's duties. As he put it, "a fundamental conflict between what is easy to execute and what is *right* to execute often leads the chief operating officer away from the tougher decision." (See William W. Wommack's "The Board's Most Important Function," HBR September–October 1979.) One could easily envision similar conflicts of interest for the CFO.

CSOs consider themselves doers first, with the mandate, credentials, and desire to act as well as advise.

To help existing and aspiring CSOs be more effective, and to aid CEOs who think they might need to hire or appoint a strategy chief, we've been studying these executives as a class: Who are they? What is their mandate? What makes them successful? Our research was complicated by the existence of a great diversity of titles that fit the role of chief strategy officer – more than 90, in fact. We didn't want to get bogged down by this abundance of titles, so we surveyed a sample of large global companies to find

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executives who were considered – and who considered themselves – the chief strategy executives at their organizations. This study yielded a database of more than 200 senior managers who fit the bill. We also took a closer look at the increasingly popular "chief strategy officer" title, analyzing the press releases and media coverage of more than 100 CSO appointments to determine how the role is evolving. We rounded out the research with in-depth interviews of chief strategy officers from various industries and backgrounds.

Our initial observation was that CSOs are, in many ways, as diverse as the titles they hold. They do not emerge from predictable backgrounds with easy-to-map career paths or aspirations, and their skills, experiences, best practices, and preferences run the gamut. Yet, deeper exploration revealed many common traits in these individuals – characteristics that, taken together, help define a consistent, although often unfamiliar or misunderstood, role. Fundamentally, these are people who wield the authority, and have the complex range of skills, to make strategy happen. To borrow a term from French cinema, they act as *réalisateurs.*

Don't Call Them Strategists

It's easy to misjudge the role of the chief strategy officer, in part because the title itself is misleading. These executives are not, for example, pure strategists, conducting long-range planning in relative isolation. And they are not specialists who have breathed in only the rarified air of strategy over long careers of thinking rather than doing. Rather, they are seasoned executives with a strong strategy orientation who have typically led major initiatives or businesses and worn many operating hats before taking on the role.

Most of the chief strategy executives we spoke with and studied had significant experience in formulating strategy, often gained at top management consulting firms or through years of strategy-related work in companies – but this was rarely the dominant portion of their careers. Indeed, we found only one who was directly hired from a consultancy. Most entered their companies in planning, functional, or line-management capacities and were not tapped until years later for the top strategy post. "I'm not a career strategist," says Bob Black, Kimberly-Clark's senior vice president and CSO. "My years in consulting taught me how to develop and critique strategy, but the value-added probably comes more from my business leadership experience. As a result, I'm bringing more of a running-the-company kind of approach to the role."

Black's attitude and approach to his job map closely to another of our research findings: Most top strategy executives are star players more so than professional coaches. They instruct others and serve as mentors, certainly. But most CSOs consider themselves doers first, with the mandate, credentials, and desire to act as well as advise. Most important, they understand how to focus the organization on executing today, not just on planning for tomorrow.

Consider the backgrounds of a few chief strategy officers. Immediately before becoming Campbell Soup Company's

Help Wanted: Finding a Qualified CSO

Finding someone with the skills and experience needed to develop strategy, translate it for people across functions and business units, and drive organizational change is not easy. To help companies evaluate candidates, we've developed a checklist of some of the personal and behavioral traits necessary for the job, listed here in order of relative importance.

A good CSO candidate should be:

- **Deeply trusted by the CEO.** CSOs are often given carte blanche to tackle companywide challenges and seize new business opportunities, so there must be a strong bond of trust between the strategy chief and the CEO. A long professional and personal history between them isn't absolutely necessary – but it helps.
- **A master of multitasking.** Our survey revealed that CSOs are responsible for upward of ten major business functions and activities, as diverse and demanding as M&A, competitive analysis and market research, and long-range planning. CSOs therefore must be capable of switching between environments and activities without losing speed.
- **A jack of all trades.** Less than one-fifth of our survey respondents spent the bulk of their careers (pre-CSO) on strategic planning. Most reported significant line-management and functional experience in disparate areas, including technology management, marketing, and operations.
- **A star player.** Most CSOs can point to impressive business results earlier in their careers. They usually view the strategy role as a launching pad, not a landing pad.
- **A doer, not just a thinker.** CSOs split their time almost evenly between strategy development and execution, but their bias is toward the latter. "Every company already has a strategy," says Krishnan Rajagopalan, of Heidrick & Struggles. "CEOs are looking for a leader who can help implement it, not just refine it."
- **The guardian of horizon two.** Senior teams generally have a good handle on short- and long-term issues. The medium term, that period from one to four years out, can fall through the cracks, however. CSOs must be able to refocus the organization's attention on horizon two, the critical period for strategy execution.
- **An influencer, not a dictator.** Strategy chiefs don't usually accomplish their goals by pulling rank. They sway others with their deep industry knowledge, their connections throughout the organization, and their ability to communicate effectively at all levels of the company.
- **Comfortable with ambiguity.** All executives today must exhibit this trait, but it's especially true for CSOs, whose actions typically won't pay off for years. The role tends to evolve rapidly, as circumstances dictate, requiring an extraordinary ability to embrace an uncertain future.
- **Objective.** Given their wide remit, CSOs have to be perceived as objective. An openly partisan CSO, or one who lets emotions or the strength of others' personalities cloud his or her vision, is sure to fail.

CSO, M. Carl Johnson was the executive vice president of Kraft Foods, where he led the former New Meals division through a three-year transformation that helped the unit restore its sales and earnings momentum and significantly grow its operating income. WellPoint's CSO, Marjorie Dorr, was plucked from her position as president and CEO of the company's northeast region, where she had increased membership in the health care company's plans from 800,000 to 2.6 million. And AMD's William T. "Billy" Edwards had a rich set of experiences before being named CSO in 2004, including time as CEO of Hesson Labs, line management roles at Motorola, positions with medical equipment start-ups, and nearly a decade with a top strategy consulting firm. (In 2005, he was named AMD's chief innovation officer.)

The CSO at times functions as a sort of "mini CEO," someone who must see the issues confronting the company from as broad a perspective as the chief executive does, says Kimberly-Clark's Black, who previously served as COO of Sammons Enterprises, a conglomerate with $27 billion in assets, and as president of Steelcase's international operations. "Over the course of a week, I'm spending time on consumer innovation, business process outsourcing, financial structure, international expansion, communications, acquisitions – most people in today's functionally oriented career paths don't have the experience to address so many diverse challenges at once. They haven't run a whole company before."

Some companies look outside for a CSO, as Kimberly-Clark and Campbell's did, but that's not the norm. Eighty-four percent of the top strategy executives who responded to our survey were internal hires; most of the rest came from competing companies in their industries. Our research shows that top strategy executives work for their companies nearly eight years, on average, before being appointed to the role. For some, that tenure is much longer: In early 2007, Walgreens promoted John Gleeson, a 37-year

Clarifying the corporate vision can sound like a leisurely activity, but the reality is far more urgent. One-third of CSOs surveyed described their companies as "under siege."

veteran of the company, to the company's newly created CSO post.

Whether they are groomed or recruited, chief strategy executives must be able to work with and influence people across entire organizations and beyond; that's the heart of the job. The broad mix of skills and experience required of a CSO is rare, which makes those who possess this combination highly valued. These individuals are rarely abandoned by top executives who recognize their worth. Many CSOs therefore have long-standing relationships with their CEOs. The strategy chiefs we surveyed said they had known the CEO at their companies for five years, on average, before becoming the CSO. One strategy chief we spoke with said he and the CEO of his company had worked together at three different businesses over a seven-year period before they both ended up at a health care management firm. After the CEO's six-month search for a strategy chief proved fruitless, he turned to his longtime colleague. "It's a huge job," the CEO told the manager, "but you'll have more impact doing this than you would leading a division – and you're the person I'd feel most comfortable with." His colleague accepted.

When a Plan Comes Together

The chief strategy executive position, then, is "a huge job" that should be filled only by highly accomplished business veterans. But one shouldn't take the capaciousness of the role to mean anything goes – just slot someone in and let her figure it out. Our investigation revealed that strategy executives are charged with three critical tasks that together form the very definition of strategy execution.

CSOs must engender commitment to clear strategic plans. The CEO and the leadership team create the company's strategic vision and set its course. But in large companies, that vision may be opaque to many, which can create resistance or confusion among senior managers and frontline employees and can thwart execution and change. "No strategy can just be handed down to an organization," says Kirk Klasson, former vice president of strategy for Novell. "Without achieving real understanding and agreement, there will be lots of grinning and backslapping over the strategy but zero change when people get back to their offices."

CSOs must therefore resolve the strategy – that is, clarify it for themselves and for every business unit and function, ensuring that all employees understand the details of the strategic plan and how their work connects to corporate goals. It's often easier for an insider to resolve this vision for colleagues. Indeed, a CSO's long experience within a single company – specifically, his or her deep knowledge of the chief architects of the existing strategy and its history – can be crucial for building the federation necessary to enact change.

Yet there are times when an outsider is called for, particularly when a fresh strategic perspective is required. Because he was coming from outside the organization, Kimberly-Clark's Black told CEO Thomas Falk he wanted to take 60 days to get to know the company better before he signed off on strategic objectives that had been developed before he arrived. By the time the two months were up, Black and Falk had together created an updated list of goals, informed by Black's newly acquired understanding of the company's operations and aspirations plus his rich store of leadership and strategy experience.

It's true that CSOs can't effectively resolve a strategy without having had a hand in its creation, but these executives quickly get beyond creation to action. "All our divisions have strategic plans, and I'm part of making them happen," says Janet Matricciani, the head of strategic planning and chief strategy officer at Countrywide Bank. "When we're starting a new business, I'll help create the business plan, find the right people, do whatever it takes to make the business happen."

CSOs must drive immediate change. Clarifying the corporate vision for others can sound like a relatively leisurely activity, involving meandering chats in offices and conference rooms across the enterprise. The reality is far more urgent, however: One-third of our survey respondents went so far as to describe their companies as "under siege." Most characterized their industries as highly volatile. These are the circumstances that prompt companies to seek out CSOs in the first place, and they are partly why CSOs are drawn to the role. As a result, the primary focus of the job almost always quickly evolves from creating shared alignment around a vision to riding herd on the ensuing change effort.

Of course, different companies have different strategic imperatives that influence the nature of the CSO role and the type of executive best suited to the task. One health care company we studied was rebounding from bankruptcy in 2005, so its strategic emphasis was on fast growth. Recognizing a need for high-level help, the CEO initially sought a "chief growth officer." The person chosen for the role, an internal business leader with whom the CEO had a long working relationship, realized that in order to grow, the company needed to rebuild its sales pipeline, explore different product lines, and reposition its brand. That meant the heads of Sales, Marketing, M&A, and Strategy Development would have to report to the CGO. Within months of taking on the role, the CGO became the CSO and analyzed the underlying causes of the company's stalled growth, identified attractive new markets, and developed aggressive acquisition strategies. In short order, the health care firm began to enter the new markets, and people who had been hesitant to do business with the financially ailing organization gained confidence in it. By the end of 2006, the company had achieved dramatic growth and acquired several critical new businesses.

At other companies, innovation is at the core of the change effort. When Douglas Conant, the CEO of Campbell Soup, hired CSO M. Carl Johnson in 2001, he cited Johnson's track record of revitalizing big brands, launching new ones, and improving financial results at Kraft Foods. Conant was confident the new CSO would help do the same for the soup company. By 2005, according to an article in *Advertising Age,* the "low-key, thoughtful, and almost professorial" Johnson had helped propel a turnaround at Campbell's by pushing for innovations in products, packaging, and shelving and by supporting it all with investments in marketing. Johnson had broadened Campbell's competitive positioning in the market – from "soup against soup" to "soup as a meal" – thereby greatly expanding the range of the company's offerings.

CSOs must drive decision making that sustains organizational change. A strategy that is clear one day can become fuzzy the next as people and competitive environments change. Alignment can bend and then break if it is not continually reinforced. Chief strategy executives, therefore, must ensure that the members of the leadership team come to agreement on strategy decisions. Just as important, the CSO must make certain that those decisions aren't watered down or ignored as they are translated throughout the organization. He or she must be that person who, in the CEO's stead, can walk into anyone's office and test whether the decisions being made are aligned with the strategy and are creating the desired results.

"Someone at the center has to bring focus and discipline to the decision process," says Kimberly-Clark's CFO, Mark Buthman, or strategic discussions and initiatives will stall and business opportunities may be lost. The strategy chief, he explains, is often the one person in the room who is in the best position to "put the moose on the table" – to challenge thinking and discuss the subjects no one else wants to touch so that these issues no longer serve as barriers to agreement and action. Indeed, many of the CSOs we interviewed said that both candor and tact were critical for doing their jobs well. The strategy chief at a software company, for instance, recalled having to help members of the senior management team realize that their lack of international experience was preventing the company from carrying out its plans to expand overseas quickly and decisively.

Half the job involves learning why decisions aren't being made in accordance with strategy and quickly determining whether to stay the course.

CSOs can also help steer the top team away from groupthink and from focusing too much on past practices and accomplishments – problems that can afflict executives who have worked together for a long while. For instance, the top management team of one company held a consensus view that IT was an "overhead activity" until its CSO helped it adopt a new perspective: technology as a partner in and enabler of strategy. The members of the senior team had been looking at the issue, in the words of one executive, through a "heritage lens." Their shared history in the company was clouding their perspective on the need for change.

To make sure decisions align with strategy through all levels of the organization, top strategy executives must be comfortable working at 50,000 feet, 500 feet, 50 feet, and on down. They must be able "to tell [the strategy story] in a way people can understand and buy in to," says Countrywide's Janet Matricciani. The senior team might need a big-picture view of the strategy, whereas those people actually executing the plan on the ground might need a more pragmatic view.

Strategy chiefs must therefore be practical and analytical as well as visionary, Matricciani notes.

This isn't to say that CSOs just reflexively push strategic initiatives downward. Half the job involves learning why decisions below the executive suite aren't being made in accordance with strategy and quickly determining whether to stay the course or change tack – so CSOs must be good listeners as well as good translators. In fact, nearly every CSO in our survey said strategy development and execution in their companies is half deliberate and half emergent. Direct interaction with and feedback from the troops is essential for CSOs to keep their companies agile and their strategies flexible.

What It Takes

There's no simple, step-by-step recipe for success in the role of chief strategy officer – but there are a few essential ingredients. To follow through on their mandate, successful strategy executives employ a handful of high-level principles.

Mind the time horizons. All executives split their time to varying degrees across three strategy horizons – usefully defined in Mehrdad Baghai, Stephen Coley, and David White's *The Alchemy of Growth* to mean extending and defending the core business in the short term (horizon one), building emerging businesses in the medium term (horizon two), and creating viable options for the long term (horizon three). But CSOs particularly keep their eyes trained on horizon two and work to present a seamless picture of all the horizons. According to our research, they spend an estimated 39% of their time on horizon two, while 36% of their time is devoted to horizon three, and 25% is spent monitoring horizon one. Others in the top team divide their time differently, spending more time on both the short term and the long term and less on the medium term. So the CSO's attention to this period underlines the unique perspective this individual brings to the organization. "It's crucial for me to ask, 'What implicit decisions have we made that need to be explicit? Or what decisions have we *not* made that we need to make, because we're heading down a path and it's going to be hard to reverse course?'" explains Kimberly-Clark's Black. The CSO has to be, in effect, the guardian of that space one to three years out, when the decisions made (or not made) today will show consequences.

Balance strategy formulation and execution. Most of the top strategy executives we polled said

The CEO's Burden

The CEO is ultimately responsible for the vision and strategy of the corporation – so why hire a CSO? There are good reasons for CEOs to delegate strategy responsibilities to another in the C-suite.

CEOs are being weighed down by the ever-growing complexity of doing business in a global economy. The demands and intricacies of conducting business in multiple cultures, time zones, and political or regulatory environments are exacting a stiff toll on globe-trotting CEOs. (Even CEOs need to sleep.) And keeping on top of the challenges at a range of interconnected businesses can tax even the most focused and energetic chief executives. At tech firms, for example, senior leaders must be knowledgeable about every content business – music, movies, books, video, television – as well as the software and hardware needed to make them all work. Networks of companies are a great boon to industry, as alliances, partnerships, and close supplier relationships facilitate the flow of commerce. But they're another management challenge for stressed-out executives, as big companies enter into literally thousands of relationships spanning the globe. Greater complexity on all fronts may explain why, according to one study, top management spends less than three hours a month, on average, discussing strategy issues (including mergers and acquisitions) or making strategic decisions.

Also consider that stakeholder demands from all quarters are putting pressure on CEOs to deliver results rapidly – and deliver them in line with factors that are only tangentially related to the making and marketing of products or services. It's hard to see a five-year plan through to completion when your tenure is likely to be less than that, but that's the situation CEOs find themselves in today. Boards, under intense pressure to add value themselves, are frequently pulling the plug on CEOs they deem ineffective. In 1980, the average time at the top was seven to nine years; today it is four to five years. Public scrutiny of compensation packages is only ratcheting up pressure on both boards and CEOs to deliver results in a hurry. For underperforming management teams, private-equity funds are often lurking, ready to make a hostile bid. Boards are also increasing their involvement in strategy development; several have guided their CEOs toward delegating strategy execution to another C-suite executive.

And finally, CEOs these days must be prepared to respond to an array of voices: shareholder advocates, the financial community (Wall Street analysts, private-equity deal makers, hedge-fund managers), government regulators, legislators, attorneys general, NGOs, environmental activists – and that's just people outside the company. While this list is by no means exhaustive (although it is exhausting), it helps explain why more and more CEOs are seeking help with strategy execution at the highest levels.

CSOs don't just wait for the phone to ring. They preemptively take the lead on strategic questions that business-unit heads don't have the time to deal with.

they split their time almost evenly between strategy formulation and execution, yet their statements reveal a tilt toward the latter. "Money is made executing, not strategizing," reported one chief technology officer, who is also responsible for strategy at his professional services firm. An aviation company executive emphasized the point: "We can have the best plan in the world, but if we can't execute, we won't be able to pay the bills." Driving change and enforcing the consistent application of decisions may require taking things as far as Kimberly-Clark's Black would go: shrinking strategic planning to a small internal team and leveraging the expertise of outside consultants. Our survey indicates that this is a common attitude among CSOs: 47% say they use external consultants extensively in their formulation of strategy.

Exert influence appropriately. CSOs must be adept at exerting their influence on other executives who might be skeptical – 52% of the strategy executives in our survey said having this skill was critical for achieving their goals. Countrywide's Matricciani told us that thorough due diligence on new products and potential partnerships helps her to be persuasive when presenting opportunities to the rest of the company (or when explaining why it should stick to its knitting).

Of course, simply having the CSO title can help: About one-fourth of our respondents said they accomplish their goals through direct authority. And while a tiny fraction reported that they influence others through reflected authority – that is, by having the implicit or explicit support of the CEO – we know that the CSO's relationship to the chief executive is more critical than that figure indicates. "The role is so peculiar, if you're not working every angle, I'm not sure how you get anything done," explains Stephen Dull, vice president of strategy at VF Corporation. "I report to the CEO, and I sometimes represent his issues and concerns more directly when I need to. You've got to use every arrow in your quiver – and you have to be prepared to do so again and again."

Develop IT and HR smarts. The CEO's vote of confidence and a strong résumé confer the credibility that gets you a fair hearing as a top strategy executive. But even more important for swaying opinions and conveying authority is having deep knowledge in two functional areas that are central to execution these days: technology and human capital. More than half the CSOs in our survey said they are spending more and more time looking at issues within these domains, which aren't traditional strengths of strategists. Nearly one-third of the CSOs we polled reported "very high confidence" in their knowledge of and comfort working in these functional areas; nearly all said they are at least "comfortable" with their level of knowledge of these topics. "Half the time I spend with the CEO, [we're talking about] people and cultural issues," one strategy chief told us. And while in many ways IT is the bailiwick of the CIO or CTO, it's also a critical domain for CSOs, because technology is critical to virtually every aspect of strategy – for instance, creating new products and services, developing new business models, and improving processes.

Do You Really Need a CSO?

The strategy management challenge has become more and more complicated, in virtually every industry, over the past decade. Increased volatility, rapid globalization, the rise of new technologies, industry convergence, and changes in the workforce – all have contributed to an environment in which top-down planning needs to be balanced with quick and agile execution. That is why more and more companies – including Motorola, Marsh & McLennan, NationsHealth, Universal Pictures, and Yahoo, along with the other organizations we've discussed in this article – have found it necessary to hire CSOs.

But recent CSO appointments aren't necessarily just a reaction to today's complex times. There are clear short-, medium-, and long-term benefits for companies that name strategy chiefs – advantages that justify the added expense and complexity at the top of the organization.

From day one, the CSO, by being the go-to person on all strategy matters, can focus and speed up decision making. AIG's Brian Schreiber wanted to be the "first call people made every time they had a new [strategic] opportunity." That way, he could quickly get the right people involved in making a decision – calling on members of the senior team, for instance, or experts in functional areas like treasury and risk management. He could also ensure that the decision was based on a strong strategic rationale as well as a financial one. Schreiber and other CSOs don't just wait for the phone

to ring, however: They preemptively take the lead on strategic questions that overwhelmed business-unit heads just don't have time to deal with.

In the medium term, CSOs add value by building world-class strategy development and execution capabilities within the company. Many strategy chiefs are creating departments specifically for this purpose, hiring people with strong strategy-related skills and competencies (business development, competitive analysis, M&A expertise, and the like). CSOs also ensure that the capabilities they help to develop are implemented by managers and integrated throughout the organization. Indeed, chemical company H.B. Fuller recently announced it was hiring its first-ever CSO specifically "to emphasize and align the key functions of strategy planning, business development, process improvement, and information technology." And when Marjorie Dorr was named WellPoint's CSO, the company's CEO said in a press release that Dorr would be "working with and across all business units to [establish] specific plans, deliverables, and measurable objectives…in order to drive progress and achieve desired results."

In the long term, the role of top strategy executive can become an effective succession-planning tool. At Cadbury Schweppes, Todd Stitzer went from being CEO of Dr Pepper/7 Up to becoming chief strategy officer to becoming deputy CEO of the entire company to finally being appointed CEO – all between 1997 and 2003. And PepsiCo CEO Indra Nooyi was in charge of corporate strategy at both ABB and Motorola before being named Pepsi's senior vice president of corporate strategy and development in 1994; from that role, she moved to president and CFO in 2001 and then to CEO in 2006. As Heidrick & Struggles's managing partner Krishnan Rajagopalan told us: "People take on the chief strategy role because they want to run the business sooner or later. There are usually one or two steps, however, between taking over the CSO role and becoming the CEO."

While the potential benefits are clear, bringing on a CSO is not without its challenges. One C-suite executive we spoke with was so glad to have a CSO come on board at his firm that he voluntarily gave up his office near the CEO to the strategy chief – but not all executives will be as receptive to the change. The CEO may need to do a hefty amount of evangelizing and relationship management to get the top team to buy in to this restructuring of the org chart. And executive recruiters confirmed what our interviews revealed: The search for the right candidate, whether internal or external, takes longer than most CEOs expect – a fact that is particularly frustrating for those chief executives looking to implement a growth or innovation agenda quickly.

Despite such challenges, more and more companies are exploring the CSO option. CEOs are tapping longtime company veterans with the experience and the social and political capital to cross boundaries quickly and effectively, or they're bringing outsiders and their fresh growth perspectives into the C-suite. Either way, CEOs are recognizing the ever-changing nature of strategy development and execution, the ever-compressed time frames they have in which to achieve results – and the ever-growing value of having a trusted, in-house strategy executive at the ready.

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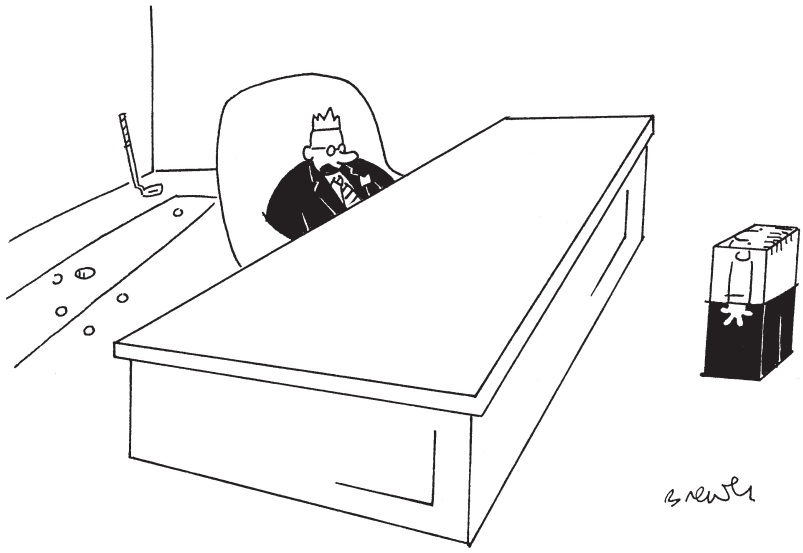

Bill Brewer

"The problem being, Muffit, if I give you a larger cubicle, I have to give everybody a larger cubicle."