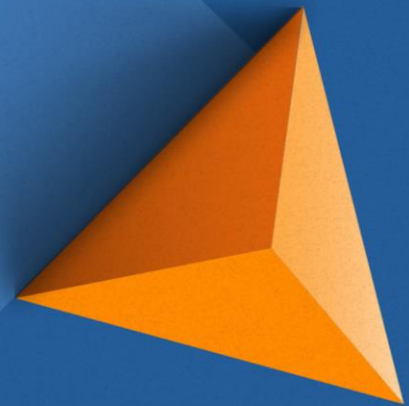


What Makes a “Superstar” Chief Revenue Officer | Part 2

Perspectives from CEO’s and Board Members

Dan Kielar | 2023

In this continuation of the conversation, JM Search Partner Dan Kielar addresses common reasons why CROs sometimes do not meet expectations and key considerations when evaluating a potential CRO



The Chief Revenue Officer (CRO) is increasingly one of the most impactful value-creation positions in a private equity - backed company. It's a multi-dimensional role, and it's not just about driving a sales team to hit quarterly revenue targets.

If a CRO does not perform to expectations, what caused that delta?

Key Theme: Inability To Listen, Pivot and Adapt To Market Changes

A superstar CRO does not rely on past Go-to-Market models and motions and expect what worked well in the past will continue to be successful in current market conditions. When CRO's do not actively listen to the market for insights on changing buyer behavior and then use those learnings to challenge the Go-to-Market strategy and execution model, the risk of failure dramatically increases.

▶ **Jim Whitehurst**

“They don't meet expectations when they just keep turning the crank like they have done in the past. They don't have a good enough pulse on the customer and where the market is going, and they don't generate the necessary ideas and plans to re-configure the go-to-market motions based on the market dynamics.”

▶ **Tracy Keogh**

“CROs fail when they just rely on previous instincts and how things were sold previously. There is a lot of ambiguity in the markets now and change happening in terms of demand and how customers buy and how they gather information about competing products and services. When CROs fail, they don't scan the market, assimilate the insights and then produce the right conclusions. They are a hammer, and everything is a nail.”

▶ **Ed Jennings**

“When they start talking about the other parts of the organization, and they start using pronouns like 'us' and 'them', it tells me they are not a team player, and it's a red flag. When they start building a silo, they will fail to meet expectations. As a company scales, you're not going to get everything right. Things are fluid and dynamic. You need the CRO to be listening to the market about how people are using the platform, and how we need to prioritize product requirements for example. The CRO needs to listen and share the information to the rest of the organization, and then work together to make the necessary changes.”

“It's the most important seat at the table in setting the strategy of the company. CROs aren't just there to deliver a number. They need to recognize how they shape the environment, how they evolve the organization and how they shape product direction.

Jim Whitehurst



When evaluating a CRO candidate, what gives you the most confidence that the person will be successful?

Key Theme #1: High Performance Team Builders

As mentioned in Part 1 of this series, superstar CROs spend significant time and energy assessing, coaching, developing, and recruiting the best GTM teams. Naturally, when evaluating a potential CRO, CEOs and Board members look for indicators that a candidate prioritizes and excels at building a high-performance team.

▶ **Jim Whitehurst**

“Their ability to attract, retain, coach-up and challenge the A-team is the most important thing. The best CROs that I have seen that have sustained that performance over time really understand the importance of getting the best team onboard, and they actively recruit their team. They are constantly creating that cycle of getting the best team in place. This is the one thing that separates the top performers.”

“When I’m interviewing a CRO, I always want to hear about the people they developed and where they are now. It’s a strong indicator of whether they are great at building a high functioning team. I want to know if they have successfully mentored people. Have the people they developed grown in responsibility at the company? Have they taken bigger roles elsewhere and been successful? Those are good indicators that a CRO candidate is really good at team building and talent development, which gives me confidence they will be successful.”

▶ **Scott Ernst**

“I want to see how they lead and motivate their direct reports. There’s a difference between leadership and management, and I want to have confidence in their leadership skills. The CRO has a lot of power. It’s critical for me to see how they think about that power

as it relates to leading and motivating their team. You don’t want a CRO who just uses position power to get people to execute the strategy. You want a motivational leader. When I am interviewing a potential CRO, I will ask a lot of questions around their leadership style and really understand how they motivate people. I will want to hear about many examples. To me, this is the most important thing to understand.”

“I want to see how they lead and motivate their direct reports. There’s a difference between leadership and management, and I want to have confidence in their leadership skills.”

▶ *Scott Ernst*

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Key Theme #2: Lifelong Learners

During the evaluation process of a CRO candidate, it is critical to determine if they are lifelong learners who seek information, reflect on that information

and then take appropriate action. These “learners” are confident, but not arrogant and have a sense of humility.

▶ **Tracy Keogh**

“I look for someone with a low ego who doesn’t pretend to know everything. They have to always be learning. You want someone with a growth mindset who will be taking in information that may challenge them. They have to show they are comfortable being challenged and will work hard to figure it out. There needs to be humility and a dedication to be a lifelong

learner. That's what I look for when evaluating a CRO or a CEO for that matter."

"I like to find out if they have had to reinvent themselves in the past based on changing environments. If they have done this and done this successfully, it tells me they are learners and willing and able to adapt, which gives me confidence in them as a candidate."

▶ **Kim Eaton**

"I think there is a level of accountability to the past that I like to see. If a CRO candidate is talking about a previous experience where a goal was not achieved and they position it as everybody else's fault, that's a red flag. 'The CEO wouldn't let me do what I wanted, or the market was changing.' We're hiring the CRO to help figure out how to adapt to a changing market. On the other hand, if they take ownership for the result and explain what they learned and how they would do it differently now, that approach gives me confidence that they will succeed."

When evaluating a CRO candidate, what gives you the most confidence that the person will be successful?

Key Theme #3: Fresh Business and Market Ideas

Board members and CEOs find confidence in a CRO candidate when they bring new and fresh ideas related to the Go-to-Market strategy, positioning in the marketplace, new revenue streams, different GTM organizational models, etc. It shows that a candidate understands the business; is creative in thinking about different ways to achieve success; and has the confidence to articulate these ideas/suggestions during the interviewing process.

▶ **Ned Leutz**

"During the interview process, they need to display that they will not rest until they fully understand the picture of what's going on at our business. They need to present their findings in a clear, visual way that makes me feel 'You understand'. They also need to bring new perspectives. It's great if they can bring out some ideas about the business and the GTM opportunities that we haven't thought of. That's a huge confidence builder."

▶ **Kim Eaton**

"I look for how clearly they articulate what they bring to the table and can point to specifics about how they would address the issues at my company. When a candidate can clearly show a plan and can speak in results and outcomes, I get a lot more comfortable. When they are talking through their plan, I look for new ideas. We may not get everything right with the investment thesis, so having a CRO who can bring new ideas to the table is confidence building."

Implications: It is very important to understand reasons why Chief Revenue Officers sometimes do not meet expectations and how to test for those performance indicators in the candidate evaluation and interviewing process, in order to find and attract a truly Superstar CRO.

Up Next: "What does it take to be a Hyper-Growth CEO in Tech."

In our next discussion, we will explore the skills, attributes and common considerations of CEOs who have successfully scaled 'hyper-growth' organizations. Join the conversation as I speak with Mike Massaro (CEO of Flywire) and other high-growth tech CEOs.

JM Search would like to thank our special guest contributors for their insights:



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