



Chief Transformation Officers: What Makes Them Successful

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At a Glance

With increasing corporate turbulence, as well as ongoing growth in the private equity sector, we are witnessing a rise in the number of Chief Transformation Officer roles. With so much riding on these master change agents, it is imperative that companies get the role right.

It's Time for Change ... Do You Need a Chief Transformation Officer?

The CTO is an extension of the office of the CEO and operates to deliver transformation programs promised to the Street or equity investors. Not every company engaged in transformation chooses to hire a CTO. If the desired changes are largely within a single function (think technology or manufacturing), the right move may be simply to focus on functional leadership or engaging a consulting firm. So, when do you need a CTO?

The role of Chief Transformation Officer typically comes into play when the desired scope of change, relative to a timeline, is dramatic and:

- There are a significant number of initiatives across functions and/or business units
- Achieving results may involve sustained effort to overcome entrenched or resistant interests
- The CEO is stretched and could use the focus of a centralized transformation office
- The executive team might otherwise struggle to keep up with day-to-day responsibilities

What Does the Chief Transformation Officer Do?

“My role is helping leadership advance the value creation agenda of the company. We have a well-defined value creation timeline set by our private equity owners, and we know what the levers generally are. I work to convert all of that into a measurable plan. I take the business from the 50 things we could be working on to the 10 that we are going to focus on, and then I get involved in those plans as appropriate to make sure we achieve them.”

- CTO, Chicago

You might see the CTO in a senior leadership meeting referencing a spreadsheet with colored Harvey Balls, responsibilities, delivery dates, size of the prize, attainment to date, and next steps. To the outside eye, the CTO might seem like a reporter at that moment.

But effective CTOs are known for much more than owning the tracker. High impact CTOs help move initiatives forward, leading and marshalling others to act. The best CTOs help other executives originate initiatives and then “go deep” to break down barriers to change. Sometimes they take ownership of key initiatives themselves.

Setting Up Your Chief Transformation Officer for Success

Make sure you have alignment. The transformation agenda can't feel like a series of side projects to others on the leadership team.

The role of the CTO—driving broad change across an entire organization—is challenging to say the least. To predispose your CTO for success, the role needs to be well sponsored. The CEO must explain the position and its charter to other senior leaders and staff, and then demonstrate that it has full support all the way up to the Board level.

The most effective CTOs report directly to the CEO and are an integral part of the CEO's leadership team. They should have unfiltered access to the executive suite and should arrive as a peer of the CEO's other reports. When they meet with a BU leader or function head, everyone in the room should understand the charter of the position and that the role is effectively an extension of the CEO's office.

Five Qualities to Look for in a Chief Transformation Officer

- **Prioritization Skills.** The office of the CTO can be like a war room. When a CTO is shepherding a dozen or more initiatives, knowing where to deploy is essential. Successful CTOs are relentless in assessing and reassessing where to invest both their own energy and that of the organization. In terms of their own time, great CTOs understand the difference between creating vs reporting value—and quickly get in a posture of spending most of their time on value creation while routinizing reporting.
- **Operations Experience.** CTOs with operations experience bring depth to value capture, because they grasp of the scale of change required on the front lines for initiatives to succeed. And the broader the CTO's operations experience, the better. Most transformation programs involve multiple functions, and it is not uncommon for a CTO to work on a set of initiatives that simultaneously intersect with marketing, customer service, supply chain, and IT. Breadth of operations experience helps a CTO navigate these functions.
- **Financial Expertise.** The CTO must be able to connect a transformation program—and each of its supporting initiatives—to value creation. So the CTO must speak the language of finance and have the analytical skills to engage the CFO and the private equity partner (if there is one) at the level of the financial model. Accuracy is at a premium. The CTO needs to sit on the same side of the table as the CFO and have their full confidence.
- **Ability to Go Deep.** When an initiative is not tracking to its expected timeline or value potential, the best CTOs get to the root cause. They probe dependencies in the Gantt chart, review the Excel models, talk directly with all levels of management, and call vendors themselves. They uncover hidden problems and know how to assess a situation, distill facts, and most importantly to build an action plan. They don't have to be a former consultant, but having a consultant's toolkit here is extremely helpful.
- **Resilience.** Any large-scale change program will be full of surprises, and here the CTO's tone and disposition are every bit as important as intellect and problem-solving skills. CTOs that have a tolerance for turbulence and who lead with resilience are serving role models for how they expect others in the organization to push through the setbacks and other challenges intrinsic to any transformation.

Last Word: Practitioner Advice for the New Chief Transformation Officer

Getting off on the right foot is important, because the charter only goes so far. While CTOs depend on sponsorship for role definition, much of a CTO's true charter and impact comes down to their own choices about how—and where—to navigate.

“In the early innings, do not let the CTO role come across as a nuisance. It should be more than spreadsheets and checklists. Engage meaningfully on the big questions—and depending on the initiative or area, be prepared that it may take months to get traction. Over time, 80% of the role is helping define and contributing meaningfully to the value creation agenda. The other 20% becomes routine: reporting status, preparing for Board meetings.”

- Former CTO