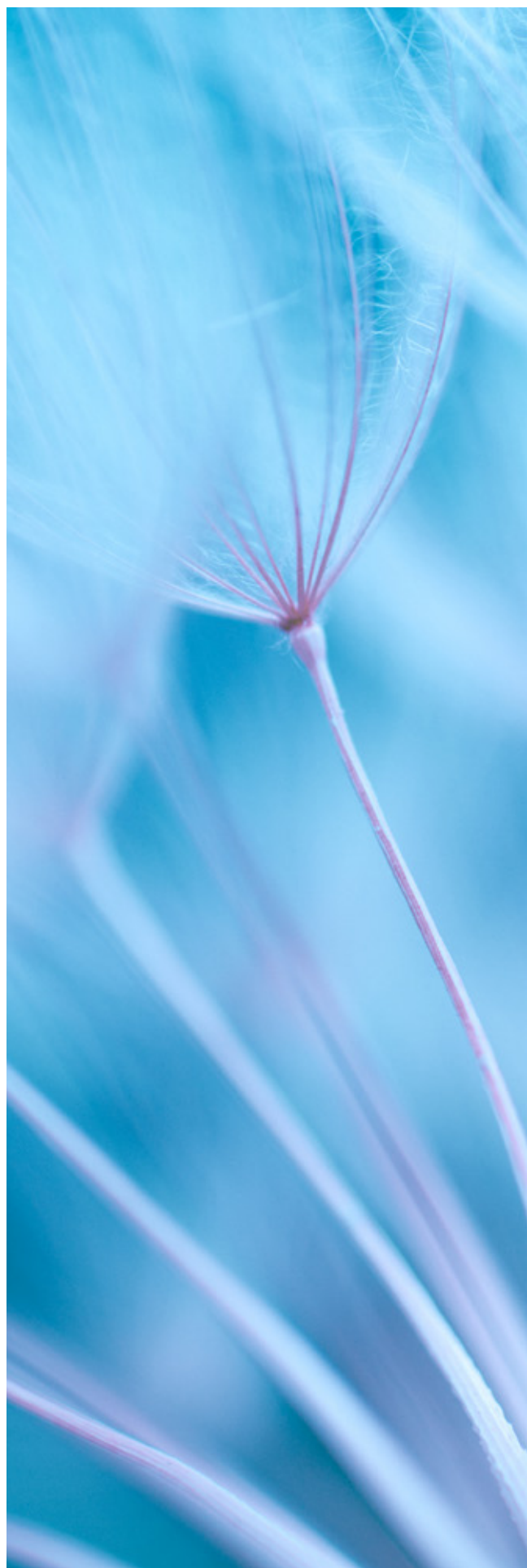


## Empowering Change:

### Finding Success as a Chief Transformation Officer

More C-suites today are adding a chief transformation officer (CTrO) to their leadership teams, as they seek leaders who can shepherd holistic, organization-wide change that quickly and substantially improves performance. But the difficulty and complexity of the role raise several questions. How do you find a leader fit for this role? What capabilities and experiences lend themselves to success?

To answer these questions and more, we recently sat down with a half-dozen acting and past CTrOs, transformation-focused consulting partners, and private equity operating partners who had hired CTrOs for their portfolio companies. This article, based on those interviews coupled with our work advising top companies on CTrO searches and data we compiled on the backgrounds of top CTrOs, looks at some of the insights.



## The archetypes and backgrounds of transformation officers

In our experience, most transformation officer positions are bespoke creations, with the role's contours and goals determined by a company's specific need for change at an important crossroads. Some common career backgrounds — particularly management and strategy consulting, as well as operational leadership — also are common in these roles, but the right person for the job depends on each company's unique situation.

That said, our experience has shown four standard archetypes for the role:

- » **Crisis mitigator.** In this scenario, the CTrO is an interim C-suite executive brought in to manage a business crisis, such as financial distress, a failed acquisition or negative press. In bankruptcy situations, the role is sometimes called a chief restructuring officer. The goal here is to create stability and to build, communicate and implement a transformation plan.
- » **Value creator.** Here, the CTrO brings fast-paced performance enhancements with an emphasis on continued, long-term change. In private equity settings, this leader is often charged with executing the value creation plan.
- » **Strategy activator.** This type of CTrO, usually positioned one step below the C-suite, takes a long-term strategic plan and translates it into near-term projects that drive growth and cost improvements. Projects include building new capabilities in areas like M&A execution, communications, organizational design, and data and analytics.
- » **Portfolio manager.** This is typically a VP-level role managing several transformation workstreams across the organization. Portfolio manager CTrOs often manage cross-unit cost or growth projects.

## The importance of defining the role

A clear mandate from the board and CEO, including clearly defined responsibilities, is critical for helping a CTrO generate buy-in across the organization. In particular, the CEO and board need to believe in the CTrO's mission.

“CEOs think they can drive any change, which is why they're in the seat,” said Aaron Miller, vice chair of Apollo Portfolio Performance Solutions at Apollo Global Management. “But driving a transformation through the existing line can put excess burden on the organization.”

Hiring someone to shoulder the transformation eases that burden. The CEO and board must set up the CTrO for success by giving this new leader clear responsibilities that are differentiated from other executive roles. This will eliminate ambiguity, precisely aligning the CTrO's role with the organization's needs — whether that's driving a major initiative, overseeing a digital transformation or managing a turnaround.

Finally, the CEO and board can help establish clarity around how performance will be measured, ensuring that expectations and goals are met.

## CTrO success factors

The CTrO is expected to drive rapid change, and to do so in collaboration with a variety of company leaders. Finance and IT skills represent a starting point.

“Ninety percent of transformations these days involve IT systems and have a financial objective,” said Paul Carbonneau, Strategy and Transformation co-leader for EY Americas.

“Finance and IT capabilities are table stakes, but the real differentiator is whether someone has developed the interpersonal and change management skills that are critical in this kind of role,” said Cory A. Eaves, partner and head of portfolio operations at BayPine, a private investment firm. Carbonneau echoed that sentiment, saying a CTrO's “soft interpersonal skills are the differentiator.”

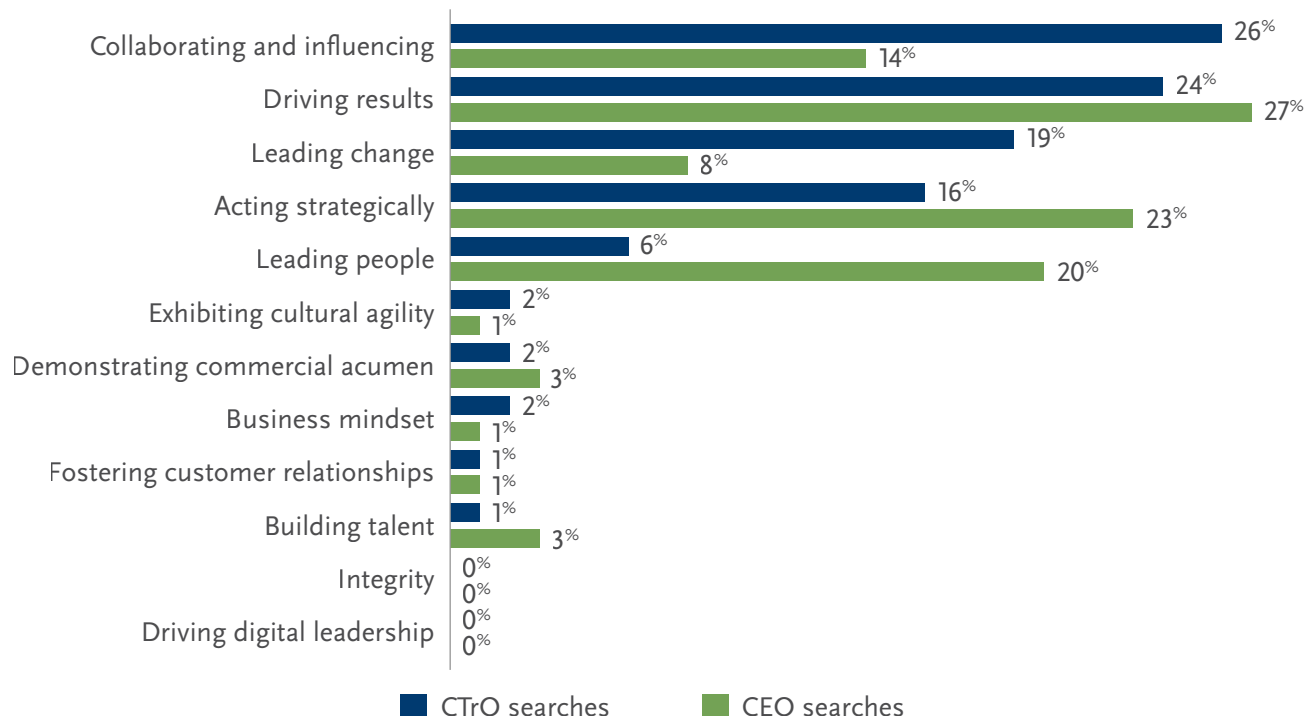
With that in mind, and considering the unique duties and pressure of the position, we dive deeper into the traits of successful chief transformation officers.

## An ability to influence

The chief transformation officer is in a delicate position. As Kristy Ellmer, head of BCG Transform, Boston Consulting Group's transformation and turnaround unit, told us, the CTrO “owns nothing, but is responsible for everything.” As such, it's imperative for the CTrO to be a transparent and empathetic leader with high emotional intelligence who can generate buy-in from disparate parts of the organization. Ellmer speaks to this point by highlighting the importance of “flexing styles: thinking about what drives each person and catering their storytelling to match.”

The figure below, analyzing the key qualifications for CTrOs in comparison to CEOs, shows how EQ is an important part of finding a strong CTrO. While both CEOs and CTrOs need to “drive results,” we find that “collaborating and influencing” is the most common capability needed for transformation leaders, at a much higher level than CEOs. It shows how transformation leaders need to be able to wield, as Paul Carboneau calls it, a “velvet hammer” in order to change the organization and create value.

#### KEY CTrO CAPABILITIES ALSO RELEVANT IN CEO ROLES



Source: Spencer Stuart database, Spencer Stuart analysis

Having a checklist and being able to name the problems isn't good enough. A successful CTrO needs to be able to convince internal partners — who don't directly report to them, and who will have more expertise in their functions than any transformation officer — that a proposed path is the right one, and hold themselves accountable for the outcomes.



## An operational orientation

A CTrO must also have the ability to operationalize the overall organizational strategy. The easiest way to sharpen that craft is through experience as an operator. Ellmer posits that CTrOs can gain a talent for connecting overall strategy to business outcomes by “walking in the shoes of the front line.”

Experience as an operator also gives CTrOs credibility, which then powers their ability to drive change. A leader who has walked in the shoes of front-line teams will understand better how to connect day-to-day work with overall goals.

“Proven general management experience is helpful,” said Jeff Kimbell, Americas turnaround and restructuring leader at EY-Parthenon, “so that line or functional leaders don’t see them as a mere outsider.”

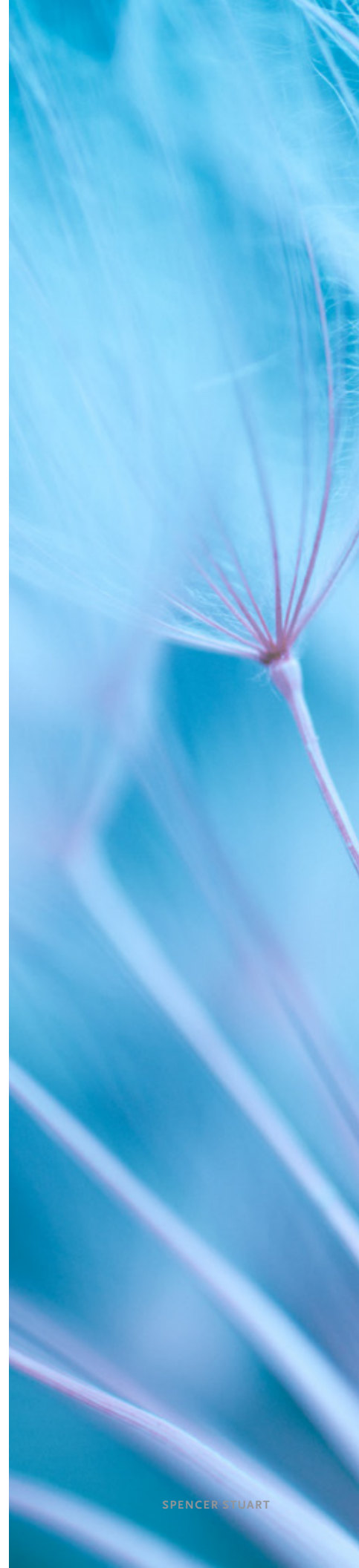
## Superior project management skills

From a practical perspective, a transformation leader needs best-in-class project management capabilities. The leader must be able to manage a wide swath of workstreams at the same time and communicate them well to all stakeholders.

Josh Feinberg, former chief strategy and transformation officer at ABM Industries, said that it’s important to have an “activist” project manager — someone who pressure-tests the transformation at every stage, understands of where things stand, where they’re headed and what needs improvement. “Having 20 workstreams working together and able to communicate where everything is in the process is crucial,” Feinberg said. “You cannot be a passive project manager.”



The chief transformation officer is a pivotal figure in orchestrating organizational transformations, but success won’t come easy. By clearly defining the CTrO role and seeking out a leader who is an adept influencer, an experienced operator and a strong project manager, companies will have an excellent chance of driving sustainable change for the organization.



## About Spencer Stuart

At Spencer Stuart, we know that leadership has never mattered more. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises, on their stakeholders and on the world around them. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 60 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, and many facets of culture and organizational effectiveness, particularly in the context of the changing stakeholder expectations of business today. For more information on Spencer Stuart, please visit [www.spencerstuart.com](http://www.spencerstuart.com).

## Authors

**Carolyn Wethington** (Washington, D.C.)  
**Gus Zangrilli** (Philadelphia)

The authors wish to thank their colleague Dylan Anderson for his invaluable contributions to this piece.

