The Chief Revenue Officer: the most important hire a growing company will make

The integration of sales, marketing and data analytics has reshaped software company revenue generation strategies and created the need for sales leaders that have expertise spanning all these disciplines.

"As the software industry has evolved, functions have begun to merge and interdependencies between sales, marketing and client insights from data have developed," says Ruby Biring, _Livingbridge_'s Head of Talent. "This integration has seen the emergence of the CRO role, a board level position that is focused on sales and the direct parts of marketing that influence sales."

How do you know when your business requires a CRO?

For any growing software company, bringing in a CRO will probably be one of the most important hires the business will make. Upgrading sales leadership and sales capability is essential for reaching and selling into new customer bases at pace and requires expertise that extends beyond the traditional sales silo.

"There is a distinction between the typical head of sales role and CRO position," Biring says. "A sales leader is typically primarily responsible for customer acquisition, targeting accounts, and how many accounts they deliver, while the CRO is more typically responsible for all revenue-generating activity across the organisation and revenue profitability."

The CRO remit can encompass every process that generates revenue through all functions, from marketing, sales, to pricing and revenue operations. The role focuses on improving sales performance, driving new product cross sell and pricing.

For any software company winning business at the thresholds required to preserve growth rates makes the formation of an overarching, strategic approach to revenue generation, led by a CRO, essential. This strategic approach should encompass sophisticated customer segmentation, assessment of the right organisational design to support channels to market and critically the foundations to scale – building best-in-class onboarding and training, sales processes and systems.

How to find the right CRO?

In fast-growing but still relatively small software companies it is still unusual to find sales leaders with complete, end-to-end CRO capability, and in most cases investors and management will look to bring in a new candidate to take on the role.

"Marketing, sales, product, pricing and data are typically distinct fields in young software companies. This can work well as a company starts out, but as soon as you begin to sell multiple products into multiple geographies, you need a board-level executive with overall responsibility for connecting all these together, which are all key components of driving the growth of the business," Biring says.

The CRO candidate's experience will vary depending on a software company's growth plan, and they will want a CRO with a track record that aligns with the business's overarching strengths and strategy.

Companies will typically target accelerated expansion by focusing on different strategies of revenue growth. These will include driving up organic sales; growing via acquisition; developing new products; and international expansion. The levers the company is targeting will inform the type of CRO the business requires.

"Look across the buckets of growth, prioritise them for the business and then find a CRO candidate with the experience that is going to cross the relevant

buckets, with a specific focus on a candidate that has "done" the next stage of your ARR journey" Biring says.

Integrating the CRO into the business

The timing of the CRO hire and integration into the board and company structure requires experience, thoughtfulness, and preparation.

There needs to be a period of assessing existing sales structures and mapping out the sales infrastructure that will be required as the company grows. This is important for informing how the CRO role will serve the business and dovetail with existing senior leadership.

"You have to be thoughtful around where your priorities are and what value that role is going to bring for you. You may have separate marketing and sales leads who are performing exceptionally, for example, and it makes sense to keep that structure in place initially before bringing a CRO later in the company's growth curve," Biring says. "As you build a board and form a true senior leadership team to run the business, the CRO role will exist, but it may well take time and a few steps before you get to that."

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