

Let's Hear It for the CCO! By Eileen Renner

Long gone are the days when a company was helmed solely by a chief executive officer. Recognizing that executives in C-level positions are uniquely positioned to motivate, direct and enact the strategic priorities under their auspices, many companies now employ any combination of a CIO, CMO, CTO, and COO. When a company creates a new C-level position, it conveys a strong message—both to its employees and to its potential partners and customers—that the subject area is a critically important strategic priority.

This leads us to believe that in today's tough economic environment, establishing a new C-level position, the chief channel and/or alliances officer (CCO), might be the fuel needed to help companies achieve greater growth and increased profitability through their partner channels.

The fact is that many companies increasingly view alliances and channel partners as a critical part of meeting their fiscal goals. The average technology company generates 10-50 percent of its revenues through indirect channels and resellers. Donna Coallier, partner in the PricewaterhouseCoopers Transaction Services group, notes that “Companies are using alliances more and more because they can open the door to new business opportunities at less cost, and with greater speed and lower risk than traditional M&A or even internal growth initiatives.”

Some companies rely on alliances to stimulate growth rather than riskier mergers and acquisitions. Eighty percent of executives who have become more willing to use alliances in the last three years cite the need for new sources of growth as their primary reason for doing so, compared with 56 percent who use alliances primarily to cut costs. Risk sharing, greater agility, new product development, and gaining access to new distribution channels and geographical areas are also obvious advantages of alliances.

When an organization begins to attribute significant contributions to its success from its channel strategy and alliances, it may be time to institute a chief channel officer (or chief alliance officer) in order to establish a critical communication link between the “channel chief” and the executive suite. With direct and regular interaction with the CEO, the CCO is better able to influence decisions that drive the business and shape corporate strategy at the highest level. The CCO is suddenly in a position to ensure that alliance and channel strategies integrally support and are aligned with corporate goals.

An Idea Whose Time Has Come?

We have observed several recent trends pointing towards the fact that appointing an executive who is responsible for a company's alliance or channel strategy to a C-level role is becoming more of a foregone conclusion than a radical idea. One such trend is that over the past five years, many successful Global 2000 firms who consider marketing a function of executive level strategy have implemented CMOs in their organizations.

In a recent study fielded by Amazon Consulting to CMOs and senior marketing executives in Fortune 500 firms, we asked what they saw as the difference in responsibilities between a CMO role and a vp of marketing. Their answers pointed to the fact that functioning at the C-level, or even as a member of the executive board, allows CMOs to have a more holistic view both across the business and across all the marketing functions. Janice Chaffin, CMO of Symantec, says, “As a CMO I have solid influence with the executive team as a peer.” Others polled saw a CMO role as more strategic or visionary, while a vp or even svp of marketing’s function would be more focused on the day-to-day execution of that strategy.

The Driving Forces

When a company establishes a CCO, it recognizes the contribution alliances make to ongoing customer satisfaction levels, company growth and profitability. These factors form the driving force that propels the “channel chief” into the C-suite boardroom.

In a report on the value of alliances, Gartner Dataquest found that executive-level support and sponsorship emerged as No. 1 on the relationship value driver list. Even more than financial commitment—which ranked 12th on the same list—executive support and sponsorship is perceived as a key indicator of organizational commitment to an alliance. Not only can executive leadership instigate alliance programs, it can also empower the alliance and channel organizations by providing the strategic direction and financial support required to fully execute programs.

Understanding this dynamic and the integral role channels play in their success, some of today’s most successful organizations, including IBM, Microsoft and eBay, have already begun to intimately involve top executives in forming their channel strategies. And when C-level executives get involved, channel relationships are typically transformed from opportunistic to strategic in nature. C-level involvement also keeps the channel strategy close to the center of the core business. A 2004 report by the Patricia Seybold Group suggests that there should be a senior executive responsible for the entire “customer experience.”

This position would be ultimately responsible for the quality of the entire end-to-end customer experience. The report notes, “...gaps appear between your go-to-market organizations—between direct sales and your partner, OEM or retail sales and support channels...to address and eradicate customer experience gaps proactively you’ll need someone highly placed in the organization who has the clout to make policy changes and business process changes...”

In the end, the title that the “Channel Chief” of an organization holds doesn’t matter as much as having a place “at the table” or on the executive team that defines direction and strategy for the company. However, by creating a C-level title for this position, a company does send a strong message to the entire organization—and to key external stakeholders—that it is wholly committed to success through the channel. The first organization to appoint a senior channel executive to a C-level position will surely receive the utmost praise from their partner community and recognition as a thought-leader in channel operations.

Eileen Renner is director of Amazon Consulting. Amazon Consulting is a boutique consulting firm in the Silicon Valley dedicated to helping organizations increase profitability by effectively developing and leveraging partnerships. For feedback on this article, please contact info@amazonconsulting.com.