

Understanding the Evolving Role of Modern CXOs

THOUGHT PAPER

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Introduction

Change is a permanent and critical part of the C-suite.

The makeup of the C-suite has always been subject to change, expanding, over the years, to include new and emerging CXO designations to better meet the evolving needs of today's volatile world. In the face of recent emerging trends and an ever-changing business climate, the roles of executive leaders have undergone some profound transformations.

The period from 2020 to 2022 bore witness to unprecedented challenges, where catastrophic global events significantly impacted all aspects of life, including the business world. While the pandemic brought about a paradigm shift in work practices, with increased digitization and the rise of remote and hybrid work models, persistent geopolitical instability disrupted cross-border trade, impacting supply chains and costs. Consequently, organizations began seeking leaders who not only stay abreast of these changes but also possess a deep-rooted understanding of how to navigate and adapt to this new world of business.

In the backdrop of such social, political, and environmental challenges, combined with a glaring talent gap, there emerged a pressing need for executives who could achieve more with less, with almost [60% of HR leaders reported that their top priority is to reskill their existing personnel](#). They also highlighted their interest in finding new leaders for the C-suite while also creating adaptive and diverse teams. Increasing pressures on environmental, social, and governance (ESG), DE&I, and AI adoption are also shaping organizational and board priorities, boosting the demand for what we call the modern-day CXO.

In a recent [study](#), it was predicted that by 2030, we can expect new additions to the C-suite, with roles like Chief Collaboration Officers and Chief Metaverse Officers becoming commonplace. Notably, one of the many things that this ever-expanding suite of CXO designations highlights is the varied set of expectations placed on today's leaders and the weight of constant change they must carry.

Combining information from discussions and research, **this thought paper delves into the ongoing momentum of these transformations while exploring the qualities that leaders and organizations seek in the modern-day CXO.**

The Changing Landscape of CXO Responsibilities

If you ask any executive leader powering the C-suite about their most pressing issues and challenges, you will probably get a long list of topics that move far beyond the operational and financial hurdles. From sustainability to cybercrime, data analysis and automation to diversity and inclusion, CXOs are grappling with complex and new issues that require varied perspectives and expertise. In the wake of disruptive global events, organizations have realized the importance of strategic thinking and innovation like never before. Modern-day CXOs are expected to not only steer their companies through uncertain times but also drive transformational change and identify opportunities in evolving markets. To understand the roots of the current evolution, it is important to take a few steps back and look at the epoch-making events and their impact on leadership and the world of work.

[90% of executives believe that the COVID crisis accelerated their organizations' digital transformation, underscoring the need for CXOs to be adept at leveraging technology for growth.](#) [Our own research](#) in 2021 showed us that a large number of organizations had to implement a major overhaul in terms of IT infrastructure and related policies to ensure that they stayed afloat to fight another day. Startups were the fastest to adapt to such monumental change, making quick changes to survive the challenges created due to the pandemic. Larger, established organizations, on the other hand, took significantly longer to adjust to the changes brought about by the crisis since it required transforming deep-rooted practices and perspectives. However, even before 2020, the advent of new technology and the rise of digital transformation were already in motion. According to a recent [PwC study](#), nearly half of all Chief Data Officers (CDOs) at current companies have been appointed since 2019 as digital transformation became an increasingly crucial priority with a growing digital workforce.

Thus, the modern CXO was born - a culmination of mounting pressures, emerging trends, and a growing number of changes, among other things.

Anatomy of a Future-Focused CXO



In the past, we have extensively researched the dimensions of leadership that will be critical to an organization's health and future success. Our findings strongly highlighted that effective leadership is characterized by high levels of emotional intelligence, a risk-positive approach, and the ability to navigate even the trickiest of times with purpose and transparency. The current environment has also exposed organizations to financial vulnerabilities, leading to an increased demand for CXOs with strong financial acumen. According to [PwC's 24th Annual CEO Survey](#), **79% of CEOs are concerned about the availability of key skills, including financial management, that are critical for organizational resilience in uncertain times.**

The Evolving Expectations

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CXOs today are required to be equipped with a high adaptability quotient, a global take on business, and strong experience in global stakeholder management. It is important, given today's environment, to have a broader understanding of the overall international business landscape, including the complexities of corporate governance and the compliance landscape.

- CEO of a global financial services company

Whether it is to maintain relevance or lead change, organizations today view agility and adaptability as indispensable traits in their C-level leaders. These traits are markers of a CXO's digital readiness. Then, there's the question of data. In the coming decades, we will see the data-driven approach that we discuss today as a natural part of every industry and organization. Naturally, today's leaders are expected to imbibe this data-focused mindset. Leaders with an analytical bent of mind coupled with the ability to translate data into real, actionable insights can empower organizations to make more accurate and informed decisions that can power a company toward success. CXOs are expected to champion a data-centered culture that enables accurate and effective decision-making. A solid understanding of corporate governance and compliance is another critical aspect in this highly fragmented and complex landscape. In today's ever-changing and unpredictable business landscape, the importance of proficient risk management cannot be overstated. For CXOs, it is essential to analyze and minimize risks while upholding compliance with regulatory standards.

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CXOs are now being critically scrutinized. It is important that they are seen as contributing effectively to the growth and scale of businesses given their high visibility. They need to make the right decisions and avoid actions that reflect a high risk-taking appetite. In fact, in some cases, we have observed that decision-making is leaning towards conventional wisdom. Today, CXOs are required to meet the expectations of a large set of stakeholders, including investors, shareholders, clients, customers, and employees, therefore they need to manage business risks more effectively. Additionally, many CXO roles are becoming redundant, especially in the current context. Hence, leaders today are held increasingly accountable for predictable growth and contributing profits sustainably.

- CHRO of a large consumer goods company

Our in-depth discussions with CXOs made one thing extremely clear: **The way leaders communicate has undergone significant changes. Today, they need to embody a more human, practical, and empathetic tone of communication.** Indeed, soft leadership skills have become essential for C-level roles, and this is not just applicable to CEOs. In fact, two critical duties CXOs have are to **listen and communicate, effectively and empathetically.** In addition, silos are no longer welcome or productive for the organization. From the CEO to the CMO to the CFO, every executive leader needs to become more involved with all other areas of their business. They are required to be experts in their field, no doubt, but also be excellent collaborators and strategic thinkers. Empathy, transparency, and trust-building are highly desirable qualities in this context as well.

Young and emerging businesses are no exception when it comes to the evolution of the roles and responsibilities of CEOs and other C-level leaders. In fact, building a C-suite in a startup or a new company is far more complex. This is primarily because startup founders and co-founders assume the positions of CEOs & CBOs in their company, however as the company grows, the need for experienced business leaders arises. The challenge can be in bridging the gaps between the founders' vision and the CXOs' approach, and this is especially true when hiring experienced CXOs who may have a proven track record of powering their companies to success but not necessarily the expertise to adapt and thrive in changing times.

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CXOs today are required to build synergy with founders, and also be culturally aligned with the founding members' vision. Especially for younger companies, leaders are expected to bring deeper wisdom and experience to the organization to make a greater impact. There are certain roles and functions where tenured CXOs with deeper expertise are preferred over those who can fast-track success. A rich and varied experience is a must-have for such leadership roles and often find favor with boards as compared to traits like agility, learning on the fly, high adaptability quotient.

- Senior HR Leader at a global venture capital firm

Our findings contribute to the stand that hiring to replicate past success may not always be a fruitful decision for a new company. Not in today's competitive business landscape. Regardless, founders and board members of new companies should be candid with a CXO candidate about their company culture and the behavior they expect. At the same time, they should manage their expectations and implement a gradual integration plan instead, involving relevant training for CXOs on how to move the new organization forward and align their strategy and skills.

Our Key Takeaways

We can confidently conclude that while the evolution of CXOs has been spurred by external events, this change is here to stay. The CXO job market is likely to continue to evolve rapidly in the coming years in response to the changes in the economy, technology, and society.

How will leaders be able to meet this change? What will define a successful CXO?

Leaders who possess a global mindset, are adaptable, innovative, able to anticipate and respond to emerging trends and challenges, and are skilled in digital transformation will be most sought-after. With recent developments accelerating the adoption of digital and generative technologies, companies are looking for leaders who can leverage these developments to enhance customer experiences, streamline operations, and successfully, create new revenue streams.

Lastly, apart from acquiring new skills, leading with a shared purpose can have a profound influence on the company's success. Thus, **executive leaders must actively cultivate and promote a corporate culture centered around collaboration, trust & transparency, and mutual support. Undoubtedly, CXOs carry the weight of numerous complexities, however, a combination of relevant skills and such an approach encourages active engagement from all employees, enabling collective success.**

About the Author



Varun has over 20 years of experience in the corporate world, of which the last 15 years have been in executive search where he has led and managed critical client relationships across diverse industries. While working at

EMA Partners, he managed engagements that span the sr. leadership suite with a special focus on Digital, Tech & IT Services, VC/PE-Portfolio and Professional Services. He was instrumental in developing firm's capabilities in the Digital & Technology space. Before co-founding PeopleAsset in December 2018, Varun was leading the tech practice at one the fastest growing executive search and hiring firm, headquartered in India.

Prior to joining EMA Partners, Varun was associated with Korn/Ferry where he was part of the Global Technology Markets (GTM) India practice. His areas of focus at Korn/Ferry included: Business & Professional Services, Business Information Services, IT/ ITeS, Electronics, Software & Emerging Technologies, Consulting, Big Data & Analytics, HR, and Finance. Earlier, between 2008-2011, Varun ran his own search firm before which he was associated with a niche economic, business and market research firm, IMA India.

Varun comes in with multi-domain, multi-functional expertise in Executive Search, and Leadership Coaching & Development. He had successfully completed Decision Dynamics Certification in the Executive Assessment Suite, is an Executive Coach, and regularly advises early-stage ventures/ entrepreneurs.

About PeopleAsset

PeopleAsset is a boutique Executive Search & Talent Advisory Firm geared to deliver high quality results. We help our clients dramatically improve performance through focus on leadership & talent.

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Varun Sarin is the Co-founder, Director at PeopleAsset.
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