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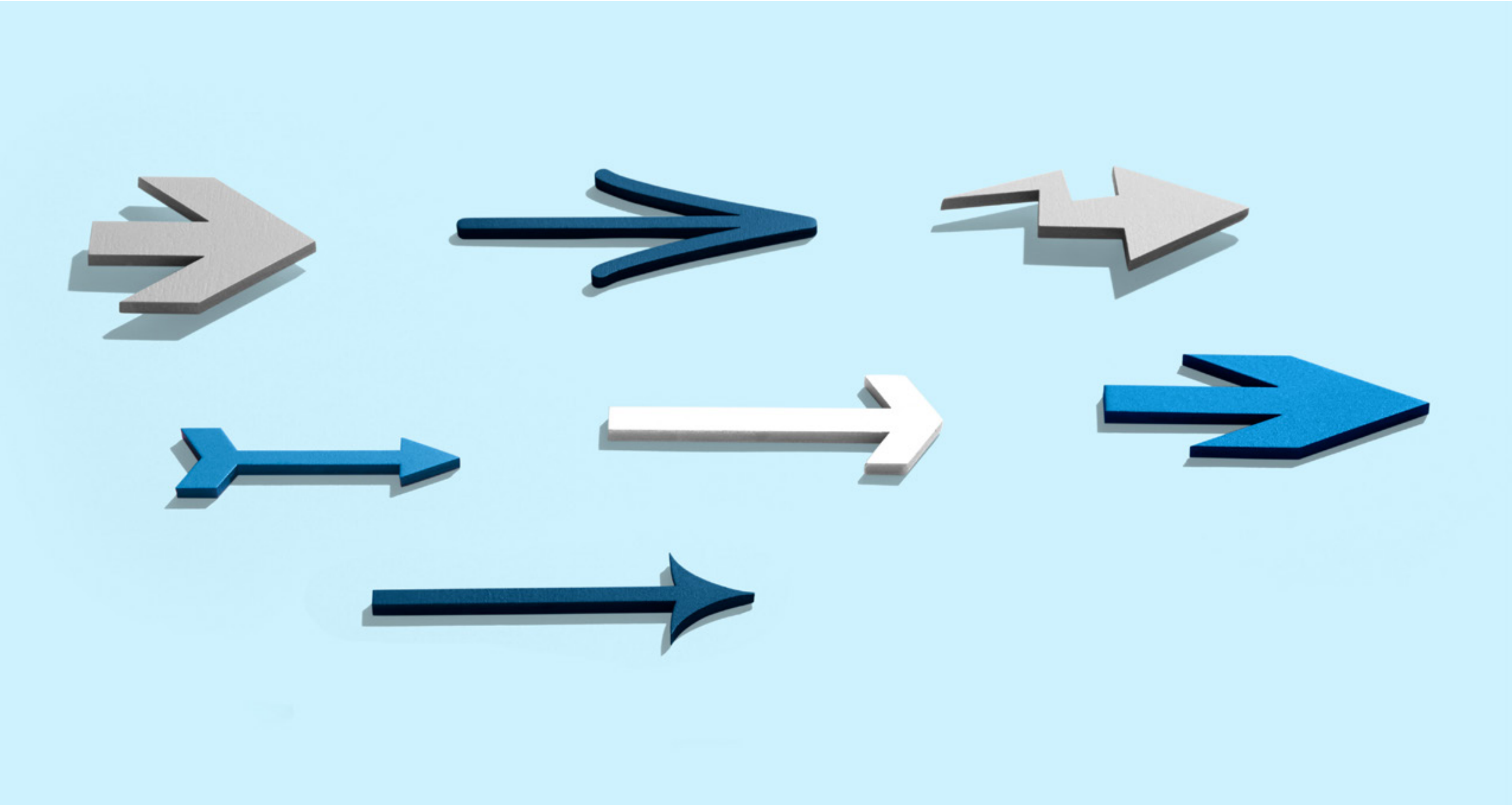
McKinsey Explainers

What is the C-suite?

The C-suite is the group of executives responsible for running an organization.



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The C-suite comprises all the executives that run a given organization. The makeup of each C-suite is unique: while most organizations have a CEO and a CFO, the other roles depend on the business model and operations of the company. A public-facing tech business, for example, is more likely to have a chief technology officer (CTO), whereas a company heavily dependent on sales may have a chief revenue or growth officer. And some C-suite roles wax and wane in popularity: in 2000, 48 percent of Fortune 500 and S&P 500 companies had a COO; by 2018, that number had dropped to 32 percent.

In this *Explainer*, we lay out the most common C-suite roles, as well as how they usually fit together. And for a deeper dive into each role, we also link to the best of McKinsey insights on these jobs.

What are the most common C-suite roles?

— *CEO.* You already know what a CEO is. It's the hardest job in business. While CEOs have help—from other members of the C-suite and employees throughout the organization—they alone are ultimately responsible for the fate of the company. As industry transforms at a pace never seen before, the job of the CEO is bigger and more difficult than ever. And not everyone succeeds: just three in five new CEOs live up to performance expectations in the first 18 months on the job. Read this *McKinsey Explainer* to learn what makes a successful CEO.

— *CFO.* For years, the CFO simply managed a company's finances. But the role has expanded tremendously. Today, the CFO is the CEO's main partner in value creation. Communication is a key part of the modern CFO role, encompassing engagement with investors and boards, as well as with C-suite colleagues and business unit leaders. CFOs are also responsible for managing risk—with respect to cash, physical assets, credit, strategy, and more. Read this *McKinsey Explainer* to learn the roles and responsibilities of a CFO.

— *COO.* COO stands for chief operating officer. But what that actually means is different for every company. Operations executives are typically responsible for how a company delivers its product to market, as well as the organizational capabilities and the team needed to deliver it in the best possible way. The most effective COOs should be well prepared to deal with the extraordinary operational disruptions that are becoming more and more commonplace, and they should excel at engagement with colleagues in the C-suite and on boards of directors, as well as with talent up and down the corporate ladder. Read this *McKinsey Explainer* to learn what the COO role entails.

— *CTO and CIO.* Technology is with us always and everywhere—and is only becoming more ubiquitous. The pace of change is rapid enough that two executive roles are assigned to keeping an organization technologically competitive: the chief technology officer and the chief information officer. What's the difference? Simply put, a CTO's main job is to oversee an organization's external-facing technology, and a CIO is typically responsible for internal technology. Read this *McKinsey Explainer* to find out the difference between CIO and CTO responsibilities.

— *CMO.* Yes, chief marketing officers are responsible for marketing their companies' products or services. But unless their activities directly drive growth, they won't be considered highly effective. To achieve this growth, CMOs need to heavily invest in partnerships with their C-suite colleagues. In particular, they need to learn the languages spoken by the finance and tech teams to communicate marketing's role in the larger value creation narrative. Check out this *McKinsey Explainer* to learn how CMOs can work with their colleagues to create value.

— *Chief transformation officer.* Transformation means change. But it's more than just a quick fix to a bug in a process, or a surface-level bureaucratic adjustment: transformation should mobilize an entire organization, fundamentally rewiring how it operates and how employees and executives alike approach their jobs. To pull off this kind of change—and manage the turbulence that is bound to come with it—an organization needs a chief transformation officer. Read this *McKinsey Explainer* to find out what a chief transformation officer does.

— *CHRO.* A CHRO is a human resources executive. For a long time, that meant just one thing: the CHRO was in charge of managing an organization's people according to a three-pillar model pioneered by management coach Dave Ulrich in 1996. Lately, HR has been a lot less static: as employees increasingly ask to be managed differently, HR is emerging as a major engine that drives change within an organization. As a result, the CHRO role looks a lot different from how it used to. Check out this *McKinsey Explainer* to learn how the CHRO role is changing.

What are the big issues that merit C-suite attention?

As we've seen, C-suite leaders run an organization, from operations to finance to HR and more. But what major efforts require their collaboration? Here are a few:

— *Digital transformation.* Even when there's a chief transformation officer in the mix, successful digital transformations require a full-court press. Getting digital and AI transformations right requires organizations to bring business, technology, and operations more closely together to digitally innovate. Achieving this, in addition to upskilling and building a functional, distributed technology and data environment, can drive the kind of transformations that lead organizations to outperform their peers.

— *Navigating the future of work.* The pandemic was just the start. Since the beginning of 2020, there have been almost too many seismic disruptions in business to count. These disruptions have triggered increased reflection for most of us on how we spend our time—in life as well as in work. As C-suite executives reckon with new approaches to work, including hybrid work, they're looking toward training managers for remote leadership, reimagining processes, and rethinking how to help employees thrive in their roles.

— *Supply chain.* The phrase "supply chain" has vaulted to the forefront of executives' minds in recent years. And yet very few CEOs of Fortune 200 companies—only 11 percent, by our reckoning—have a supply chain background. This means the C-suite executives managing

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organizations that rely on functioning supply chains—nearly everyone these days—need to come up to speed together to ensure smooth operations processes.

How diverse is the C-suite?

According to this year's *Women in the Workplace* report, conducted by McKinsey in partnership with LeanIn.Org, 57 percent of C-suite executives are White men. That said, women's representation in the C-suite is the highest it's ever been. Since 2015, the number of women in the C-suite has increased from 17 to 28 percent, and representation has also significantly increased at the vice president and senior vice president levels.

But true parity remains out of reach. This is due in part to lagging progress in the middle of the corporate pipeline: representation of women at the manager and director levels has grown only three and four percentage points, respectively. This means there are fewer women in line for top positions.

What's more, underrepresentation of women of color persists. At nearly every step in the pipeline, the representation of women of color falls relative to White women, as well as men of the same race and ethnicity.

So you've landed the corner office. What's the best way to transition into the job?

There's no one predictor of success in a new role, executive or otherwise. But according to a McKinsey Global Survey on executive transitions, there are a few things that correlate with a successful transition.

Organizational alignment is a key factor. Part of this is out of an executive's hands: those who receive more support and resources from their organizations have more time and energy to spend understanding the issues they're able to influence. But executives who invest in learning organizational culture are able to align their organizations around what *not* to do, which is equally as important as explaining what they plan to do.

Successful new executives are likely to spend time understanding organizational culture. But making changes to that culture is a different story. Both internal and external hires often struggle with implementing culture change. Part of the reason for this is many executives believe they don't have accurate ways to measure culture.

For executives looking ahead to a transition, here are two things to focus on:

— *Be purposeful.* Crafting a clear vision of strategic priorities, building their teams in a timely way, rigorously assessing the organization's culture, and spending enough time to prepare for the personal demands of the job are essential to success in a new role.

— *Create organizational support.* Organizations pay a high price for failed transitions. Executive teams preparing to onboard a new colleague should develop a systematic approach to support new leaders, blending formal training with softer skills like personal coaching.

What are some challenges to C-suite cohesion?

C-suite executives don't always understand—or properly value—the work of their colleagues. Marketing is one function that is often undervalued. Only half of CFOs surveyed in 2019, for example, said marketing delivers on the promise of driving growth, and 40 percent don't think marketing investments should be protected during a downturn. CHROs and their C-suite marketing counterparts are even less in sync. One possible reason for this disconnect? Just 3 percent of board members surveyed had a marketing background. "Everyone [on the board] has an opinion about marketing," said one former apparel CEO, "but there is very little expertise."

Communication is key to remedying this—for all C-suite executives, but marketers in particular. Learning the language of the C-suite—and using it to justify their marketing budgets—goes a long way to convincing C-suite colleagues that marketing deserves its lines in the budget.

What happens when one C-suite role crosses over into another?

As the C-suite evolves with the times, sometimes one role begins to look a lot like another. McKinsey has found, for instance, that the CFO role has expanded to the point that it's beginning to cross over into what has traditionally been considered the purview of operations or information executives. To avoid conflict and potential overlap, alignment among C-suite roles is key. C-level officers should be clear about the joint priorities and should discuss and decide who should lead them. The more an executive drives dialogue, the better they can manage what happens.

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Get to know and directly engage with senior McKinsey experts on the C-suite

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