The 2024 CPO Insights Report

The CPO to CEO Issue

In partnership with

MIGHTY CAPITAL

Capgemini

Presented by

PRODUCTS THAT COUNT



Foreword by Renée Niemi

It is my pleasure to share with you the 2024 CPO Insights Report. As resident Chief Product Officer at Products That Count, I have had the privilege of leading this reporting for 3 years running. During that time, I have spoken with thousands of CPOs. This report is not only a direct result of the insights shared by these amazing executives, but it also tells a compelling story about the convergence of business and product success.

What a time to be studying the Chief Product Officer! When we began this study 3 years ago, the business world was still reeling from the pandemic. Digital transformation was the watchword then, and the companies that embraced this change – especially by putting Product in the C-suite – were the ones who emerged stronger than before.

The next year, our study revealed that as businesses realized the importance of the Product function, CPOs began to own business outcomes. The CPO was now in charge of the Voice of the Customer, was increasingly driving mergers and acquisitions, and, we predicted, was forging a path to the CEO position. Additionally, we saw generative AI becoming an undeniable revolutionary force within product organizations, with CPOs as the business leaders best-positioned to navigate this new terrain.

In year 3, these trends are only accelerating. CPOs are being promoted to the role of President and CEO more often than their peers in the C-suite – and at a pace faster than I would have imagined even recently. Additionally, the CPOs I speak with are nearly all leading the AI charge at their orgs; whereas last year their boards were asking CPOs, “what are your plans for AI?,” now these CPOs are rolling out AI roadmaps.

One finding I am most excited about is this: our data suggests that firms with a CPO outperform the market. In that sense, it isn’t surprising that CPOs are moving up to CEO at such a torrid pace: this is a natural progression for a role that has captured the attention of Wall Street, investors, and share-holders alike!

I also want to recognize important strides made in gender representation. With 15% of our CPO sample being women, the rise of the CPO is also breaking down barriers and reshaping gender imbalances in business, especially as CPOs now have a clear path to CEO.

Many thanks to the generosity of Capgemini and Mighty Capital for support of this research for 3 years running. You make the nonprofit work of Products That Count possible. And above all, thank you to the Chief Product Officers whose insights shape the pages below. I wish you the greatest success in the years to come!

Best regards,
Renée Niemi
Resident Chief Product Officer at Products That Count

Renée Niemi Bio

Renée Niemi is the Resident Chief Product Officer at Products That Count, where she leads the annual CPO study. One of the first-ever Chief Product Officers at a Fortune 500, Renée is known for building high-performing teams that deliver results. Prior, Renée earned a reputation for fixing and growing businesses by delivering amazing products and customer experiences for some of the best companies in technology, such as Plantronics, Google, and Logitech.

Introducing The Study

We are excited to release the 2024 CPO Insights Report, produced by Products That Count, a 501(c)(3) non-profit organization that helps everyone build great products and engages over half a million product managers, in partnership with Capgemini, a leading business and technology transformation consultancy, and Mighty Capital, a venture capital powerhouse. The report compiles insights from over 1,000 in-depth interviews and executive roundtables with Chief Product Officers (CPOs), focusing on the critical role of product management within Fortune 1000 companies. The increasing significance of this function continues to inspire us and confirms the trends we've been highlighting for the past several years. Below are some key highlights, and we hope you find these high-fidelity insights as valuable as we do.

Over the past 5 years, the business landscape has undergone unprecedented changes due to the pandemic, economic uncertainty, and the rapid adoption of artificial intelligence (AI). During this period, the role of Chief Product Officers (CPOs) has become crucial, with CPOs taking on strategic positions in leading companies. **The number of CPOs within Fortune 1000 companies has increased 10X over the past 3 years**, with over 40% of these companies now having appointed a CPO.

This has opened a new path to the CEO role. Our research shows that **70% of CPOs manage a P&L** – a remarkable achievement that comes 3 years sooner than our prediction. Further, **20% of our handpicked CPO Award winners get promoted to President within a year**. Here's why:

First, **companies with a CPO outperform their peers**, both public and private ones. As a result, boards are shifting the digital conversations from a defensive focus – to protect their data with cybersecurity policies – to an offensive approach, leveraging their data to implement AI, innovate faster, and win market shares.

Second, **CPOs increasingly own their companies' AI agenda**, which accelerates their impact on the business. While we see good CPOs focus their AI roadmaps on efficiencies and cost reduction, great CPOs leverage AI to drive a fundamental shift in business operations, disrupting business models and leading market innovation.

Third, CPOs rise to power via a genuine meritocracy. They are promoted because they deliver business results. This has led to greater diversity: **30% of CPO Award winners are women**, 2X the number from last year, and **30% of winners do not have a graduate degree**, demonstrating that their success is based on achievements.

Looking ahead, our predictions for 2022 and 2023 have proven accurate and even accelerated. This year, **our prediction is that 30% of Fortune 1000 CEOs will be former CPOs by 2027**, up from 5% today.

"In an increasingly connected, hyperpersonalized and software-driven world, CPOs wield more power than ever; they influence every stage of the customer lifecycle, driving greater customer loyalty and shareholder value."



Lisa Mitnick
Americas Portfolio Lead of Capgemini and Board Secretary of Products That Count

Methodology

This report is grounded in a comprehensive methodology comprising qualitative and quantitative research conducted over the past 3 years, engaging with thousands of CPOs from diverse companies worldwide. Leveraging interviews and survey data, our focus extended to gathering insights on both the CPOs themselves, including their demographics and prior roles, and the companies they represent, encompassing factors such as company size and industry distribution. See Part 3 for a discussion of the diversity represented in this sample, and how this data reveals that “product is the great equalizer.”

This annual CPO research addresses a notable void in the field, as primary research on the Chief Product Officer remains scarce. Notably, major publications sometimes continue to conflate the role of Chief Product Officer with that of Chief Procurement Officer or Chief Project Officer. Given the pivotal role of Product in the AI era, comprehending the ascent of this top product leader with precision is imperative for a nuanced understanding of the current and future business landscape. This Report aims to contribute to that greater comprehension.



Part 1:

CPOs Rapidly Ascend to President and CEO

In previous years, we noted the rise of the Chief Product Officer in terms of the role's establishment. In other words, our study tracked Product taking its place in the C-suite. It's one thing to have a seat in the C-suite. It's something else to be the leader in the C-suite, but that is exactly what is now happening with the CPO.

In parallel with the annual CPO study, Products That Count also produces the Chief Product Officer Awards, in which the top CPOs around the world are recognized by their peers. Strikingly, **20% of CPO Award winners from last year have ascended to President or CEO positions**, like Shiven Ramji at Okta and Avijit Sinha at Wind River.

It is now clear that product leadership is assuming a central role in shaping strategic direction within businesses. This trend is intricately linked to the transformative influence of AI on product development processes. CPOs leverage AI to drive short-term strategies focused on enhancing efficiency, reducing costs, and stimulating revenue growth. Moreover, new key performance indicators such as revenue per employee are emerging as benchmarks for measuring success, necessitating a shift in budget allocation from headcount to technology tools.

Beyond short-term imperatives, CPOs are spearheading mid- and long-term strategies aimed at disrupting competitors and solving complex challenges. This proactive approach is particularly evident in traditional industries such as healthcare and fintech, where AI holds the promise of revolutionizing health outcomes and risk management practices. However, with the promise of AI come inherent risks, including ethical considerations, data privacy concerns, and security vulnerabilities. CPOs must navigate these complexities adeptly, serving as stewards of responsible AI deployment while simultaneously driving innovation and growth.

The position of CPO is truly unique. **Owning tech during a time of great technological upheaval means the CPO is often best-positioned to lead on questions of AI strategy and M&A decisions** – decisions with a direct impact on a company's share price. Thus it has rapidly become a reality that CPOs have a voice not only in the C-suite, but through their leadership and ascendancy they also have influence in the boardroom.

"Embracing the transformative potential of AI for products requires a culture of experimentation."



Renée Niemi,
Resident CPO of
Products That Count

Key Takeaways

- **CPO Advancement to President/CEO Role:** 20% of CPO Awards winners ascend to President or CEO positions in less than a year, indicating a growing trend of product leaders assuming top executive roles.
- **AI's Impact on Product Development:** AI is emerging as a pivotal factor influencing the responsibilities of CPOs, reshaping how product decisions are made and executed.
- **M&A Dynamics:** M&A activities are evolving to become lagging or opportunistic indicators rather than leading indicators in the realm of product strategy.

Part 2:

Companies with CPOs Outperform

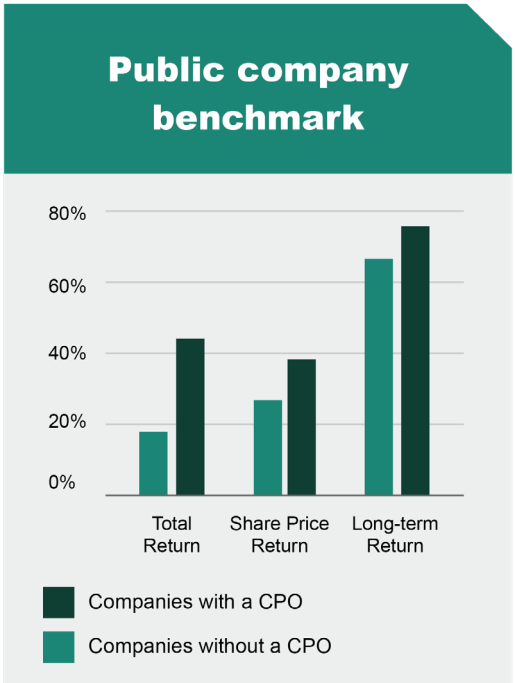
Qualitative data over the course of this 3-year study suggested that companies with CPOs in general, and top CPOs especially, were outperforming their competitors. But is this merely anecdotal, or actually true?

To assess whether quantitative data supports the idea of CPO-led overperformance at public companies, we analyzed publicly traded entities or their parent companies, focusing on their stock performance. When subsidiaries were involved, the parent company's performance was used. We employed Total Return, which includes dividends and other returns, and Price Return, which only considers price fluctuations over 1-year, 3-year, and 5-year periods, compared against the SPDR S&P 500 ETF Trust (SPY).

Of the 43 companies assessed, 29 are publicly traded or subsidiaries of publicly traded firms. In the 1-year period, 41% outperformed SPY in Total Return, and 38% in Price Return. Over 5 years, 18% outperformed in Total Return and 23% in Price Return. Despite market fluctuations, 72% of these companies showed positive Total Returns over the past year, and 68% over five years, indicating resilience and favorable long-term performance.

This exceptional performance is particularly noteworthy considering broader market dynamics. Historically, only a fraction of public companies have generated positive returns for shareholders over extended periods. To wit: research by Hendrik Bessembinder, a finance professor at Arizona State University, found that most of the net wealth created by public companies in the U.S. stock market from 1926 to 2016 was generated by a small percentage of firms. Specifically, just 4% of companies accounted for all the net wealth creation during this period. This means that the majority of public companies either did not create wealth or destroyed it over time.

The fact that **a significant majority of companies with a CPO yield positive returns** confirms that they outperform their peers without a CPO. Consider also the fact that, especially since 2020, companies are creating value through software-driven transformation in product and services (see Capgemini's recent study on softwaritization). Many (if not most) of these companies have CPOs. All of this adds up to a strong connection between top Chief Product Officers and their companies' overperformance compared with competitors without CPOs.



"From referrals to new business models, product is our biggest value driver."



Avijit Sinha,
Windriver President,
Products That Count Board Member,
Fmr Microsoft GM

Another data point to consider is investments in startups and middle markets. Small and emerging venture capital companies typically follow the power law model, investing in many startups with the expectation that a few will achieve significant success. However, a product-first strategy defies this norm by emphasizing exceptional product development from the outset, resulting in higher success rates. **Employing a Chief Product Officer can be pivotal in ensuring a product-led approach, which creates rather than merely identifies winners**. This strategy has proven effective, with one in five product-first companies excelling, as seen with examples like Amplitude, Groq, and Airbnb.

"CPOs drive way more than the innovation agenda; they steer their companies towards business success and financial performance."



SC Moatti,
Managing Partner of Mighty Capital and Founder & Board Chair of Products That Count

Scaling private equity (PE) companies have traditionally focused on financial efficiency and operational improvements to drive value. However, **the rise of CPO-led mid-market companies has introduced a shift in strategy**. These companies prioritize business model innovation and strategic mergers and acquisitions, integrating new entities seamlessly to maximize value. Rather than relying solely on sales development, they adopt referral-based sales targeted at executive buyers, fostering long-term growth. This holistic approach, driven by digital transformation and a focus on innovation, enables CPO-led PE-backed companies to outperform traditional counterparts, setting new standards for mid-market success.

Key Takeaways

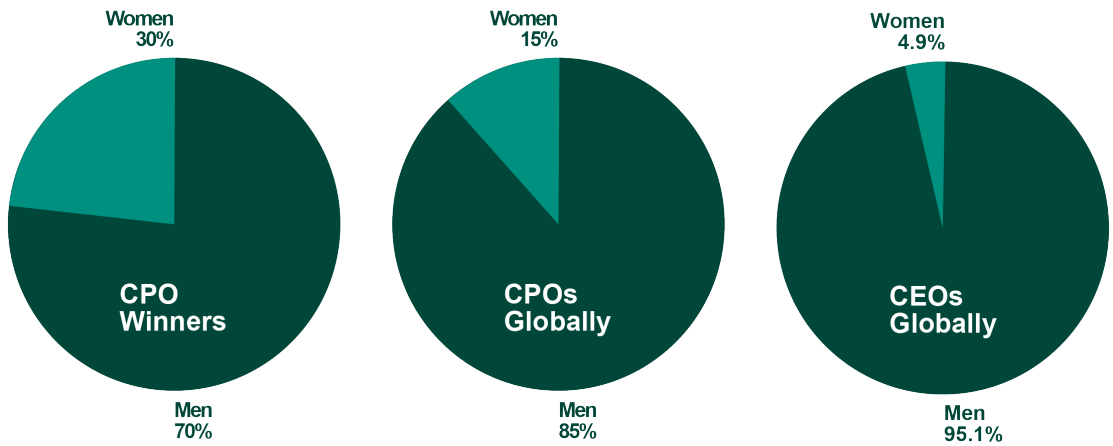
- **CPO-Led Companies Outperform Competitors:**
  Both qualitative and quantitative data from our 3-year study confirm that companies with CPOs consistently outperform competitors.
- **Market Resilience:**
  Despite market fluctuations, the majority of CPO-led companies demonstrated resilience, with 72% recording positive returns over the past year and nearly 68% over a 5-year period.
- **Exceptional Quality:**
  Our findings underscore the exceptional quality and stability of CPO-led companies, contrasting with broader market trends and the challenges faced by Fortune 1000 companies.

Part 3:

Product Is the Great Equalizer

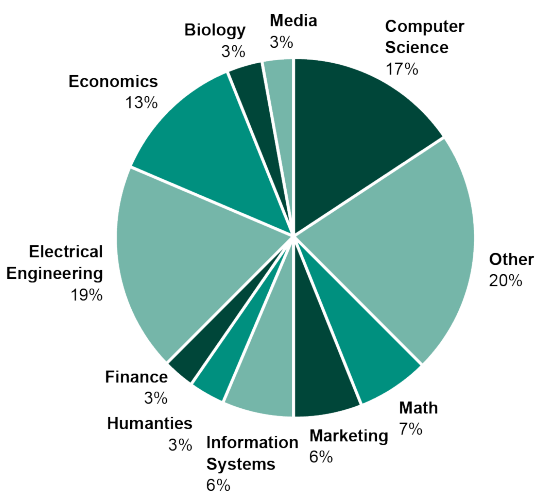
Gender Diversity

The role of CPO is ahead of the curve in many ways, not least in terms of gender diversity. Our survey respondents were 85% male and 15% female. That 15% figure is significant, especially compared with the role of CEO. Globally, women account for just over 5% of CEOs. And among Fortune 500, women made up 10% of CEOs in 2023. Because CPOs are rapidly ascending into the roles of CEO and President (see next section), this gender makeup portends an increase in women at the helm of businesses in coming years. Moreover, the winners of the 2024 CPO Awards included 30% women, suggesting that among top CPOs there is even greater gender parity.

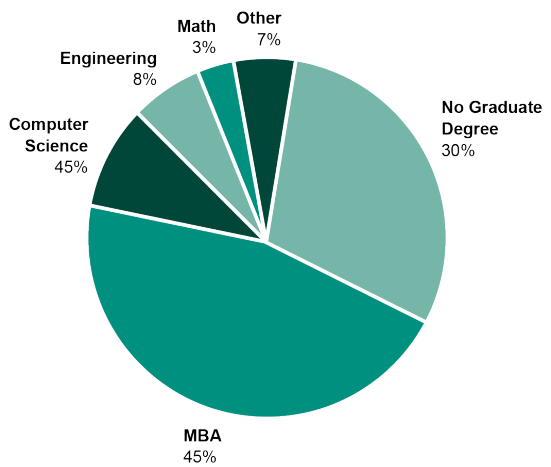


Educational Background

CPOs are also diverse in educational background. Traditionally, advanced degrees have been heralded as prerequisites for ascending to executive roles within organizations. However, our analysis reveals a compelling shift in this paradigm: 30% of our respondents reported having no graduate degree. This departure from conventional credentialism underscores a recognition of the primacy of experiential learning and domain expertise in product management. Organizations are increasingly prioritizing candidates' product leadership competencies over academic accolades, in a recalibration of hiring criteria in alignment with the demands of a rapidly evolving economy.



Undergraduate Degree



Graduate Degree

Industry Background

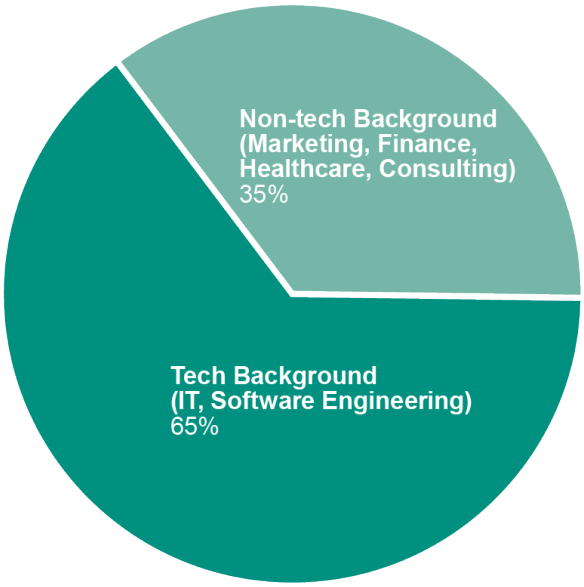
Industry background is yet another area of CPO diversity. Somewhat surprising in a tech-driving field, over one-third of CPO respondents hail from non-tech industries such as finance and healthcare. This underscores a strategic imperative to infuse product management with a multiplicity of perspectives and domain expertise. The influx of leaders from disparate sectors not only enriches the collective skill set but also engenders a culture of cross-pollination, fostering innovation and resilience in the face of market disruptions.

Experience and Upskilling

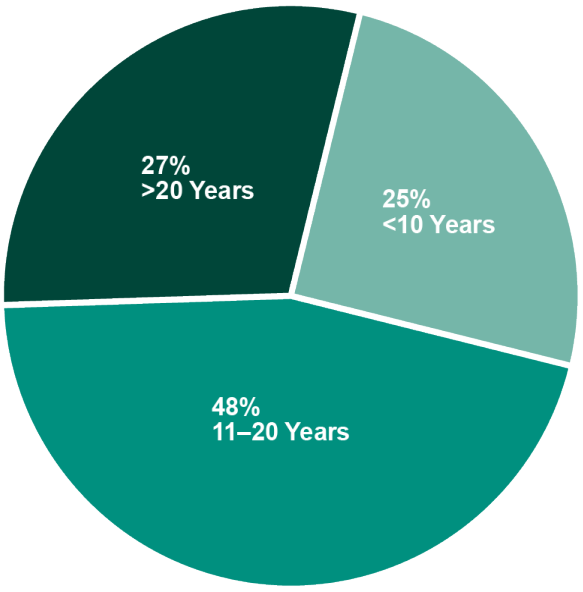
One quarter of CPOs possess less than a decade of experience in product management. That is roughly equal to the number of CPOs with greater than 20 years of experience in product management. This fact underscores the accessibility of leadership roles to individuals with diverse professional trajectories, heralding a departure from entrenched hierarchies and ossified career pathways. Moreover, the emphasis on upskilling and continuous learning reflects a strategic imperative to navigate the complexities of an increasingly interconnected and rapidly evolving ecosystem.

It is clear that product is the great equalizer. Specific backgrounds are less important than the question, *Can you lead your organization to success?* Just as organizations need to evolve in order to thrive in the post-digital transformation era, so too must they cultivate diverse, adaptable, and forward-thinking leadership. At Products That Count, we believe that embracing these imperatives will not only foster resilience in the face of uncertainty but also catalyze sustained growth and competitive advantage in an era defined by disruption.

Industry Background



Years of Experience



"CPOs come from incredibly diverse backgrounds and create a path to the C-suite – and beyond – for anyone."



Hoda Mehr,
CEO of Products That Count

The CPO Revolution

The 2024 CPO Insights Report: The CPO to CEO Issue reveals the game-changing role of Chief Product Officers in driving business success. Since our CPO study began 3 years ago, we have seen CPOs not just driving innovation but fundamentally reshaping organizational dynamics and delivering financial outperformance. Now with AI coming into play, CPOs are supercharging their impact, driving both short-term efficiencies and long-term strategic wins. Amidst all of this CPOs are stepping up, becoming strategic advisors to CEOs and taking on CEO roles themselves.

Produced by Products That Count in partnership with Capgemini and Mighty Capital, and based on over 1,000 interviews and executive roundtables with Chief Product Officers (CPOs), this report underscores the critical role of product management in Fortune 1000 companies, opening up a new path to CEO.

Key Highlights:

- **The number of CPOs in Fortune 1000 companies has increased 10X in the past 3 years,** with over 40% now having a CPO.
- **70% of CPOs manage a P&L**, and 20% of CPO Award winners are promoted to President or CEO within a year.
- **Companies with a CPO outperform peers without a CPO**, shifting digital strategies to leverage AI for innovation and increased market share.
- CPOs increasingly drive AI agendas, leading to significant business impact.
- The rise of CPOs is merit-based, promoting diversity: **30% of CPO Award winners are women**, and 30% do not have a graduate degree.

Looking ahead, we predict that **by 2027, 30% of Fortune 1000 CEOs will be former CPOs**, up from 5% today. For companies looking for a competitive edge, the CPO revolution proves that product excellence is the ultimate trump card.



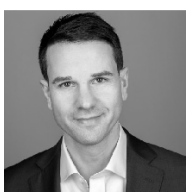
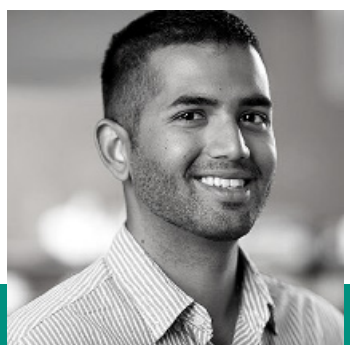
PRODUCTS THAT COUNT

About Us

Products That Count accelerates the career of more than 500,000 product managers globally.







Products That Count is a 501(c)(3) nonprofit that helps everyone build great products. It celebrates product excellence through coveted Awards that inspire 500,000+ product managers and honor great products and the professionals responsible for their success. It accelerates the career and rise to the C-suite of >30% of all Product Managers globally by providing exceptional programming – including award-winning podcasts and popular newsletters – for free. It acts as a trusted advisor to all CPOs at Fortune 1000 and publishes key insights from innovative companies, like Capgemini, SoFi, and Amplitude, that turn product success into business success.

Learn more at **productsthatcount.com**

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