



Could a Chief Operations Officer (COO) accelerate your Business Growth?

CEOs often ask us whether they should recruit a Chief Operations Officer to help accelerate growth? These CEOs typically feel that their market opportunity is big. However, they are struggling to get the right processes and people in place to take advantage of it.

At best, we have seen COOs of client companies act like potent partners to the CEO; at worst, the COO role caused confusion and frustration. It can be hard to get the right fit. Each circumstance is unique, however, here are some experience based observations that may help:

1. Company and CEO stage is crucial

There is somewhere on the journey to building a company when the market potential outstrips the CEOs and senior teams ability to execute plans quickly enough. For example, international sales are accelerating and complexity is growing. Headcount is increasing and the senior team are spending more and more time in crisis mode.

Crunch points on the path to scale affect company alignment. The sales team scream they could sell more. Yet, you know that the delivery team is struggling. You are opening up new markets but are finding it difficult to get new hires up to speed quickly.

On some occasions, a strongly outward facing CEO needs the balance of a COO to ensure balanced delivery execution. The COO should complement the CEO's skills. A good place to start is to figure out the CEO's key capability gaps and consider if a COO skillset could complement these.

Be mindful to carefully vet that any potential COO candidate will fit into your company. A COO who ran a 5,000 person team globally for a multinational may not necessarily be able to adapt to a fast growth founder led company of 250-500 people.

2. It's all about personal chemistry between the CEO & COO

Hiring a COO can cause some internal issues. Suddenly people on your team may not be reporting to you as CEO any more. This may feel like a demotion. You've got to figure out how to make this work.

Your new COO may worry about being bypassed, as your team go to you as CEO for key issues. Also, you have been used to making key decisions, so you may want to jump straight in. Your team will test you both to see who is the real decision maker. It's important to build the right interpersonal relationship with your COO and ensure decision rights are clear.

Many CEOs have a big ego. To balance this, the COO needs to check in their ego at the door. There is no room for two big egos. The COO's job is to make the CEO successful. They can act as a counter balance to the CEO. Whilst it will be different if you think your new COO might be a potential successor, it's important at the outset to ensure aspirations on all sides are clear.

Strong chemistry between a CEO and COO is important. It is often based on personal values about people and business that are deeply felt. Whilst this personal chemistry may seem almost natural in the courting days, it will be tested in tough times or when there is conflict.

Test whether you believe you as CEO and your senior team can really learn over the short to medium term from a new COO (and that they are prepared

to share). Also can they hire and retain talent that is going to move your company onto the next level?

3. Be clear what you want the COO to do

Many functions have relatively clear role responsibility. COO is different. The role is company situation and CEO capability dependent.

However, some principles apply: think about the areas of your business that you are finding most difficult to scale. Think about how a COO can accelerate this. For example, a client of ours was struggling to recruit software development resources. A new 'scale up' COO implemented a few changes within weeks to accelerate the hiring process. The same COO was able to use their skills to solve a long running crisis in the customer service department, which had a backlog of unanswered calls and complaints.

There are many different types of COO role. However, it helps to have a high level picture on the key business impacts they will have. We simplify these into three types:

1. **The Implementer:** this type of COO is a truly great implementer. They excel at simplifying complexity with good process and minimum fuss. They are also great people leaders.
2. **The Transformer:** when a big change is required, which requires a major shift in capability, mindsets and approach. The company might face a massive opportunity or potential disruption.
3. **The Complementor:** Sometimes a CEO needs a COO to complement their experience and skills. The COO fulfil gaps and enables the CEO to focus on what he is good at. In other instances, a COO may taken on internal delivery to balance the CEOs outward focus. Often the 'Complementor' may become CEO elect.

No matter what was you describe the role, a COO can in some instances literally transform growth. Key to this is a robust recruitment process, strong personal chemistry between the CEO and COO and getting advice from other CEOs, who have already taken the step.

Insight in Brief

Hiring a COO can be the best hire CEOs make in their companies, as they try to scale. However it is hard to get right. Personal chemistry, figuring out the precise capability gaps and defining the COOs role and boundaries can help reduce the risks and contribute to a successful hire.

Insight in Action

1. Reflect on what stage of the company journey your company is at. Diagnose with experienced members of your team or advisors, what may be holding your company growth back.
2. Define the top three growth inhibitors and reflect on whether these capabilities can be built from within or whether, you need a COO.
3. Document in detail the COO spec. and work with your team to create a profile of the ideal candidate.
4. Speak to a wide pool of candidates and check hard for personal chemistry as well as track record in delivery.