

# Why most companies hire a Chief Operating Officer to fail?

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I put this summary together of how to interview and determine if you are going to select a Chief Operating Officer from a seminar I put on for mid range business all looking to make the next step. Its point and purpose was to show owners what the person you are looking to bring in believes and sees as their job going forward and what they as owners/visionaries should be thinking to ask. For your purposes note their typical skill sets and how they think is shown below by how they rank them and see as their purpose is when coming into a firm<sup>1</sup>:

- Change management ranks highest; and
- Setting and enforcing robust operational controls; and
- Engaging in strategic board level discussions
- Implementing the organizational and operational model ;and
- Extracting operational efficiencies; and
- Industry & Market knowledge and bringing a multicultural management approach ring last on the criteria that you should expect this person to have.

Nearly all Chief Operating Officers will, at some point, have to take the lead on these issues: from the basics of ensuring vigorous operations, to creating a new operational structure, through to the change management aspects of execution. Beyond this list are the things you should know when looking for such a person and is why I address getting the organization in place with defined operational procedures and systems prior to hiring a person to fill this role assuming you have truly articulated what that role means in your search. Oft times we are over impressed with the CV of the person in front of us and what they did at a company most likely with systems and processes in place”. If you don’t have those, then you are hiring someone to mix up the batter with a finger. I trust you see what I am addressing here as an important component to addressing your strategic vision of growth.

## **Key questions for you to present to them:**

- What kind of post-induction/acquisition/growth integration strategies does he know, and which will be most effective?
- How adept is he at reassuring in-house stakeholders about the change, while still transforming the company’s approach to innovation?
- How will he balance the conflicting views that will emerge on the best approach to innovation?
- What is their approach to maintaining morale and retaining key talent?

## **Rethinking Strategy**

- What other tactical risks and opportunities could emerge from the changeover?
- How would the new approach fit with the company’s existing resources and capabilities, and where would the gaps lie?
- What would a roadmap for transforming the business look like?
- What level of investment would be required to support it?

## **Compliance: setting and enforcing vigorous operational controls**

Questions the Owner/CEO should be prepared to answer:

- How well do you know the area of the business that has been exposed in articulating your searches needs, and what systems and processes do you have in place?
- To what degree do you think we need to comply with current regulatory guidelines?
- What are the alternative oversight frameworks that could be more effective for your sector?
- What are your thoughts as applying good practice and corporate governance in our industry?

### **Designing and implementing the organization's operational model**

- What is their method for handling this?
- What kind of modeling methods will they rely on?

#### **They should ask**

- How are your competitors dealing with the issue?
- How can you best determine a most advantageous operational model?  
(The issue is do you know why you are hiring someone to solve your everyday problems.)

### **Performance: proficiency in identifying and extracting efficiencies.**

- What is their structured approach for finding new efficiencies within the business?
- What are the factors that most affect overall costs?
- Which big data-related tools they intend to use that can help pinpoint the efficiencies in your company's network that will ensure smoother operations?

### **Insight: deep industry and market knowledge**

- How well can this person translate the industry's dynamics into a strong proposition for how overall industry trends are changing and how he will take advantage of them?
- What are his/her clear facts to back this up?
- What is his/her stratagem for broaching sensitive issues in high level meetings, while demonstrating interest for this new strategy?
- Which approach do they follow for determining who supports your views behind the scenes?

### **Finding a multicultural management approach**

- What techniques do they know that can help bridge cultural differences during this process?
- How can they ensure positive knowledge sharing across cultures and time zones?
- How attuned is their appreciation of when "yes" might actually mean "no"?

A cross-functional background is a common feature of the career paths followed by today's leading COOs so to not address this internally is like judging the book solely by its cover.

### **The corporate assessment for a new COO appointment**

1. Do you have a process in place for reviewing and defining the links between the corporate strategy and the competencies required of the future COO?
2. Is your board involved in this process?
3. Is there an appropriate job description that gives a complete picture of the role?
4. What profile does the individual need to possess, including the academic background, experiences and competencies?
5. Have the relevant key performance indicators been defined?
6. Have you decided whether you want to hire internally or externally?
7. Is a competency-based selection process in place?

8. Is there an overall development framework for the role, including coaching, action learning and mentoring?
9. Have you created an induction and compensation plan in advance of this process?
10. Are you prepared for the need to communicate extensively across the business to ensure that key stakeholders are prepared and available to support the new COO?

The one thing I have observed is that people tend to either prejudge candidates from being too impressed by their current status, and or their resume or they don't really understand what their true needs are. They will over look someone of age, but who is capable and in place to handle your real needs and hire someone who has neither the experience and or the patience to mentor those around them. As I mention above, owners don't clearly look at their operations and analyze whether they would be bringing in a personality that hasn't gone through that transition in a long time and will adjust purely by change management so it fits his/her comfort zone. One thing is for sure, unless you spend the time prior to even running a search, you are not prepared to hire anyone. I handle executive searches, but only if the company hires me to come in and analyze their business, its operational strengths and weaknesses, seeing the functional status of its existing employees. Only then can I address the potential candidates, which are now sought out in relationship to their KSA's (Knowledge, Skills and Abilities) and how they would meld into a scenario that to date has been unmanaged by such a personality. Most medium sized companies don't really need a COO, but they most probably need a Chief Growth Officer, they equate their need to grow with a parallel need to have experienced managers of that growth. When often as the saying goes, "if you build it they will come" . To me that means you can attract a better person when you are a successful growth entity rather than when you are a need entity.

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