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5 KEY CONCEPTS FOR EVERY CHIEF OPERATING OFFICER

Alexander Tuff '03 discusses five key concepts every Chief Operating Officer should know.

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Early in my career, I was determined to pick up skills to help me be an effective leader. In 2009, after 15 years of skill accumulation, I was appointed to my first true leadership role as chief operating officer (COO) of risk at CIT Group. I was in charge of 600 people, and I only had the faintest idea of what was involved. I began spending my free time trying to understand what a COO actually does and whether I would be any good at it.

There were lots of articles about how to succeed as a CEO or a CFO, but there was almost nothing about being a good COO. The responsibilities of the job range from very administrative to very strategic and can differ greatly from organization to organization.

I have now served as COO for three different organizations and have found that there are certain inherent traits that every COO possesses, and certain activities and processes that will maximize their impact. A COO's effectiveness is 100 percent correlated with his or her ability to lead. Success as a COO also requires some natural inclination for solving complex problems, implementing solutions, and driving change — no matter how big the obstacles might seem. Flexibility while working with diverse teams doesn't hurt. Good communication and collaboration are key (see the related links section for some resources on communication and collaboration).

Your effectiveness will also depend on the support of other leaders and your ability to drive change within the organization.

Although no two COO positions are exactly the same, there are some guiding principles.

1. Identify the key issues:

Every organization has areas for improvement. Meeting with people at every level and asking the right questions will help you identify these issues. By talking with people at various levels of the organization, you will gain insight into decision-making processes. It can be helpful to aggregate and categorize this information to more clearly understand organization-wide versus unit-level issues. Surveys can help you get the right information and enable you to measure and articulate key challenges in a non-controversial way. Using data to illustrate problems or improvements helps remove negative emotions. It is important to prioritize your findings. Identify which tasks require your involvement and delegate the rest. Be transparent and open, solicit feedback, and have an open-door policy. Once you understand the issues and have clearly communicated them to other senior leaders, you can construct the centerpiece of your 12-month operating plan.

2. Strive for alignment:

It is no small feat to align behaviors, organizational design, compensation, and goals across a firm. Leaders must agree on the mission, vision, and values of the company. Once there is consensus, you can communicate the company's purpose, direction, and values to your employees. This mission statement will serve as the foundation on which every other alignment effort will be built.

Then you must choose an organizational design to support internal communication and collaboration. Clear compensation plans are fundamental. Ensure that there are no morale hazards and that the plans incentivize desired behaviors from each business unit and function. Lastly, alignment of department goals with organizational goals ensures the company is moving in the right direction and helps you hold people accountable and reward achievements.

3. Find and invest in your best talent:

COOs are only as effective as the people they lead. Quickly identify the worst and best performers and cultural supporters. This will require you to follow your gut, even when it means evaluating talent differently than your colleagues. Removing the worst performers and replacing them with the best talent will improve standards across the organization. Give resources to the best talent already in your organization to maximize their impact and ensure their voices are heard. With a solid talent base, you can focus on training them and providing them with opportunities to lead.

4. Lead corporate planning efforts:

Involvement in the development of the strategic plan, budget plan, operating plan and project plans gives you the ability to channel resources to the most important efforts. The strategic plan describes what needs to happen over the next 3–5 years. The budget plan will help you identify where funds can be reprioritized to back the most important projects. The operating plan unifies all departments and should include an IT budget to improve efficiency. Project plans help ensure each unit is working towards firm-wide goals. Make sure you have a seat at the table during the planning process and that your role is clearly understood by all, including yourself.

5. Improve everything you touch:

Feedback loops for each process help your organization continuously improve. Identifying waste or unnecessary work will free up resources. Rewarding employees for removing bottlenecks, over-production, and poor prioritization will help create a culture of continuous improvement. Monitor key metrics to understand if goals have been met and improvements are effective.

A good COO should fill in leadership gaps, fix big issues, and execute core strategy in concert with senior leadership. Most importantly, a COO needs to be an effective communicator and collaborator with whom people want to work.

To learn more about communication and collaboration, the author recommends reading: [7 Habits of Highly Effective People](#), [The Five Dysfunctions of a Team](#), and [Tribal Leadership](#).

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