Creating the COO Position

Many nonprofit organizations reach a point in their development—whether at their founding, a few years later, or decades into their operations[1]—when key stakeholders, including senior staff members and board members, feel there is a need to add a chief operating officer (COO) to the management team. In Bridgestar's recent conversations with COOs and executive directors (EDs) about the COO role, we found that while there was great variety in how organizations structured and used the position, there were a few key factors and events that—individually or in some combination—drove organizations to consider adding it.

The COOs and EDs we interviewed shared their experiences working in organizations that recognized the need for a COO, faced doubts and concerns about the position, and worked through challenges to successfully bring in a COO.

Factors that drive organizations to hire a COO

The executives we interviewed reported that their organizations created the COO position to accommodate the management needs of the organization at a particular point in its development. Often the precipitating factor was significant organizational growth or change. More specifically, interviewees described organizations facing one or more of the following needs:

> **Reducing excessive ED workload and enabling the ED to allocate time to major external initiatives.** Ben Fenton, Co-Founder and COO of New Leaders for New Schools, described how this issue was a trigger for his organization: "The CEO is the face of the organization, but it's hard to combine that responsibility with managing six departments and what is about to be a staff of 100. When vision and ability to inspire are the big things you're looking for in a nonprofit CEO, it's asking way too much in terms of time—to say nothing of skills—to have him manage all of that." Former Teach For America COO Jerry Hauser said

[1] Since January of 2004, Bridgestar and its members have been exploring the COO role through regular gatherings of executives in the co-pilot seat in their organizations for broad-ranging conversations about their work. In addition, we recently conducted a brief electronic survey of 23 COOs and a series of 16 in-depth interviews about the COO position with nonprofit COOs and EDs representing a diversity of organizational growth stages, budget sizes, funding sources, geography, missions, and individual backgrounds and tenures. In our recent interviews and survey, approximately half of the 34 responding organizations created the COO position more than 20 years into their operations.

he was promoted to become the organization's first COO because President and Founder Wendy Kopp was "spread too thin and spending too much of her time managing internal operations, so we were worried about missing opportunities. We were just coming out of a rebuilding phase and starting to grow, and we knew she would need to be freed up."

Building the organization's capacity to implement a strategic or growth plan. Hauser commented, "Generally, there comes a time in an organization's growth when you have the basics down but you want to make a leap—growing in scale or impact, creating new programs, ratcheting up current programs, etc.—and a key piece can be creating a COO position." Emily McCann was promoted to COO of Citizen Schools at such a time: "We had just created a very aggressive growth plan, and we needed a COO to coordinate all the functions. We needed to demonstrate to the organization, to funders, and to kids and parents that we had the structure required to make it happen."

Balancing or supplementing the skills of the ED. When Jon Schnur, Monique Burns, and Ben Fenton founded New Leaders for New Schools, they agreed that Schnur would be CEO, Burns would be chief program officer, and Fenton would be COO. Fenton commented, "My expertise wasn't in education, but I knew how to hire people, set up the systems, and handle the operational stuff." One COO said that his organization's board brought him in, "to foster a more participatory organizational culture than [the ED] was able to create," while another said that the ED of her organization hired her because "he is a visionary but not a manager, and he saw that."

Planning for ED succession. Christina Severin, who in June 2006 was promoted from COO to ED of Network Health, a subsidiary of the Cambridge Health Alliance, commented, "Corporations are getting more serious about succession planning. When I was hired as COO, the fact that I was a possible successor wasn't explicit in the sense of being announced or written, but we talked on an ongoing basis about what skill development I needed to prepare me to move into that position someday." The fact that an organization hires a COO with executive-director succession in mind does not necessarily mean that the COO will become the new ED; sometimes a COO acts as interim ED or simply helps ease the transition to an external hire by maintaining institutional memory and key relationships.

Executive directors' concerns about adding the COO position

While many organizations are quick to add a COO when the need arises, others delay the decision, sometimes waiting until they have grown far beyond the size and complexity that their organizational structures and staffing can accommodate, and acting only when the situation becomes dire. Why would an organization wait to hire a COO when one is clearly needed? One obvious reason is the expense. Because general management positions tend to be viewed as "overhead" rather than direct-program

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expenses, they are among the most difficult to justify to some stakeholders. As a result, many nonprofits are understandably slow to do this kind of capacity building.

In some organizations there is a second and more unexpected reason: the ED may have serious misgivings about creating the position. Given that COOs can take pressure off of overworked EDs and make organizations more effective, this response may seem surprising. There are certainly many EDs who welcome the help of a COO, but some resist it because they are reluctant to give up control of organizational processes, and/or because they believe that the addition of a COO will change for the worse how their organizations work.

Most EDs—particularly those who are also founders—feel a great deal of ownership for their organizations and are hesitant to relinquish control of significant management issues. An ED may find it difficult or impossible to trust someone else enough to put the organization in his or her hands, or fear losing touch with internal operations and the staff who run them, or simply enjoy the broad range of responsibilities encompassed by the ED position at a small organization too much to want to share them with someone else as the organization grows. One COO we interviewed had previously served as the COO of an organization where she had had a difficult time being effective and where the position was eliminated after she left. She said, “The co-directors wanted a COO because they were trying to build infrastructure for scale, but they weren’t ready. For the COO to be effective, the ED has to be willing to step back: to set a general framework and strategy and then turn to external things and let the COO run the organization internally. They just weren’t ready to let go.”

Some EDs have concerns about how the culture of their organizations will change with the addition of a COO. Emily McCann of Citizen Schools said that the creation of the COO position there was “a long time coming. People had called for it as long as two years earlier, and [President and CEO] Eric [Schwarz] had resisted.” McCann said that after coming to terms with his concerns and hiring a COO, Schwarz later indicated that “part of his trepidation was everything he had read about the inherent tensions in the CEO-COO relationship. Often the COO is organized, diligent, and worried about processes and internal equity, and the CEO is the visionary, focused on results and opportunity. Eric didn't want to bring on someone who would constantly say it was not possible to operationalize his vision. Also, he wanted to stay engaged in the critical work of organization building.”

Leaders of organizations where these kinds of concerns were a factor reported overcoming them in a variety of ways:

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Yielding to a growing need. In some instances the need for a COO eventually grew to a point where it simply overwhelmed people's misgivings. In the case of Citizen Schools, a business planning process resulted in an aggressive growth plan that the management team all agreed required the addition of a COO, along with other investments in capacity.

Promoting from within. A number of organizations—including Citizen Schools and Teach For America—addressed concerns about entrusting the organization to someone other than the director/founder by making their first COOs internal hires who had the trust of the ED and significant history with the organization. Sometimes the idea of a generic COO is threatening but the idea of a particular trusted manager as COO is not.

Adopting non-traditional structures. Some organizations made the change gradually by initially adopting non-traditional structures—such as having all senior managers continue to report to the ED—that created less organizational upheaval. McCann commented, "The position can look different at different organizations, and you have to make it work for you. At Citizen Schools, rather than being second in command, the COO position is on a more level plane with other leaders than at most organizations, but I am still heading up operations. This structure makes sense for us, though it's not necessarily where it will be in two years."

Applying pressure on the ED from above. One COO commented, "Sometimes the only way to make it happen is for the board to push it, but that's a last resort because it's tough for a COO going in under those circumstances."

Navigating the transition

Once an organization has made the decision to create a COO position, the most obvious next steps are to determine the necessary skills, structure the position, undertake a search, and make a hire. An important additional step is to think through how to prepare the organization for a COO and manage the new COO's transition into the organization, which is likely to be more challenging than that of a new hire coming into an existing position.

In planning this transition, it is important to recognize and address the fact that EDs are not the only ones who may resist the idea of adding a COO. Some staff may see the new position as an additional layer of bureaucracy, and managers who previously reported to the ED but now report to the COO may see the change as a demotion. Hauser commented that when Teach For America created their COO position, "It was a big shift to put a layer between everyone else and Wendy [Kopp, the President and Founder]."

In addition, according to a 2004 Bridgespan Group study on growth in US youth-serving organizations commissioned by the Edna McConnell Clark Foundation, when growing organizations added COOs, "The fact that the COO position was often introduced in concert with new organizational controls, such as

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measurement metrics and financial management systems, only increased the likelihood that he or she would serve as a kind of lightening rod for resistance to change." Bridgestar Regional Director of Talent and Recruiting Janet Albert concurred, noting that "often COOs are charged with bringing order and consistency to organizations, with the result that they are viewed as 'the bad guy' or 'the policeman.'"

Hiring an internal candidate and changing structures gradually—strategies that help some EDs make the decision to hire a COO—also ease the transition in some cases. James Cleveland of Jumpstart felt that one of the reasons people welcomed him as vice president and general manager was that they appreciated his facilitation of a recent organizational strategic-planning process. Network Health also changed its reporting structure gradually when Christina Severin came on as COO, with some reports moving from the ED to the COO over time, as the individuals in those positions left the organization and were replaced.

But many organizations do make these organizational changes in one fell swoop, and according to the leaders we interviewed, the key to success is good communication before, during, and after the transition. Teach For America's Jerry Hauser said that Kopp "was transparent about the challenges that had led to the decision to create the position. She had invested other senior people in thinking about the problem, so they came around to it together. When she announced it more widely, she talked about it in ways that brought people along, including in personal terms about how stretched she had been."

He added, "Some people were happy because they knew they would get more attention than Wendy could give, but some people were worried about losing touch with Wendy and felt some anxiety about the 'demotion' idea. It's important to keep strong lines of communication and access between the CEO and next level, even if they're not reporting to her."

Bridgestar (www.bridgestar.org), an initiative of the Bridgespan Group, provides a nonprofit management job board, content, and tools designed to help nonprofit organizations build strong leadership teams and individuals pursue career paths as nonprofit leaders.

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