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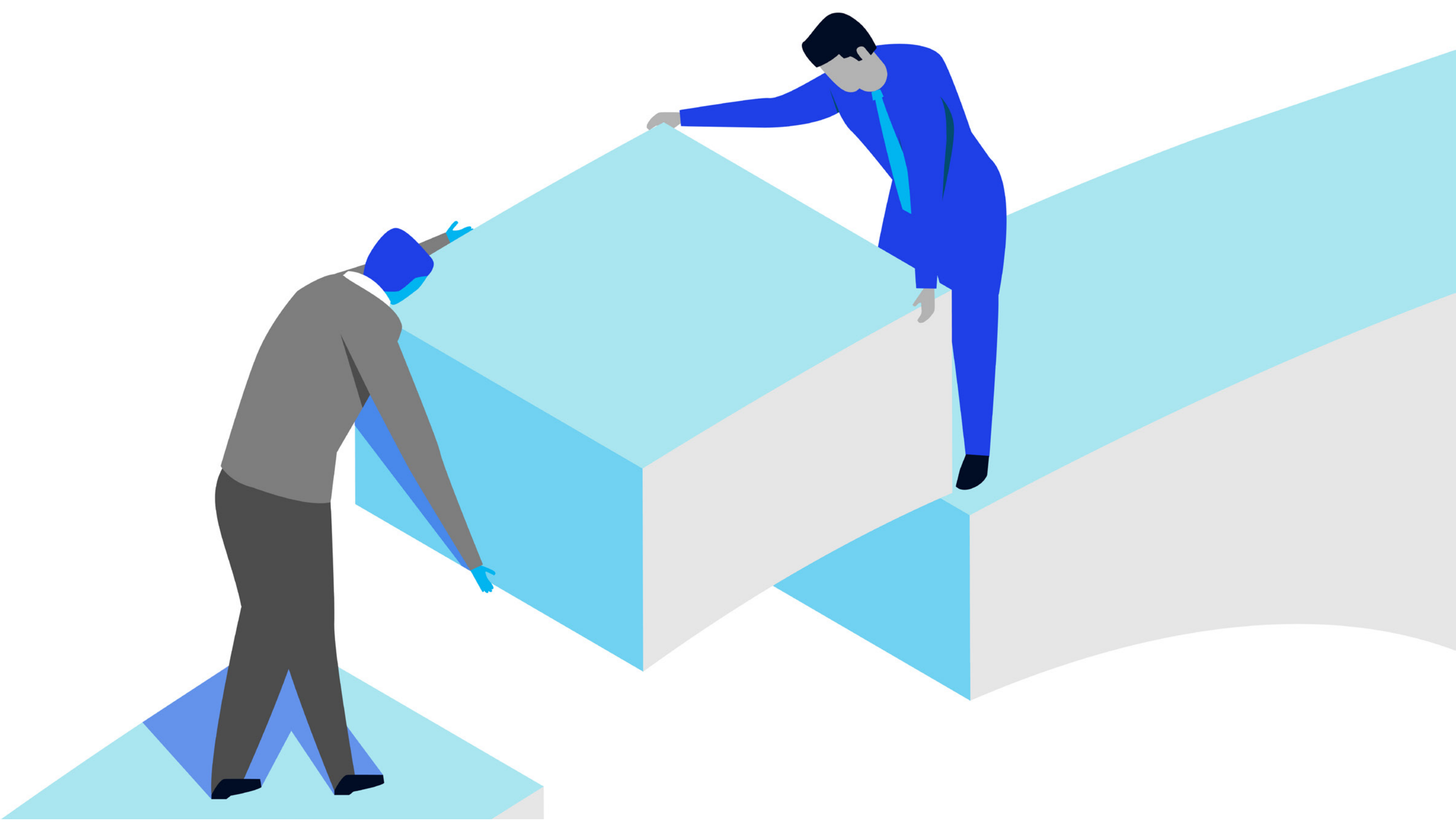
Defining the role of a state chief operating officer

Incoming administrations may consider appointing a state COO to lead strategic operations and implement high-priority projects. Those who work with state COOs could position them for success with thoughtful role definition and strong support.

by Anusha Dhasarathy, Adi Kumar, and Jonathan Law



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Long regarded as the right-hand deputies of chief executive officers in the private sector, chief operating officers are crossing into the public sector. As of December 2018, 13 US states have COOs in place, while 24 others have COO-like roles that are narrower in scope.[1] Both Democratic and Republican governors have appointed COOs, and states as small as Vermont and as large as Texas have had them. Outside the United States, the need for an operations-focused leader has led the United Kingdom to appoint a COO at the agency level. As 20 new governors take office after the 2018 elections, some of them may consider appointing state COOs.

Interestingly, the growing number of public-sector COOs coincides with a decline of the role in the private sector. One recent survey shows that in 2017, only 29.0 percent of large companies had a COO, down from 44.7 percent in 2001.[2] Many CEOs striving for flatter, more collaborative organizations have removed a layer of hierarchy by eliminating the COO role. What's more, as companies increasingly select functional leaders for CEO positions, having a COO as CEO-in-waiting has become less important.

Despite the decreasing prevalence of COOs in the private sector, some leaders in the public sector have appointed COOs based on their operational expertise and availability as managerial partners. State COOs can be catalysts for collaboration by paying close attention to select agencies, especially those with functions outside the governor's areas of expertise. In addition, succession planning is less of a concern in government, so a COO could fulfill a role far different from that of the governor and focus on managerial and operational concerns, including unique long-term challenges facing governments.

Potential benefits of a state COO

Most state governments are likely in need of significant operational improvements. In McKinsey's 2016 Journey Pulse customer survey, state governments received the lowest satisfaction rating of any industry, a 6.2 out of 10.[3] With two exceptions, all other industries included in the survey received ratings higher than 7.0.

Administrations that are staffing their teams during the transition period may identify goals and initiatives that could benefit from the leadership of a COO. Most administrations have stated goals of improving government efficiency and citizen services. However, considerable internal barriers to change often exist. COOs can help navigate these challenges, especially if they involve cross-agency coordination.[4] To help COOs achieve results, thoughtful governors are committed to comprehensive strategic, organizational, and cultural change.

As an operations-focused member of the governor's team, the COO can round out the skill sets in an administration and take a long-term view of key management priorities. This includes advocating for the governor's management agenda with outside stakeholders, such as working with local nonprofits and companies to identify valuable processes and initiatives.

Common pitfalls to avoid when appointing a state COO

Administrations considering appointing a state COO should try to ensure that the benefits of having a state COO are not nullified by pitfalls, such as the politicization of the office or a candidate who is

[1] Working in collaboration with the National Governors Association, the number of functional state COOs was tallied based on press searches and reviews of staff roles for all US states.
[2] *Volatility report 2017,* Crist|Kolder Associates, cristkolder.com.
[3] *Customer experience: New capabilities, new audiences, new opportunities,* June 2017, McKinsey.com.
[4] Anusha Dhasarathy, Navjot Singh, and Sarah Tucker-Ray, "How to lead a successful government transition," November 2018, McKinsey.com.

a poor match for the role. For administrations that install COOs, it's helpful to prioritize giving them the necessary support and define a clear COO mandate that enables them to make a difference.

Matching a COO's mandate to administration priorities

The impact of COOs will vary with the size of their mandate, and it's up to the governor to put COOs to work on the most important priorities. When defining a COO's mandate, governors may consider the administration's top priorities, the skills of the COO candidates, capability gaps the COO may fill within the top team, and whether the COO is working on issues he or she is uniquely positioned to address (exhibit).

A broad mandate can give COOs accountability and ownership over strategic initiatives and makes it easier for them to make lasting systemic improvements. A COO with a broad mandate may be responsible for the outcomes of cross-agency initiatives or lead a statewide talent-management transformation that affects human resource laws, policies, and technology infrastructure. The COO might also work closely with agency leaders while executing on the governor's priorities.

By contrast, COOs with a narrow mandate may mostly coordinate projects with little (if any) decision-making power. In this kind of role, they might act as an intermediary between agency leads and play a supporting role in statewide human resource operations and improvements.

Exhibit

The impact of state COOs tends to vary depending on the breadth of their mandate.

Area of COO impact	Broad mandate	Narrow mandate
Priority agencies	Works with agency leads who report to the COO to ensure achievement of desired outcome	Informs agency leaders of targets, goals, or requested transformations and advises on how to achieve these changes
Other agencies	Focuses on agency operations and leads targeted or transformational improvements	Ensures these services are run effectively and has only a limited mandate for major transformations
Cross-cutting initiatives	Is accountable for the success of specific large initiatives by developing the strategy, overseeing implementation, and coordinating with all relevant organizations	Convenes stakeholders involved in cross-agency initiatives; however, agency leads are accountable for the outcome
Operational excellence	Drives operational transformation projects in government agencies	Supports operational improvement efforts by sharing best practices and advice with agencies and reporting to the governor on progress
Strategic talent management	Is charged with driving transformational changes to statewide HR laws, policies, and technology infrastructure	Supports colleagues responsible for statewide HR operations and improvements or specific strategic staffing decisions

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Alternatively, COOs may act as the project manager who communicates the governor's priorities and supports the relevant agency heads without direct authority, which would leave strategy and implementation to the agency heads.

Positioning the COO for success

Even if the governor appoints a highly qualified and capable candidate, creating change within the government can be a complex, challenging, multiyear task. Governors who decide to appoint a COO can take three key actions to mitigate risks, consistently support the COO, and create the right conditions for this person to succeed.

A candidate with the right profile

For administrations working with state COOs, the greatest risk may be COOs who are ill-suited to their role. While this risk applies to any role, an ineffective COO could hinder the administration's progress and even upset the balance of the executive team.

To find candidates who will be effective state COOs, administrations can consider a methodical COO search. The search may be conducted during the transition and would be best if it extends beyond the network of the incoming administration.

Effective COOs usually have operational expertise and the ability to build trust and influence others. These strengths may be amplified if they have the time to build strong working relationships with other senior officials. A successful state COO also usually has a strong understanding of how to create and manage organizational change in government. It is important to understand that private-sector experience alone may not be enough; state COOs tend to manage conflicting interests among multiple stakeholders more often than their private-sector counterparts do. Because setbacks are inevitable, state COOs can typically be most effective if they're motivated by a sincere passion for making government better.

Explicit roles and responsibilities

Even with a competent COO in place, it can be hard to control whether the role becomes politicized. Although state COOs should be nonpolitical, operations-focused executives, the fact that they are political appointees can make politicization difficult to sidestep. A politicized COO's office might result in the role becoming tactical rather than strategic, with the COO reacting to crises more than shaping projects. Politicized COOs are also more likely to face resistance when enacting change, which can prevent them from accomplishing their goals.

This politicization may be avoided by explicitly defining the COO role as managerially focused—and regularly reinforcing that message. The team could define how the COO fits into the administration by detailing which departments, people, and initiatives the COO will (and will not) oversee, taking care to steer the COO away from projects that are likely to be politicized. In one Midwestern state, the chief of staff and the COO work together effectively by being specific about their separate roles and tasks while keeping one another informed about what they're working on. Because executive teams function differently depending on the combination of top leaders' skills and working styles, the process of defining roles and responsibilities will be bespoke and dynamic.[5]

Clarity is also important when communicating the COO's role to the government workforce and the public. For example, the governor may communicate to agency leaders that the COO is the point of contact for any issues related to management. Governors can also launch one or two small projects that can serve as quick wins to demonstrate the importance of the COO role and illustrate the type of work the COO will focus on.

Power to build a team

Private-sector COOs typically build and shape their own teams, and state COOs can benefit from having the same flexibility. In fact, administrations risk severely impairing the ability of COOs to achieve their goals if they receive few to no resources. For this reason, it can be beneficial to allow COOs to shape their own teams—with the governor's authorization—while remaining sensitive to concerns about government size.

Most COOs have small teams: among the 13 state COOs in office as of December 2018, only one had more than ten direct reports.[6] Most state COOs have access to people from other departments as needed; staff are assigned to the COO's office on operational issues or on ad hoc projects. COOs can also work on specific priorities and projects with fellows (nonpermanent, full-time employees) and volunteer consultants. In one Midwestern state, a nonpartisan foundation connects volunteer experts from the private sector to the state government to help analyze management challenges.

A state COO can bring unique and much-needed capabilities to an executive team—provided that the conditions for success are in place. When governors choose to install a state COO, providing the team and conditions required for the COO's success could bolster the governors' ability to enact their agenda, manage an increasingly complex state government, and serve their constituents.

[5] Dhasarathy, Singh, and Tucker-Ray, "How to lead a successful government transition."
[6] From a 2018 survey of state COOs conducted in collaboration with the National Governors Association.

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