

Q5

Our point of view

Combining COO & CFO roles

Could this be the right move
for your business?



COO + CFO = A formula for success?

There is an increasing number of organizations, small and large, creating an executive role that covers both the **financial and operational health of an organization** over recent years.

It combines some core complementary accountabilities which, if implemented correctly, creates a **more holistic view of business performance, risk management and strategic planning.**

Where we may see COO & CFO accountabilities combine

Strategic Operational Planning

Compliance

Budgeting & Forecasting

Operations Management & Delivery

Procurement

Financial Reporting

Operational Risk Management

Inventory Management

Financial Planning & Analysis

Performance Improvement & Operational Efficiency

Financial Risk Management

Capital Allocation

Cost Accounting

Treasury and Tax

Investor Relations

M&A

Communication

Legal

People

Technology

Complementary

Supplementary

Dependent on executive structure

How this role could benefit your organization

Benefits



Holistic and coordinated decision making

A wider view of the organisation connects operational decision making with financial context



Strong strategic alignment

One person overseeing both finance and operations enables your company to align strategies to achieve goals more efficiently



Cost savings at board level

Combining roles saves money on executive salaries and benefits, freeing up funds for other purposes



Financial reporting quality

Studies have found improvements to reporting accuracy through a more connected view of the organization



Improved risk management and compliance

Oversight of operational and financial areas can improve risk identification and management

The potential benefits from switching to this model can only be achieved when **being aware of the challenges from broadening the scope of this role.**

Transitioning to this model carries risk if not designed or implemented with care.

Challenges



Overload of responsibility

Combining roles could decrease efficiency and effectiveness through having too broad a scope



Bottleneck for escalation

Escalation issues may arise as teams below the joint role will have a wide scope and one point of escalation



Potential conflicts of interest

The legal and regulatory landscape may prohibit this role being combined



Potential creation of additional reporting layer

Sizing of reporting teams below the joint role must avoid introducing an unnecessary additional layer in the organization

So...how do I know this is right for me?



There are a number of scenarios where we see this combined role working effectively, improving how executive teams and organizations react to both adversity and opportunity.

This role may work for your company if it is...



Small and mid-sized

Streamline management structure and reduce costs while maintaining effective oversight



Undergoing turnaround or transformation

Holistic oversight aligns decision making and keeps the organization moving in a cohesive direction



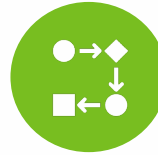
Undergoing unit/department reorganization

A dual role can steady an organization through significant exec-level turnover



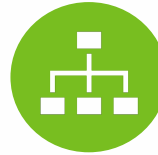
Experiencing rapid growth

Makes the organization more nimble during growth while monitoring long-term financial sustainability



Process-heavy

This role can be most effective when process effectiveness is closely linked to cost base, such as manufacturing industries



In need of a wide, executive team

Some organizational contexts require a wide executive team. This model shortens the span of control of the CEO, improving decision making capability



Asset-heavy

Increased oversight is particularly effective where inventory management or capital allocation is connected to operating profit and cashflow

How can I ensure success?



For organizations who are considering transitioning to this dual role, there are a number of traits and strategic structures that will help seamlessly integrate the role and ensure that the full benefits are reaped.



Empowered reporting team

The new reporting team must be empowered to make decisions to avoid the joint role becoming a bottleneck



Mature data and tech capabilities

Mature ERP systems and developed insights facilitate simple and effective operational reporting



Clear accountability and decision making

Given the increased breadth of scope, it is crucial to have formalised accountabilities and clear decision-making frameworks



Embedded continuous improvement

This model requires a significant focus on continuous improvement of financial and operational processes



Collaborative culture

Operational and financial leadership teams must develop collaborative ways of working to avoid the creation of silos or tribalism



Leadership skills

The new exec must have excellent leadership skills to unite a team covering a wider scope and ensure the team is moving in one direction



CFO background






This role should be filled by candidates with a CFO background due to the requirements for specialist financial knowledge

Prioritizing **organizational health** in leadership transformation

We believe in looking at your organization as a whole—examining everything from the big picture strategy to the nuts and bolts processes. We're excited to work with you, guiding you through changes in your leadership team, and helping you get the most out of these transformations.



We can help you:

-  Develop a **crystal clear strategy** that everyone gets behind
-  Create an **operating model** that's efficient as it is effective
-  Foster a **team of talented people** who are excited by your culture and feel empowered by their leaders
-  **Leverage tech, data and insights** that directly support your strategic goals
-  **Manage change and transformation** – you're in safe hands with us

Q5. The art and science of organizational health.

Q5

Let's chat.

Our team would be delighted to work with you



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