

THE EXPENDABLES?

Is the COO position becoming redundant?

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When Tata Consultancy Services (TCS) announced last month its chief operating officer (COO) and executive director, N Ganapathy Subramaniam, would retire in May, the information technology giant also said it would not appoint Subramaniam's successor. Instead, it would redistribute his work.

TCS is not the only IT major to have done away with the COO's position. Truth be told, the company never consistently had one. The only other time it had a COO was when N Chandrasekaran, now the chairman of Tata Sons, was appointed to the post in 2007.

In December 2021, Infosys scrapped the position when its COO, UB Pravin Rao, retired. Rao's responsibilities were delegated to others to create a stronger leadership structure.

What does this say about the COO's position? Does India Inc think it is becoming redundant?

Not entirely, and not in every sector, though the COO position is being reassessed as organisational structures and leadership roles get recalibrated.

"The current thinking among leaders and members of boards is to keep an organisation flat and nimble to make decisions faster and be more agile than ever before," says Aditya Narayan Mishra, Managing Director and Chief Executive Officer, CIEL HR, a recruitment agency.

According to CIEL HR, there are currently more than 8,000 openings for chief experience officer (CXO) across companies in sectors such as consulting, telecommunications, manufacturing, IT, and healthcare. Of these, barely 12 per cent are for the COO's role. (CXO encompasses several C-suite positions such as COO, chief financial officer or CFO, chief technology officer or CTO, and chief accounting officer or CAO.)

"Rather, specialised CXO roles are being created to connote the new order of expertise," says Mishra. The specialised CXO roles would be chief information security officer (CISO), chief data officer (CDO) and chief innovation officer (CIO), besides the usual CFO, CTO, chief marketing officer (CMO), chief human resources officer (CHRO), or heads of supply chain, administration, and sales.

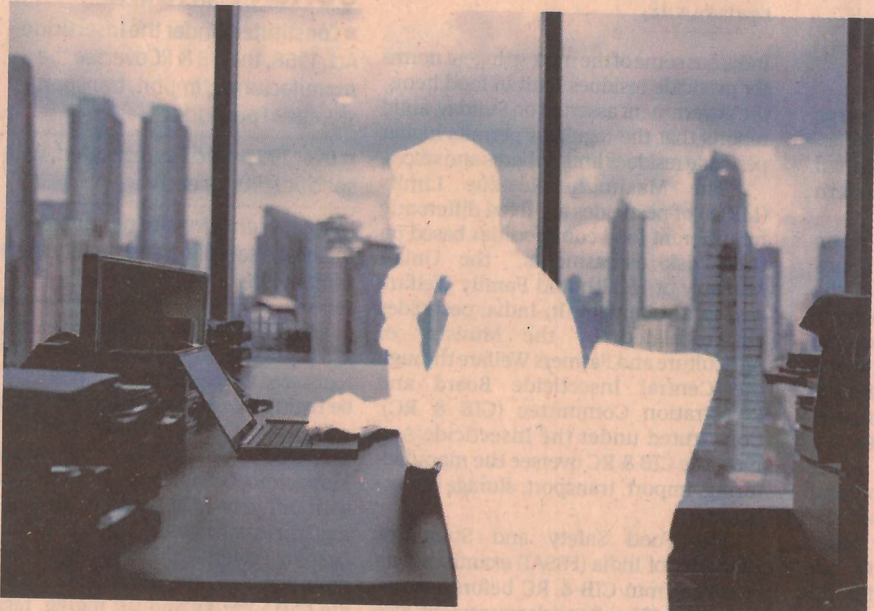
Sometimes, the COO's role gets merged with or elevated to the CEO's position as a strategic move, says Rajesh P, Vice President and head of HR at Chennai-headquartered consumer goods firm, CavinKare. "Thanks to analytics and management dashboards, CEOs today have ready and better insights into the business. Also, more organisations are embracing flatter structures, eliminating multiple layers," he says.

There will be no impact, operationally, as the CEO-minus-one role will be enriched and better empowered, Rajesh adds.

Focused functions

Younger companies, says Mishra, tend to have their CXOs in the age group of 30 to 40. "For this cohort, COO is not an appealing title anymore." Therefore, companies want to be specific in defining the roles, rather than combining a few functions, regions or

The COO position is being reassessed as leadership roles get recalibrated and leaders and boards want to keep their structure flat and nimble to make decisions faster than ever before



lines of business under one person.

Among traditional conglomerates, too, there are those that created an overarching COO position, sometimes temporarily, and then went for a more focused approach. ITC is a case in point.

Sanjiv Puri, ITC's first COO, held the position between 2016 and 2017, when succession planning was in the works. He became Managing Director in 2018 and Chairman in May 2019. The conglomerate has not had a COO since.

However, in the last three to four years, ITC has formed market-aligned clusters in the foods business: Biscuits and cakes, dairy and beverage, staples and adjacencies, snacks, chocolates, coffee, and confectionery. Each of these clusters is led by a COO.

According to Prime Infobase, which provides data and analytics on Indian companies, currently 162 NSE-listed and exclusively BSE-listed companies with a market capitalisation of Rs 1,000 crore have a COO. According to the Securities and Exchange Board of India, there are 5,242 listed companies on BSE and 2,417 on NSE.

To write off or not?

There are firms that discontinued the COO's position, only to revive it later.

Wipro, for instance, did not have a COO for more than a year after BM Bhanumurthy retired in July 2021. But in November 2022, the Bengaluru-headquartered IT firm appointed Amit Choudhary to the position amid reorganisation under Thierry Delaporte, who was CEO until his resignation this April.

In 2022, as part of its top management restructuring, HCLTech appointed Rahul Singh as COO-corporate functions, putting him in charge of people, IT, marketing, risk and compliance, and administration. And in 2023, Tech Mahindra appointed Atul Soneja as COO amid a leadership change that put Mohit Joshi, an Infosys veteran, at the helm.

The IT industry has used the role of COO fluidly. "Most of the time, the role, as the designation indicates, is focused on operations," says a senior executive from an IT services firm requesting anonymity. "In the IT industry, often the CEO is either US-based or travelling extensively. So, you need someone

who is responsible for all the vision statements or the execution." The COO is that person.

For company's health

In the health sector, the consensus appears to be that the COO is a critical cog.

The Fortis Healthcare network, which has 4,500 beds, appointed Anil Vinayak as its Group Chief Operating Officer (GCOO) in 2020. "The COO's role is crucial for any large hospital to manage the day-to-day operations efficiently," says a Fortis spokesperson.

Dilip Jose, MD and CEO of Bengaluru-based Manipal Healthcare Enterprises, agrees. The 9,500-bed hospital chain has Karthik Rajagopal as the COO, to whom the regional heads report. "We are happy with the relevance and focus of the role, and have no plans of doing away with it," Jose says.

Max Healthcare Institute has gone a step further. With its hospitals divided into two clusters, it has two COOs - one for each cluster. Mradul Kaushik is for Cluster 1 and Harinder Singh Chehal for Cluster 2. Both report to Max Healthcare Chairman and Managing Director Abhay Soi.

However, Chennai-headquartered Apollo Hospitals Enterprise has no COO. A company official explains that the head of operations at each of its hospital units reports directly to Madhu Sasidhar, President and CEO of the hospital division.

No ringing change

In the telecom sector, private players Reliance Jio, Bharti Airtel, and Vodafone Idea swear by the COO position, and say it is integral to running the dispersed business operations.

"The three private operators are massive, both in terms of the number of subscribers and the size of their workforce, which is spread across 27 licensed service areas in India," says a senior official at one of the telcos. Each of the country's 750-plus districts has staff on the ground, so a COO is required, the official adds.

This is not the case for state-run BSNL, which has never had a COO. It has directors in charge of finance, enterprise, consumer fixed access, consumer mobility, and human resources, who report directly to the CMD.

Given the diverse sectors and diverse approaches of those sectors, the COO's position might not be facing an operational risk yet. But it is facing questions.