

[First Round Review](#)

Make Operations Your Secret Weapon - Here's How

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At [Etsy](#), COO [Linda Kozlowski](#) spearheaded international expansion, unified and started growing its marketing plans, began redefining the company's brand, launched a new communications strategy, and kicked off the integration of user feedback into product development — all in about six months. While others might *just* credit her capabilities, she's quick to cite the plan that CEO Chad Dickerson laid out. He outlined not only how her specific acts would make a difference for Etsy's customers, but also how her role would link to the rest of the leadership team — especially Dickerson. That exactitude bred effectiveness.

Kozlowski is part of a new crop of COOs who are harnessing know-how from a range of roles to create systems that elevate the entire company. At places like Evernote and Alibaba, she's held leadership roles in global expansion, marketing, public relations, customer experience and business development. Decades of broad exposure has not only shown her which levers make each functional area work, but also how they can be coordinated for a startup to succeed.

At First Round's CEO Summit, Kozlowski puts a spotlight on the most mysterious role in the C-suite. She outlines why and how companies should make operations their core and how to determine the COO that's right for you. Kozlowski shares what an operations leader is — and is not — in order to set the position up for success at any startup.

## What is a COO and why do you need one?

It's common for startups to wait too long before bringing on an operational leader due to the lack of clarity around the role. It's more intuitive what other C-suite roles do: a CMO leads marketing and a CTO oversees engineering. But it's less apparent with a COO. Even a quick Google search for definitions leaves much to be desired: "a senior executive responsible for managing the day-to-day operations of a company." But don't functions have their own ops team, such as [sales and sales ops](#)?

"We're all familiar with tech operations, but what COO really means, is business operations: how you operate your business, think about strategy, and move the business forward in growth," Kozlowski says. "The COO role is custom to every company and requires deep self-awareness from the CEO and founder to outline the specific skills and qualities they need in a partner."

## The COO role is entirely defined by its relationship to the CEO.

Self-assess to find your counterpart. If your executive team was a film crew, your CEO and COO would be the director and producer. "Your COO must be a complement to the CEO and the rest of the executive team if you have a shot at radically transforming your organization," Kozlowski says. "The required skills will be different for every company, leadership team, and stage of business. My areas of strength are around scaling companies with significant global presence through strategy, marketing, and a consistent customer experience. I work best with a CEO with a technical background whose strategies I can

help make work at scale as we go to market. But it will be different for each company based on stage and the composition of the executive team, and it will evolve as you grow. Be prepared to accept and adapt to your needs.”

Determining the right candidate requires deep introspection and what Kozlowski calls Self-Awareness 301: an advanced course in pinpointing your strengths and weaknesses and thinking very seriously about how those attributes influence the way you manage your business. Ask yourself these questions to unveil the traits you need in a COO.

- What am I drawn to? You enjoy, default, and excel at these tasks. Write them down. Seriously. Return to them and note how they structure your day and management style.
- What do I procrastinate on? We all have those lingering items in our inbox or to-do list that we push off or tell ourselves ‘I’ll do that tomorrow’ but never do. It may be you don’t have enough time, but there’s likely a skills gap you need to admit. Create a list when they occur to you and make sure they are traits and abilities in your COO.
- What do I wish I knew and liked? Of the things you delay or just skim the surface on, what do you wish you had a better command of or affinity for? You’ll eventually be adept at and attracted to these areas, but in the short term, you need to find ways to develop them. Your COO should act as an instructor to guide you.

Answer these aforementioned three questions on your own first. It’s unlikely that there’s another co-founder or colleague has been working with you every step of the way throughout your career. So you’re the best judge of what you love to do and where you need to improve. Once you have answers to these questions, Kozlowski recommends enlisting others as a sounding board. These might include your executive team,

board and investors, mentors, partner or executive coach. “Don’t guide their thinking or come with too many prefaces. Whether expressed verbally or in writing, encourage them to weigh-in on who you are, the roles you excel in and the areas where you need to grow,” says Kozlowski.

“There is a caveat when you’re asking your executive team, board, and investors for critical feedback about where you need to improve. As CEO, especially of a young company, you’ve likely been working tirelessly to promote yourself and prove your leadership so people will commit to and invest in you,” says Kozlowski. “This is not the time to reassure them that you know how to do everything. You’re looking for candor, not an echo. Ask for feedback and be silent. Thank them for whatever they play back to you.”

## **Think of it like a puzzle where your COO will fill in the missing pieces to round out your leadership team.**

Customize and choose your counterbalance. Now that you know what you need, you can start to seek the COO who is most capable in helping you scale your company. According to a *Harvard Business Review* article, there are [seven types of operational leaders](#). Given that the COO must be a complement to the CEO and founder, you’ll likely need a combination of the roles to distinguish the right partner for you.

## Seven types of COOs



The Executor



The Change Agent



The Mentor



The Other Half



The Partner



The Heir-apparent



The MVP

Second in Command: The Misunderstood Role of the Chief Operating Officer  
By Nathan Bennett and Stephen A. Miles,  
Harvard Business Review, May 2006

“I’m The Other Half and an Executor, which are a pretty common types. The CEOs I have worked with tend to have complementary skills to mine. In tandem, our abilities are better than on their own,” Kozlowski says. “For example, with a CEO who brings a grand vision to a company, I can bring a scalable execution of that plan. For another CEO who has mostly done business in the US, I bring significant experience scaling globally.”

Of course, there are different CEO-COO pairings. “You may be seeking the Heir-apparent, someone you’re training to be the next CEO. Or if you’re a younger founder, perhaps the best choice is an experienced mentor who can impart wisdom and help shepherd the business,” says Kozlowski. “There’s no perfect formula, and many COOs are a combination of two or three types. The COO who’s right for your company depends on the skills the CEO is lacking and need to develop — that’s especially true for younger CEOs.”

Search for candidates in unexpected places. Don't just put feelers out for MBAs or veterans of finance. Kozlowski spent nearly two decades in PR and Communications before she moved into marketing and operations at Alibaba. "It was a great fit because the skills I cultivated previously were right for the role: anticipating problems, communicating a clear vision, understanding what's going to be asked next and how to get out of trouble when things go wrong," she says. "I rely on these skills every day as COO. Don't limit your search parameters at the onset."

## **The right COO is not about pedigree but precise fit.**

### **The Five Traits of an Operations Champion**

Regardless of the type of COO you need, there are certain characteristics that non-negotiables for an operations leader. Here are five to hone in on when you're vetting candidates for the role:

Trust. There's a reason why this word is referenced a lot in business — but it's especially critical between the CEO and COO, given how synchronized they must be while making decisions on the fly. "You can't run a business with someone who is supposed to be your other half if you don't have an honest relationship with them. Period. It's not only about trusting their instincts and capabilities, but also about knowing viscerally that they'll step into the chaos with you, tackle their share and watch your back at the same time," says Kozlowski. "It's a challenge to see if there's that potential for trust at the onset. A new COO — as with any new employee — will want to show how she's commanding each part of her new job. But don't

forget to use the CEO as a sounding board for a particularly challenging choice early on. Come with options, intelligence and an opinion, but also a vulnerability and genuine ask for input. It's not only a chance to come together during a difficult decision, but shows that you trust two heads will be better than one early in the relationship."

Proven Execution. The best operators are relentless doers. "Ask candidates to provide specific examples that demonstrate an ability to move projects forward. Pay attention to how many instances they cite, how far back they go and at what cadence or interval," says Kozlowski. "You're not looking for one-hit wonders, but those who reset to jump hurdle after hurdle. Consider asking them what and how they'd contribute first at your company. Look for clear answers rooted in proven strategies and tactics."

## **With a COO, you want a person who is poised to lead her position, not leap in position.**

Ego checked. According to Kozlowski, the best operations leaders are humble, hungry and ready to work. "COOs are often thought of as the heir to the CEO, but aren't there yet. It's vital that your candidate has their ego in check and clearly understands their responsibilities supporting the business," says Kozlowski. "Ask them about their advancement in past roles and what motivates their growth? It'll help you get an understanding of their career goals and incentives. Ask references for detailed stories about how candidates have handled instances in which they were wrong."

Chemistry with the CEO. COOs are true partners, not colleagues. The adage 'don't hire who you like, hire the person who can do the job' doesn't entirely apply to the COO role. Kozlowski advises founders and CEOs to be forthcoming about the relationship they envision having with their COO. "You're going to be spending a majority of your time together. You need to have a personal connection where you actually enjoy being with them, listening and talking to each other, and working together," she says. "Go above and beyond thinking about how you're going to test for personal fit during the interview process. Rather than failures, I like to ask about a time they were embarrassed or uncertain about something, and how they navigated it. That gets to both problem-solving and the human side. I also like to touch on other working relationships that were very successful as that really helps cut through small talk and helps better assess if there might be chemistry. What you're seeking is a foundation to build a real relationship."

Versatility. [Adaptability must be their default mindset](#). "Your COO is second in command and will be your team's go-to when you're not in the office. They should exude similar leadership traits to the ones you possess so your team feels confident relying on them — and the business doesn't skip a beat," says Kozlowski. "The most successful COOs are jacks- or jills-of-all-trades. One way to identify this trait in the interview process is to press on a wide range of growth challenges — from hiring an executive team to fundraising — to see how candidates shifted their focus during inflection points in a company's development."

As you identify these key qualities, also be aware of the following red flags. According to Kozlowski, your operations leader is not:

- The CEO. This goes back to the ego check. Your COO must accept and internalize that their job is to run the plays, not call them.
- A babysitter. A COO is not a nanny or handler for a CEO. Sadly, this is a disturbing trend and one that is destined to fail the duo — and the company. Do not hire a babysitter.
- Someone who needs a ‘C-title’ to join. If you need to add Chief to a candidate’s title to persuade them to join, don’t add them at all.



Linda Kozlowski at the First Round CEO Summit

## The Right Time to Hire a COO

Given how ambiguous a COO job description is to many startup founders, the timeline can even be more of a mystery to crack. And yet every company needs someone to lead operations. The

key is to start thinking about it and preparing before you are ready. To figure out timing, Kozlowski isolates some key variables, such as if you're creating a physical or digital product or how you assess your own personal leadership style. Here are her tips:

- Hire immediately if you produce a physical product. COOs are the backbone of companies that produce tangible goods. “Logistics and operations make or break starting and scaling a CPG or hardware company. You need someone with past experience making a physical product who can contribute to, structure, and oversee the development, manufacturing and shipping from end-to-end. Enlisting someone in this role from day one is the difference between shipping your product on time and missing your launch.”
- Hire when you hit product/market fit if you build digital products. COOs take digital products to the next level. “If you're building a digital product, it's time to hire an operations manager when you've reached product market fit and are ready to scale. COOs are accustomed to building and managing fast-scaling operations,” says Kozlowski. “Hiring someone before you're ready to grow — such as if you're still in beta — will leave the candidate and you frustrated at lack of measurable change and progress. It doesn't mean you can't start your search early; just don't do it until you have engaged, delighted users.”
- Hire immediately if you, founder or CEO, are fully immersed in building the technology. According to Kozlowski, this rule trumps the other two. “If you are 100% immersed in building your technology and don't want to run the day-to-day, don't try to go without a COO. Hire an operations leader who can run the logistics side of the business so you can focus on developing the product,” says Kozlowski. “I see this a lot at early-stage companies. It doesn't mean their CEOs or founders can't or won't develop these operational or management skills. But they

simply need someone who thrives on establishing and scaling processes to guide and grow their companies.”

## On Onboarding an Operations Leader Well

If you've found, attracted and hired a COO, the last critical step is to integrate them. Again, because the COO is so frequently a misunderstood role, it's often one of the fastest to fail. CEOs and founders, be hyper-vigilant with how you introduce your COO to the team. Here's how:

Be specific with the company on *why now*. The biggest mistake Kozlowski sees CEOs and founders make is saying: “I'm hiring a COO because I need help.” Instead, ask yourself the following questions to help you prepare and craft a strong narrative to share with your team:

- What kind of help do I need? Why do I need it? How will it address an obstacle?
  - How strongly is this obstacle influencing the company?
  - What exactly will this person do to alleviate the impact from this obstacle? How will that change over the next quarter and year?
- “We've been able to implement and scale operational changes at Etsy because Chad made the growth opportunities incredibly clear to me and the rest of the team. We collectively agreed on our goals from the start,” Kozlowski says. “For example, one opportunity facing Etsy is how to grow and scale marketing both in the US as well as abroad to support buyers and sellers overseas. Given my international scope of my work at Evernote and Alibaba, I joined to complement the existing strengths of the executive team in how we could each leverage areas for growth. Chad defining these roles and giving true autonomy to each role was key to a fast integration and a strong team.”

# **A COO helps you cover double the ground, as well as double-down. She should be seen as a multiplier.**

Pass the baton with an Olympian's precision. As CEO and founder, you've likely built deep relationships with your direct reports. Explaining that they will report to a new executive is among the trickiest — and most telling — parts of the integration of a COO.

“Team members will want to keep reporting to you as the CEO, despite the updated org chart. The way a CEO handles this transition can either underline or undermine the importance of a COO,” says Kozlowski. “Most founders keep coaching and doing 1:1 meetings with their people — after all, they were there from the start. But this is one of the most dangerous traps. Instead, have the COO join you and slowly start leading meetings. Help the COO build relationships with the team and make it clear what the new structure looks like. It's takes vigilance as much as time, but it's a critical step.”

The transition won't happen overnight and team members will still come to you if and when they don't get their way. CEOs must explain why an operations focus is necessary for the company and direct them to the COO. This was especially important during Kozlowski's integration into Etsy. Chad introduced Kozlowski to the company via the all hands meeting *before* she even started, getting everyone excited about the additive skillset to the leadership team. He was clear about her areas of responsibility right from the start, which meant that her first day, everyone was prepared to jump in and work with her. Ultimately, all of the effort you placed into

sourcing and closing the right partner can be lost at this point. Actively manage the process with empathy and resist the urge to micromanage.

## Tying It All Together

Before a COO can be a possibility for a CEO and startup, it must first be on the radar. Start with a short self-assessment of your strengths and weaknesses as a CEO or founder. Complement that with perspectives from your existing executive team and advisors. Define your counterbalance and use the seven types of COOs as a tool. When interviewing look for the five traits needed for any type of COO and beware the three most common red flags. Hire a COO immediately if you are building a physical product, and after product/market fit, if you are working with a digital offering. Be as conscientious in integrating the COO as you were in hiring her. Your approach will either propel or dispel her reason for being there.

“Finally, don’t forget to let it go. As a founder and CEO, your company is your baby and you’re probably holding on bit too tight. Yes, you should always have a pulse of what’s going on, but until you actually hand over the reins, your COO won’t have an opportunity to make any real changes,” says Kozlowski. “Focus on what *you* need to do. Don’t micromanage her. The sooner you give away those responsibilities, the faster she can execute in her role. When you set your COO up for success you don’t lose control, but actually have more command over your company’s future.”