The Chief of Staff

Competency assessment and mandate

ARMSTRONG WOLFE™

The Chief of Staff (**CoS**) can be one of the most impactful and valued roles if the mandate is understood and clearly communicated to the c-suite and key managerial stakeholders. If the mandate is not communicated clearly, whilst accepting the CoS and the Chief Operating Officer's (COO) edicts will have some ambiguity, lack of clarity in responsibilities may lead to a CoS failing or at least struggling unnecessarily.

What is a CoS?

There is no definitive representation of a CoS mandate. The exactness of the role's responsibilities and profile of the person in role will be different from one sector to another.

Within financial services the role gained popularity in the early 2000s, losing some approval and perceived value post-2008, but with the myriad of additional challenges being thrown at the industry and its executive leadership, such as ESG, diversity, the need to drive innovation and the war for talent, an additional senior person at the side of the CEO is now finding favour, and in some cases leading to the appointment of a CoS.

This article is not to portray or advocate for a standardisation of the CoS mandate, but to offer insights on how best to assess the need for a CoS, the profile of the appointee and to reiterate the importance that whoever is appointed, that the mandates of the COO, CAO and CoS must be clearly defined to ensure they work hand in glove and do not overlap, creating duplication and possible conflict.

The role of a CoS is traditionally defined as serving as a confidante and right hand for the CEO and assisting other executives, such as the COO, in supporting the company's functions according to its circumstances and needs.

It is largely acknowledged many CEOs have insufficient time or are not best inclined or skilled to pay attention to a key factor that will help determine their effectiveness: the administrative system that guides day-to-day operations in their offices, i.e. the prioritisation of work. This is where the CoS steps in and can add real value.

This system ensures that the CEO can make the most of their limited time, that information arrives at the right point in their decision-making process, and that follow-up happens without them having to check.

Why can't the COO undertake this task? Presently the COO is too thinly spread, multi-tasked and often burdened by a regulatory-driven book of work, remediation, and cost and efficiency initiatives that prevent them from lifting themselves from the trenches to add greater, forward-thinking value to the CEO. Some COO's bifurcate their roles to allocate regulatory, human capital, and budgeting aspects to a CAO, but even here the correct positioning of a CoS will be to add value and complement, not duplicate, the role of the COO and/or CAO.

In some financial services companies, a CoS has been appointed to support the COO, some seeing the CoS as taking the CAO component parts away from the COO to enable the COO to focus on strategy and adopt an outward, forward-looking position and viewpoint. This appointment is a deviation from the purest definition of a CoS and should be considered as a distraction and not a redefinition of the role. It would be better to define such a role as a business manager or if sufficiently tasked and empowered, a CAO.

The above demonstrates some of the inconsistencies in defining the role of the CoS, COO and CAO. If the CEO gets it wrong, it can be a painful exercise of recorrecting or extraction, but if the CEO gets the structure right, the CoS role can make a real impact and help the CEO, COO and CAO.

To do so the CEO must appoint the right person with the right skillset. The most successful CoS arguably come from a structured, strategy or transformation background, which is why possibly you see many with a consulting pedigree. This skillset is aligned to the tasks usually allocated to the office of the CoS. The CEO must resist the temptation of appointing someone very well known to them, a trusted partner, based simply on this fact. They may well be the right person, but this appointment will benefit from the CEO and all involved assessing others to ensure the candidate with the best experience is appointed.

Additionally, a further Harvard insight into the role notes *"Many new CEOs default to the system they've inherited, even if it is poorly suited to their style or to the operational changes they must make. Often there's a better way to handle the information flow necessary for a CEO and/or COO to succeed, a better way to structure time and resources to meet ever changing demands and priorities - and very often a CoS can play an essential role."*

Although each leader should tailor the position to their own needs, the CoS should handle several principal duties, all focused on making time, information, and decision processes more effective.

The Harvard report summarises on this point: Patrick Aylward, a Vice President and Chief of Staff at Horizon Blue Cross Blue Shield of New Jersey, breaks the job down into five roles:

» Air traffic controller serving the leader and the senior team.

» Integrator connecting work streams that would otherwise remain siloed.

» Communicator linking the leadership team and the broader organisation.

» Honest broker and truthteller when the leader needs a wide-ranging view without turf considerations.

» Confidant without an organisational agenda. Aylward points out that "while a CEO's other direct reports typically emphasize their own areas, a good Chief of Staff can consider the needs of the whole enterprise."

Establishing the case for a CoS

In financial services you can expect the CoS to assist the CEO in thinking through and setting policies and in making sure they are implemented. They should anticipate problems and should be especially sensitive to issues that require diplomacy.

The paper further notes "The Chief of Staff functions as an extra pair of eyes and ears by pointing out political potholes their bosses may not recognize (especially if the bosses are new to the company). Importantly, a Chief of Staff acts with the implicit imprimatur of the CEO - something that calls for humility, maturity, and situational sensitivity."

Regardless of specific responsibilities, if the CEO gets it right, and the CoS mandate is clearly communicated to middle and executive management, a CoS can help a CEO lead more effectively and can achieve sharp gains in productivity and impact by doing so.

You can argue therefore that a CoS's primary duties are to create time, provide information and offer objective opinion to make the CEO's decision-making more effective.

Appointing a Chief of Staff

There are questions a CEO should ask that will help the decision as to whether a CoS might be the right appointment. By going through this assessment, the CEO will ensure the right weighting is given to the role, and the profile of the appointee and its seniority. Most importantly is its tasking and the mandate's independence from the COO and/or CAO mandates:

The CEO should ask themselves three questions:

1. Do I need a Chief of Staff?

2. How do I define the mandate?

3. What are the competencies and seniority I require?

The following from the Harvard report makes an important point for a CEO who has not appointed or had a CoS beforehand:

"Some chief executives are reluctant to add the CoS role. That may stem from unfamiliarity: Without ever having seen a skilled CoS in action, it can be difficult to envision the value one can add.

Sometimes reluctance is more about optics and concern that a CoS will make the leader seem imperious or desirous of an "entourage." Those considerations are understandable. But when set up in the right way, a CoS position can make it much easier to solve the problems facing a leader with a change agenda."
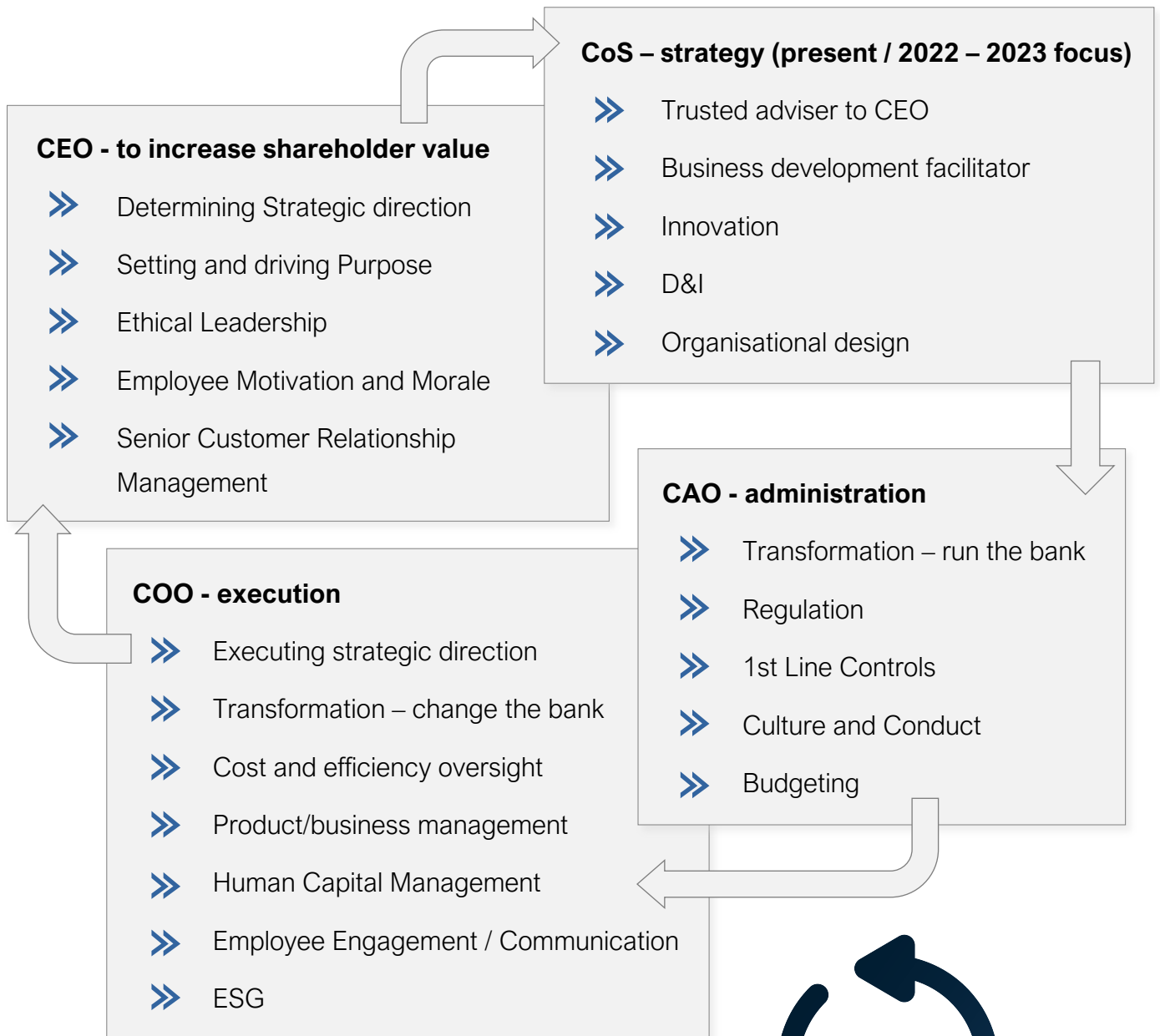
1. Do I need a Chief of Staff?

» Are you spending enough time on the vital A items on your agenda, or are you frustrated by time spent on B and C items?

» Do you have enough "white space" in your calendar to consider future opportunities, or is most of your time spent reacting to what has already happened?

» As you deliberate on the decisions that only you can make, are you getting the best available information?

» After you've made a call, do you get surprised by new information that you should have known?

» Is it common for you to feel unprepared for important meetings or when making important decisions?

» Do you get information soon enough for you to think through the consequences before having to act?

» Are problems identified early enough that action can be taken before they create damage, or is it common for large problems to occur unexpectedly?

» When that happens, do you find that some of your senior people were also unprepared?

» Do political or cultural factors - such as relationship problems between powerful subordinates or destructive gamesmanship between competing departments - block progress?

» Does the culture encourage resistance to change or insulated silos rather than embrace new ways to improve?

» When you direct that some action be taken or ask for data on a particular issue, do you often not hear back until you remind people?

» When managers say they will follow up, do you have confidence that they will?

2. How do I define the CoS mandate?

CEO - to increase shareholder value

» Determining Strategic direction

» Setting and driving Purpose

» Ethical Leadership

» Employee Motivation and Morale

» Senior Customer Relationship Management

CoS – strategy (present / 2022 – 2023 focus)

» Trusted adviser to CEO

» Business development facilitator

» Innovation

» D&I

» Organisational design

COO - execution

» Executing strategic direction

» Transformation – change the bank

» Cost and efficiency oversight

» Product/business management

» Human Capital Management

» Employee Engagement / Communication

» ESG

CAO - administration

» Transformation – run the bank

» Regulation

» 1st Line Controls

» Culture and Conduct

» Budgeting

The Leadership Quartet
CEO - CoS - COO - CAO

3. What are the competencies and seniority I require?

To be an effective CoS in a regional or global financial services company, where the CEO will oversee complex, multi-jurisdictional operations with layered complexity due to regulatory regimes in ever-competitive markets, the appointment will be at level 3. The successful appointee will additionally possess the competencies outlined in levels 1 and 2.

	CoS Level 1 Director	CoS Level 2 Managing Director	CoS Level 3 Senior Managing Director
Leader's challenge	Maximise efficiency with minimal change	Implement the existing strategy with only moderate change	Execute significant strategic, operational, and cultural agendas calling for considerable changes
CoS role	Help the leader become better organised, with more time for A items	Manage important projects well	Help CEO and senior executives navigate through uncertainty and risk
CoS capabilities	• Understands the business • Can do project management • Can manage relationships • Communicates well • Organises the CEO's office	In addition to level 1 capabilities… • Can simplify complexity • Does strategic thinking and problem analysis • Can manage the process of idea to execution	In addition to level 2 capabilities… • Can anticipate and avert problems • Can grasp and add value to the leader's vision • Has organisational and political intelligence
Reporting relationship	Part of the administrative staff	Reports to a direct report of the leader	Reports directly to the leader
Status	Administration	High-potential, future senior manager	Managerial or senior staff member
Managerial duties	Usually has no direct reports	Manages a small group or an individual contributor	Manages a department, such as strategy implementation or communications
Time with the leader	Regular, transactional, brief	Episodic, project oriented	Frequent, on a range of issues, whenever necessary
Advice to the CEO	Not expected	Expected within project parameters	Expected on a full range of topics

Dovetail don't duplicate

There is no definitive reference for the appointing or tasking of a CoS. The intent of this article is to outline a journey of consideration in making such an appointment. The personality of the CEO, the company they run and sector they occupy will all influence this appointment. It can be to a degree whatever the CEO wants it to be, but regardless of its state, the importance of defining the lines of responsibilities and how they dovetail into other roles, especially the COO and CAO, will impact how effective the CoS role will be.

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