

JUNE 20, 2024 | Summary of Fortune Virtual Discussion

Driving Operational Excellence

Chief Operating Officers were once relegated to the background, ensuring operational efficiency. Today, the role encompasses much more. Generative AI, supply chain disruption, and geopolitical tensions have demanded that companies adapt at increasing speed, and COOs are well positioned to help companies do just that. Given these changes, Fortune is launching its [first-ever COO Summit](#) in the fall. Ahead of the summit, we gathered an intimate group of COOs to discuss how they are reinventing everything from their own roles to the back office and beyond.

Kicking off the conversation, Diane Brady, Executive Editorial Director, Fortune Live Media and Fortune CEO Initiative, asked the group what COOs should be focused on. Many agreed that pressures are high to increase both efficiency and growth. “There seems to be strong expectations around high quality of execution and the level of innovation,” Adrian Mitchell, Chief Operating Officer and CFO, Macy’s, said. “We’re leaning into predictive and generative AI to unlock new sources of value,” he told us. Ganesh Ayyar, Executive Vice President and President, Digital Operations, Cognizant, explained that customers are telling him this is an unprecedented time of change and uncertainty. To solve these challenges, he said, “we need to move into a people- and AI-powered model,” emphasizing the need for AI to empower employees to be more efficient and thereby create more value for organizations.

Adina Eckstein, Chief Operating Officer, Lemonade, provided a robust example of how COOs and their organizations can drive greater value through AI. “Ninety-eight percent of our policies are sold by bots. Our servicing is done a lot through AI,” she detailed, adding that up to 30% of customer interactions are already handled by their AI bot, which Lemonade calls Maya. While these figures might worry employees, Eckstein was clear that there is no cause for concern. She emphasized the importance of communicating to employees that AI is going to help them supercharge company growth, rather than replace their jobs. “What we’re trying to achieve is a stable or slowly growing opex, while the business can grow 2-fold, 5-fold, 10-fold,” she said. Similarly, Souheil Badran, Senior Executive Vice President and COO, U.S. Bank, told us that, with tools like AI, challenges can become opportunities. “We’re turning the operations side into a competitive advantage,” he explained. “We’re driving efficiencies and evolving the way we work.”

It’s clear that AI and gen AI are changing business and helping COOs to drive value. At the same time, the role of the COO itself is changing. “What’s been on my mind are the demands on the COO role and the wide definitions of what a COO is,” Raina Moskowitz, Chief Operating and Marketing Officer, Etsy, said. She sees the role of the COO as focused on communication, connection, and bringing teams together. “At the end of the day, I think the role is about breaking down silos,” she said. Several others on the call discussed how COOs have become a more strategic partner in the organization, particularly as companies look for new and different ways to drive growth. Paul Connolly, President, Global Operations, Smith + Nephew, said that operations is increasingly driving shareholder value, where traditionally growth was the only avenue. “The core role of the [COO] job was to mitigate risk. Now it’s about creating opportunity,” he asserted. Badran agreed, adding that “The role really has changed. I think the fact that all of us have that seat at the table... you can’t just think about SLAs and operational efficiency.” He said COOs must now also consider compliance, regulation, AI, cybersecurity, and growth, in addition to traditional responsibilities.

Given all the change in the role of the COO, Ruth Umoh, Leadership Editor, Fortune, asked leaders on the call who they work most closely with in the C-suite. The growth of AI makes the CTO a natural partner to the COO. “CTO is definitely one of my closest partners,” Sebastian Burzacchi, Chief Operating Officer, Management Services Organization, Alignment Health, offered. Others agreed and emphasized that they work across the C-suite in relatively equal parts. Sebastian Guth, Chief Operating Officer, Bayer Pharmaceuticals, and President, Bayer U.S., added that collaboration and trust from the CEO and board are also critical in this role. “The title speaks to the degree of trust in the relationship with the CEO and with the board and the ability to both help shape the vision and ensure that we execute against it,” he said.

To this point about collaboration with the CEO, Umoh asked panelists if they see the COO position as a steppingstone into the CEO role. This was a controversial question. Most agreed that there can be a path from COO to CEO, but it is not everyone's aspiration. For Eckstein, she would rather stay in her current role. "I'll do COO again and again and again," she emphasized. "Our job is the make or break of companies."

Wrapping up the conversation, Ayyar told us about research that Cognizant recently did with Oxford Economics. He said that they looked at 18,000 different tasks across 1,000 different job titles to understand how AI will impact the workforce. The findings, he explained, are guiding how they train their own workforce and how they advise customers. The question is, he said, "How do we take our people along this journey of massive transformation?" We look forward to discussing that question and more at the in-person COO Summit in October.

For more information, please visit [Cognizant](#).

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