

2024 STATE OF OPERATIONS

Insights from our Executive Operations
Community to help you stay ahead of the
curve in an ever-changing business
landscape.



Methodology

The COO Forum's 2024 State of Operations report is based on a survey of our members, partners and other operations executives, as well as input from thought leaders and experts in the field. The survey was conducted online and in person, with a mix of quantitative and qualitative questions.

Participants were asked about their current operations strategy, perceptions of the current business environment and key trends affecting operations. They were also asked about their top challenges and priorities for the coming year.

In addition to the survey, we conducted in-depth interviews with a select group of thought leaders and experts in the field of operations. These interviews provided valuable insights into **emerging trends and best practices in operations strategy and execution.**

Overall, the COO Forum's 2024 State of Operations report represents a **comprehensive and nuanced analysis of the current state of operations**, based on input from a diverse group of stakeholders and informed by the latest research and analysis in the field.

Executive Summary

The COO Forum's 2024 State of Operations report provides valuable insights into the current trends affecting Operations Executives. Drawing on member insights and current economic conditions, the report highlights the key challenges facing operations leaders and offers actionable recommendations for addressing them.

CURRENT TRENDS

The uncertainty in the economy still looms large over decision making, budgeting and planning. Some of our members are affected more in certain industries and regions compared to others. However, both domestic and global financial forces will continue to have a lasting impact in 2024. Cost pressures in many commodities have subsided, including improved supply chain performance. Talent acquisition and labor costs have seen varied changes. There has been a significantly improved talent market, in terms of availability, for many of our member organizations. Again, this can vary greatly across industry and region. Labor costs are still elevated but holding at a mostly steady level.

TOP THREE CHALLENGES IN 2024

This report focuses on *three top challenges* facing Operations Executives in 2024:

- **Adopting AI Technologies, Increased Scope, and Scaling Revenues**

KEY COMPETENCIES

Taking on the top challenges will require strengths in a number of key competencies during 2024 for Operations Executives. In fact, it is imperative that these competencies are developed throughout the organization, not just at the C-suite. These include:

- **Change Management, Personal Productivity, and Communicate to Influence**

ABOUT THE COO FORUM

Inspiring COOs and Operations Executives to invest in themselves and their organizations.



The COO Forum® was founded in 2004, in Silicon Valley, where it became the **first-ever peer network organization focused on the role of the Operations Executive**. We are extremely proud of what we have built, yet we are most excited about what lies ahead.

Our mission has always been to help Operations Executives increase performance, surpass goals and ACHIEVE MORE by offering them a peer community with a deep understanding of the issues they face and the resources they need to be successful.

After 20 years and 1,000s of conversations with the best COOs and Operations Executives in the world, our community of executives learn, share and grow with each other. They gain fresh perspectives and valuable take-aways to tackle their most pressing challenges.



"At COO Forum, there's a sense of community that's built among people who get you and get your problems. For me, I'm lucky. I'm blessed to have that community and be able to spend time in that space with some pretty wonderful, smart people." - **Darrell Henry, Member**

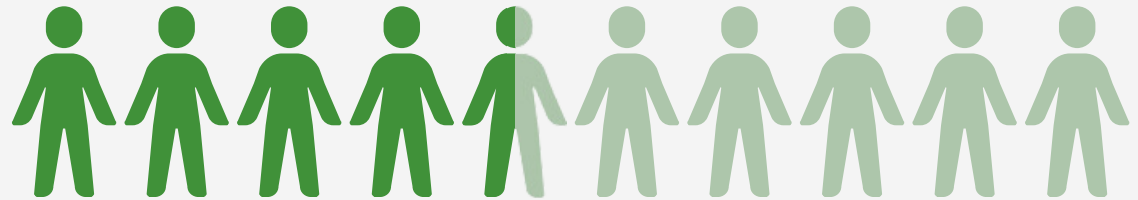
INSIDE THE COO FORUM

COOs and Operations Executives from across the globe and across various industries are coming together in our community.



The COO Forum has a 45% ratio of executive female members, far outpacing what is represented in the C-suite overall.

MEMBER DEMOGRAPHICS



45%

Women

55%

Men

10+ Years

Avg Ops Experience

Start-up to \$200B+
Sizes of Member Companies

20,700+
LinkedIn Group Members

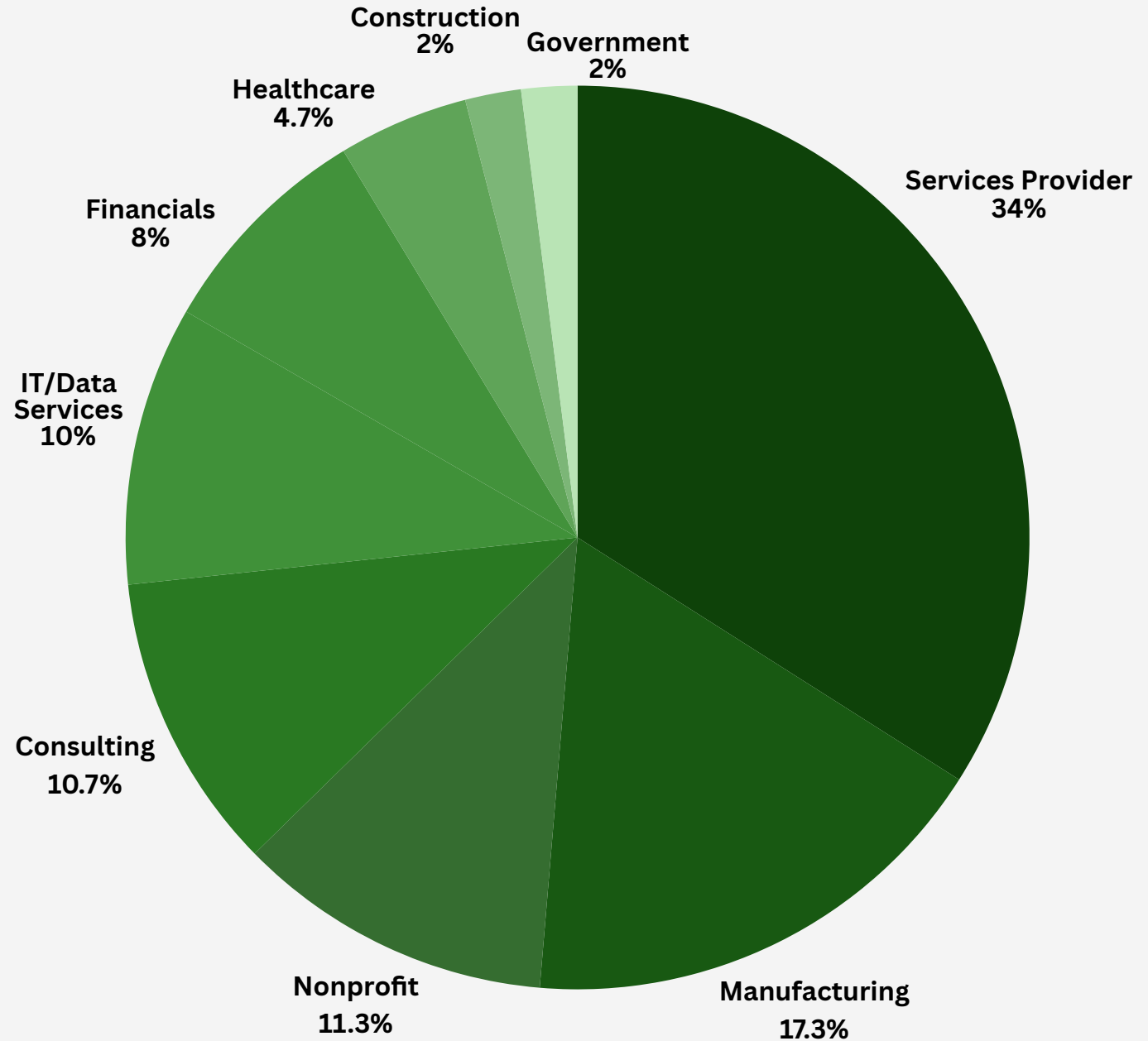
\$50M
Median Member Organization Size

MEMBER INDUSTRIES

Operating in a variety of industries, our members have shared valuable insights to help improve day-to-day processes and considerations for further success.



“My experience at COO Forum is that it’s the best therapy there is.”
-Jennipfer Rosecrans,
Member



Current Trends

Impacting Operations and
Operations Executives

CURRENT TRENDS

ECONOMIC

Operations executives today face an increasingly complex economic landscape, with high costs of labor, resources, materials and more.

KEY ECONOMIC TRENDS OPERATIONS LEADERS ARE FACING

High-Interest Rates for Capital

Making it more expensive for companies to borrow money, limiting their ability to invest in new technologies, expand their operations or make necessary upgrades.

Fluctuating Demand

This can lead to excess inventory and reduced revenue. Companies must be able to anticipate shifts in demand and adjust their operations accordingly, which requires strong forecasting and supply chain management capabilities.

Elevated Labor Costs

This can make it difficult for companies to remain competitive, particularly in industries with high labor content.

TO ADDRESS THESE ECONOMIC CHALLENGES, OPERATIONS EXECUTIVES MUST...

- Prioritize **efficiency, risk management, and talent acquisition.**
- Focus on **continuous improvement.**
- Be willing to **experiment and embrace new technologies and processes.**
- Stay on top of **economic trends and developments** that may impact their operations.
- **Be prepared to adapt** their strategies and tactics accordingly.



COO Forum members remain prepared by accessing our partner's **Armada Corporate Intelligence** weekly brief and quarterly presentations (delivered by Armada's Chief Economist, Dr. Chris Kuehl)

CURRENT TRENDS VOLATILITY, UNCERTAINTY, COMPLEXITY & AMBIGUITY

Our members continue to face challenges related to the after effects of the worldwide pandemic and rapidly expanding social and environmental change efforts. **Volatility, Uncertainty, Complexity & Ambiguity (VUCA)** is a term that captures both the internal and external pressures our members are feeling in the COO community.

Chart adapted from Nate Bennett and G. James Lemoine, HBR Magazine

How well can you predict the results of your actions? ↑

COMPLEXITY

Characteristics: Situation has many interconnected parts. Some information is available or predictable but the volume or nature can be overwhelming.

Approach: Restructure, bring on or develop specialists, and build up resources adequate to address the complexity.

VOLATILITY

Characteristics: Challenge is unexpected/unstable, duration may be unknown, but it's not necessarily hard to understand.

Approach: Devote resources to preparedness, for instance, stockpile inventory or overbuy talent. These steps are typically expensive - your investment should match risk.

AMBIGUITY

Characteristics: Casual relationships are completely unclear. No precedents exist; you face unknown unknowns.

Approach: Experiment. Understanding cause and effect requires generating hypotheses and testing them.

UNCERTAINTY

Characteristics: Despite a lack of other information, the event's basic cause and effect are known. Change is possible but not a given.

Approach: Invest in information - collect, interpret and share it. Works best in conjunction with structural changes, such as adding information analysis networks, that can reduce ongoing uncertainty.

How much do you know about the situation? →

How will the 2024 US election potentially affect your industry?



The 2024 election will add uncertainty to business plans for some industries and will at the very least, drive national and global issues to the forefront.

Top Member Challenges For 2024

MEMBER CHALLENGES

ADOPTING AI TECHNOLOGIES

AI is setting up to be a game changer in both the business world and society at large. How COOs adopt and adapt these emerging technologies will define how successful many businesses will be in the future.

Our in-house AI expert, Jill Tarallo, lays out how to harness this incredible resource.



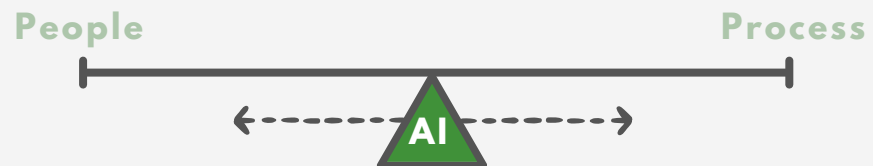
- Jill Tarallo, Member and Director of COO Forum Texas

[Read the full article, The AI-Driven Future: Strategic Operations for the Modern COO.](#)

How to harness the power of AI in your organizations:

How can you harness the potential of AI in your organizations? There are several important trends and strategies to consider:

- **Embrace AI for competitive advantage:** accelerate digital transformation initiatives to streamline operations.
- **Data management and security:** establish robust data architecture, governance and security. Prioritize cybersecurity measures to protect sensitive business information.
- **Improve talent management and upskilling:** develop comprehensive upskilling programs in AI and foster a culture of continuous learning.
- **Look for opportunities to automate:** COOs should identify and implement AI-driven automation solutions to enhance efficiency and reduce operational costs.



"Artificial intelligence will have a more profound impact on humanity than fire, electricity and the internet." - **Sundhar Pichai, CEO of Alphabet**

MEMBER CHALLENGES

INCREASED SCOPE

During the past four years, there has been an explosion of additional duties and areas of focus placed on COOs. These responsibilities reflect the enormous change taking place in society, including cybersecurity, work/life balance shifts, a multi-generational workforce, AI integration and more. It doesn't appear to be easing off any time soon.

“There is no single agreed-upon description of what the job entails or even what it's called. Often, companies turn responsibility for all areas of operations over to the COO.”

-Nate Bennett and Stephen. A Miles,
Harvard Business Review

The role of the COO has been growing rapidly since 2019 and along with it, increased time pressures emerge.

(Taken from our recent Presenter Series: Member Panel session.)



How are our members tackling these new challenges?

- **Investing in new technologies** such as data analytics and AI to make quicker and more-informed decisions, using data points as a springboard to future progress.
- **Keeping a human-centric approach to new technologies** through sensitivity to staff concerns, varied rates of adoption and contextualization of data insights.
- **Focusing on relationships, family and health** to help ease anxiety by providing greater flexibility and meeting the needs of clients, staff and team.
- **Concentrating on staff development** by teaching a younger workforce how to manage, work in a professional environment and make decisions.
- **Providing clear communication and transparency** in all business aspects including data, culture and company vision.

MEMBER CHALLENGES

SCALING REVENUE

While the COO role is more commonly pointed inward, we have seen increasing focus placed on revenue generation. It may be the result of more organizations adopting a Sales & Operations Planning (S&OP) process toward business planning or possibly the nature of an “all-hands-on-deck” approach to lift growth following the pandemic.

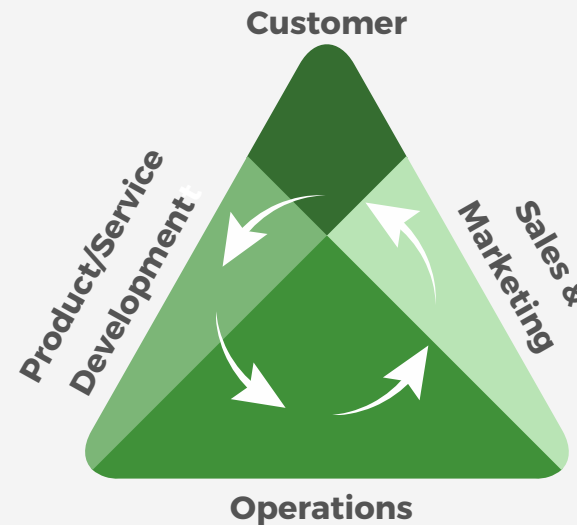


Renée Mauborgne, co-author of **BLUE OCEAN STRATEGY**, presented to our Atlanta members on her new book, **BEYOND DISRUPTION**.

How can a COO support scaling revenue from operations?

Scaling revenue ultimately depends on the ability of operations to scale as well. Increasingly, COOs are playing a direct role in growing revenue.

Here's how:



- **Customer engagement:** operations leaders are primed to best understand the complete cycle of development through delivery, and therefore can play a key role in customer engagement, especially for complex service or product deliveries.
- **Sales and Operations Planning:** build a feedback loop that helps ensure operations has adequate capacity to flex to increased demand.
- **Capital planning:** scaling revenue often requires an investment in infrastructure, equipment, software, training and staff. COOs that are close to the customer pipeline are best positioned to properly plan to meet those needs.
- **Data analysis:** build datasets that allow for advanced forecasting.

Key Competencies For 2024 and Beyond

KEY COMPETENCIES CHANGE MANAGEMENT

Typically, the CEO is given credit for being the visionary within the business and is associated with change and improvement. However, we know that the Operations Executive is the key figure that interprets that vision, develops it into an organizational plan and executes the strategy. As Steve Jobs said, "... ideas are worth nothing unless executed."

Historically, **67%** of strategies failed due to poor execution and **83%** failed due to faulty assumptions when the strategy was created.

GARTNER

THE DAYS OF SIMPLY PLANNING AND MEASURING PROGRESS ARE OVER

THREE APPROACHES FOR SUCCESS

By Ken Rance, COO Forum member

- **Address the fear of change upfront** - there is a natural fear of losing control that drives negative reaction to change - get out in front of it.
- **Explain how much is actually staying the same** - often, people assume everything is changing. Remember to highlight what is actually staying the same.
- **Communicating the value proposition** - it is more than just numbers. It's people. Highlight the personal value that comes with change.



"Change is messy. Change can look like moving backward or sideways, or in zig zags before moving forward. Change can bring up a lot of painful conversations."

Robert Richman, former Culture Strategist at Zappos, at a recent COO Forum member presenter session.



Learn a systematic guide to building a company culture. Click to learn more about [The Culture Blueprint](#).

KEY COMPETENCIES

PERSONAL PRODUCTIVITY

Into the Zone with Prasanth Nair,
Founder and CEO at Double Gemini,
Productivity Reimagined.

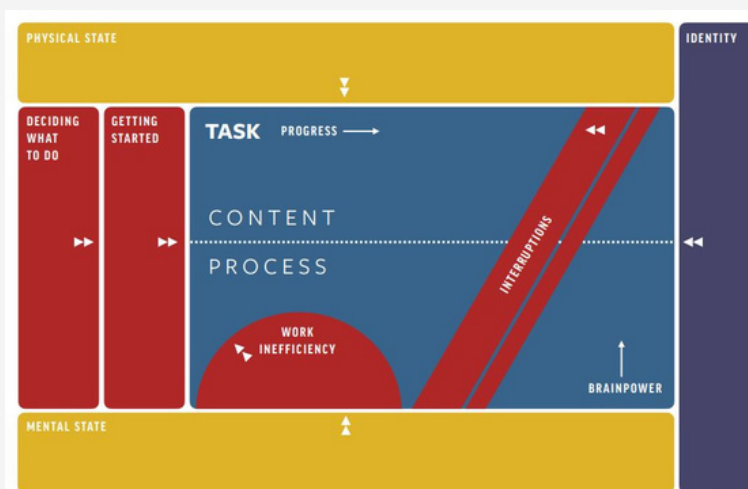


"We believe productive people do better things for themselves, their families, their workplaces and the world at large. Organizations regularly ask where they should look to make the biggest impact, so we advise them to look at where their employees spend most of their time." -Prasanth Nair

STRATEGIES FOR PERSONAL PRODUCTIVITY

Our members seek greater personal productivity to improve their time management and increase overall effectiveness. Considering the added demands, this is needed more now than ever.

THE OBSTACLES TO GETTING WORK DONE



THE ZONE MODEL

Often, when looking to optimize operations, we look to the same solutions - software, process or training. But these aren't enough, because they're only part of the picture. Click to discover more about the [Zone Model](#).

One of the largest contributors to lost productivity is email. Studies show the average employee spends over 500 hours per year on email alone! Our members receive advanced training from Double Gemini using their proprietary tools: [Pulse](#), [Stack](#), and [Unite](#).

Gain control over your inbox and meetings.

KEY COMPETENCIES

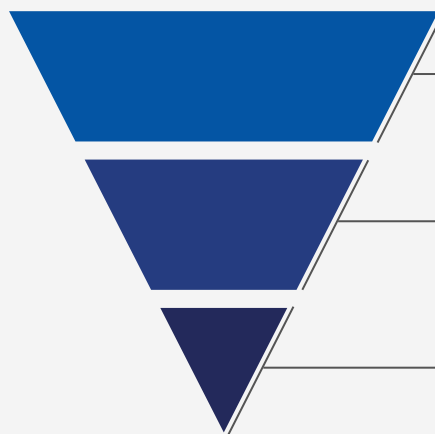
COMMUNICATE TO INFLUENCE

There is no doubt that effective communication is critical for the success of any leader. Listening is the first and most important aspect of communicating. When we understand why something is important to the speaker, we can be better prepared to act on the communication in a more effective way.

“The single biggest problem in communication is the illusion that it has taken place.”

-George Bernard Shaw

THREE LEVELS OF BLUE LINE LISTENING



What was said?

Repeat what was said.
Ask, “did I get it right?”

What was unsaid?

Say what you think was not said.
Ask, “did I get it right?”

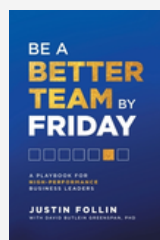
What is the speaker’s fundamental why?

Say why you think this is important to the speaker. Ask, “did I get it right?”

Removing distractions is the key step to preparing for the Three Levels of Blue Line Listening. By doing so, you can more effectively “hear” what is most important to the speaker. This is called listening for the Fundamental Why. When you can do this, you will unlock what truly matters to the person on the other end.

Unlocking what truly matters in your communication style resonates powerfully with others in a way that allows you to influence better outcomes.

Learn about the Three Levels of Blue Line Listening and more at www.bluecase.com



Discover proven strategies to inspire your teams to think bigger, communicate better, collaborate more effectively and achieve your most ambitious goals.

Be a Better Team by Friday.

LOOKING AHEAD

Confronted by ever-growing challenges and uncertainty, COO Forum Operations Executives are proving themselves to be tenacious leaders, focusing on what truly matters moving forward into 2024.



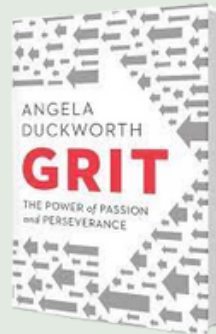
“Throughout the years, I’ve been privileged to witness firsthand the incredible power of peer collaboration and support. Every day I am inspired by the resilience and determination of our members as they navigate the ever-changing business landscape.”

**-Laura Weikle, COO Forum®
EVP of Operations**

GRIT: STRONGEST PREDICTOR OF SUCCESS

The past four years have placed unprecedented pressure and uncertainty on COOs. Our members have faced incredible challenges brought about by the pandemic, talent management, remote work, AI integration, supply chain disruptions, the economy and so much more.

According to Angela Duckworth, PhD, and author of Grit: The Power of Passion and Perseverance, “Grit matters just as much, if not more, than both talent and luck to achieving extraordinary things.”



What is grit? Duckworth defines it as, “passion and perseverance for long-term goals.” The leaders who do best can stay the course in the face of adversity and are motivated by goals much larger than themselves.”

**GRIT: The Power of Passion and Perseverance,
Angela Duckworth, PhD**

Ultimately, grit empowers Operations Executives to drive execution excellence, navigate complexities, and steer the organization towards its strategic objectives despite obstacles and uncertainties.

Our members have demonstrated through a VUCA business environment that they embody the true essence of grit, which is displayed by how they have shepherded their companies through the recent, unprecedented change.

“The **best leaders** own their development and build strong networks.”

- Chuck Orzechowski, CEO of the COO Forum®

INSIGHTS FROM OUR CEO

Chuck Orzechowski
CEO of the COO Forum



Prior to joining the COO Forum as CEO, Chuck spent over 25 years in operations including multiple stints as an Operations Executive. Chuck also brings over 10 years of experience as a member of both Vistage and Entrepreneurs Organization (EO).

WHAT DOES DEVELOPING YOURSELF LOOK LIKE?

"The best thing you can do is be exceptionally good at something."

This quote from Berkshire Hathaway CEO, Warren Buffet, was his answer to a question about beating inflation at 2022's annual shareholders' meeting. He went on to say... **"the best investment by far is anything that develops yourself..."**.

So, if one of the world's greatest investors is telling us the best investment right now is anything that develops yourself, my question is,

What does "Develop Yourself" look like?

HERE ARE MY RECOMMENDATIONS

- Find a peer group such as the COO Forum that can provide you with a **ready-made network of problem solvers**.
- Make **meaningful connections** and **share with your peers**. Be available and lend an ear.
- Schedule a few 30-minute **'Learning Sprints'** every week to read, attend a workshop or utilize online learning resources such as the COOeForum®.

SUPPORT FOR OPERATIONS EXECUTIVES

The COO Forum offers COOs and Operations Executives a community of like-minded colleagues, a library of resources, monthly opportunities to learn from industry-leading experts and more.



"The value of the COO Forum is in each and every one of the members who bring distinct value to both the organization and each other. And that is central to what we do here."
-Maria Jones, COO Forum South Director



Members meet each month with a group of peers to discuss business issues, trending topics and whitepapers.



Monthly virtual or in-person, industry-leading presentations and workshops held locally and nationally.



Exclusive access to COO Forum Partner training, including opportunities for organization-wide training.



Access the member-driven online community. Get help, recommendations and access to training, videos and articles.

Recent Thought Leaders



Justin Follin
CEO and Co-Founder
BLUECASE



Anya Singleton
Director of Training &
Programming at
Double Gemini



Mallory Vachon
Chief Analytics Officer
LaborIQ

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COO Forum's LinkedIn newsletter for Operations Executives



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