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Bye-bye COO: Good news for CFO

By Jeff Nash

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The chief operating officer position continues to disappear from many large-cap companies. And that's good news for chief financial officers.

According to a recent study by executive search firm Crist Associates, there are 17% fewer companies with COOs today than in 1996. The firm surveyed 658 companies that appear in the Fortune 500, the S&P 500, or both.

Internal promotions to CEO and resignations are the primary reasons for the drop-off, according to Scott Simmons, an analyst at Crist. Roughly one-third of the COOs who resigned in 2004 and 2005 went on to CEO jobs at other companies, the survey says.

"As the COO goes away, the CFO becomes much more important," says Mr. Simmons. "Our clients say they want their CFOs to be more well-rounded. CEOs are looking for CFOs that are partners, not just finance guys."

The study further notes that CFOs continue to change jobs more frequently than CEOs: Today's CEO has held the job for more than six years, while the average CFO has held the job for 4½ years, according to the study.

Last year, the number of firms hiring CFOs from outside their companies was 38; Crist predicts that number will jump to 51 this year.

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