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EXCLUSIVE REPORTS

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COOs become obsolete as corporations reorganize

[Harold Nedd](#)

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Missing from the executive hierarchy: chief operating officer.

Within the past year, Hawaii businesses have been among scores of companies nationwide that have eliminated the COO post, according to a study by [Crist Associates](#), a Chicago recruiting firm.

As chief financial officers are rising to new prominence, and CEOs are pressured to get more involved in day-to-day operations, the work of the COO – long seen as the most hands-on person in the executive suite – is shifting to others.

"We no longer have a COO," said Dennis J. Simonis, president and CEO of [ML Macadamia Orchards LP](#) in Hilo.

In December, Simonis was promoted from COO to CEO. His old job won't be filled.

"A COO is not really necessary," Simonis said.

Business demands have moved his CEO job closer to the day-to-day operations, he said.

"Also, we have a strong CFO," Simonis said.

[Hawaiian Airlines](#) also is expected to promote COO Mark Dunkerley to CEO when the company emerges from bankruptcy in April and let his old job stay vacant.

The chief operating officer post is similarly vanishing from [Bank of Hawaii](#), whose last COO is the new CEO, Allan Landon.

[First Hawaiian Bank](#) has no plans to fill its COO post, either. New CEO Don Horner was the last executive appointed to the job, in 2003.

The trend is repeating itself on the rosters of major companies across the country, said [Scott W. Simmons](#), vice president of [Crist Associates](#), which recently published a study on the COO post.

Of the 659 companies studied, only 15 currently employ the same COO present in 1995, he said. By contrast, 165 out of 659 CEOs have held the same position since 1995.

At the same time, the CFO position has become increasingly prominent.

For example, when [Central Pacific Bank](#) CEO Clint Arnoldus spoke recently to a business group at the Pacific Club in downtown Honolulu, he shared his time behind the lectern with CFO Dean Hirata.

Even more significant is the CFO's growing presence and rank in proxy statements public companies file with the Securities & Exchange Commission.

Those proxy statements require companies to list their top-five highest-paid executives.

"More CFOs are listed than ever before," Simmons said.

Along with the CEO, CFOs are being held more accountable for the accuracy of financial statements and other important requirements of the Sarbanes-Oxley corporate clean-up law.

"With 'Sox,' the CEO and CFO are personally on the line for conduct of the firm," said David Cole, chairman, president and CEO of [Maui Land & Pineapple Co.](#) Inc.

As a result, both posts will survive his company's reorganization plans. But there is no room for a COO in the reorganization.

"What we have tried to do in the reorganization is push both responsibility and authority to the edges of the organization," Cole said. "Adding a COO layer between our top officers and divisional executives may further isolate top executives from vital business unit performance. Furthermore, the COO does not have the same personal stake in the financial representations made by the CEO and CFO."

Reach Harold Nedd at 955-8039 or hnedd@bizjournals.com.

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