

Published Date:	25 Apr 2022	Publication:	The Times of India [Ahmedabad]
Journalist:	Namrata Singh	Page No:	13
Circulation:	183,618		

Most first-time CEOs come from operations

Year-Long Trend Reveals Importance Of Handling Ops & Supply Chains Amid Covid

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If you think you are leadership material and have been working in the operations function, there is a good chance that you will rise to become a chief executive officer (CEO). Experts say this could be a reflection of a post-Covid world where managing operations and supply chains have become an important part of a business.

In a study conducted exclusively for TOI, leadership search firm Executive Access (India) found that 34% of the candidates that were appointed as first-time CEOs in the last one year were from operations. This was followed by other functions like sales at 28%, IT at 10% and marketing at 9%.

Executive Access (India) MD Ronesh Puri said, "Operations is churning out more CEOs than in the past. A number of organisations prefer making budding CEOs first COO (chief operating officer) as they get a better grooming while being exposed to different facets of business as well as a deeper understanding of internals. This is also validated by data as a large number of first-time CEOs from COO have been successful."

This trend, said Puri, is likely to become even more popular in the post-Covid world as managing internal stakeholders will become more important. "Also, the world today is far more performan-

ce-oriented than it has been in the past. Therefore, for an organisation, the risk is less when the incumbent is exposed to a variety of functional areas," said Puri.

Some of the first-time CEO appointments from operations in the last one year include Sandeep Pal of Aditya Birla Fashion and Retail, Deep Jaggi of IndoStar Capital Finance, Mahesh Aiyer of Lemon Tree Hotels, Nilesh Iyer of Natixis, and Akhil Ravi of Aurigene Pharmaceuticals.

novate and develop its product pipeline then a CTO (chief technology officer) may be most suitable."

Today, said Mahadik, supply chain and operations have become very critical.

Other than operations, the other popular stream that has always had the most first-time CEOs has been sales. "In the past, the number of first-time CEOs from sales used to be more than 80% as sales contributed directly to the revenue. During the last decade, orga-

Function-wise breakup of first-time CEOs over last 1 year (in %)



Lupin president (global HR) Yashwant Mahadik said, "Operations & supply chain, as part of the value chain, has never got the importance that it deserved. But that's got to do with the company's and industry's evolution and need cycles. When an organisation is into brand-building, it requires a CMO (chief marketing officer) as CEO. On the other hand, if a company is into cost architecture restructuring or fund-raising, then a CFO (chief financial officer) is a suitable candidate to lead the organisation, or when an organisation needs to rapidly in-

nisations have realised that factors other than revenue are as important. Hence, a shift in global trend to look at other functional areas as well," said Puri.

There was also one CHRO (Vinay Sakri of Seppin Labs) to be appointed as CEO, which shows how people management is emerging as an important strength for the corner office. Globally, CHROs (chief HR officers) becoming CEOs is more common than in India. Puri said the number of CEOs being churned out by HR could more than double in the next couple of years.