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Leading in Pairs

Under the right conditions, two corporate heads can be better than one, both for the company and the individual partners.

JOSÉ LUIS ALVAREZ, SILVIYA SVEJENOVA AND LUIS VIVES

"Ninety percent of the trouble we have with the chief executive's job is rooted in our superstition of the one-man chief," wrote Peter Drucker in his 1954 book *The Practice of Management*. More than half a century later, the image of one and only one omnipotent leader remains deeply seated both in business theory and practice.

Although the figure of the charismatic CEO continues to dominate, leadership may be shared in numerous ways. Co-heading a company, after all, allows different leadership styles and competencies to be simultaneously available to the organization, something difficult to manage with a single individual. For example, one of the co-heads can be task-oriented, while the other is a "people person." Or one can focus on innovation — the study and pursuit of new opportunities — while the other controls the exploitation of existing operations. One can lead the personnel inside the organization, while the other mobilizes the energy and support of external stakeholders.

Co-chiefs are less of a rarity than one might suppose. There are numerous examples of successful and well-functioning pairs and trios heading a wide range of enterprises. Companies such as Google Inc., the foremost search engine company on the Internet; Guess? Inc., the popular American brand-name clothing line; Research in Motion Limited, the Canadian company that launched the BlackBerry; IMAX Corp., the entertainment technology company; Veronis Suhler Stevenson LLC, the capital investment firm serving the communications and information industries; and Sapient Corp., the business innovation consulting firm, have all worked at some point or continue to work under power-sharing arrangements at the CEO level. Similarly, Winthrop H. Smith and Charles E. Merrill ran the New York brokerage house Merrill Lynch & Co. Inc. jointly for decades. And the New York-based Goldman Sachs Group Inc. has long operated not only with co-CEOs but also with co-department heads; it recently appointed co-presidents and co-COOs as well.

Power-sharing arrangements are not exclusive to large firms. They are also found in small and medium-sized enterprises, as well as in new ventures and family firms. In 2002, the *MassMutual Financial Group/Raymond Institute American Family Business Survey* found that almost 13% of the companies in the sample had two or more co-CEOs; interestingly, more than 35% said that they would consider co-CEOs in the next generation of their companies.

Although power-sharing arrangements are not a panacea for corporate ills, they are at least a viable alternative to consider when designing corporate power structures. According to Robert Rubin, former co-CEO and co-chairman of Goldman Sachs, power sharing can have significant advantages: "There are two senior partners to call on clients, and two people who can work together on issues with no hierarchical baggage, and who can reinforce each other in discussions with the rest of the organization. Also, when difficulties arise, having a partner reduces the feeling of loneliness at the top."

Coming Together

There are many different ways in which co-heads can come together. Certain organizations, such as universities or research labs, tend to attract individuals with shared values and aspirations. Hence, it is not surprising that so many co-founders of growth-intensive businesses have met and "clicked" at places like MIT, Harvard, Stanford, and Cambridge. For example, Jerry Yang and David Filo co-founded Yahoo, and Sergey Brin and Larry Page became co-founders of Google while studying at Stanford.

Partnerships can also emerge from a previous collaborative work relationship, which allows executives to identify important complementarities in their abilities and temperaments. The "two Johns" at Goldman Sachs — John Weinberg and John Whitehead — occupied neighboring offices, worked closely together, and even shared lunch breaks before becoming co-chiefs of the company.

The family is another natural environment for breeding co-heads. By the time a professional collaboration between family members is contemplated, each person has a strong understanding of the abilities and character of the other(s), which facilitates the success of their joint undertaking. For example, brothers Harvey and Robert Weinstein shared the top job at their former venture Miramax, and they now co-head their new media venture, the Weinstein Co. LLC.

Co-heads can also be selected, rather than self-selected, to work together. Philippe Camus and Rainer Hertrich were appointed as inaugural co-chief executives of the Netherlands-based aerospace giant European Aeronautic Defence and Space Company EADS N.V. When they joined forces, they hardly knew one another, but they managed to develop their job sharing into a successful collaboration. As a *Financial Times* article put it, their "arranged marriage has grown into a model match."

No power arrangement, solo or shared, is exempt from failure, however. In shared power arrangements, breakdowns are more likely when one or both partners harbor ambitions of holding the top job alone, as is often the case in mergers and acquisitions.

The Qualities of Co-Leadership

Regardless of the genesis of the power-sharing arrangement, successful cooperation at the top is more likely when the relationship evinces complementarity, compatibility and commitment. Further, careful design of the leaders' shared and separate responsibilities — especially regarding communication mechanisms (for external constituents, inside the organization and with one another) — is required. Lastly, it is essential that there is co-evolution in which each of the co-leaders shows a willingness to change over time and to allow their relationship to further develop.

Complementarity Co-leaders need to have balancing expertise, experiences, skills, styles and networks in order to operate successfully. Such harmony is observable in the case of RIM. "Those who know RIM attribute much of its success to the complementary relationship of its co-CEOs. Without [Mike] Lazaridis, the silver-haired science buff who once won a special award from his public school for checking every science and math book out of the library, RIM would have no technology," according to a 2004 *BusinessWeek* article. "And without [James L.] Balsillie, the business maven who as a young father mortgaged his house and poured much of his net worth into Lazaridis' fledgling operation in 1992, it would have far less commercial success." John Whitehead, reflecting on his and John Weinberg's work as co-chiefs at Goldman Sachs, commented: "Our talents fit well with each other. John could do things I couldn't do as well, and I could do things that John couldn't do as well, and so together we were an excellent team."

Compatibility Power-sharing executives will make the most of their functional complementarity if they have, or manage to develop, emotional compatibility — in other words, a trusting and comfortable relationship. For example, the fashion designer Roberto Valentino and his business partner, Giancarlo Giametti, not only show complementary talent and focus but also are compatible in character and temperament. As they have defined themselves in the press, one is "super calm" and the other tends to get "agitated." But they claim to have developed a special intuition through which they are able to understand each other completely — often, without speaking a word. In other words, it is essential that co-leaders are of a mind to share power; they must be attentive and willing to accept other points of view and capable of openly communicating their own point of view.

Commitment For a shared top position to work successfully, complementarity and compatibility need to be channeled toward a common purpose. Such commitment, manifested in mutual values, unified decision-making criteria, and a common vision for the company's future, increases the likelihood of the co-leaders' stability and success. For example, Giametti is the enabler and protector of Valentino's talent, which allows Valentino to make designs to his liking. At Goldman Sachs, the co-chairmanship of Robert Rubin and Steve Friedman worked well "because we shared the same fundamental views about the firm, trusted each other totally, kept in close touch and were both analytically minded in our approach to problems," said Rubin.

Careful Design To make the most of the co-CEOs' complementarity, compatibility and commitment, their individual roles must be carefully designed. One of the most common distinctions in these shared arrangements is between Mr. or Ms. Inside and Mr. or Ms. Outside — that is, one may attend to internal operations while the other focuses on relationships with external constituents.

At Sapient, for example, co-CEO Stuart Moore handles day-to-day operations, while his partner, Jerry Greenberg, deals with external activities such as marketing and investor relationships. At Goldman Sachs during the Whitehead/Weinberg era, Whitehead was in charge of the long-term direction and budgets, and Weinberg focused on clients and new-business development. Weinberg was the soul of the company and the continuation of its legacy, being the son of Sidney Weinberg, the man at the top of the company at the time of its founding. Whitehead had more business experience and enjoyed a higher profile outside the firm. He was its strategist and visionary. At Springbox, a marketing services agency created in 2004 in Austin, Texas, Adam Moore and Dan Isaacs divided their roles into acquisition of new clients and client retention.

Although having domains of individual expertise is beneficial, if the partners are to operate according to common criteria and speak with a single voice, shared activities and integrative mechanisms are necessary. "We run Google as a triumvirate," wrote co-founders Brin and Page and the company's professional CEO Eric Schmidt. "Most of the issues, we operate together. So we do the product reviews together; we do business reviews together; we do the deal reviews together."

Communication As it is vital for the co-leaders to speak with a single voice to the members of their organization and its external stakeholders, the partners at the top should also have ways of dealing with any disagreements that may arise between them.

One approach is to defer to the person who has the expertise or feels stronger about a decision. Reflecting on his and Weinberg's interactions, Whitehead said: "We rarely had an argument. We had differences, but if John felt really strongly about something, I would defer to him. If I felt really strongly about something, he would defer to me."

When such agreement is not so easy to achieve, it is important to work out the problem behind closed doors. For example, at Sony Corp., "If [Masaru] Ibuka and [Akio] Morita had serious disagreements over the years, they resolved them privately. No one in or outside Sony ever heard either of them criticize the other. Nor has anyone who has ever seen them failed to remark on the exclusive bond that seemed to unite them in a mysterious way," wrote John Nathan in his 1999 book *Sony: The Private Life*. Sapient's Greenberg and Moore spend time discussing a business issue until they reach a "profound accord, which sends a powerful message to the rest of the company," according to a *Fortune* magazine interview. And although they have yet to reach an impasse, these co-chiefs have planned for such circumstances. They would "choose three colleagues who would act as referees and tie-breakers if they ever ran into a conflict of opinion that they couldn't resolve on their own."

Clarity among the ranks on how to relate to the co-leaders is also important. "It took us three or four years, at the beginning, to figure this out," said Greenberg in the *Fortune* interview. "Nobody reports to both of us, ever," so as to avoid blurred responsibility. For instance, Sapient's chief marketing officer normally reports to Greenberg, but if Moore borrows her talents for a short-term assignment, she answers only to Moore for the duration. "Especially in a company that's growing fast, or is rapidly evolving, you want to eliminate any potential for chaos and confusion," said Greenberg. "It helps a lot if people know exactly who their boss is."

Co-Evolution Finally, it is important to acknowledge that sometimes the partnership of co-chiefs might need adjustment, depending on the ways in which contingencies arise within or impinge on the company or how their own personal relationship has evolved. To maintain and improve their functioning as a unit at such times, executives need to draw on a history of increasingly deep, work-related exchanges. Such interactions should lead to each individual's growing awareness of his or her partner's competencies and styles, as well as to a joint understanding of the situation and its implications for the company's future activities. These insights may lead to a relationship and a shared-leadership structure that are better than ever, or to the realization that the partnership no longer works and should be dissolved. The latter contingency doesn't imply that the power sharing has failed. It may have been highly effective for years, but conditions do change — what worked in one era is not necessarily right for another — and an important element of good leadership is knowing when to take serious action, including stepping down.

Rules of Engagement

In our in-depth study of over 100 examples of power sharing, both historical and contemporary, we first compared cases of single leadership with those in which the chief's position was jointly held. In that way, we could identify the essential characteristics briefly cited above. Then, using evidence from these case studies, we reviewed and enriched depictions of the different stages of the power-sharing life cycle. Further, we analyzed and contrasted both successful and unsuccessful power-sharing arrangements. As a result, we identified seven rules for executives' productive engagement in a shared position at the top:

Choose Thy Partner To improve the likelihood of success in power-sharing structures, the partners chosen should have complementarities both in task-related and emotional "domains." In the former, it is valuable when partners are balanced in their backgrounds, expertise and sets of contacts. In the latter domain, their management styles, as well as personalities, should harmonize.

Get to Know Thy Partner For two executives to fill one position, they need to develop good working and social relationships and continuously seek to enhance their mutual awareness, understanding and adaptation.

Design the Shared Job Choose which activities should be performed individually by each of the partners and which are to be done together. Be transparent about the way the partnership operates so that constituents, internal and external alike, have clear expectations. Activities in which one member has an edge over the other in terms of competencies, know-how or contacts should be performed by that individual. Meetings, product or business reviews, or major deal negotiations that require coordination and decision making should be performed jointly.

Develop a Shared Vision For two or more individuals to successfully run one organization, it is indispensable that they develop and maintain a shared vision for the future of the company. This common objective needs to be fine-tuned regularly, in honest debate, on the basis of new information, insights and ideas.

Speak With a Single Voice Publicly The co-chiefs should send out consistent messages both inside and outside the company. Each executive must be able to speak for his or her partner(s), because on public matters they should speak as one.

Resolve Disagreements Privately To avoid confusion in the ranks, when any conflict arises between the co-chiefs, they should deal with it in private. Their ability to reach compromise in cases of diverging views is the glue that sustains the relationship.

Share Accountability When the top position is shared, responsibility is shared as well. The partners must be held accountable as a unit, not as individuals.

For the individuals involved, sharing executive power with trusted others provides the strength and joy of leading an organization without any one of them having to be all things to all people. For the company, power sharing may fully exploit the benefits of collective action. In other words, in cases where the right people are partnered at the top, each person's power is increased by the alliance, and the whole organization becomes greater than the sum of its parts.

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