When Two (or More) Heads are Better than One:

THE PROMISE AND PITFALLS OF SHARED LEADERSHIP

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At the turn of the Millennium, Amazon.com listed some 400 current leadership books on its web site. A quick review of the subjects covered in those books reveals an impressive range of styles of leaders from the take-charge "man on a white horse" type to the spiritually inspiring sort, à la Mother Teresa. Nonetheless, an assumption common to almost all these books is that leadership is a solo act—a one-person undertaking—regardless of whether the organization being led is a nation, a global corporation, or a scout troop. However, every rule has its exception: In 1999, the publication of *Co-Leaders: The Power of Great Partnerships,* by David Heenan and Warren Bennis, presaged a new way of thinking about corporate leadership.[1] This iconoclastic book broke with the traditional concept of leadership as an individual endeavor and, instead, treated the activity as a shared effort. At the time the book was published, our research at the Center for Effective Organizations was leading us to a similar, if more radical, conclusion: leadership is as much an *institutional* as it is an *individual* trait.[2] Hence we concluded that "great minds were converging" on a new model in which leadership would come to be thought of as a team sport (or, at least, as "doubles"). In fact, nothing of the sort has happened.

Without creating a ripple, *Co-Leaders* disappeared into that vast sea of unread leadership tomes. Our own research received a hearing in 2000 at the World Economic Forum in Davos, Switzerland, but the findings were received with indifference. As we see it, this resistance to the notion of shared leadership stems from thousands of years of cultural conditioning. We are dealing with a near-universal myth: in the popular mind, leadership is always singular. Four hundred years BCE, Plato wrote that leadership is a rare trait, typically possessed by only one person in any society, an individual who has a unique lock on wisdom and truth. Later efforts by Plato's pupil, Aristotle, to demonstrate that wisdom is never the sole province of one person fell on deaf ears. The die had been cast and, besides, Plato's view coincided with the kind of leadership most people saw in practice: one-man rule.

Thus, for most people, shared leadership is counterintuitive: leadership is obviously and manifestly an individual trait and activity. When we speak of leadership, the likes of Mohandas Gandhi and Martin Luther King, Jr. spring to mind. We don't immediately remember that, during the struggle for Indian independence, Gandhi was surrounded and supported by dozens of other great Indian leaders—including Nehru, Patel, and Jinnah, without whose joint efforts Gandhi clearly would have failed. We forget that, far from doing it all himself, King's disciples included such impressive leaders in their own right as Jesse Jackson, Andrew Young, Julian Bond, Coretta Scott King, and Ralph Abernathy. Ditto Winston Churchill, Franklin Roosevelt, Thomas Jefferson, George Washington, and almost every other great leader. When the facts are fully assembled, even the most fabled "solitary" leaders are found to have been supported by a team of other effective leaders.[3]

Moving to the business world, the identities of American corporations are often viewed as mere reflections of the personalities of their leaders: entire organizations are portrayed as shadows of the "Great Men" who sit in the chief executive chairs. *Fortune* and *BusinessWeek* cover stories are more likely to be about Jack Welch, Bill Gates, William Clay Ford, or Larry Ellison than about GE, Microsoft, Ford, or Oracle. Investors join journalists in the personification of corporations, focusing on the characters, biographies, and "charisma" of a single leader. Wall Street, in particular, demands to see someone clearly in charge at publicly traded corporations. That's one reason why both the media and The Street love Berkshire Hathaway: for all intents and purposes, that corporation *is* Warren Buffett.

Business schools dutifully conform to the common wisdom: Leadership is studied, and taught, in the singular. Shared leadership is largely ignored in the academic research literature in which corporations are assumed to have one leader who is clearly in charge: the CEO. If team concepts are taught at all, it is not in leadership courses. MBA students are schooled to believe that CEOs behave as solo operators (over the last decade the dominant role model has been Jack Welch). In terms of best practices, it is assumed that a single person must be held accountable for performance of a corporation, and for each of its subsets. This individual focus is often appropriate—for example, when studying the role of an entrepreneur who is running a company that he or she has founded. Indeed the issue isn't that solo leadership is always wrong, or even usually wrong; rather the problem that the traditional view blinds us to the existence of other models and causes us to overlook a tremendous amount of valuable corporate experience that runs counter to the received wisdom.

Change at the Top

In fact, the trend over the last half-century has been away from concentration of power in one person and toward expanding the capacity for leadership at the top levels of corporations. In the early days, publicly traded corporations were run by a President and a Vice President (whose primary role was to step in if the President became incapacitated). Since the end of WWII, countless combinations and permutations of such roles as Chairman, CEO, Vice Chairman, COO, and CFO have been created and proliferated. The reasons for this increase of shared leadership are relatively obvious. History shows that businesses dependent on a single leader run a considerable risk: If that individual retires, leaves (or dies in office), the organization may well lose its continuing capacity to succeed—witness the performance of General Motors after Alfred Sloan, ITT after Harold Geneen, Polaroid after Edwin Land, and Coca-Cola after Roberto Goizueta.

Frequently, organizations learn the hard way that no one individual can save a company from mediocre performance—and no one individual, no matter how gifted a leader, can be "right" all the time. As the CEO of Champion Paper, Richard Olson, explained at a recent conference at the Harvard Business School, "None of us is as smart as all of us." Most simply, in large corporations there is just too much work for one person to do, and no one individual is likely to have all the skills needed to do it all. Since leadership is, by definition, doing things through the efforts of others, it is obvious that there is little that a business leader—acting alone—can do to affect company performance (other than try to "look good" to investors).

Amana Corporation chief executive Paul Staman recently explained to author Joe Tye the benefits of joint leadership: "it allows more time for leaders to spend in the field; it creates an internal dynamic in which the leaders constantly challenge each other to higher levels of performance; it encourages a shared leadership mindset at all levels of the company; it prevents the trauma of transition that occurs in organizations when a strong CEO suddenly leaves."[4] Significantly, Staman is *one of four co-leaders* at Amana. The company has not had a single CEO since 1995 when leadership of that complex organization (with business units in farming and forestry, utilities and construction, manufacturing and retail, and tourist services) was divided among a team of four co-equals along industry lines. Until that restructuring of leadership, Amana had not made money since it sold its famous refrigerator line years earlier. Now, the company is making steady profits even though it is involved in cyclically volatile businesses. When Amana's Gang of Four are asked what is most important in making their unusual arrangement work, according to Tye they identify "a shared set of guiding principles, and a team in which each member is able to set aside ego and 'what's in it for me' thinking."

Partnership at the Top

The first thing one must understand about shared leadership is that the practice is neither new nor unusual. Despite the ancient and broadly held view to the contrary, history is full of examples of shared political power. In its declining years, the Roman Empire was ruled by two "Caesars," one based in Rome and the other in Constantinople. In imperial China, real power was wielded not by the person on the throne but by the meritocratic Mandarin class of leaders. As those two examples illustrate, the ways in which leadership is shared varies widely. Indeed, it is through understanding the reasons for such differences that one can began to evaluate where, under what conditions, and to what extent shared leadership is appropriate in the corporate world. As shown in Table 1, there are many past and present examples of shared leadership at the top of major U.S. corporations. Most of the examples are of co-leaders, but shared leadership also has involved three and more individuals. Because the aura (or PR) of great, high-profile solo operators like Jack Welch, Henry Ford, and Harold Geneen has caused the general public to believe that leadership is an aria sung by one prima donna, we need to remind ourselves from time to time of the famous duos of the business world, HP's Hewlett and Packard, Berkshire Hathaway's Buffett and Munger, ABB's Barnevik and Lindhal. Then there is Intel, which has been run by leadership teams from day one: various combinations of Messieurs Noyce, Moore, Grove, and Barrett (see Case I). We tend to overlook these counterexamples because we are misled by the fact that joint leaders seldom are identified as such. Instead, the members of leadership teams usually carry differentiated titles (CEO, Chairman, President, COO, Vice-Chairman, and the like) to make it easier for outsiders—and for those in the investment community—whose traditional views of leadership cause them to insist on the order of formal hierarchy.

The fact that shared leadership exists doesn't make it a good practice, or necessarily better than the solo variety. Indeed, as is indicated in Table 1, some of the most visible examples of shared leadership have ended in failure. So, when are two (or more) leadership heads better than one? The simple answer is *when the challenges a corporation faces are so complex that they require a set of skills too broad to be possessed by any one individual.* That was recognized as true as early as the 1940s when strategist Charles Merrill teamed up with implementer Winthrop Smith to make Merrill Lynch, Pierce, Fenner and Smith the longest recognizable name in corporate America.[5] In 1969, Avis CEO Robert Townsend's bestseller, *Up the Organization*, touted the advantages of joint leadership and outlined how two executives can divide the tasks of the CEO.[6] Townsend explained that the best duos are like yin and yang: they say, "neither of us is very good, but our weaknesses (and strengths) may be compensating." The trick, Townsend said, was for co-leaders to "split up the chores, check in advance on strategic matters, and keep each other informed after the fact on the daily disasters."

TABLE 1. Evaluating Shared Leadership (Some Selected Examples)

Company (approximate years)	Co–Leaders		Effectiveness of Team over Time (+ or –)
Citigroup (1990s)	Sanford Weill	John Reed	–
Apple (1980s)	Steve Jobs	Steve Wozniak	–
Apple (1990s)	John Sculley	Steve Jobs	–
Schwab (1990s)	Charles Schwab	David Pottruck	+
Microsoft (current)	Bill Gates	Steve Ballmer	+
Morgan Stanley (1990s)	Phil Purcell	Jack Mack	–
Boeing (current)	Phil Condit	Harry Stonecipher	+
Patagonia (1990s)	Yvon Chounard	Tom Frost	–
Intel (1970s)	Bob Noyce	Gordon Moore	+
Intel (1980s)	Gordon Moore	Andy Grove	+
Intel (1990s)	Andy Grove	Craig Berrett	+
HP (1950s–1980s)	Bill Hewlett	David Packard	+
Goldman Sachs (1970s)	John Whitehead	John Weinberg	+
Goldman Sachs (1980s)	Steven Friedman	Robert Rubin	+
Goldman Sachs (1990s)	Hank Paulson	John Corzine	–
Disney (1980s)	Michael Eisner	Frank Wells	+
Disney (1990s)	Michael Eisner	Michael Ovitz	–
Berkshire Hathaway (1980s–1990s)	Warren Buffett	Charlie Munger	+
ABB (1980s)	Percy Barnevik	Goran Lindhal	+
Ford (1980s)	Donald Peterson	Red Poling	+
Arco (1980s)	R. O. Anderson	Thornton Bradshaw	+
Asda (1990s)	Archie Norman	Allan Leighton	+
Oracle (1990s)	Larry Ellison	Ray Lane	–
TIAA–CREF (current)	John Biggs	Martin Leibowitz	+
Motorola (1960s–1980s)	Bob Galvin	Mitchell/Weitz/Fisher	+

During the mid-1970s, there were several American companies with two leaders, the most visible of which was Atlantic Richfield, headed by the entrepreneurial oilman, Robert O. Anderson (who directed the company's acquisitions, growth strategy, and its board) and the scholarly, inspiring Thornton Bradshaw (a former Harvard Business School professor who oversaw internal operations and external stakeholder relations).

In the 1980s, a nearly bankrupt Ford was saved by the dynamic duo of "finance whiz" Red Poling and "car guy" Donald Petersen. This joint leadership effort was nearly a failure. Poling and Petersen had been bitter rivals in pursuit of Ford's top rung. It wasn't until they put aside their personal competition that

Case I: The Intel Office Model

The members of the Intel Office were founders of the company—Bob Noyce, Gordon Moore, and Andy Grove, all of whom became the CEO. All three owned sizeable stakes in the company. The Office is also used to groom successors.

The original Office had Bob Noyce as CEO and Chairman, Gordon Moore as President, and Andy Grove as Executive Vice President. This Office lasted only a couple of years. Bob Noyce was proud of having fired himself as CEO and for taking the position of Vice Chairman. Noyce, the co-inventor of the integrated circuit, knew he was not a manager. So after the company achieved a certain size and its financing was stable, he turned the CEO role over to others. In this case, Gordon Moore became Chairman and CEO and Andy Grove became the President and COO. Noyce said he would fire himself the day that he walked down the hall, saw a new employee and did not take the time to introduce himself. That day was the day the organization had so many people, that he could not know everyone's name. It was also a time when the company was of a size that it needed to be run by formal systems, plans, and budgets. Noyce knew he was not the person to build and run these processes.

In the Office that took shape, Bob Noyce became Mr. Outside. He was Intel's face to the world. An attractive and articulate man, he testified before Congress on the Japanese threat in semiconductors. He represented Intel to the customer and to the Semiconductor Industry Association. When Intel was having a tough competition over an attractive job candidate, it was Noyce who did the last interview and made the offer. Few could resist.

Gordon Moore was the CEO and the long-term thinker. The originator of Moore's Law (double computing power every eighteen months), Gordon thought about the evolution of technology. He took care of Technology and Finance. He was a quiet and introverted man. However, he was always at home with a young engineer with a new idea. Andy Grove was on the opposite ends of the time, emotion, and management spectrums relative to the other two. Grove was short-term and hands-on. He held people accountable. Everyone had quarterly goals called Q-ones or Q-twos. He was in fact the COO. While Bob Noyce hated formal systems, Grove loved them. He built and ran the Strategic Long Range Planning process, the Council system, the performance management process, the practice of 1 on 1's, the matrix organization, and so on. He was the organization designer and wrote books about the Intel Way.

While Moore and Noyce were quiet and calm, Grove was volatile. During a business review, Grove would explode, "That's nonsense!" A heated discussion would ensue. The episode would typically end with a thoughtful summary and proposed solution from Moore. The review would then proceed until Grove erupted again. Grove would surface the issues (albeit not very diplomatically) that required discussion and could profit from the insights of Moore and Noyce. While no pushovers, Moore and Noyce's style would not necessarily have surfaced the tough issues.

The three members of the Office were opposites. Yet they were able to convert their differences into compliments rather than conflicts. Indeed the group regarded conflict to be healthy.

Grove wrote about "constructive confrontation" as a means to surface tough issues and discuss them from all sides. The three met together every Friday morning, probably at Grove's initiative. They shared information, developed their shared positions, and decided on the agenda for the Tuesday Executive Staff meeting. No one really knew what took place on Fridays, but they probably worked through their differences. In the end, all three got their chance to be Chairman and CEO.

There are two main lessons from the founders of Intel. They were able to combine their different skills into a combination of complimentary skills. Each one had his own specialty and did not compete for credit. A lot of the credit goes to Bob Noyce and his low ego needs and realistic assessment of his own skills. Moreover, after two successful startups, he became a mentor. The second lesson is that they worked hard and talked together to maintain a unified position on major issues. If there were differences, the Friday meeting was the appropriate forum for discussion and resolution.

had characterized their long careers at Ford—and publicly acknowledged their complementary contributions—that positive change started to occur in the organization. Eventually, after much counseling and effort, P&P's public truce grew into genuine mutual respect for each other's skills. Only then did the silo-based conflict that had characterized Ford's culture finally recede. As one Ford executive explained to Richard Pascale, once Ford's leaders got over worrying about "Are we winning against each other?" they were ready to focus on "Are we winning against the Japanese?"[7]

The Ford experience highlights both the promise of joint leadership and the obstacles that stand in the way of its success. It is commonly assumed, as Townsend did in the 1970s, that the biggest problem is "dividing up the work." In fact, experience has proved that to be just one determinant of success. That is why there are as many examples of failure of shared leadership (Sanford Weill and John Reed at Citigroup) as there are examples of success (Steve Ballmer and Bill Gates at Microsoft). Below we identify the factors that frequently explain why the co-leader model works in some cases and not in others. Based on our observations, that success depends on how co-leadership roles originate, how complementary the skills and emotional orientations and roles of the leaders are, whether they are selected as a team or as individuals, how they work together, and how they involve others on the management team.

Origins of Shared Leadership

Shared leadership can originate in different ways and for different reasons: Co-leaders arise from corporate mergers of equals, from co-founders, from the practice of two individuals sharing jobs, and from invitations from sitting CEOs to share power. The first of these—creation of co-CEOs from the merger of equal companies—is seldom successful because, in truth, there is no such thing as a "merger" in the real world: there are only acquisitions. Hence, to pretend that two former CEOs are going to be equals in a newly formed company is the triumph of public relations over reality.

A second source of difficulty arises from the fact that merger-created co-CEOs have no history of working together (except in "doing the deal"). The relationship between such relative strangers doesn't have a basis of trust to build on (a rare quality that needs to be created slowly from scratch, decision by decision). Worse, mergers of any kind require win-lose decisions to be made quickly—which usually means laying off people and closing facilities: Which merger partner gets the CFO job? Whose branches are to be closed? Trust is an unlikely by-product of such a rushed and high-stakes decision-making process. The negative examples of Reed and Weill at Citigroup and Purcell and Mack at Morgan Stanley are the unfortunate result of such "mergers of equals."

Finally, the CEOs of the merged companies rarely have a history of working in a shared leadership structure and often don't have the skills or desire to work in one. Often they see the merger as just one more challenge in their life-long pursuit of becoming the sole CEO of a major corporation.

Not all merger-originated forms of shared leadership are doomed to fail. At Boeing, CEO Phil Condit (originally from Boeing) and Harry Stonecipher (ex-CEO of McDonnell Douglas) have managed to work together seamlessly after the merger of their two giant companies (that is, after Boeing's *acquisition* of McDonnell Douglas). One might expect to find that these two powerful individuals had divided their responsibilities along the lines of the company's two main businesses, commercial and defense. While that is partly true, the full story is more complex. The two have a relationship that is often described as "symbiotic." Insiders say they work in tandem, each picking up different parts of a problem.

Condit is described as the "visionary" who provides spiritual and long-range leadership because he is seen as embodying the ideals of Boeing (he was, after all, the father of the 757, 767, and 777 projects). In contrast, Stonecipher, coming from the hard-nosed culture of GE (by way of McDonnell Douglas), watches the numbers and holds people accountable. Yet, it is Stonecipher who has taken the lead in the "soft" area of executive development. Even there, however, Condit plays a supportive role as well. Apparently, they have each learned to take a step back in the areas where the other takes the lead. The secret here may be that because Stonecipher is much older than Condit (and about to retire), there is no competition between them for power or acclaim.

The creation of co-CEOs from co-founders has a better track record because the individuals involved have typically chosen each other as partners. While they may start with a good working relationship because of their success as entrepreneurs, this doesn't mean they can learn to become co-CEOs of a large business. Often these relationships end amicably as one partner develops other interests. When Steve Wozniak left Apple in the hands of Steve Jobs he did so after having learned that he wanted no part of running a big company (he left to finance rock concerts). When Paul Allen let his start-up partner Bill Gates have full managerial control of Microsoft, he did so because of his health problems. While Allen has remained on the company's Board of Directors, it is extremely rare for a founder of a company to remain as a contented and productive member of the board after stepping down from a leadership position. More typically—at Patagonia, for example—co-founders end up going their separate ways because irreconcilable differences about the future of a company often develop shortly after an initial public offering (IPO). Sometimes such partings are voluntary but, more often, one of the founders dominates the Board and forces the other out.

Just like individual founders, co-founders often fail as co-leaders because the skills needed to start a company are not the same as those needed to run it. The late Robert Noyce, co-founder and first Chairman of Intel, was a rarity among successful entrepreneurs; he understood his strengths and weaknesses (Case I). Early on, he fired himself and became Vice Chairman of the company. Fellow co-founder Gordon Moore became the Chairman (later, he turned over the reins to another co-founder, Andy Grove). Noyce was fortunate to have a co-leader with complementary skills whom he trusted and with whom he could work. Most entrepreneurs, in contrast, are loners who end up getting the boot from the board when it discovers they haven't got what it takes to be CEOs.

The most visible example of co-founders becoming successful co-CEOs is William Hewlett and David Packard. They both focused on strategy, but they differentiated their other leadership roles. Bill Hewlett became the heart of the company (to this day he is the patron saint of HP's engineers). In contrast, David Packard was the guts of the organization, the hard-nosed businessman who made the tough calls. It was Packard who removed the non-performers. Together "Bill and Dave" were a great combination, yet HP's board did not replace them with another set of co-leaders. Instead, they were succeeded by John Young, a man very much in the same mold as Bill Hewlett—warm, caring, and respected by all. However, he could not manage the conflict that occurred as a matter of course in HP's highly decentralized structure. Packard was forced to come out of retirement and run the company while a new CEO was groomed for the job (who also failed to live up to the high standard set by the co-founders). The lesson at HP seems to be that failure to replace all of the many and diverse skills of the founders has led to continual turmoil in the executive suite. HP may be one company that requires more than two heads to run.

Some companies have a tradition of shared leadership. Investment banks in general, and Goldman Sachs, in particular, use co-leaders as a matter of course, in part as a residue of their historical partnership structures (most of which have now been abandoned). In 1976, when the CEO of Goldman Sachs died, senior partners John Whitehead and John Weinberg put together a succession plan identifying themselves as co-CEOs. The partnership's management committee quickly approved the shared leadership construct, and collaboration became the name of the game at Goldman for the next twenty-five years. Typically, one of the company's CEOs has come from the sales and trading side of the house, and the other from investment banking.

In 1984, when Whitehead retired to join the Reagan Administration, Weinberg appointed Steven Friedman and Robert Rubin to serve as co-COOs. In 1990, they became co-CEOs, and served until Rubin joined the Clinton Administration. They were succeeded in 1994 by another set of co-CEOs, Hank Paulson and John Corzine. Even though Goldman's shared leadership model has lasted for a long time, it has had its rough moments. In 1999, when Corzine left the firm, there was great controversy and debate over whether Goldman should give up its partnership structure and go public, which it did. Yet, in general, the shared leadership model has worked well in investment banking where it is often extended down the line to co-heads of major business units, such as investment banking and equities.

The co-CEO approach seems to work best when an existing CEO creates it. For example, Charles Schwab invited his long-time collaborator, David Pottruck, to become his co-CEO, and Bill Gates invited his collaborator, Steve Ballmer, to join with him in various joint leadership relationships before finally turning over the CEO job to him. Significantly, Gates remains co-leader of Microsoft as Chairman of the board and head of software research. At both Schwab and Microsoft, long histories of working together had built trust and rapport between the principals. The Schwab-Pottruck relationship showed some signs of unraveling in the 2001 recession when Schwab took back some of the authority he had ceded to Pottruck and began more directive, personal leadership of the company. Nonetheless, this partnership still appeared strong as this article went to press in mid-2002.

Different Roles

The odds on the success of shared leadership appear to go up when the individuals involved play different and complementary roles: HP's "heart" was Bill Hewlett and its "guts" David Packard. Charles Schwab is often described as the "voice of the customer" and the "company conscience," while David Pottruck provides task leadership. Steve Ballmer provides emotional leadership at Microsoft, ditto John Weinberg at Goldman Sachs, and Phil Condit at Boeing. These "emotional leaders" are (or were) matched by "task leaders" Gates, Whitehead, and Stonecipher in their respective companies. In the 1980s, ABB became a world-class corporation under the economist and strategist, Percy Barnevik, and a leadership team that included a people-person (Goran Lindhal) and a computer guy (Jurgen Centerman)—both of whom, significantly, would eventual take their turns as CEO of ABB. By having shared leadership at ABB, it was easy to switch the focus at the top to meet changing business conditions. Similarly, Motorola succeeded in the 1970-1990 era under two- and three-man leadership. CEO Bob Galvin was the glue at the top, the stabilizing force, while such technical whiz kids as John Mitchell, George Fischer, and William Weisz ran operations.

Power at the top can be distributed in many ways: In the 1970s, Simon Ramo (the "R" in TRW) worked as team leader with several different Chairmen, CEOs, and Presidents (his highest title: Vice Chairman in charge of innovation, a position much like the one Bill Gates occupies today at Microsoft). Galvin, a people manager, and Ramo, a technologist, each compensated for his respective weaknesses by sharing power with others whose skills could help them to achieve their goals. Similarly, the charismatic and entrepreneurial Larry Ellison finally made a real go of Oracle in the 1990s when he brought in the analytical and managerial Ray Lane. Then Ellison fired Lane in 1999, taking back the power he had shared, much as (but far less gracefully than) Charles Schwab reclaimed power from David Pottruck. If nothing else, these two examples illustrate the fragility of shared leadership, and the fact that one member of every team of two is usually more equal than the other.

Because of the increasing complexity of most businesses, shared leadership has become almost a necessity when it comes to leading change in large organizations. For example, the successful transformation of England's giant Asda supermarket chain in the late 1980s was led by two individuals who both admit that neither could have accomplished the feat as a solo act. The analytical Harvard MBA, Archie Norman, provided the strategic framework and financial acumen, while the more open and accessible Allen Leighton brought the people and marketing skills needed for the tasks at hand.

Intel exemplifies the combining of different roles into a total leadership package: Bob Noyce was Mr. Outside, Intel's face to the world; Gordon Moore was the long-term strategist and thinker; and Andy Grove was the short-term, hands-on, "make your numbers guy." Grove was volatile, while Noyce and Moore were calm and rational. In meetings, it was said that Grove would erupt like a volcano, surfacing important issues. These instances gave Noyce and Moore the opportunity to offer their calmer and more long-term perspectives, and then Moore would lay the issue to rest with a well-reasoned summary and resolution. The meeting would continue until the next Grove eruption. In short, as a team these leaders were able to manage and value their complementary skills, temperaments, and perspectives.

The situation at the top of GE has been more fluid with respect to membership and roles (see Case II). The Office of the Chairman at GE was created when Reg Jones selected Jack Welch as Chairman along with two Vice Chairmen to work with him. They were selected as a complementary team both in terms of skills and chemistry. In due course, Welch brought Larry Bossidy to the Office to gain oversight of GE Capital. When Bossidy later left the company, Welch added Dennis Dammerman, the former CFO, to fill the same role. Finally, Paolo Fresca was put on the team to bring international experience when GE was expanding into Europe and Asia. The Office of the Chairman varied from between three and four members during Welch's tenure, and people came and

Case II: The General Electric Model

The GE model has a Chairman and CEO and two or three Vice Chairmen. They do not use a Chief Operating Officer (COO). The model has been shaped by Jack Welch, the CEO for the last twenty years. Initially, it was shaped by Reginald Jones, the CEO before Jack Welch.

When Reg Jones was selected as CEO, his two competitors for the Chairman's role became his Vice Chairmen. These two competitors stayed on in their roles and the Office was characterized by a great deal of discontent. Therefore, when Jones was choosing Welch, he did a great deal of interviewing of the candidates, their peers, and the corporate staff. He wanted to know the chemistry and trust between the candidates. Then when he selected Jack Welch as Chairman and CEO, he simultaneously selected the Vice Chairmen with whom Jack could work. He selected a team of three to move into the Office based on trust and chemistry in addition to competence.

The Office of three worked fairly well at GE. One of the members, John Burlingame, took on some projects such as selling Utah International and then left. He was replaced by one of Jack's favorites, Larry Bossidy, who built GE Capital. The trio of Ed Hood, Jack, and Larry worked quite effectively until Ed retired and Larry became CEO of Allied Signal. Jack has selected a series of people to work with him in the Office. On all occasions these are people who can work with Jack and the other Office members. The new members are also selected in part on the needs of the Office and in part to free up development opportunities for young talent. When GE was promoting international growth, Paolo Fresca, the head of International, became a Vice Chairman. Jack had little international experience and wanted the skills of the Office to be rounded out. Paolo is now the CEO of Fiat.

The Office before the appointment of Jeffrey Imelt as the new CEO consisted of Dennis Dammerman and Robert Wright. Dennis was brought in because Jack wanted some oversight of GE Capital after his falling out with the former GE Capital Chairman. Dennis, the former GE CFO, became the Chairman of GE Capital and Vice Chairman of GE. The move freed up the CFO role, which went to a talented young forty-year-old. Robert Wright moved to the Vice Chairman role and freed up the leadership of NBC to some new talent.

The Office concept works at GE because the members are selected to contribute needed skills and also because they can become a member of Jack's Office team. The Office works well in part because the members of the Office know that they will never be the CEO of GE. Robert Wright left GE to become the CEO of Cox Communications. When Cox was taken over, he came back to GE to run NBC. The members of the Office are often elder statesmen who are probably more interested in leaving a legacy than getting to be CEO.

The Office under Welch worked in a fluid manner. In addition to new members, the work was constantly reshuffled. Typically, Jack took a couple of businesses that were undergoing the most strategic change. The other members then took the other businesses and functions. Jack typically took the strategy function and Human Resources. For example, if Aircraft Engines was undergoing a big change, Jack wanted the business to report to him with no filters in between. Since Aircraft Engines and Power Generation share turbine technology, Power Generation and

R&D would also report to Jack. He would be CEO and COO for those parts of the company undergoing the most change. He wanted those businesses to be able to make decisions quickly. If this meant another $100 million for R&D and Capital, so be it. After eighteen months had passed and Aircraft Engines was clear on its development, Jack would take charge of Lighting and Major Appliances. The other members of the Office would then sort out their portfolios in turn.

There are two major lessons from GE's Office experience. First, since chemistry and trust are important, do not leave them to chance. GE selects for chemistry and trust and manages them under Jack Welch. Second, when you become a member of the Office with Jack, you are a valued person but you are no longer a candidate for the CEO of GE. Candidates run businesses. Vice Chairmen are valued elder statesmen.

went as Welch needed their skills (and needed to free up their positions down the line to test young talent).

Selecting a Leadership Team

It is often forgotten that, in the process that led to the selection of Jack Welch as GE's CEO, Reg Jones (the retiring CEO) vowed to choose a team of leaders—and not just an individual. The process Jones used became a Harvard Business School case study, and it is worth going back to it to see how he conducted it thorough interviews with all of the CEO candidates and with their peers and others.[8] Jones was primarily interested in issues of trust and chemistry. He knew the skill profiles of the various candidates, but the interpersonal relationships between them were hidden from him in his role as Chairman. The lesson of the case is that it is better to select a team of co-leaders who have rapport and complementary skills than to choose a group of talented individuals. Goldman Sachs appears to use this same process of joint selection stressing, as Jones did, the importance of a combination of talent and chemistry.

Chemistry, like leadership ability, is often overlooked in executive searches.[9] The late Frank Wells succeeded as Michael Eisner's co-leader at Disney while Michael Ovitz would later fail in the same role. Why? Not because the earlier team had done a better job divvying up power and authority, but because members of the latter team competed for time "in front of the mirror" (attention and credit in the press). Frank Wells was satisfied that Disney's executives and board knew he was the cerebral leader of Disney (while Eisner was the public and emotional leader of the company). In contrast, Ovitz needed *everybody's* love and adulation and quickly began to compete with Eisner.

Who should choose co-leaders? Jack Welch, Bob Galvin, and Bill Gates selected their own co-leaders; hence, there is some evidence that it is wise to involve the current leader in the selection of his or her complements. However, it doesn't always work: Since the death of Frank Wells, Eisner has been unable to select someone with whom to share the leadership of Disney. However, having the current leader make the selection is most likely a necessary, if not sufficient, condition for success.

Working Together

Once selected, co-leaders need to learn to work together. For the sake of accountability, tasks must be divided. However, perhaps more important than the division of tasks, co-leaders need to learn how to handle the division of credit. The hardest thing for individuals considering joint governance to understand is that their biggest challenge is not practical or technical. Instead, it is managing their egos: Can one of them step back and let the other take the bows? Can they come onstage and take their bows together? In the final analysis, co-leadership has worked at Intel and TIAA-CREF because executives at those companies are able to share credit, and it has failed at Disney and Citigroup because of the egos that were rampant in the executive suites of those companies.

In addition to managing the allocation of credit, the success of shared leadership depends on how effectively the individuals involved communicate, handle crises, allocate and reallocate joint tasks and decision making, and develop common positions on key issues. The roles and tasks at the top can be divided in various ways: Mr. Inside and Mr. Outside; Mr. Business Line A and Ms. Business Line B; Ms. Operations and Ms. Acquisitions. Alternatively, tasks can be divided by interests (innovation vs. operations), skills (technology vs. people), or personality bent (strategy vs. implementation). Indeed, roles and tasks can be divided along as many lines as there are individual skills and interests on one axis and organizational needs and opportunities on the other.

In some cases, the most effective approach to task division is to have a fluid approach to who takes responsibility for leadership tasks. For example, at TIAA-CREF (managers of over $600 billion in pension assets), CEO John Biggs once had the investments function reporting to him when he shared leadership with a president who ran operations (who has since left the company). However, now Biggs manages strategy, new businesses, and external affairs while his co-leader, Vice-Chairman Martin Liebowitz, runs equity investments (where most of the risk is in the business). What is important to understand is that titles and turf are relatively unimportant to both the two leaders of TIAA-CREF and to their followers—Biggs and Liebowitz are co-leaders who share equally in the credit and blame that is attached to the executive suite.

In the final analysis, it doesn't matter so much how responsibilities are divided, as it matters that the individuals involved are clear about their roles and honest with themselves and each other about their respective contributions and needs for acknowledgement and power. Therefore, the questions joint leaders should ask when starting out are: "What are we each good at? What areas in the organization need our direct leadership in order for the corporation to succeed?

How are we going to coordinate and communicate with each other so we don't step on each other's toes? How can we make sure we send the same message?"

Coordination and alignment begin with communication. When there are only two co-leaders, communication often takes place spontaneously and constantly. Our colleague Jay Conger reports that Schwab and Pottruck were in touch continually throughout the day. However, some sharing of thoughts and ideas needs to be formalized. In the case of the Midwest Manufacturing Company (see Case III), the co-CEOs have a monthly dinner scheduled indelibly on their calendars. Very few co-leaders are as well-coordinated and aligned as was the team of Noyce, Moore, and Grove at Intel (see Case I). The trio would meet every Friday morning to share their thoughts, debate issues, develop common positions, and plan the agenda for an Executive Staff Meeting that took place every Tuesday. The opposite was true at Citigroup where insufficient communication among the co-leaders led to an irreparable divergence of views and opinions. It was reported in the press that Reed and Weill actually avoided each other. Subordinates accentuated the rift by "shopping ideas" with the two leaders, which led to further conflict and a resulting decay in the level of trust.

Working With Others

The division of tasks among co-leaders often affects their subordinates' work. For example, questions arise concerning attendance at executive team forums: Whose meeting is it? Who should attend what meeting? Such questions are relatively easy to answer at companies organized like Amana where the four co-leaders each heads a relatively independent business unit. At the other extreme is the "Midwest Manufacturing Company" (Case III) where the co-leaders have divided responsibility based on their interests and skills. Because co-CEO "Sue" looks after all sales and distribution activities, including those in the businesses run by her co-leader, this makes everyone else's work highly interdependent. Issues of responsibility for inventory, prices, and customer priorities constantly need to be resolved. Because the co-CEOs did not involve others in their decisions concerning the allocation of their tasks, the responsibilities of others had to be worked out in the heat of day-to-day issues. This was clearly the wrong way go. Co-leaders need to discuss these issues and resolve the ambiguities themselves, rather than leaving them to their subordinates. Managers should be spending their time dealing with business issues not with political issues caused by the co-leaders' role ambiguities. The lesson is this: the more interdependent the work of co-leaders the more input they should solicit from affected others, and the more they need to coordinate between themselves.

Leadership Institutionalized

Shared leadership is not just an issue at the top of corporations. We have surveyed over 3,000 managers in a dozen global corporations and, in a few of

Case III: Midwest Manufacturing Company

"Midwest Manufacturing Company" (a pseudonym) is a 5,000-employee equipment manufacturer. It sells its products through distributors and at the time of this study had seven different product lines. It also has the typical functions of sales, marketing, R&D, finance, HR, IS, and legal. The company is an old one and is family owned. At the time of this study Midwest Manufacturing had recently shifted its organization design. In the old structure, the co-CEOs "John and Sue" (pseudonyms for the children of the founder) were in a two-in-a-box arrangement. They did virtually nothing separately and all reporting relationships were to both of them. There were some differences in how they spent their time since Sue seemed to be particularly skilled at dealing with distributors and enjoyed meeting customers more than John. This led them to change from their two-in-a-box structure to one in which they had separate reporting relationships.

Rather than go to a COO/CEO reporting structure, each of them took certain lines of businesses and certain support functions. The ones they took seemed largely to be dictated by their preferences and knowledge about certain areas rather than the interdependency that might exist among the functions and business units. In essence, they decided to take primary responsibility for things they knew the most about and most wanted to manage. When the change occurred, little input was sought from other members of the organization. In essence, Sue and John were the major owners of the company and little resistance occurred. John and Sue have maintained a good personal relationship. Indeed, once a month they meet with their respective spouses to talk about how well they are working together and the impact of their working together on their spouses.

The most important reason for the change was efficient use of time. Both Sue and John felt that they were simply extra wheels at certain meetings and that they could collectively have more influence and provide more expertise to the organization if they operated independently in certain situations. This, of course, is also consistent with their having different skills and different interests. Further, there were some members of their direct report group that preferred working with one of them so the new structure was seen as a positive by them.

The major advantage of moving to the new structure was better utilization of both John and Sue's time and skills. They simply could do more and could be more comfortable with the new structure. In general, their direct reports preferred the new relationship because it gave them more opportunity to get guidance and discuss issues with one of the leaders of the organization.

The major weakness of the new structure was the tendency of subordinates to shop decisions. Even though there was a clear reporting relationship there often was enough ambiguity so that individuals could take issues to either John or Sue. Not surprisingly, they preferred to take them to the one they thought was most likely to give them the decision they wanted. In some cases, they took it to both if they didn't like the answer from the other.

Another problem with the direct reports concerned communication between Sue and John. Because John and Sue were not always together in meetings, subordinates always had the question of whether Sue explained to John what decision had been made (or vice versa). Because of ambiguity in this area, subordinates often felt like they had to explain Sue's decisions to John (and vice versa) when only one of them was present at the meeting where a decision was made.

Finally the situation led to some increased competition between John and Sue. Both wanted to perform their jobs well so as result they tended to push their divisions and their functions particularly hard. They also more often felt left out of issues and decisions and raised issues about whether they should have been included in a particular meeting that might have some implications for the areas for which they were responsible.

When Sue and John changed to the new structure they did little work in the area of group processes and communication. Because of this, their subordinates were often unclear as to how John and Sue planned to work together and indeed how they should treat them in terms of decision making and communication. It was often not clear what was a group activity and what was a one-on-one activity, particularly given the history of Sue and John working together and dealing with virtually every issue. Much of this could have been resolved if the top management team had spent some time talking about their decision process and communication.

The structure made coordination between John and Sue particularly critical. By making different assignments of reporting relationships to both Sue and John it would have been possible to reduce the importance of coordinating their activities. In essence, the reporting relationships to them would need to be based on the degree to which functions and business units are interdependent. The objective would be to identify two groups of relatively independent functions and business units.

As John and Sue developed the new reporting relationships, they tended to speak less and less frequently as united leaders. This began to cause problems and certainly contributed to the tendency of their subordinates to decision shop. The critical learning is that when leadership takes the form that it does in Midwest Manufacturing, the two leaders need to be sure that they frequently make joint presentations and representations of what the company is about, what its basic strategy is, and what it stands for.

Overall, the structure that Midwest Manufacturing used was judged to be effective. Moving to different reporting relationships for John and Sue did seem to represent an improvement over the earlier structure. An important note of caution is appropriate here, however. The success of any co-leader approach very much depends on the relationship between the two individuals and how it is perceived by the others in the organization. In the case of John and Sue, it was perceived that they were fundamentally on the same page with respect to the direction of the company; and since they had different skills, having different reporting relationships passed the credibility test.

these companies, we discovered that *many of the key tasks and responsibilities of leadership were institutionalized in the systems, practices, and cultures of the organization*.[10] Without the presence of a high-profile leader (or "superiors" goading or exhorting them on), people at all levels in these organizations:

- acted more like owners and entrepreneurs than employees or hired hands (they assumed owner-like responsibility for financial performance and managing risk);
- took initiative to solve problems and to act, in general, with a sense of urgency;
- willingly accepted accountability for meeting commitments, and for living the values of the organization; and
- created, maintained, and adhered to systems and procedures designed to measure and reward the above behaviors.

Among other things, this discovery helps to explain some persistent contradictions to the dominant model of leadership: If leadership were solely an individual trait why is it that some companies are able to renew their strategies and products and outperform competition in their industries *over the tenures of several different chief executives?* Why is it that some CEOs who have succeeded in one organization often turn in so-so performances in the next? It is our conclusion that the reason is found in such key organizational variables as systems, structures, and policies—factors that are not included in research based on a solo leadership model.

Conclusions

Despite continued assertions that co-leadership does not work, there are enough examples of such successful combinations to reject that conventional wisdom. Instead, the issue is to identify the factors that improve the odds that a particular combination of leaders will succeed. Joint selection, complimentary skills and emotional orientations, and mechanisms for coordination are among those key factors. While these may seem to be common sense, they are not common practice. Research and analysis should continue to test these factors and others. It is important to do so because collective leadership is here to stay.

Notes

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