



Seesaw at the top: Does the co-CEO model work?

RESEARCH BRIEF

Can two leaders truly run the show? The co-CEO model is back in the spotlight, as major players like Oracle, Comcast, and Spotify roll out dual-leadership experiments to harness complementary strengths or smooth founder transitions. But does splitting authority at the top actually work? A management study offers the first comprehensive, large-scale look at how the balance of power between co-CEOs shapes organizational success—and reveals why “equal means better” may be a myth for the C-suite.

What researchers found

- ▶ **Unity of command matters**—even in co-CEO structures. Companies perform best when one co-CEO holds a clear, but not excessive, edge in formal power over the other.
- ▶ **Moderate power gaps boost performance.** Firms where one leader is slightly more powerful than the other enjoyed the highest returns; as measured by operating ROE, performance peaked at moderate gaps and fell off at both perfect equality and extreme disparity.
- ▶ **Perfect equality backfires.** When co-CEOs share power equally, returns are substantially lower and the risk of indecision or conflict rises.
- ▶ **Excessive gaps also harm results.** Firms with one dominant co-CEO see diminishing returns and, in some cases, outright negative effects.
- ▶ **The key lesson:** Too much balance creates confusion, too little breeds disengagement and instability.

How we know

The research examined **71 publicly traded US companies** led by co-CEOs from 2000 to 2011.

Power gaps were calculated using executive compensation, tenure, board titles, and stock ownership. **Performance was tracked** through operating ROE, supplemented with market-to-book and ROA. Advanced regression analyses controlled for factors such as industry and firm size.

What this means

- ▶ **For Boards and HR:** Do not aim for perfect parity. Instead, assign at least one explicit domain and decision-rights to one leader, ensuring clarity in high-stakes moments.
- ▶ **For organizations and advisors:** Regularly audit both real and perceived power balance; revisit and rebalance authority after mergers/shocks.
- ▶ **For researchers:** Future work should tackle private firms and global settings and assess how informal authority develops.

Now what?

To design the right co-CEO model:

- ▶ Apply **structured processes** to review co-CEO power balance annually
- ▶ Build **clarity into succession plans** and founder transitions
- ▶ Foster **collaboration** but always clarify **who decides** in moments of crisis

LINK TO THE STUDY

