## The trouble with tandems

*Despite a few recent appointments, there are good reasons why joint bosses are a rarity.*


AS ANYONE who has tried knows only too well, riding a tandem bicycle, with two seats and two sets of pedals, takes some getting used to. Even a small misunderstanding between the riders over the direction in which they want to go can cause the bicycle to wobble worryingly or spin out of control. Trying to steer a large company in tandem requires a similarly delicate balancing act, because a lack of co-ordination between joint chief executives can destabilise the business. Yet in spite of such concerns, two well-known companies have recently plumped for dual leadership.

One is SAP, a German software giant, which on February 7th bid auf Wiedersehen to its boss, Léo Apotheker, and replaced him with two "co-CEOs": Bill McDermott, the company's head of sales, and Jim Hagemann Snabe, its head of product development. The other is MySpace, an ailing social network owned by News Corporation, which a few days later jettisoned its boss, Owen Van Natta, and replaced him with two "co-presidents": Mike Jones, the firm's chief operating officer, and Jason Hirschhorn, its chief product officer.

The notion of shared leadership in the corporate world is hardly new. Business history is littered with examples of companies such as EADS, a giant European defence group, Unilever, an Anglo-Dutch consumer-goods company and Goldman Sachs, an American investment bank, that have, at one time or another, had two captains at the helm. But almost all of these relationships have ultimately come unstuck.

Duel track

That should hardly come as a surprise because joint stewardships are all too often a recipe for chaos. Rather than allowing companies to get the best from both bosses, they trigger damaging internal power struggles as each jockeys for the upper hand. Having two people in charge can also make it tougher for boards to hold either to account. At the very least, firms end up footing the bill for two chief-executive-sized pay packets.

None of this would matter if there were compelling evidence that having two stars at the top of a company routinely led to stellar stockmarket performance. But research published last year in the Journal of Business Studies, which tracked the share price of 44 firms that took on dual bosses between 1993 and 2005, found that their shares subsequently performed no better than those of similar firms that stuck with a single leader.

Why, then, are some chief executives still being asked to work in pairs? One explanation is that dual stewardship can smooth the passage of a merger by giving bosses from both sides a say in running the fused business. Another is that boards sometimes turn to tandems when firms are in trouble. Take Motorola, which in 2008 named Sanjay Jha and Greg Brown as joint chief executives after the firm’s fortunes took a severe battering. The two have stabilised the business and will part next year when Motorola plans to split itself into separate listed entities, one focused on mobile phones and home entertainment (Mr Jha’s domain) and the other on enterprise networking (Mr Brown’s patch).

A third rationale for doubling up is that such an arrangement can help family-owned firms avoid a clash among relatives (although it may also exacerbate one). Having joint bosses can also help companies hang on to talented executives who might otherwise leave if passed over for the top job. This may explain, for instance, why MySpace has promoted Messrs Jones and Hirschhorn rather than choosing between them. Mick Thompson of Mercer, a human-resources consultancy, reckons that many dual-CEO arrangements are “marriages of convenience” rather than the result of a deep-seated commitment to cohabitation.

There do, however, appear to be a few genuine believers such as Wipro, an Indian software and services giant which is run by two chief executives, Girish Paranjpe and Suresh Vaswani. The company has argued that what it calls “the power of two” gives it the extra managerial bandwidth needed to cope with a complex, fast-changing global business. Mr Paranjpe has said that the ability to discuss difficult decisions with Mr Vaswani during the economic downturn has given Wipro’s bosses an advantage over sole supremos.

That is hardly a clinching argument. Other technology firms such as Apple and Oracle have shone during the downturn and thrived despite the sweep and pace of globalisation even though their bosses—Steve Jobs at Apple and Larry Ellison at Oracle—can hardly be described as consultative, sharing types. If they need sounding boards they and most other chief executives can draw on experienced managers within the firm as well as on trusted external advisers.

Nevertheless, the world of information technology does seem to contain a surprising number of joint bosses. In part, this reflects the fact that founders are still involved in quite a few firms and feel comfortable splitting responsibilities. For instance, Mike Lazaridis, the founder of Research In Motion, the Canadian firm that makes the BlackBerry, has shared the top job with Jim Balsillie since 1992. Joint leadership may also work well in the tech world because there is an obvious division of labour between technologically minded product managers and sales and marketing types. At SAP Mr McDermott is supposed to gladhand customers while Mr Hagemann Snabe coddles engineers.

Yet even in the tech industry shared leadership works best when there is a power-broker behind the scenes. At SAP Hasso Plattner, one of the company’s founders and head of its supervisory board, wields considerable clout; Wipro’s chairman, Azim Premji, is an influential figure there. Jonathan Miller, News Corp’s head of digital media, is widely believed to be calling the shots at MySpace. While joint bosses keep a wary eye on one another, someone else may be steering the tandem.

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