Executive Decisions: The Impacts (and Incentives) of a Co-CEO Model

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By Beth Braverman

Finance and Budgeting | Organizational Performance | Executive Compensation | Total Rewards

Key Takeaways

- **Generating buzz:** Oracle, Spotify and Comcast each announced the installment of a co-CEO strategy in late 2025.
- **Still an anomaly:** Data shows only 39 companies in the Russell 3000 index currently have co-CEOs.
- **Merits in the model:** A co-CEO setup may bring complementary skills to the demanding role, allow better coverage of vital responsibilities, aid the organization in pursuing growth opportunities and optimize succession planning.
- **Compensation**

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Editor's note: Workspan Magazine's April-May 2026 issue featured an article that explored how architectural design firm Gensler is utilizing a model of co-chief human resources officers. Based on the interest generated by that article, our June-July 2026 issue includes an article on how some organizations are applying dual leaders for the chief executive officer position.

Are two (corporate) heads better than one? Some boards of directors are choosing to have two leaders simultaneously fill their organizations' chief executive officer (CEO) role because they believe such a setup can:

- Bring complementary skills to the demanding role;
- Allow better coverage of vital responsibilities;
- Aid the organization in pursuing growth opportunities; and,
- Help smooth succession planning.

The co-CEO model gained "trending" status at the end of 2025, when technology giants Oracle, Spotify and Comcast each announced dual-executive-leader plans.

The model remains rare overall. Diana Scott, the leader of the

- **Compensation considerations:** Organizations typically aim for alignment in pay for co-CEOs to signal teamwork and avoid hierarchy perceptions.

Conference Board U.S. Human Capital Center, stated only 39 companies in the Russell 3000 index have co-CEOs.

However, the high-profile moves are likely generating discussion within many large organizations, given the complexity of modern business and modern leadership.

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> ***— Diana Scott, Conference Board U.S. Human Capital Center***

Bleeding Edge or Leading Edge?

The co-CEO model appears more common in startups with multiple founders or in companies going through succession planning or mergers. Others look to it as a way to blend complementary skills, retain talent or share the leadership burden. Modern businesses face multifaceted challenges (e.g., global markets, digital transformation, regulatory scrutiny), and a single executive may not have strengths in all these areas.

"It's a very volatile time that we're living through right now, with organizational transformation and capability transformation," Scott said. "There's so much going on that the boards, perhaps, are saying, 'We really can't decide now on one person that can effectively lead the organization through this great time of transition. So, we're going to divide things up.'"

A shared leadership structure lends itself well to balancing different operational areas. At Netflix, for example, Ted Sarandos and Greg Peters have served as co-CEOs since 2023, with Sarandos focused primarily on content and Peters on product and technology.

There are other potential advantages of having two (or, dare we say, more than two) CEOs. Distributing the intense, top-level responsibilities may alleviate pressure and burnout, while also offering a way to transition leadership, especially in founder-led companies.

While the success rate of co-CEO teams is mixed, there are positive indicators. A 2022 *Harvard Business Review* study found organizations led by a pair of CEOs averaged higher shareholder returns — around 9.5%, compared to 6.9% for those with traditional setups. They also showed better performance when compared to their peers (nearly 60% outperformed their peers). While risks exist in such a model — including the potential for confusion, slower decision-making and increased shareholder scrutiny — this influx of dual leaders may prompt more to consider the model.

"It probably signals to them that, 'We have flexibility to think about different models,' and maybe it creates a bit of a safety net [toward examining nontraditional structures]," Scott said.

The Impact on Compensation

Organizations take different approaches to compensation for their co-CEOs, but most of them aim for alignment to signal teamwork and avoid perceptions of hierarchy both internally and externally.

"By and large, the structure is equally yoked between the co-CEOs,"

said Chris Crawford, a managing director for executive compensation at consulting firm Gallagher. "You might see some nominal differences, but the intention really is … to try to pay them similarly or exactly the same."

At Netflix, for example, the total compensation for Sarandos and Peters is comparable, with Sarandos receiving $61.9 million and Peters $60.3 million in 2024. The leaders received the exact same salary ($3 million), stock awards ($42.7 million) and non-equity plan compensation ($12 million). Sarandos received slightly higher option awards and other compensation for the year.

When there is a differential in co-CEO pay, it typically reflects factors such as succession timing and tenure. Another reason pay may diverge is if the two leaders have distinctly different responsibilities. In that case, the compensation may reflect the market value for each role rather than a distinct 50/50 split.

Other factors may necessitate pay differences. At global investment firm KKR, co-CEOs Joseph Bae and Scott Nuttall receive the same $300,000 base salary. However, Bae's total compensation of $73.1 million in 2024 was about $9 million more than Nuttall's. The disparity primarily stemmed from higher carried interest and investment income from specific funds as well as holdings in Bae's portfolio tied to deals made before taking on his current role.

No matter how boards split the pay between two CEOs, they typically must be able to demonstrate reason within the total management cost. One approach to doing this might be to average the number one and number two roles in the market and then use performance leverage, such as long-term incentives (LTI), to control total spend while still satisfying both CEOs. Or, they may look at the aggregate pay for all named executives and compare that to peers.

"[The compensation committee and their HR advisors] are trying to balance the need to pay competitively but also to manage the total cost, because they have two titles that are not typical in the market," Crawford said.

In practice, total compensation for each co-CEO is often closer to a full CEO market rate, or a high fraction of it, rather than half the prior CEO's pay because:

- Each role remains highly complex; and,
- Leaders that receive less than market-rate pay may be apt to explore other options.

When the organization performs well, co-CEO compensation rarely receives pushback. But scrutiny can arise if performance falters. When the latter scenario emerges, the structure and compensation can become focal points for investors.

"You're paying more than other companies for the CEO role because you have two of them," said Eric Hosken, a partner with Compensation Advisory Partners, an executive pay consulting firm. "So, you have to be able to demonstrate you're outperforming other companies, or that you have fewer other managers or lower-paid other managers, because they're being overseen by two CEOs."

"It's very hard to imagine a scenario where you really want them to have different incentives. I would want them to be tied to the same goals and the overall performance of the company."

— Eric Hosken, Compensation Advisory Partners

Considerations for Incentive Design

Organizations with co-CEOs often want to avoid creating pay separation via incentive outcomes, since they're aiming to foster collaboration rather than competition. So, related structures frequently feature lower base and higher at-risk compensation, with LTI carrying more weight. That provides an opportunity to use awards to incentivize the co-CEOs to prioritize alignment and teamwork.

"It's very hard to imagine a scenario where you really want them to have different incentives," Hosken said. "I would want them to be tied to the same goals and the overall performance of the company."

One emerging leading practice is to include outsized performance-based grants that reward the executives for jointly achieving certain goals. This higher performance leverage helps reconcile paying two top leaders while keeping overall costs and shareholder optics in line.

Oil and gas company Permian Resources takes this approach to the extreme, with co-CEOs William Hickey III and James Walter receiving only performance stock units (PSUs) as compensation, with no base salaries or annual cash bonuses. When Hickey's and Walter's former company, Colgate Resources, merged with Centennial Resource Development in late 2022 to form Permian Resources, they each received PSUs valued at $15 million and structured to vest in tranches based on performance over three-, four- and five-year periods.

According to the company's 2025 proxy statement, "The compensation committee, with the support of the co-CEOs, chose this structure to allow for full alignment between the co-CEOs' compensation and the [total shareholders returns] experienced by our shareholders as a means to incentivize long-term value creation by our co-CEOs."

Permian's PSUs are tied to both *absolute* total shareholder return (TSR), which is the charted over the performance period, based on stock price and dividends, and TSR *relative to a defined peer group*. To determine the amount to award these co-CEOs, the compensation committee considered:

- Benchmarking data provided by a consultant;
- Each co-CEO's role and ability to individually and jointly drive shareholder returns;
- The additional equity cost of having two CEOs; and,
- The cash savings of the co-CEOs not receiving salaries or annual bonuses.

Of course, some companies do blend shared and individual metrics when determining incentives. In such cases, the split depends on why they have multiple CEOs and how they have carved up responsibilities. If the entity is using the structure as a means of succession planning, the incentives for the longer-tenured incumbent may be significantly higher.

Such a structure may, however, introduce more risk. Non-identical equity or bonus opportunities might send problematic signals to investors and employees, implying one co-CEO is more valuable or bears more responsibility, which runs counter to the unity the structure aims to project. Misalignment also can create cultural friction and shareholder questions.

Setting Up for Success

Making a co-CEO model work typically requires more than careful planning around compensation and incentives.

"Any time you have two leaders running something, the odds of conflict or misdirection are so much higher," said Susan Sandlund, a managing director at executive compensation advisory firm Pearl Meyer. "I'm not a big advocate of it. I think it's something to have as an outlier exception if you really need it to drive your business. But I'd be careful in approaching it."

Retention also is a critical consideration.

CEO tenure research by executive intelligence firm Equilar found leaders within co-CEO structures had a median tenure of 2.6 years, less than half the 5.6-year tenure of a single CEO. Those teams with the longest tenure were typically co-founders or relatives.

"In these cases, the two typically have a history together, building a stronger relationship," said Equilar research director Courtney Yu.

But the model can work in other cases, as evidenced by teams like:

- Aart de Geus and Chi-Foon Chan, who served for a decade as co-CEOs of Synopsys, which supplies tools and services to the semiconductor industry; and,
- Jeff Badgley and William Miller II, who ran towing and wrecking manufacturer Miller Industries as co-CEOs for more than eight years.

Setting co-CEOs up for success likely requires early involvement from the HR team, as soon as the board begins contemplating such a model. HR can help plan and design the structure with straightforward definition around roles, decisions, rights and responsibilities. That might include:

- Mapping responsibilities to strengths and business needs;
- Specifying who decides what; and,
- Determining escalation paths.

"For any board that's considering this, it's really important that people know who is making decisions and that you have unity of decision making, whether that means you have one CEO who's the clear person responsible for decision making or you have co-CEOs, where each one has a very well-defined portfolio," said Ryan Krause, a professor of management and entrepreneurship at the Tippie College of Business at the University of Iowa, who has studied co-CEO structures.

An HR executive also can help set expectations about how co-CEOs might share accountability and work to avoid gridlock or mixed messages. This HR pro also can help the co-leaders achieve visible alignment and unity, because top-level misalignment can cascade into confusion and lost productivity.

Once the co-CEOs are in place, HR leaders should treat the model as an actively managed system by:

- Providing leadership coaching for the duo;
- Setting operating rhythms; and,
- Helping monitor both performance and people metrics.

If the structure is new for the company, HR also can help with change management and employee communication. A leading approach here is to be explicit about the rationale, whether it's a succession bridge or a play to lean into complementary skill sets, and set expectations for how the team will make decisions going forward.

"The clearer the lines of decision-making authority are in an organization, the better off you are," Krause said. "That doesn't mean one person makes all the decisions. That means it's very clear to everyone who is responsible for making which decisions."

Check out the rest of Workspan Magazine's June-July 2026 issue:

- Employees' Reward Priorities Evolve. WorldatWork and HR Must, Too.
- Why Employee Satisfaction with Your Rewards Isn't Enough
- A Graphic Look at WorldatWork's State of Rewards Report
- The Perception Gap: Managers and Employees View Rewards Differently
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Editor's Note: Additional Content

For more information and resources related to this article, see the pages below, which offer quick access to all WorldatWork content on these topics:

- Executive Compensation
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About the Author

Beth Braverman
Freelance Writer, Workspan Magazine

Beth Braverman is a freelance writer for Workspan, who has been covering workplace issues, benefits and personal finance for more than a decade.

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