

The Nightly Business Report
Chairman and CEO – Should They be Split?
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Two weeks ago, the Disney Company, in the wake of a shareholder revolt against CEO Michael Eisner, split the chairman and CEO jobs. This week, MCI – formerly WorldCom – made the same change as part of its bankruptcy agreement. The question I'm being asked is: "Is this a trend and will other companies rush to split the two roles? "

The answer, I think, is no.

The reason: both Disney and MCI are unique situations. The Disney case is complex – two dissident ex-directors, shareholders concerned about sub-par performance, and a hostile takeover threat – and MCI is in bankruptcy.

So, the split will continue to happen as it has in the past – case by case – when there is a transition from one CEO to another or when conditions dictate that the CEO focus solely on running the company with the chairman running the board. It also can happen when there's trouble and a better system of checks and balances is needed.

One step in the direction of more checks and balances is the requirement for a presiding director, who leads the independent director executive sessions of the board. Perhaps this change will prove as effective as splitting the two roles.

There is more discussion today about separating the chairman and CEO jobs, but there is no consensus about it in corporate America. Time will tell whether a new consensus will emerge.

I'm Barbara Hackman Franklin