In this issue, Mark Lonergan defines the characteristics of CEO power in the Silicon Valley 150.
The issue of CEO power—how much power a CEO has over his or her company and what impact this has on the organization—is a crucial question to stakeholders and corporate observers alike.

Unfortunately, it is not always easy for outsiders to measure how “powerful” a CEO is, because there is generally no common definition or checklist that people can use to assess CEOs across all companies.

This study by Lonergan Partners is a fascinating attempt to put order to this question, by measuring and ranking CEO power in 150 companies in one of the economy’s most important regions: Silicon Valley. They take an intriguing approach to the question by looking at multiple variables, including ownership, leadership status, education, prestige, voting structure, and others to provide fresh, new insights into the influence that CEO power has over corporate control, compensation, and performance.

Their CEO power measure is something that should be part of the CEO evaluation process in all organizations.”

David Larcker

Notices

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Welcome to the most exclusive club on Earth

One of the great privileges of my role in executive recruiting is getting to explore the life stories of technology company CEOs. I observe they have many traits in common, including optimism, curiosity, intelligence, and determination. But they also display a fascinating variety of backgrounds. Each of them has taken a unique journey to the C-Suite.

This report will introduce you to the CEOs of the Silicon Valley 150 (SV150), the top public companies in technology headquartered in the Bay Area as listed by the Mercury News each year. We analyze the demographics of their age, origin, gender, and education. We also profile the structure of their leadership roles, comparing founders, newly minted CEOs, women leaders, and departing CEOs.

As part of our report we also break down the SV150 along company characteristics which influence the type of leader in the CEO role: newly public companies versus older institutions, S&P500 constituent companies, and companies in different industry sectors. We look at CEO compensation, stock ownership, performance, and power.

What does CEO power look like in the Silicon Valley?

It turns out power in the Silicon Valley has many unique characteristics. In this report we lay out a framework for understanding CEO power and provide our ranking of the most powerful CEOs of the SV150. A preview of our findings is included on the following page.

“The measure of a man
is what he does with power”
—Plato
A Preview of Our Findings...

**SV150 Company Trends** (see pages 5, 16, 19, 23)
- Flurry of 2016 acquisitions impacting all sectors
- Sluggish IPO activity shifting SV150 towards smaller public companies
- Younger companies dominate Web-Centric & Social Media, Networking & Telecom, and Clean Tech sectors
- Increasing use of Dual Class Stock Ownership structure

**CEO Demographic Trends** (see pages 6-7, 14)
- 45% of CEOs qualify as Baby Boomers
- More women CEOs, but off a really small base
- Main source of diversity is country of origin—Asian countries top the list
- Many graduates of Stanford University, but a recent influx of college dropouts

**Company Leadership & Governance Trends** (see pages 8, 11)
- Constantly changing roster of CEOs in charge
- Founder-CEOs 10X more common than in the S&P500
- Combined CEO & Chairman roles trending downwards

**Compensation & Voting Power** (see pages 24-27)
- 46% growth in compensation since 2013
- 50% of compensation value in stock awards
- Management levels of ownership & voting power much higher versus S&P100

**CEO Power Rankings** (see pages 29-36)
- Four dimensions of CEO power defined
- Top 10 Most Powerful CEOs by market cap tier named
- Founders dominate the power rankings
As 2015 was the year of the SV150 spin-off, 2016 appears to be the year of the disappearing public company. As of the study date of this report, nine companies on the SV150 list compiled by the Mercury News have been acquired and de-listed from their exchanges. 11 more deals are pending final approval. While companies leaving the SV150 roster through acquisition is a normal occurrence, at no time in the past seven years that we have been tracking this list have we seen anything close to this level of independence-ending enthusiasm.

In case you think these deals have been solely a chip phenomenon, the graph below makes it clear this activity is impacting all industry sectors.

Is this part of a trend? The number of public companies in the Silicon Valley is shrinking. In 2015, there were 328 public companies in the Silicon Valley versus the all time high of 417 in the year 2000\(^1\). With only three tech IPOs in the Valley this year, it is likely the number of Silicon Valley public companies will drop by a significant percentage in 2016. The result may be that for the first time since we began tracking the SV150, the revenue cutoff for the bottom-most company in the SV150 may actually drop (the 2009 revenue cutoff was $83 Million versus the 2015 revenue cutoff of $181 Million).

This report will focus on the CEOs of the SV150: the old guard, the new class, and everyone in between. We will take a look at their demographics, profile their leadership roles, and end with an analysis of their CEO power—where it comes from and who has it. But as the list in the sidebar illustrates, the Silicon Valley landscape is ever changing, and no one in this report, no matter how powerful, has been promised a job-for-life.
CEO Demographic Profile

Who are the CEOs running the companies of the SV150? We wanted to find out—are they men or women, how old are they, where do they come from, and how were they educated? Our information is all based on publically available data from company websites, press releases, proxy statements, and news interviews. We did not run any “background checks,” so we know only what these CEOs have told the world. Here’s what we found:

The Typical SV150 CEO:

Is a man
At the time of our 2014 CEO report, the SV150 had only five women CEOs. Since then, there has been a big increase in that number climbing to eight women CEOs (although we had a peak of nine before the May 2016 acquisition of Ruckus Wireless—SV#106).

Is age 53, on average
The average age of CEOs in the SV150 has not changed from what we observed two years ago. A full 45% of CEOs can be considered Baby Boomers, with birthdates before 1965.

The youngest CEOs in the SV150 are: Aaron Levie of Box (SV#121) born in 1985; Mark Zuckerberg of Facebook (SV#9) born in 1984; Niccolo de Masi of Glu Mobile (SV#132) born in 1980; and Hassane El-Khoury of Cypress Semiconductor (SV#49) also born in 1980.

The oldest CEO from our 2014 CEO report (Shaw Hong of Omnivision—SV#58, born in 1938), saw the sale of Omnivision to Hua Capital Management in 2016. This has left two CEOs born in 1946 as the oldest currently-serving CEOs: John Bishop of Cepheid (SV#85) and Jerry Rawls of Finisar (SV#57) who was re-appointed in September, 2015, after having previously served Finisar as CEO from 1999-2008.

Is US in origin
70% of CEOs are from the US. Of the 47 CEOs whose foreign origin could be confirmed, the top country of origin was India.

Top Non-US Countries of Origin by Number of CEOs

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of CEOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>7</td>
</tr>
<tr>
<td>Taiwan</td>
<td>6</td>
</tr>
<tr>
<td>Canada</td>
<td>4</td>
</tr>
<tr>
<td>China</td>
<td>4</td>
</tr>
<tr>
<td>Israel</td>
<td>4</td>
</tr>
<tr>
<td>UK</td>
<td>4</td>
</tr>
</tbody>
</table>

Aaron Levie

Box CEO—SV#121—2015 IPO

Aaron Levie, age 31, is the youngest CEO in the SV150. He is the founder of 2015 IPO Box, as well as CEO and Chairman of the Board. While a business student at USC (the film school rejected him), he became intrigued with the idea of entering the market for online data storage. Meeting with rapid customer success, he dropped out of school in 2005 to focus on Box full-time.
The Top Ten

Top 10 Ranked National Universities per US News & World Report

The numbers in RED below indicate the number of degrees awarded to SV150 CEOs.

#1—Princeton University—3
#2—Harvard University—6
#3—University of Chicago—1
#3—Yale University—0
#5—Columbia University—1
#5—Stanford University—35
#7—MIT—8
#8—Duke University—2
#8—University of Pennsylvania—8
#10—Johns Hopkins University—0

Top 10 elite institutions awarded 25% of SV150 CEO degrees.

Is a college graduate
While the SV150 CEO roster boasts more and more famous college drop-outs, most CEOs (93%) are college graduates. Stanford holds the record as the institution boasting the highest number of degrees conferred on SV150 CEOs, with 35 degrees awarded to 21 CEOs.

Is likely to have studied in the US
86% of all degrees were awarded by US institutions. Within the USA, California was the most popular state to matriculate, with 22% of undergraduate degrees and 38% of graduate degrees being awarded by schools located in California.

Is a student in a STEM discipline
64% of known undergraduate majors were STEM, and 57% of graduate degrees were STEM (78% of non-MBA Masters and 100% of PhDs). The most popular undergraduate major was Electrical Engineering, with 31 of 101 degrees with confirmed majors conferred.

Is a graduate degree holder
68% of CEOs have a graduate degree. The non-MBA Masters is the most common graduate degree with 56 CEOs obtaining a non-MBA Masters as their highest academic degree.

Is not likely to have an MBA
Only 28 CEOs in the SV150 have an MBA, of which six are from the Stanford Graduate School of Business and three are from the Harvard Business School (the top 2 attended programs). The low representation of MBAs in the SV150 is markedly different from the Fortune 100, where according to Forbes Magazine, the top graduate degree is the MBA with 57% of CEOs earning one. The MBA is least popular with CEOs who are also founders, representing only three of the 28 awarded MBAs.

CEO Education Breakdown

<table>
<thead>
<tr>
<th>Degree Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>93.4%</td>
</tr>
<tr>
<td>Graduate</td>
<td>67.8%</td>
</tr>
<tr>
<td>Masters Non-MBA</td>
<td>37.0%</td>
</tr>
<tr>
<td>MBA</td>
<td>18.4%</td>
</tr>
<tr>
<td>PhD</td>
<td>13.2%</td>
</tr>
<tr>
<td>JD</td>
<td>3.9%</td>
</tr>
<tr>
<td>MD</td>
<td>0.7%</td>
</tr>
</tbody>
</table>
CEO Leadership Profile

The Typical SV150 CEO:

Is not a founder
There are 109 non-founder CEOs currently in the SV150, versus 43 founders. This partly reflects the age of the companies: the average age of companies run by non-founders was 16 years; the average age of companies run by founders is eight years.

Was appointed after the year of the IPO
Only 35% of current SV150 CEOs were in place prior to the company IPO.

Has been in position for an average of 7.7 years
The average CEO tenure is 7.7 years, with a median of 5.5 years. The average tenure of CEOs leaving their position in 2015-2016 is nine years. For more on departing CEOs, see our discussion of CEO turnover on page 9.

When not a founder, is likely to be hired from the outside versus home-grown
61 of 109 non-founders (56%) were hired from the outside rather than home grown.

Is in his or her first CEO role
89 CEOs (59%) were in their first CEO role leading an independent company (either public or private, and without regard to company size). This represents 27 founders (63% of them) and 62 non-founders (just 57%).

Serves with a separate individual as Chairman of the Board
Only 46 CEOs (30%) were also their company’s Chairman of the Board. Most of these CEO-Chairmen (65%) were also founders. This statistic is down slightly from our 2014 report, at which time 35% of CEOs were also their company’s Chairman of the Board.

When the roles of CEO and Chairman of the Board are not combined, the odds are 1-in-4 that a former CEO of the company is in the Chairman role. For example, when Larry Ellison stepped down as CEO, he became Executive Chairman of Oracle (SV#7). This use of the former CEO in the board chair role represents an opportunity for mentorship and teamwork for the CEO, although there is also the potential for conflict.

Is no more likely to have a classified board as an unclassified one
As of December 31, 2015, exactly 75 boards in the SV150 were unclassified, meaning all directors are up for re-election each term. Classification is seen as a means of defending a company against takeover bids, and is found more often in smaller/younger companies in the SV150 than among larger companies, whose size may provide them with an inherent defense against takeover.
CEO Departures

SV150 CEO roles are not guaranteed for life. Even powerful founders sometimes lose relevance and call it a day. Some sell their companies as the final chapter (for example Ray Zinn, CEO and founder of Micrel, who was the longest serving CEO in the SV150 at the time of our 2014 CEO report). Some find themselves politely shown the door (for example TJ Rodgers, who prior to his departure from Cypress Semiconductor was our next longest serving SV150 CEO, see sidebar).

Our look at CEO departures focuses on CEOs from our 2014 CEO report who are no longer leading SV150 companies in 2016. There are 65 CEOs who departed the list, with 11 leaving because their companies no longer had sufficient revenues to qualify. Of the remaining 54 CEO departures, 52% left through resignation (both voluntary and involuntary), and 48% left through completed acquisition. We did not include the CEOs of companies with deals pending—if we did, the number of CEOs departing would rise by 13.

In the analysis of departing CEOs below, we included only those 54 CEOs who left the SV150 through resignation or acquisition. They represent a 36% rate of attrition over two years.

Departing CEOs Were:

Slightly older than currently seated CEOs
The average age of the departed CEOs was 57 versus an average of 53 for all currently serving CEOs. Those CEOs who departed through resignation were the same average age as those who departed through acquisition.

Not usually founders
19% of departing CEOs were also company founders. When we looked at only those CEOs who resigned, we found that this rate dropped to 7%. However, among CEOs whose companies were acquired, the rate of CEO-founders was a relatively large proportion, making up 31% of those CEOs.

In position an average of nine years
The average tenure of CEOs who departed through resignation (8.5 years) was lower than the average tenure of those who departed through acquisition (9.7 years).

More likely to have been Chairman of the Board than currently serving CEOs
40% of departing CEOs were also their company’s Chairman of the Board. This was higher for CEOs departing through resignation (46% of them were also Chairman) versus through acquisition (31% of them were also Chairman).

TJ Rodgers
Former CEO, Cypress—SV#49
At the time of his departure from the CEO role at Cypress in April, TJ Rodgers was our longest serving SV150 CEO, clocking in at 34 years in charge. In the press release announcing his resignation he stated: “...to be completely candid, the board and even the executive staff have urged me to bring new blood into operations.”

He is remaining on the Cypress Board to pursue technology projects.

In August, Hassane El-Khoury was appointed new CEO at Cypress.
CEOs New to the SV150

Just over 50 CEOs joined (or in some cases re-joined) the SV150 roster in the past two years since our last report. The majority (67%) replaced departing CEOs; the remaining 43% joined when their company was added to the SV150 list through IPO or growth.

CEOs New to the SV150 Are:

On average younger than the departing CEOs
The average age of the new group of CEOs is 49, versus the average age of 57 for departing CEOs, and 53 for CEOs overall.

Most likely a man but there were at least a few women
Four women CEOs joined the list in the last 24 months: Lisa Su of AMD (SV#30), Jayshree Ullal of Arista (SV#75), Lynn Jurich of SunRun (SV#120), and Elisa Steele of Jive (SV#144).

More likely to be from the US
77% of the new group of CEOs are from the US versus only 70% for CEOs overall.

Formally educated
92% have an undergraduate degree. This metric favors CEOs hired to replace departing CEOs (97% have an undergraduate degree) versus CEOs at companies joining the list through IPO or growth (87%). Most of the new group of CEOs had an undergraduate degree and 38% also have a graduate degree, but educational attainment differed significantly based on whether the CEO was hired to replace a departing CEO or joined the list through IPO or growth. Fewer IPO/growth CEOs have an undergraduate degree (87% versus 97%); and fewer of them have an MBA (13% versus 25%); however, more of them have a PhD (22% versus 7%).

Most likely a founder, if joining the list through IPO or growth
Not surprisingly, few of the CEOs hired to replace departing CEOs are founders (although Jack Dorsey at Twitter qualifies). However, 65% of CEOs joining the list through IPO or growth are founders.

Most likely promoted from within, if not a founder
63% of CEOs replacing departing CEOs were already working at the company prior to appointment.

Most likely a first-time CEO
57% of the new CEOs were first-time CEOs. Surprisingly, this was not different based on whether the CEO replaced a departing CEO or not.

Most likely to serve with a separate Chairman, except if leading a company joining the list through IPO or growth
A mere 7% of CEOs replacing departing CEOs were made Chairman (while 45% replaced a CEO-Chairman).
CEOs who are also founders are a defining characteristic of the Silicon Valley. They run 43 companies in the SV150, making up 28% of SV150 CEOs. In the S&P500, only 19 companies are run by CEO-Founders, and yes, five of those 19 overlap with the SV150—Alphabet (SV#2), Facebook (SV#9), Netflix (SV#14), Salesforce.com (SV#15), and NVIDIA (SV#23). That leaves CEOs who are also founders in charge of only 3% of S&P500 companies not in the SV150.

**SV150 CEOs Who Are Also Founders Are:**

- Slightly younger than non-founder CEOs
  Their average age is 51, versus an average age for non-founders of 53.

- Rarely women
  In our admittedly small group of nine women CEOs, only one is a founder: Lynn Jurich of SunRun (SV#120).

- US in origin, although with a higher likelihood of being foreign-born than non-founders
  Most SV150 CEOs are from the USA. However, 37% of founders are foreign-born versus 29% of non-founders. (Using biographical data enhanced by our admittedly imperfect interpretation of family names and with photographic input, about one-third of founders are Asian or of Asian descent, versus one in ten non-founders).

- Formally educated with college degrees
  Most founders have a college degree (86%). They also have a track record of obtaining graduate degrees roughly equivalent to non-founder CEOs, although they are not nearly as likely to acquire an MBA (7% of CEO-founders versus 24% of CEO non-founders). It is interesting to note that CEO-founders have a strong Stanford University affiliation: Stanford awarded 14 degrees held by 11 CEO-founders.

- The most likely CEO group in which to find a college dropout
  60% of all CEOs without a known undergraduate degree were founders. The most famous SV150 college drop-outs are all founders: Mark Zuckerberg, James Park, Aaron Levie, and Jack Dorsey.

- Most Likely Chairman of their Board
  70% of CEO-founders are Chairman of the Board. Among non-founders, only 15% are also Chairman.
Likely to have been CEO much longer than non-founders
The average tenure of founders currently serving in the SV150 is 13 years, or more than twice as long as non-founders, who have served an average of five years. 84% have been in seat more than the median of 7.7 years.

Most likely a first-time CEO
63% of them are first-time CEOs (although some like Elon Musk and Jack Dorsey are serial founder-CEOs). However, a nearly equivalent proportion of non-founder CEOs are also first-timers (57%).

Compensated less than CEO non-founders
The average annual compensation for CEO-founders is $6.4 Million versus $7.2 Million for CEO non-founders, or 12.5% less. For a more complete explanation of how these averages were computed, see the section on CEO Compensation on page 24.

Likely to have higher voting power
The average voting power of CEO-founders is 16%, versus the average voting power of CEO non-founders of 2%. Only two CEO-founders have negligible voting power, while the majority of non-founder CEOs (63%) have negligible voting power.

SV150 CEO-Founders Run Companies that Tend to Be:

Much closer in time to their IPO
CEO-founders ran companies an average of 8 years from their IPO (with a median of 5), while CEO non-founders ran companies an average of 16 years from their IPO.

Much more likely to have a Dual Class Stock (DCSO) structure
23% of CEO-founders run DCSO companies versus 6% of CEO non-founders.

More Likely to be in the Web, Consumer IT, and Clean tech sectors
Conversely, CEO non-founders are more likely to be in the Enterprise IT; Networking & Telecom; Health, Medical & Biotech; and Semiconductor sectors.
Two SV150 CEO Archetypes

The chart below illustrates archetypes of SV150 CEOs, both incredibly successful and powerful.

<table>
<thead>
<tr>
<th>Archetype</th>
<th>Founder &amp; Visionary</th>
<th>Elite Professional Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Worth (Forbes)</td>
<td>$11.6 Billion</td>
<td>$2.3 Billion</td>
</tr>
<tr>
<td>Birthdate</td>
<td>June 28, 1971 (age 45)</td>
<td>August 4, 1956 (age 60)</td>
</tr>
<tr>
<td>Place of Birth</td>
<td>Praetoria, South Africa</td>
<td>Cold Spring Harbor, New York</td>
</tr>
<tr>
<td>Education</td>
<td>BS Physics, UPenn; BS Economics, The Wharton School; (dropped out of Stanford PhD program after 2 days)</td>
<td>BA Economics, Princeton; MBA Harvard Business School</td>
</tr>
<tr>
<td>First Full Time Job</td>
<td>Founder of Zip2 (age 24)</td>
<td>Brand Manager, Procter &amp; Gamble (age 23)</td>
</tr>
<tr>
<td>Approach</td>
<td>Visioning risky new ventures</td>
<td>Left brain management of tough problems</td>
</tr>
</tbody>
</table>

Elon Musk, CEO  
**Tesla Motors—SV#28**

“When something is important enough, you do it even if the odds are not in your favor.”

Meg Whitman, CEO  
**Hewlett Packard Enterprise—SV#4**

“Ultimately they (succeeded in hiring me as CEO because) I thought it really mattered what happened to HP.”

The photographs on this page are provided for informational purposes and do not represent an endorsement or recommendation of this report, its opinions, authors, advisors, or sponsors.
Women CEOs In the SV150

One of the most interesting groups among SV150 CEOs is the eight remarkable women (nine when you include the CEO of recently sold Ruckus Wireless—SV#106) currently leading SV150 companies. They are listed by name in the sidebar. Here is our profile of these women leaders.

Women CEOs In the SV150 Are:

Slightly younger than the average male CEO
The average of the women CEOs was 50, while the average for the men was 53. Five of the women were born before the median year of birth for all SV150 CEOs (1963), and four were born after the median year.

More likely to be foreign born than the men
Four of nine (44%) were from outside the US. They are: Safra Catz from Israel, Jayshree Ullal born in London and raised in India, Selina Lo born in China, and Lisa Su born in Taiwan.

Extremely well educated in a wide variety of fields
No famous drop-outs here. The women CEOs are in general a well-educated group. Three have MBAs, one a JD, one a PhD from MIT. Five of nine have STEM degrees, the rest studied business or economics.

Not generally founders
With the exception of Lynn Jurich of SunRun (SV#50), they are all non-founder CEOs. However, that does not preclude their previously having been a founder at other technology start-ups. Selina Lo co-founded two successful startups (Centillion Networks and Alteon WebSystems) prior to being appointed CEO of Ruckus Wireless (SV#106). Marissa Mayer of Yahoo (SV#24) worked at Google in its earliest days, and while she is not a Google founder, she was employee 20 of that Silicon Valley giant.

Not usually Chairman of the Board
Of the nine companies in this group, only Genomic Health (SV#125) has a CEO-Chairman, Kimberly Popovits. She was made Chairman of the Board in 2012, after serving several years as CEO.

Equally likely to be home-grown talent as hired from the outside
Of the eight non-founders, four were hired from the outside to be CEO (Meg Whitman, Jayshree Ullal, Marissa Mayer, and Selina Lo); and four were promoted from within (Safra Catz, Elisa Steele, Kimberly Popovits, and Lisa Su).
Jayshree Ullal

Arista Networks CEO—SV#75

Jayshree Ullal, age 54, was born in London and raised in New Delhi, India. She was appointed CEO at Arista Networks in 2008, when it was a small pre-revenue company with about 30 employees. Building on her extensive networking background from her previous roles at Cisco and start-up Crescendo Communications, which was Cisco’s first acquisition in 1993, Jayshree took Arista public in 2014 and the company now boasts a market capitalization of $5.5 Billion.

With 9.3% voting power at Arista, she has the highest CEO voting power of any woman in the SV150, and is one of America’s wealthiest self-made women.

Usually first-time CEOs

No surprise here, given how challenging it is to become a CEO in the SV150. The only experienced CEO in the group is Meg Whitman, who before becoming CEO of Hewlett Packard, famously grew eBay revenues from $4 Million to $8 Billion from 1998-2008.

Often developed at mature public companies with significant leadership depth

Four of the women CEOs were developed (at least in part) at large technology companies, many of which are considered academy companies great at training executive talent: Elisa Steele at Microsoft, Yahoo (SV#24), and NetApp (SV#19); Lisa Su at IBM and Freescale; Jayshree Ullal at Cisco (SV#6), AMD (SV#30), and Fairchild (SV#52); and Kimberly Popovits at Genentech and Americare Critical Care.

From a diverse set of functional competencies prior to becoming general management

Meg Whitman’s wealth of prior experience was in general management (most spectacularly as former CEO of eBay); Marissa Mayer started out coding at Google, but later had general management experience in many Google businesses. Of the remaining seven women CEOs, four can be considered marketing and product management experts prior to becoming CEO (Selina Lo, Elisa Steele, Kimberly Popovits, and Jayshree Ullal); two had backgrounds focused on finance (Safra Catz, former CFO at Oracle (SV#7), and Lynn Jurich, a venture capitalist prior to earning an MBA and founding SunRun (SV#120)); and one, Lisa Su, earned a PhD in Electrical Engineering from MIT and was CTO at AMD (SV#30) prior to being appointed CEO.

Not limited to leading smaller companies

Three of the largest SV150 companies are run by women CEOs: HPE (SV#4), Oracle (SV#7), and Yahoo (SV#24).
Changing Industry Sectors

The SV150 represents a rapidly changing set of companies. Since the end of the Great Recession in mid-2009, anywhere between a low of 13 companies (in 2011) and a high of 17 companies (in 2012) have been replaced on the SV150 list each year. Along with this company turnover, the sectors they compete in (as defined by the Mercury News) have been undergoing significant change.

Companies Leaving the SV150
Over 20 companies are in the acquisition pipeline. Every sector is experiencing some acquisition activity so far this year, but the Consumer IT and Semiconductor sectors will be the hardest hit proportionally (see the sidebar table).

Companies Joining the SV150 through IPO
Silicon Valley IPO activity in 2016 has been anemic, with only three tech IPOs (Twilio NYSE: TWLO, Talend NASDAQ: TLND and Nutanix NASDAQ:NTNX) to-date. While there may be several more IPOs before the end of the year, we predict there will be significantly fewer public companies headquartered in Silicon Valley by the end of 2016.

Silicon Valley 150 Market Cap by Sector and Era of IPO

Total = $3.1 Trillion in market capitalization on September 1, 2016

Sector Population Changes
The most important sector trend in the SV150 is the dominance of companies in the “Web-Centric & Social Media” sector since 2010 (IPOs include Facebook (SV#9), Paypal (SV#12), LinkedIn (SV#32), and Twitter (SV#40)). The companies in pre-2010 era are dominated by Apple (SV#1) in the sector called “Consumer IT,” and Alphabet (SV#2) in “Web-Centric & Social Media.”

Note: Sectors shown ranked by number of companies in the older company group. HP Inc. included as an older public company for the purposes of this graph.

The CEOs below each illustrate some traits CEOs in their sector are known for:

**Semiconductor CEO**
Aart de Geus
Synopsys—SV#37

**Health, Medical & Biotech CEO**
Lewis Williams
FivePrime Therapeutics—SV#103

**Web-Centric & Social Media CEO**
Jack Dorsey
Twitter—SV#40

**Consumer IT CEO**
Steven Boal
Quotient—SV#134

**Enterprise IT CEO**
Mark Hurd
Oracle—SV#7

**Networking & Telecom CEO**
Kevin Mandia
FireEye—SV#81

CEOs within a sector sometimes share typical traits that differentiate them from CEOs in other sectors. The summary below is a description of these typical CEO traits and pulls from the table on the following page. Obviously, no individual CEO will exhibit all the typical traits of a sector, and there is plenty of room for CEOs within a sector to be dramatically different from one another.

**Semiconductor CEOs** are the most differentiated, with a significant population of older, foreign-born CEOs, often with PhDs. They have long tenures at older companies, and with a lower proportion of founders, they are among the most likely to serve with separate Chairmen.

**Health, Medical & Biotech CEOs** are also clearly differentiated. They are among the oldest and most experienced CEOs, are likely to have PhDs (although there is only one MD), and none of them are foreign-born. They are the most likely to serve as both CEO and Chairman of the Board combined.

**Web-Centric & Social Media CEOs** are the youngest overall and among the least likely to have earned STEM degrees. Most CEOs in this sector are US in origin. This sector is where you are most likely to find a founder in charge, and most likely to find a first-time CEO.

**Consumer IT CEOs** have the highest average voting power, reflecting a significant number of companies that are either newer public entities or made use of Dual Class Stock Ownership stock structures, or both. They tend to be younger than their colleagues and have the lowest rate of earning STEM degrees.

**Enterprise IT CEOs and Networking & Telecom CEOs** have a lot in common with each other and were not highly differentiated from their colleagues along demographic dimensions. These CEOs are among the least likely to be founders and most likely to have an MBA; the CEOs in these sectors are also among the most likely to serve with a separate Chairman of the Board.

Note: the Clean Tech sector has only five companies, and therefore is too small to draw meaningful conclusions. Their stats are not compared to the CEOs in the above analysis.
### Contents

<table>
<thead>
<tr>
<th></th>
<th>Semiconductor</th>
<th>Enterprise IT</th>
<th>Networking &amp; Telecom</th>
<th>Health, Medical &amp; Biotech</th>
<th>Web-Centric &amp; Social Media</th>
<th>Consumer IT</th>
<th>Clean Tech</th>
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<td>21</td>
<td>14</td>
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<td>24%</td>
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<td>14%</td>
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<td>5%</td>
<td>36%</td>
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<td>53%</td>
<td>59%</td>
<td>52%</td>
<td>57%</td>
<td>45%</td>
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<td>50%</td>
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<td>26%</td>
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<td>29%</td>
<td>43%</td>
<td>36%</td>
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<td>% First Time CEOs</td>
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<td>14%</td>
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<td>78%</td>
<td>43%</td>
<td>36%</td>
<td>27%</td>
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<tr>
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<td>0%</td>
<td>0%</td>
<td>13%</td>
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<tr>
<td>% with MBA</td>
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<td>21%</td>
<td>23%</td>
<td>20%</td>
<td>21%</td>
<td>18%</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td>% Ave Voting Power</td>
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<td>6.2%</td>
<td>6.4%</td>
<td>9.7%</td>
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<td>Ave Annual Comp 2013-15 ($M)</td>
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<td>7.8</td>
<td>4.6</td>
<td>0.0</td>
<td>112</td>
<td>12.5</td>
<td>11.1</td>
<td>7.0</td>
</tr>
</tbody>
</table>

*With only five companies, Clean Tech is not included in the sector CEO description on the previous page.*
When we divided the SV150 into two age groups, one made up of newer public companies with IPOs since 2010, and the other made up of older companies, we found they differed along important characteristics.

The average public era age of the companies in the two groups is dramatically different (20 years for the older group versus 3 years for newer public companies). Not surprisingly, newer public companies tend to be smaller in average revenues and average market capitalization (see sidebar).

The sector mix of the newer public companies is quite different from the companies that went public pre-2010. As can be seen in the graph below, the mix is far less chip oriented. Among newer public companies, the largest sector ranked by number of companies is Enterprise IT; the largest sector ranked by market capitalization, however, is the Web-Centric & Social Media sector, with 72% of the total market capitalization of all the newer public companies. The largest companies in the Web-Centric & Social Media sector are Facebook (SV#9), PayPal (SV#12), LinkedIn (SV#32), and Twitter (SV#40).

The largest newer public companies with IPOs since 2010, are HP Inc. (SV#5), the spinoff from Hewlett Packard with $49 Billion in 2015 revenue, and Facebook (SV#9) with $17.9 Billion in 2015 revenue.

Among the older public companies, Apple (SV#1) is the largest with $235 Billion in 2015 revenue. Without Apple, average older company revenue in the graph above drops to $53 Billion.

The peak IPO year for companies on the SV150 list today overall is 2013 (with 12 IPOs). Another peak year is 2015, also with 12 new companies, although six of them were formed by the break-up of three existing public companies in the SV150 (these three companies were Hewlett Packard, eBay, and JDSU).
We looked at the CEOs at the 57 companies with IPOs since 2010 to see if they were different from the leaders at older companies. Here’s what we found.

**The CEO of a Newer SV150 Public Company:**

**Is much younger in age**
The average age is 48 versus 54 years old at older companies.

**Is more likely to be US in origin**
79% were US in origin versus 65% of the CEOs of older companies.

**Is a man, but slightly more likely to be a woman than before**
Four of 57 CEOs at recent IPOs were women (7%), versus five of 96 CEOs of the older companies (5%). Neither company age group has a significant advantage where women CEOs are concerned.

**Is less traditionally credentialed academically**
CEOs at newer public companies were much more likely to be without a clear undergraduate credential (12% of CEOs versus 4% in the older company group). They were also much less likely to have a STEM degree (51% versus 64%), less likely to have a PhD (7% versus 17%), and less likely to have a Stanford affiliation (9% versus 15%). One area they were more likely to have a degree versus their counterparts at older public companies was in earning an MBA (23% versus 16%).

**Is much more likely to be a founder**
44% of CEOs at newer public companies were founders, but only 19% of the CEOs at the older companies were.

**If not a founder, is much more likely to be hired from the outside versus promoted from within**
This happened 69% of the time at newer public companies, versus 50% of the time with the older companies.

**Has been in position for an average of 7.3 years**
This is only slightly lower than the average tenure of CEOs at older companies (7.8 years). We include pre-IPO years in our analysis of CEO tenure.

**Is much more likely to be Chairman of the Board as well as CEO**
40% of the CEOs of the newer public companies were also their own Chairman. Only 24% of the CEOs at older companies were.

**Is able to command a higher average voting power**
The average voting power of CEOs at newer public companies was 10.9% versus 2.4% for CEOs at older companies.

---

*Dan Schulman*

**CEO, PayPal**—SV#12 IPO 2015

Dan Schulman, age 58, is CEO of 2015 IPO PayPal. He was brought into eBay (SV#13) in 2014 as CEO-Designee of the PayPal business prior to spin-off, and is one of the most experienced CEO outside hires in the SV150.

Prior to running PayPal, Dan led Enterprise Growth at American Express and was a very successful CEO at Priceline.com, where he grew revenues from $20 Million to $1 Billion, and Virgin Mobile USA, which he took public in 2007 and grew to one of the nation’s top wireless carriers. Dan spent his early career at AT&T and has an MBA from NYU.
S&P500 Constituent Companies In the SV150

Thirty companies in the SV150 are also part of the S&P500 (for brevity we will call them constituent companies from now on). They are typically large and financially stable. The average market cap of constituent companies is $89 Billion, and they average 24 years since going public.

The CEOs of SV150 Companies In the S&P500 Are:

Demographically similar to CEOs of other SV150 companies
They are about the same age (52 versus 53 for other SV150 CEOs); they are just as likely to have a foreign origin (both come in at 1/3rd in foreign origin); and they are not all that likely to be women (3 of them are, or 10%, versus an even lower 5% of other SV150 CEOs).

However, they have a different educational background than CEOs of other SV150 companies
They are much more likely to have an MBA (26% of the time versus 16% of the time for CEOs in the rest of the SV150); somewhat related to this, they are much less likely to have earned a STEM degree (52% of the time versus 61% of the time for CEOs in the rest of the SV150); and they have a higher rate of Stanford University affiliation (23% have Stanford degrees versus 11% of CEOs in the rest of the SV150).

Lower in CEO tenure
The average tenure of constituent company CEOs is six years, versus eight years for CEOs of other SV150 companies (note we grandfathered in Meg Whitman’s years as CEO prior to the creation of HPE (SV#4) through a split of Hewlett Packard in 2015).

Much less likely to be a founder
Only five constituent companies are run by founders, or less than 17%. These companies are Alphabet (SV#2), Facebook (SV#9), Netflix (SV#14), Salesforce.com (SV#15), and NVIDIA (SV#23). Founders run 32% of all other SV150 companies.

More likely to have been promoted from within versus hired from the outside—when not a founder
In constituent companies with a non-founder CEO, the CEO was promoted from within 77% of the time. In the rest of the SV150, the non-founder CEO was promoted from within in only 34% of cases.
More likely to have lower voting power
Constituent company CEOs have an average voting power of 3.2%. The vast majority of CEOs running these companies (84%) have less than 1% voting power. In the rest of the SV150, CEOs have a higher voting power of 6.2% and only 37% of them have voting power of less than 1%

But more likely to have higher annual compensation
The average CEO compensation for constituent companies was $12.2 Million per year, which is roughly equivalent to the S&P500 CEO average of $12.8 Million computed from data reported by Equilar. This is inclusive of cash salary and non-equity incentive plan compensation (proxy term for a performance bonus), as well as stock and option awards. In the rest of the SV150, the 2013-2015 average annual compensation was a much lower $5.7 Million per year. For a more complete discussion of CEO compensation, see page 24.

Much more likely to have a separate Chairman of the Board
At constituent companies, the roles are separated 87% of the time. In the rest of the SV150, the roles are separated 65% of the time. This is in sharp contrast to the S&P 100, in which the roles are separated only 24% of the time.

Much more likely to have the former CEO of the company in the separate Chairman role
At constituent companies with a separate Chairman, the former CEO is the Chairman 50% of the time. In the rest of the SV150, the former CEO is the Chairman in only 12% of cases. Constituent companies with former CEOs as Executive Chairmen include:

- Alphabet—SV#2
- Cisco—SV#6
- Oracle—SV#7
- Gilead Sciences—SV#8
- Equinix—SV#34

Jen-Hsun Huang
CEO, NVIDIA—SV#23

Jen-Hsun Huang, age 53, was born in Taiwan and moved as a child first to Thailand and then the United States in order to escape conditions of civil unrest. After earning a MSEE from Stanford in 1992, he co-founded graphics chip-maker NVIDIA and has been its CEO since inception. He took NVIDIA public in 1999.

Like many founders, he draws a comparatively modest annual compensation (for CEOs of large public companies), averaging $8.4 Million a year over 2013-2015, but with his ownership stake in NVIDIA he is one of the wealthiest people in America, being named to the Forbes 400 list this year with an estimated net worth of $1.7 Billion.
Dual Class Stock Companies

In last year’s “Who Runs Silicon Valley” report on board governance, we identified an increasingly important trend in the way Silicon Valley companies are going public. The use of “dual class stock ownership” structure (DCSO), in which companies have both Class A and Class B Common Stock, creates a privileged Class B of shares generally conferring ten times the voting rights of Class A. Ownership of Class B is controlled by just a few “super-voters,” and this class typically does not trade in the open market.

The effect of this stock structure is to enhance the power of founders and pre-public participants even beyond their rate of actual economic ownership. With this structure in place, founders can more effectively retain control over key board decisions such as the selection of the CEO and the response to takeover bids.

DCSO is rising in popularity

Last year we listed 11 companies in the SV150 (including Google, Facebook, LinkedIn, and GoPro) actively utilizing this structure. In this year’s list we count 16 (with the now delisted Leapfrog (SV#138) as one of them). The Wall Street Journal reports that 14% of IPOs in 2015 were dual class in stock structure, as opposed to only 1% of IPOs in 2005. In the Silicon Valley, of the seven companies not formed via spin-off which joined the SV150 list this year, four utilized a DCSO structure. The four new SV150 DCSO companies are Fitbit (SV#46), Square (SV#56), Pure Storage (SV#96), and Box (SV#121).

DCSO is not an entirely tech phenomenon

Fenwick & West reports that the rate of DCSO companies in the SV150 (9.4%) is similar to the percentage of the S&P100 (9.0%). However the circumstances favorable to the creation of a DCSO company are particularly compelling in Silicon Valley.

How does DCSO impact a CEO at one of these companies?

If the CEO is a significant Class B shareholder, he or she will have significant voting power. SV150 CEOs at DCSO structure companies have an average voting power of 33%, versus non-DCSO CEOs who have an average voting power of 2.6%. In fact, there are four CEOs at DCSO structure companies who have greater than 50% voting power. The CEO with this kind of voting power enjoys exceptional immunity against the opinions of minority shareholders.

Average CEO Voting Power

<table>
<thead>
<tr>
<th>CEO</th>
<th>Voting Power</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aneel Bhusri</td>
<td>84%</td>
</tr>
<tr>
<td>Nick Woodman</td>
<td>76.88%</td>
</tr>
<tr>
<td>Mark Zuckerberg</td>
<td>60.1%</td>
</tr>
<tr>
<td>Robert Pera</td>
<td>67.15%</td>
</tr>
<tr>
<td>Eylon Musk</td>
<td>26.5%</td>
</tr>
<tr>
<td>Nathan Zommer</td>
<td>22%</td>
</tr>
<tr>
<td>All other CEOs</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

Highest CEO Voting Power at DCSO Companies

Aneel Bhusri—84%
Workday—SV#61

Nick Woodman—76.88%
GoPro—SV#48

Mark Zuckerberg—60.1%
Facebook—SV#9

Highest CEO Voting Power at Non-DCSO Companies

Robert Pera—67.15%
Ubiquiti—SV#82

Eylon Musk—26.5%
Tesla—SV#28

Nathan Zommer—22%
IXYS—SV#117

Source: Company Proxy Statements
CEO Compensation

CEO compensation is a very hot topic. The typical American thinks CEOs earn more than they are worth. However, 84% of Fortune 500 CEOs who answered a Stanford University “Say on Pay” survey believe they are paid correctly.10

How much are SV150 CEOs paid? Not surprisingly, the answer varies quite a bit depending on the company and the timing. In order to get as close as possible to “normal” CEO compensation, we created a dataset that includes only those companies where the same individual was CEO from 2013 through the 2016 proxy filing. Using the published proxy tables on executive compensation at these 100 companies, we then calculated what SV150 CEOs reportedly earned from 2013-2015.

The SV150 CEO:

Earns a high annual income
According to the Bureau of Labor Statistics, the average annual compensation for all US CEOs is $185,850.11 In the SV150, the average annual compensation over the three year period 2013-15 was $7 Million. This is inclusive of cash salary and non-equity incentive plan compensation (proxy term for a performance bonus), as well as stock and options. The value of stock and options is not necessarily the realized cash value to the individual, but is a single point in time valuation.12

Not surprisingly, earns a higher average compensation at a larger company than at a smaller company
The compensation multiple, however, is significantly less than the revenue multiple involved.

Marissa Mayer
CEO, Yahoo—SV#24
Marissa is the top paid SV150 CEO with a cumulative 3 year total (2013-2015) of $102 Million.9

The Breakdown:
Salary—$3 Million
Stock Awards—$34 Million
Option Awards—$62 Million
Non-Equity Incentive Plan Compensation—$3 Million

She was recruited away from Google in 2012 to take the top job at Yahoo (her first CEO position) and has recently overseen the sale of its core assets to Verizon. The Board of Directors at Yahoo has stated they may announce a new name/ticker symbol for what remains of Yahoo sometime in early 2017.
However, likely earns less than an S&P 500 CEO  
The average 2015 compensation for S&P500 CEOs who had been in place at least two years was $12.8 Million\textsuperscript{13} versus $8 Million for equivalently tenured SV150 CEOs. The median compensation was $10.8 Million. Only 16% of SV150 CEOs earned greater than $10.8 Million in 2015.

**Experienced 46\% growth in income over 2013-2015**  
At the 100 companies where the same CEO led the company from 2013 to 2015, compensation grew from an average of $5.5 Million in 2013 to $8.0 Million in 2015. Almost all of this growth was in the value of stock awards.

**Earns the greatest nominal compensation value from stock**  
Of the $2.1 Billion in CEO compensation reported on the latest proxies for 2013-2015, 50\% was in stock awards.
Is SV150 compensation too high?

For those who believe CEO compensation is hurting worker pay, it should be noted that if the entire 2015 annual CEO compensation for these 100 CEOs was distributed to all their employees as a bonus, it would amount to under $850 per person—not an insignificant amount, but not the answer to stagnant US wages.

Experiences volatility in year-to-year compensation

We saw quite a few spikes and troughs in the annual compensation data. 58% of all CEOs in this group experienced at least one year of compensation from 2013-2015 which deviated from their three year annual average by more than 25%. 32% experienced at least one year of compensation which deviated from their three year annual average by more than 50%.

CEOs who are also founders may make lower compensation than non-founders (but may have a lot more voting power)

CEO-founders make an annual average compensation of $6.4 Million, versus $7.2 Million for CEO non-founders, or 12.5% less. However, average Voting Power for this sub-group of 100 CEOs is 17% for CEO-founders, versus 2.6% for non-founders.

Ears a higher average compensation in some sectors over others

The average annual compensation varied dramatically by sector, as the graph below illustrates.

**Average Annual CEO Compensation by Industry Sector (2013-2015)**

- **Consumer IT**: $12.5 Million
- **Web-centric & Social Media**: $11.2 Million
- **Enterprise IT**: $7.8 Million
- **Semiconductor**: $5.6 Million
- **Networking & Telecom**: $4.6 Million
- **Health, Medical & Biotech**: $4.2 Million

Note: 100 CEOs in seat 2013-2015 only. Clean tech not included because sector was limited to three companies.
Ownership & Voting Power

The adjunct to compensation is ownership and voting power. As you can see in the graph below, the management teams of the SV150 enjoy considerably more ownership and voting power than their S&P100 counterparts. Voting power differs from ownership when an individual controls the voting rights of shares not owned outright, usually in the case of trusts, non-management family members, and cooperative voting agreements with other executives.

Management Stock Metrics

Voting Power of Management

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<th></th>
<th>S&amp;P100</th>
<th>SV150</th>
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<tr>
<td>1%–4%</td>
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<td>&gt;4%–10%</td>
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<td></td>
</tr>
<tr>
<td>&gt;10%–50%</td>
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<td></td>
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<td>&gt;50%</td>
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<td></td>
</tr>
<tr>
<td>&gt;50%</td>
<td></td>
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</table>

Stock Ownership of Management

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<thead>
<tr>
<th></th>
<th>S&amp;P100</th>
<th>SV150</th>
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<tr>
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<tr>
<td>1%–4%</td>
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<td></td>
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<td>&gt;50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;50%</td>
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</tr>
</tbody>
</table>

One factor favoring greater ownership and voting power in the management of the SV150 is the relative youth of many of the companies involved, when founders are still actively involved in management teams.

Another factor contributing to higher management voting power is the use of “dual class stock ownership” structures (DCSO). Four of the seven recent IPOs (not generated by spin-offs) which hit the SV150 list last year used this structure, including Fitbit (SV#46), Square (SV#56), Pure Storage (SV#96), and Box (SV#121). For a deeper discussion of DCSO, see pg. 23.

CEOs & Voting Power

In the SV150, just over half of CEOs have enough voting power (over 1%) to be reported in the proxy. The average voting power of all SV150 CEOs (assuming zero voting power for the CEOs whose voting power is under the reporting threshold) is 5.6%. The average of all those CEOs with a reported voting power is 10.5%. For a breakdown of SV150 CEOs by voting power band, see the graph in the sidebar.

What does a CEO do with voting power? The traditional answer is that voting power influences who sits on the board of directors. So in theory, a CEO with high voting power can pick out a board likely to support his or her agenda. In reality, CEOs with high voting power sometimes defer to minority shareholders in the election of independent directors. However, the governance reality for boards of directors working with a CEO with high voting power is they must combine a management oversight role along with attention to the shareholder interests of owner-managers.
In looking at CEO power, our goal has been to develop simple metrics of CEO performance. In technology companies in particular, trying to compare companies can be problematic. How do you compare a social media company like Twitter (SV#40) to a physical product company like Netgear (SV#53)? How do you compare an enterprise-oriented firm like Cisco (SV#6) to a consumer oriented firm like Fitbit (SV#46)?

We decided to look at SV150 CEO performance along two simple dimensions: delivering promised results, and providing investors with a desirable rate of return versus other tech firms. When the CEO either delivered on promised results and/or showed a track record of superior earnings, it added to their Power Quotient (see page 31).

To develop the first metric, we looked at the last four quarters of announced earnings and determined if the CEO had met or exceeded EPS targets for all four quarters. We were surprised to see that only 57% of SV150 companies achieved this goal (note we did not have a full year’s track record on all 150 companies, due to timing of IPOs and acquisitions).

### Percent CEOs by Quarters of EPS Targets Met of Last 4

<table>
<thead>
<tr>
<th>Four of Four Quarters Met</th>
<th>57%</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 of 4 Quarters Met</td>
<td>27%</td>
</tr>
<tr>
<td>2 of 4</td>
<td>6%</td>
</tr>
<tr>
<td>1 of 4</td>
<td>5%</td>
</tr>
<tr>
<td>0</td>
<td>4%</td>
</tr>
</tbody>
</table>

Note: Quarterly surprise data from Yahoo Finance; includes all CEOs with a one year track record still in seat.

The second performance metric we assessed was if the company surpassed the S&P500 IT sector three year return of 15.12%. Of CEOs who had been in place for at least three years, only 74% achieved this. In fact, at 19 of these companies, the three year return was less than 0%. We found it interesting that in the set of companies which had three year returns of less than 0%, the CEO was replaced sometime in the past 3 years at 37% if them.
Americans have a conflicted view of power. They want to know about it (just count the frequent “most powerful” lists in magazines like Fortune and Forbes) and they even seem to admire people who have it, but they combine fascination with suspicion. Many of us fear power may end up being used to protect self-interest and preserve an undeserving status quo.

Public company CEO power is overrated. Gone are the days when an omnipotent CEO could unilaterally decide compensation, strategy, board membership, and financial policy. Today’s public company CEOs are given many fewer degrees of freedom by shareholder activists, government regulation, board oversight, employee opinion, and customer reviews and ratings. Is it any wonder that 84% of Fortune 500 CEOs surveyed by Fortune Magazine said it would be easier to run their company if it were private.?

But even if the old-school playbook of “my way or the highway” has been thrown out for quite some time, power is a fundamental trait, even a consequence, of being a SV150 CEO. Some have more than others. Some used to have more of it but have less now. And some who don’t have much of it are getting tossed out and replaced.

What We Think About CEO Power

The ability to make change happen is a power potential that is measurable and comparable

It may not be as stable and quantifiable as height and weight, but each CEO’s access to different reserves of power can be measured as a type of Power Quotient.

Much of it emanates from the company: its size, the power of the brand, and investor and consumer confidence

The individual in the role can receive power from these sources, like putting on a suit of new clothes. One example of this is Tim Cook, who was not well-known prior to replacing Steve Jobs. Tim Cook donned the power of the CEO of Apple (SV#1) and has since, through his business track record and personal choices, made it intrinsically his own. The power of CEOs like Tim Cook is fed by reserves of power not accessible to the CEOs of less large, well-known and beloved companies. In order to make comparisons of CEO power, we grouped CEOs in tiers based on the market capitalization of their companies, with market cap as a proxy for the size of the power reserves attached to the company.
**Wealthiest SV150 CEOs**

*(from the October 2016 Forbes 400 list)*

**Mark Zuckerberg**
$55.5 Billion
Facebook—SV#9

**Larry Page**
$38.5 Billion
Alphabet—SV#2

**Elon Musk**
$11.6 Billion
Tesla—SV#28

**Marc Benioff**
$3.8 Billion
Salesforce.com—SV#15

**Robert Pera**
$3.2 Billion
Ubiquiti—SV#82

**Meg Whitman**
$2.3 Billion
HPE—SV#4

**Jen-Hsun Huang**
$1.7 Billion
NVIDIA—SV#23

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**SV150 CEO Power continued...**

It can be shared with others, and the whole may be bigger than the sum of its parts

CEOs aligned with colleagues and co-founders, investment partners, former CEOs, and family shareholders can be more powerful than the CEO who wields power alone. Examples of powerful CEO cabals: the Alphabet (SV#2) co-founders along with former CEO Eric Schmidt; and Oracle (SV#7) co-CEOs Safra Catz and Mark Hurd with former CEO and Executive Chair Larry Ellison.

It is not a "fixed" trait like eye color, but is constantly changing up and down with circumstances

LendingClub (SV#66) CEO and founder Renaud LaPlanche would have appeared to be quite powerful prior to his departure in 2016. However, the circumstances of his mistakes as CEO, in which he ignored standards of transparency required in his industry, erased the power potential he had (e.g. significant stock ownership, huge industry credibility, and Chairmanship of a board made up of directors who had a long and positive history with him). His power potential was real, but backed by objective standards of corporate governance, the Board of Directors had the power to require his resignation. Not surprisingly, rumors surfaced after his departure that he was considering a buyout of his former company.16

Not the same as money, as measured by compensation or even wealth

Power can mean you get a lot of compensation, but not always, and as we see in this report, some of the most powerful leaders in the Silicon Valley aren’t the highest earners, as the origin of their economic clout comes from ownership, not income.

**SV1500 CEOs with Negligible Annual Compensation**

<table>
<thead>
<tr>
<th>CEO</th>
<th>Company</th>
<th>Comp*</th>
<th>Voting Power</th>
</tr>
</thead>
<tbody>
<tr>
<td>Larry Page</td>
<td>Alphabet (SV#2)</td>
<td>$1</td>
<td>26.60%</td>
</tr>
<tr>
<td>Mark Zuckerberg</td>
<td>Facebook (SV#9)</td>
<td>$1</td>
<td>60.10%</td>
</tr>
<tr>
<td>Jeremy Stoppelman</td>
<td>Yelp (SV#83)</td>
<td>$1</td>
<td>31.8%</td>
</tr>
<tr>
<td>Robert Pera</td>
<td>Ubiquiti Networks (SV#82)</td>
<td>$0</td>
<td>67.15%</td>
</tr>
<tr>
<td>Lee Chen</td>
<td>A10 Networks (SV#143)</td>
<td>$0</td>
<td>16.84%</td>
</tr>
</tbody>
</table>

* Note: The value of private security when it is included in "Other Compensation" on the proxy is deducted from compensation in this table.
Building the Power Quotient

We broke CEO power into four dimensions, using a framework published in 1992 by Sydney Finkelstein of the Tuck School of Business. This framework has been used in multiple CEO studies and is a robust model of power. We assigned measurable traits to each dimension, as explained below.

Ownership Power derives from the share of public company stock held by the CEO

There is no more readily measured or credibly wielded power metric than votes. With voting power comes the right to choose the board of directors, and from there to have a say in all board decisions, such as strategy, financial policy, and retention of the CEO. And while no one can argue with the five CEOs in the SV150 who actually have greater than 50% voting power, it really does not require that level of voting power to be heard in the boardroom. We obtained voting power stats straight from the company proxy, where all shareholders with greater than 1% voting power are listed.

Structural Power derives from position, titles and role

We increased the Power Quotient for CEOs who were also the Chairman of the Board. We credited the CEO who had served concurrently with members of the board for a longer period of time with more Power. If the board was also classified, meaning only a portion of the board (usually one third) can be replaced in any one year, this also enhanced Power. This information about titles and roles, the tenure of the CEO and the board members, as well as the classification of the board, is all information readily available in the company proxy.

Expert Power is derived from knowledge, experience, and access to information not readily available to others

We credit founders with Expert Power. In technology companies, the founders are regarded as having special expertise regarding their products and customers. We also credited experienced CEO hires as having Expert Power, and if they had overseen a particularly compelling prior success, we gave them “kicker” points in the Power Quotient. The longer the tenure as CEO, the more Expert Power we awarded. Lastly, sitting on the boards of other large, successful, or important companies also enhanced the CEO’s Power Quotient.

Prestige Power reflects having a positive reputation which enhances the CEO’s perceived ability or judgment

We defined two constituencies relevant to the power quotient: Wall Street and the general public. In order to earn Prestige Power with Wall Street, we assessed the CEO’s earnings performance. When the CEO either delivered on EPS targets and/or showed a track record of superior earnings, it added to their Power Quotient. Another component of Prestige Power derived from stature in social media. While it is hard to measure a CEO’s ability to sway public opinion, we measured the number of Twitter followers each CEO had, and increased the Power Quotient for those with over 100,000 followers (there were ten SV150 CEOs who did).
**CEO Power Quotients**

We compiled the Power Quotients for all 152 CEOs of the SV150 including those whose companies were acquired this year.

Who got top marks in each power category? The answers are below. CEOs are shown listed in order of their SV150 company ranking, and CEOs of large cap companies with over $5 Billion in market cap are shown in italics.

### Ownership Power

5 CEOs earned top marks in this category through wielding greater than 50% of the voting rights for their company. These CEOs are:

- **Mark Zuckerberg**, Facebook (SV#9): voting power 60.1%
- **Norman Schwarz**, Bio-Rad (SV#44): voting power 84% (of Class B Common Stock)
- **Nick Woodman**, GoPro (SV# 48): voting power 76.88%
- **Aneel Bhusri**, Workday (SV#61): voting power 84.0%
- **Robert Pera**, Ubiquiti Networks (SV#82): voting power 67.15%

### Structural Power

17 CEOs earned top marks in this category. Several interesting patterns emerged: eight of 17 are recent IPOs; five of the 17 lead Health, Medical & Biotech companies; and for the most part, these CEOs also tend to lead smaller cap companies in the bottom half of the SV150 rankings.

These CEOs are:

- **Reed Hastings**, Netflix (SV#14)
- **Elon Musk**, Tesla (SV#28)—2010 IPO
- **Charles Liang**, Super Micro Computer (SV#42)
- **Tom Werner**, Sunpower (SV#50)
- **Shaw Hong**, Omnisision (SV#58)—acquired in 2016
- **John McLaughlin**, Palo Alto Networks (SV#62)—2012 IPO
- **John Bishop**, Cepheid (SV#85)
- **Randall Lipps**, Omnicell (SV#93)
- **Syed Ali**, Cavium (SV#98)
- **Michael Hsing**, Monolithic Power Systems (SV#115)
- **Aaron Levie**, Box (SV#121)—2015 IPO
- **Doug Valenti**, Quinstreet (SV#126)—2010 IPO
- **Lewis Williams**, Five Prime Therapeutics (SV#103)—2013 IPO
- **Timothy Jenks**, Neophotonics (SV#113)—2011 IPO
- **Niccolo de Masi**, Glu Mobile (SV#132)
- **Matthew Rabinowitz**, Natera (SV#146)—2015 IPO
- **Thomas Neff**, Fibrogen (SV#149)—2014 IPO

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**Two CEOs with Top Structural Power**

**Reed Hastings**

**CEO & Chairman, Netflix —SV#14**

Reed earns top marks for structural power, having been CEO since he co-founded the company in 1997. He also serves as Chairman of the Board. He has significant co-tenure with his classified board, with four of his eight directors having served alongside him for over ten years.

**Lewis Williams**

**CEO & Chairman, Five Prime Therapeutics**

**SV#103 2015 IPO**

Lewis also earns top marks for structural power, having founded the company in 2001 and served as CEO since 2011. He also serves as Chairman of the Board. He has significant co-tenure with his classified board, with five of his nine directors having served alongside him for over five years.
CEO Expert Power

Jack Dorsey

CEO & Chairman, Square — SV#56

Jack exemplifies expert power at Square, a company he founded in 2009 and where he has been CEO since inception. He is well connected in the boardrooms of the Silicon Valley and beyond: in addition to Chairing the Board at Square, he is CEO (and former Chairman) at Twitter (SV#40), and he sits on the board of The Walt Disney Company.

CEO Prestige Power

Marc Benioff

CEO, Salesforce.com — SV#15

Marc exemplifies prestige power at Salesforce.com, where has been CEO for 15 years. Over this time he has delivered reliable stock performance, beating his last four quarters of EPS targets, and racking up an impressive three year ROE of over 80%. Marc also has significant media presence, with 290,000 Twitter followers. He is known for his philanthropy and his activism promoting workplace diversity.

Expert Power

13 CEOs earned top marks in this category. There is a fairly even mix between large cap companies and smaller cap companies.

These CEOs are:

Meg Whitman, HPE (SV#4)
Dan Schulman, PayPal (SV#12)
Reed Hastings, Netflix (SV#14)
Elon Musk, Tesla (SV#28)
Jack Dorsey, Twitter (SV#40) & Square (SV#56)—earned top expert marks for both companies
Aart de Geus, Synopsys (SV#37)
Lip-Bu Tan, Cadence (SV#47)
Tom Werner, Sunpower (SV#50)
Jerry Rawls, Finisar (SV#57)
Aneel Bhusri, Workday (SV#61)
Ken Xie, Fortinet (SV#64)
Dan Rosensweig, Chegg (SV#122)
Phil Fernandez, Marketo (SV#141)—acquired 2016

Prestige Power

Only 3 CEOs earned top marks in this category, in part because of the difficulty in earning full social media credit on top of delivering Wall Street reliability. Because larger companies lend their social media clout to their CEOs, when it comes to reaching followers, all of these CEOs are in charge at large cap companies.

These CEOs are:

Meg Whitman, HPE (SV#4)
Mark Zuckerberg, Facebook (SV#9)
Marc Benioff, Salesforce.com (SV#15)

Note: Meg Whitman’s tenure as CEO of Hewlett Packard is added to her tenure at HPE for purposes of this power analysis.
Who Are the Most Powerful SV150 CEOs?

In order to analyze our Power Quotient rankings, we divided the SV150 into four tiers based on September 1, 2016, market cap.

**SV150 Power Quotient Tiers**

<table>
<thead>
<tr>
<th>Tier 1 Market Cap</th>
<th>Tier 2 Market Cap</th>
<th>Tier 3 Market Cap</th>
<th>Tier 4 Market Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,470 B</td>
<td>$1,450 B</td>
<td>$150 B</td>
<td>$12 B</td>
</tr>
</tbody>
</table>

**Tier 1 Power Ranking**

Tier 1 represents 48% of SV150 total market cap and is made up of only three companies: Apple (SV#1), Alphabet (SV#2), and Facebook (SV#9).

Within Tier 1, here is the CEO power ranking:

<table>
<thead>
<tr>
<th>Rank</th>
<th>CEO</th>
<th>Company</th>
<th>SV#</th>
<th>Mkt Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mark Zuckerberg</td>
<td>Facebook</td>
<td>9</td>
<td>$362 B</td>
</tr>
<tr>
<td>2</td>
<td>Larry Page</td>
<td>Alphabet</td>
<td>2</td>
<td>$528 B</td>
</tr>
<tr>
<td>3</td>
<td>Tim Cook</td>
<td>Apple</td>
<td>1</td>
<td>$575 B</td>
</tr>
</tbody>
</table>

What differentiated these CEOs in their Power Quotients?

**Mark Zuckerberg** has taken the SV150 tech CEO trifecta to new heights: he is the founder, CEO, and Chairman of the Board with 60.1% voting power and personal wealth estimated at $55.5 Billion. Externally, he is a social media celebrity with millions of Facebook followers. He has engineered a structural power monopoly at Facebook. Do we need to say more?

**Larry Page** trails Zuckerberg only slightly. Although he too is a founder-CEO, he has much lower personal voting power at Alphabet—“only” 26.6%; however, when combined with co-founder Sergey Brin, together they have 52.4% voting power. Larry’s prestige quotient was lowered a bit by a large earnings-per-share miss in Q1 2016. He also has chosen to keep a lower social media profile than Zuckerberg or Cook.

**Tim Cook** comes in third. While he has embraced CEO activism in 2016 with his public stand on discrimination issues, he is still somewhat in the shadow of the departed Steve Jobs. We respectfully view him as a hired hand at Apple: he is neither a significant stockholder, nor is he Chairman of the Board (that role is filled by Disney CEO Bob Iger). Tim’s prestige quotient was lowered for missing Q1 2016 earnings, the first time Apple failed to meet earnings estimates in four years.
## The Top Tens

We ranked the rest of the CEOs of the SV150 within their market cap Tier peer groups only. The “Top 10” most powerful CEOs in each tier is shown below. Founder-CEOs are listed in **RED**.

### Tier 2 Power Ranking
46 Companies

**Large Cap**  
Over $5 Billion in market cap as of September 1, 2016 (excludes Apple, Alphabet, and Facebook)

<table>
<thead>
<tr>
<th>Rank</th>
<th>CEO</th>
<th>Company</th>
<th>SV#</th>
<th>Mkt Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Elon Musk</td>
<td>Tesla Motors</td>
<td>28</td>
<td>$29.9 B</td>
</tr>
<tr>
<td>2</td>
<td>Aneel Bhusri</td>
<td>Workday</td>
<td>61</td>
<td>$17.3 B</td>
</tr>
<tr>
<td>3</td>
<td>Marc Benioff</td>
<td>Salesforce.com</td>
<td>15</td>
<td>$51.4 B</td>
</tr>
<tr>
<td>4</td>
<td>Ken Xie</td>
<td>Fortinet</td>
<td>64</td>
<td>$6.3 B</td>
</tr>
<tr>
<td>5</td>
<td>Reed Hastings</td>
<td>Netflix</td>
<td>14</td>
<td>$41.8 B</td>
</tr>
<tr>
<td>6</td>
<td>Mark McLaughlin</td>
<td>Palo Alto Networks</td>
<td>62</td>
<td>$12.6 B</td>
</tr>
<tr>
<td>7</td>
<td>Aart de Geus</td>
<td>Synopsys</td>
<td>37</td>
<td>$9.0 B</td>
</tr>
<tr>
<td>8</td>
<td>Meg Whitman</td>
<td>HP Enterprise</td>
<td>4</td>
<td>$36.8 B</td>
</tr>
<tr>
<td>9</td>
<td>Brad Smith</td>
<td>Intuit</td>
<td>26</td>
<td>$27.8 B</td>
</tr>
<tr>
<td>10</td>
<td>Jeff Weiner</td>
<td>LinkedIn</td>
<td>32</td>
<td>$26.0 B</td>
</tr>
</tbody>
</table>

### Tier 3 Power Ranking
67 Companies

**Mid Cap**  
$1–$5 Billion in market cap as of September 1, 2016

<table>
<thead>
<tr>
<th>Rank</th>
<th>CEO</th>
<th>Company</th>
<th>SV#</th>
<th>Mkt Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Robert Pera</td>
<td>Ubiquiti Networks</td>
<td>82</td>
<td>$4.3 B</td>
</tr>
<tr>
<td>2</td>
<td>Jack Dorsey</td>
<td>Square</td>
<td>56</td>
<td>$3.9 B</td>
</tr>
<tr>
<td>3</td>
<td>Aaron Levie</td>
<td>Box</td>
<td>121</td>
<td>$1.7 B</td>
</tr>
<tr>
<td>4</td>
<td>Charles Liang</td>
<td>Super Micro Computer</td>
<td>42</td>
<td>$1.1 B</td>
</tr>
<tr>
<td>5</td>
<td>Norman Schwartz</td>
<td>Bio-Rad Laboratories</td>
<td>44</td>
<td>$4.4 B</td>
</tr>
<tr>
<td>6</td>
<td>Syed Ali</td>
<td>Cavium</td>
<td>98</td>
<td>$3.8 B</td>
</tr>
<tr>
<td>7</td>
<td>Michael Hsing</td>
<td>Monolithic Power Systems</td>
<td>115</td>
<td>$3.1 B</td>
</tr>
<tr>
<td>8</td>
<td>James Park</td>
<td>Fitbit</td>
<td>46</td>
<td>$3.1 B</td>
</tr>
<tr>
<td>9</td>
<td>Jeremy Stoppelman</td>
<td>Yelp</td>
<td>83</td>
<td>$3.0 B</td>
</tr>
<tr>
<td>10</td>
<td>Nicholas Woodman</td>
<td>GoPro</td>
<td>48</td>
<td>$2.0 B</td>
</tr>
</tbody>
</table>

### Tier 4 Power Ranking
26 Companies

**Small Cap**  
Under $1 Billion in market cap as of September 1, 2016

<table>
<thead>
<tr>
<th>Rank</th>
<th>CEO</th>
<th>Company</th>
<th>SV#</th>
<th>Mkt Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lee Chen</td>
<td>A10 Networks</td>
<td>143</td>
<td>$653 M</td>
</tr>
<tr>
<td>2</td>
<td>Timothy Jenks</td>
<td>NeoPhotonics</td>
<td>113</td>
<td>$637 M</td>
</tr>
<tr>
<td>3</td>
<td>Dan Rosensweig</td>
<td>Chegg</td>
<td>122</td>
<td>$614 M</td>
</tr>
<tr>
<td>4</td>
<td>Matthew Rabinowitz</td>
<td>Natera</td>
<td>146</td>
<td>$521 M</td>
</tr>
<tr>
<td>5</td>
<td>Nathan Sommer</td>
<td>IXYS</td>
<td>117</td>
<td>$369 M</td>
</tr>
<tr>
<td>6</td>
<td>Brett Wilson</td>
<td>TubeMogul</td>
<td>150</td>
<td>$330 M</td>
</tr>
<tr>
<td>7</td>
<td>Douglas Valenti</td>
<td>QuinStreet</td>
<td>126</td>
<td>$146 M</td>
</tr>
<tr>
<td>8</td>
<td>Niccolo de Masi</td>
<td>Glu Mobil</td>
<td>132</td>
<td>$306 M</td>
</tr>
<tr>
<td>9</td>
<td>Thinh Tran</td>
<td>Sigma Designs</td>
<td>137</td>
<td>$285 M</td>
</tr>
<tr>
<td>10</td>
<td>Behrooz Abdi</td>
<td>InvenSense</td>
<td>97</td>
<td>$706 M</td>
</tr>
</tbody>
</table>
Power Quotients continued...

**SV150 Power Characteristics**

In our analysis of SV150 CEO power, we noticed CEOs occupy a wide range of Power Quotients. Certain types of CEOs tended to have similar scores, and certain trajectories were predictable over time.

**Founder-CEOs**

Founders were the most powerful type of CEO. They tended to score higher than their non-founder counterparts through the accumulation of stock ownership and the consolidation of structural roles. Tenure was also a factor in their favor: by the time they have taken their company public, they have usually been around quite a while, building credibility with their Board of Directors, investors, and employees. As they successfully led their companies, these founders came to qualify as the experts on their markets and their customers.

This type of founder-CEO may be immune to termination or unsolicited takeover.

**CEOs with lower power**

A surprisingly large number of CEOs ended up with modest Power Quotients. These tended to be new hire CEOs, who aside from the structural position they held, had no immediate access to other types of power.

Most of these new CEOs had little ownership, and if hired from the outside might have no track record with their board or Wall Street. Unless they could boast a prior success as a CEO, they appeared to be starting from scratch. Compared to founder-CEOs, they seemed much more vulnerable to termination and replacement.

**Power Quotients change over time**

CEO power evolves. It builds with success—with repeated quarters of financial results, strategic goals met, and brilliant products launched. It builds with the recruitment of excellent teams and the loyalty of employees. It spreads into spheres outside the company, as CEOs are sought for prestigious board positions, and their opinions listened to on wide-ranging topics even outside the scope of their business.

In the face of setbacks, boards of directors may (we think will) give a previously successful CEO the benefit of the doubt, which is an important use of CEO power.

However, CEO power can also diminish, most often after credibility eroding poor financial results. Power will also vanish rapidly in the face of personal misconduct. CEO Power is not permanently bankable; it cannot be relied on to protect a CEO’s position in all circumstances. Some dimensions of CEO power must constantly be refreshed and re-earned.

“It is not titles that honor men, but men that honor titles.”
—Niccolo Machiavelli
Concluding Thoughts

“Nearly all men can stand adversity, but if you want to test a man’s character, give him power.”
— Abraham Lincoln

It may have been Steve Jobs who first defined power in the Silicon Valley in hyperbolic terms. In recruiting Pepsi-Cola Vice President John Sculley to be Apple CEO, he asked him, “Do you want to sell sugared water for the rest of your life, or do you want to change the world?”

While Steve Jobs may have been talking only about Apple at the time, it has come true that Silicon Valley CEOs have changed the paradigm of how business is done. Together, they are creating new models for investment and management, pursuing their goals with remarkable creativity and urgency.

In this report, we have studied SV150 CEOs and described the structure of their roles in order to provide a more complete description of who they are, their leadership, and the sources of their power. By understanding them better, we hope we can better understand their impact on the future of our world.
SV150 CEO Superlatives

Youngest CEO
Aaron Levie of Box (SV#121), born in 1985

Oldest CEOs
Jerry Rawls of Finisar (SV#57) and John Bishop of Cepheid (SV#85), both born in 1946

Longest serving CEO
Thin Tran, founder and CEO of Sigma Designs (SV#137)—34 years

Newest CEO
Uzi Sasson, appointed co-CEO at IXYS (SV#117) on August 29, 2016

CEO with the highest 2013-2015 compensation
Marissa Meyer of Yahoo (SV#24) with $102 Million

CEO with the highest one-year compensation in 2015
Lyndon Rive of SolarCity (SV#100) who earned $77 Million; but at the company level it was Oracle (SV#7) since the combined 2015 compensation of Mark Hurd and Safra Catz was $106 Million

CEO with the highest base salary
Tim Cook of Apple (SV#1)—$2 Million a year

CEO with the highest voting power
Aneel Bhusri of Workday (SV#61) with 84% (per DEF 14A)

Non-US country with the highest number of CEOs originating
India (7 CEOs)

University with the highest number of CEO alums
Stanford University (21 CEOs)

Most popular Undergraduate Major
Electrical Engineering (31 CEOs)

Wealthiest CEO
Mark Zuckerberg of Facebook (SV#9) - $55.5 Billion (per Forbes)

CEO with the highest number of Twitter followers
Elon Musk of Tesla (SV#28)—5.56 Million

CEOs with the highest Glassdoor ratings
Mark Zuckerberg of Facebook (SV#9)
Jeff Weiner of LinkedIn (SV#32)
Marc Benioff of Salesforce.com (SV#15)
all with 97% approval (puts them in the top 10 CEOs nationally)
SV150 CEO Superlatives continued...

Most philanthropic CEOs
Mark Zuckerberg of Facebook (SV#9) is Rated #16 and
Marc Benioff of Salesforce.com (SV#15) is rated #39 in the US by Forbes

CEO with the highest number of employees
Meg Whitman of HPE (SV#4) with 240,000

CEO with the highest 2015 profit margin
Ron Black of Rambus (SV#123)—71%

CEO with the highest percent sales growth in 2015
Lewis Williams of Five Prime Therapeutics (SV#103)—1875%

CEO serving most years before IPO
Thomas Neff of Fibrogen (SV#149) founded the company and became
CEO in 1993. When it went public in 2014 he had been CEO for 21 years
Appendix

SV150 Company Profile

Total 2015 revenues: $833 Billion
The average company revenue was $5.6 Billion, with several very large companies skewing this data—the median 2015 company revenue was only $792 million. The smallest company in the SV150 was TubeMogul (SV#150) with $181 Million in 2015 revenues. The minimum revenue threshold to enter the SV150 list has increased over time, from $83 Million in 2009 to $181 Million in 2015.

Market capitalization as of September 1, 2016: $3.1 Trillion (142 companies trading)
Average market cap per company was $21.7 Billion. Again, size information was skewed by the largest three companies (Apple, Alphabet, and Facebook) representing half the market cap of the SV150. Without these three largest companies, average market cap falls by 50% to $10 Billion per company.

Total number of employees in 2015: 1,429,982
Ranked in first place was HP Enterprises (SV#4) with 240,000 employees. In last place was Five Prime Therapeutics (SV#103) with 154.

Companies trading on the NYSE as of 12/31/2015: 49
Companies trading on the NASDAQ as of 12/31/2015: 101

SV150 CEOs

Individual CEOs of the SV150 as of 12/31/2015: 152
Two companies, Oracle (SV#7) and Synopsys (SV#32), had two CEOs each. Prior to the study date of this report, eight companies were acquired and delisted, but their CEOs were included in the demographic and leadership profiling analysis when appropriate. Prior to the study date during the course of 2016, 9 CEOs were replaced; when a new CEO was in seat as of September 1, 2016, only the new CEO was included in the analysis, not the CEO in seat as of December 31, 2015. Interim CEOs were not included.
Footnotes


2. In our study, country of origin was considered country of birth; when country of birth could not be biographically determined through public means, origin defaulted to country of undergraduate education. This methodology is believed to skew the origin data towards countries with undergraduate offerings with international popularity, such as the United States and the United Kingdom. However, since the period of undergraduate education can be assumed to be a significant milestone in professional development, labeling the country where the education was received as one’s place of ‘origin’ is not entirely unwarranted where other information is not available.


4. In order to determine the identity of the Chairman of the Board, we first consulted the company website as of Aug 31, 2016. If no explicit Chairman of the Board was designated, then the last proxy filed by the company was consulted. Most of the time, a chairman was designated in the proxy. In any proxy in which it said no formal chairman was named but the CEO or LID ‘acted’ as chairman, that person was noted as the Chairman of the Board. In a few cases, the position was either vacant or no chairperson was named, and the position was considered not filled.


The following 16 SV150 companies utilize a dual class stock structure (per DEF 14A proxy filings by each company):

1. Alphabet—SV#2
2. Facebook—SV#9
3. LinkedIn—SV#32
4. Bio-Rad Laboratories—SV#44
5. Fitbit—SV#46
6. GoPro—SV#48
7. Square—SV#56
8. Workday—SV#61
9. Dolby Laboratories—SV#67
10. Zynga—SV#77
11. Yelp—SV#83
12. Pure Storage—SV#96
13. Veeva Systems—SV#99
14. Box—SV#121
15. RingCentral—SV#124
16. Leapfrog—SV#138—note this company acquired in 2016

Note: VMware (SV#16) is not considered DCSO at this point in time, although it does have a two class stock structure.
Footnotes continued...

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Marissa Mayer and Scott Benioff have nearly equivalent cumulative compensation 2013-2015 listed in their last company proxy. The value of their 3 year cumulative compensation including ‘all other compensation’ is as follows: Marissa Mayer received $103,000,327; for Marc Benioff, the equivalent value (without adjusting for the fact that Salesforce.com has a January 31 fiscal year end) was $104,603,769.

In our calculation of the top paid CEO, the value of ‘all other compensation’ was deducted from the totals, since it largely refers to the value of private security provided to the CEO. Without ‘all other compensation’, Marc Benioff’s three year total compensation came to $101,078,258, compared to Marissa Mayer’s slightly larger compensation valued at $102,349,688.

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According to research done by Stanford University and reported in February 2016 by David Larcker, Nicholas Donatiello, and Brian Tayan, 74% of Americans (1,202 people surveyed) believe CEOs are not paid the correct amount relative to the average worker. A summary of this research can be retrieved at: https://www.gsb.stanford.edu/faculty-research/publications/americans-ceo-pay-2016-public-perception-survey-ceo-compensation

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Company proxies are required to report the cost of CEO compensation in a standardized table, making it straightforward to collect and compare these figures. The standard table dictates that compensation be shown in four main categories: Salary, Non-Equity Incentive Plan Compensation, Stock Awards, and Option Awards, although not all companies offer CEOs all components. For proxy purposes, stock and options awards are required to be valued at the grant date fair market value using FASB Accounting Standards Codification Topic 718, and depending on firm stock performance and eventual timing of monetization, would most likely have a different actual realized value to the CEO.

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Footnotes continued...

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Stock Ownership may differ from voting power. One common situation is when shares are held in trust, in which the CEO may act as the Trustee over stock placed in trust for others, often family members. As Trustee they maintain voting power over these shares. Other possible situations include voting agreements in which several shareholders may agree to vote together as a block, thus having a much higher voting power than their actual levels of stock ownership.

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The ten CEOs with more than 100,000 Twitter followers are (data retrieved from Twitter in October 2016):
1. Elon Musk (verified account)—5.56 million
2. Jack Dorsey (verified account)—3.87 million
3. Tim Cook (verified account)—3.62 million
4. Marissa Mayer (verified account)—1.64 million
5. Jeff Weiner (verified account)—396K
6. Aaron Levie (verified account)—646K
7. Marc Benioff (verified account)—290K
8. Meg Whitman (verified account)—298K
9. Jeremy Stoppelman (verified account)—233K
10. Mark Zuckerberg (not verified)—117K

Note: Mark Zuckerberg’s account is not verified and has only 5 tweets (compare this to Elon Musk with over 2,000 tweets), which indicates that this is not an account Mark Zuckerberg uses. The power of Mark Zuckerberg is such that even if he is not using a Twitter account, he attracted over 100,000 followers through the power of his name.
About Mark Lonergan

Mark is the Founder and Managing Partner of Lonergan Partners. Over his twenty-five year career in executive search, Mark has conducted over 500 senior executive assignments, working with technology clients in and out of the Silicon Valley such as: Gigamon, Brocade, ShoreTel, Xilinx, Infoblox, Infinera, Marketo, Fortinet, and many others.

Mark is currently Chairman of the Silicon Valley Directors Exchange, working with the Stanford Rock Center for Corporate Governance to educate corporate boards in the Silicon Valley.

Prior to founding Lonergan Partners, Mark was the Managing Partner for the Silicon Valley offices of Heidrick & Struggles. Prior to his career in executive search, Mark was VP Sales & Marketing at ADC Telecommunications, a $2 billion public telecom equipment supplier, now part of Tyco International.

Background and Education
Mark has an MBA from the Kellogg Graduate School of Management at Northwestern University. He is also a graduate of Vanderbilt University with a degree in History.

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