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## People Heroes Or Zeros? Best Value Bosses

Edited by Matthew Herper, Forbes.com, 04.26.01, 6:30 PM ET

NEW YORK - Everyone knows chief executives make big money, and there's nothing wrong with that. But with the average Forbes 500s CEO pulling in \$5.6 million per year over the last five years, it's fair to ask who delivers the most for the money. Who, in other words, is the best boss for the buck?

Forbes.com just completed its First Annual CEO Value Survey. We looked at the 278 Forbes 500s CEOs who have held the top spot for at least five years and whose companies did not post a loss in that time. Members of this elite group were paid \$7.64 million per year over the past five years, on average.



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We derived a Total Growth Rate by averaging sales, net income and share price growth, including dividends reinvested. We then compared that growth rate to the CEO's total compensation. By dividing the CEO's five-year compensation by the total growth rate, we calculated how much one percentage point of growth cost each company.

For example, **Warren Buffett** earned a total of \$500,000 and his company, **Berkshire Hathaway** (nyse: [BRK.A](#) - news - people), had a five-year total growth rate of 26%. That means he delivered one percentage point of growth for just \$19,000.

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Buffett, the lowest paid CEO, also performed well and is our value champ. He, of course, made it up by being an owner and is one of the world's richest men. But **Sanford "Sandy" Weill** of **Citigroup** (nyse: [C](#) - news - people) and **The Walt Disney Co.'s** (nyse: [DIS](#) - news - people) **Michael Eisner** are also hugely wealthy. Nevertheless, they arranged that their companies pay them more than \$700 million over five years.

Citigroup performed well, but Weill was, with his \$785 million payout, still one of the worst values in CEOs. Eisner received \$737 million and his company didn't even perform all that well. The man has some explaining to do.

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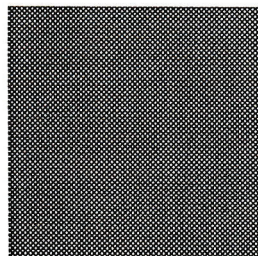
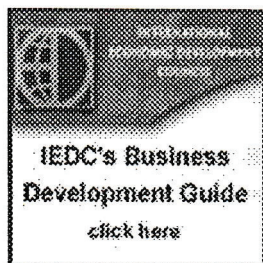
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But Eisner wasn't the worst. CEOs like **Joseph Pichler** of supermarket chain **Kroger** (nyse: KR - news - people), and **Robert Peterson** of meat-packer **IBP** (nyse: IBP - news - people) took home millions of dollars while their companies shrank by our measures.\*

The idea behind high CEO pay is that the chiefs need proper incentive. But some of the fastest growing companies such as **Qualcomm** (nasdaq: QCOM - news - people) and **Solectron** (nyse: SLR - news - people) paid their CEOs, **Irwin Jacobs** and **Koichi Nishimura** relatively modest amounts. Some of the highest paid CEOs, like Eisner and **Sprint's** (nyse: FON - news - people) **William Esrey**, delivered just modest returns.



Buffett and our second-best value, **K.S. "Bud" Adams** of **Adams Resources & Energy** (nyse: AE - news - people) both own large chunks of their companies. They take small salaries, but profit when the companies do, and the share prices rise.

Our other two best values, **Eli Harari** of computer memory company **SanDisk** (nasdaq: SNDK - news - people) and **Dane Miller** of orthopedic products retailer **Biomet** (nasdaq: BMET - news - people), once worked at industrial giants **Intel** (nasdaq: INTC - news - people) and **Bayer**, but decided they could do better on their own.

Below are the five best-valued CEOs on our list, and the five worst. Or, browse our entire CEO Value Survey. -- *Dan Ackman and Matt Herper*

*\* A previous version of this story incorrectly stated that each CEO took home tens of millions of dollars.*

**Forbes.com's First Annual CEO Value Survey**

Best Value			Worst Value		
Rank	Company	Chief Executive	Rank	Company	Chief Executive
1	Berkshire Hathaway	Mr. Warren E Buffett	1	Kroger	Mr. Joseph A Pichler
2	Adams Resources & Energy	Mr. K S Adams Jr	2	Bowater	Mr. Arnold M Nemirow
3	SanDisk	Dr. Eli Harari	3	IBP	Mr. Robert L Peterson
4	Biomet	Dr. Dane A Miller	4	Xerox	Mr. Paul A Allaire
5	SEI Investments	Mr. Alfred P West Jr	5	AK Steel Holding	Mr. Richard M Wardrop Jr

**Browse all 278 CEO rankings**

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