World's best CEOs

This week, we looked at one measure of the quality of a company's investments: the difference between the return on invested capital and its cost of capital. It seems like a logical extension to argue that well managed firms generate high positive excess returns and badly managed firms do not, but that may be too simplistic. After all, a firm can be endowed with competitive advantages (a great brand name, access to low cost raw materials and patents) that current management have done little to earn.

That is partly why I think that this listing of the world's best CEOs is interesting and debatable. This list is based primarily on shareholder returns and here are some questions that follow:

1. What are the determinants of shareholder returns? (Note that you can ask the same question about Jensen's alphas)
2. How much or what do CEOs contribute to these determinants and through them to shareholder returns?
3. What is the relationship between excess returns on projects and high shareholder returns? (Do you think that companies that generate high returns on invested capital, relative to cost of capital, will also generate high returns for stockholders?)
4. How much of the success at the highlighted companies can be attributed to luck, rather than management skill? How can you separate the two?
5. If you were constructing a list of the top CEOs, what would you use as your criteria?