Five things to know about Alibaba's leadership

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On Friday morning, Jack Ma, the charismatic and already super-wealthy founder of Alibaba Group, is expected to ring the bell of the New York Stock Exchange. It will mark the much-anticipated debut of shares of the Chinese company, and could become the world's largest initial public offering ever. Here are some key points you should know about the people leading this e-commerce giant:

1. Jack Ma is not actually the CEO.

The name behind this massive stock offering may be the founder and the company's face — and a very visible one at that — but he's not technically the CEO. Ma stepped down as chief executive in January 2013, and a few months later Jonathan Lu took the CEO title.

Lu, whose first job after college was at the reception desk of a Holiday Inn in China, has been described as Ma's "corporate alter-ego." He's a sort of Tim Cook to Jack Ma's Steve Jobs — the soft-spoken, behind-the-scenes operator who focuses on the company's current needs while Ma, now executive chairman, is the visionary. Still, as a recent New York Times profile reminded us, Ma continues to act not only as the public face but as the chief negotiator, the top strategist and the biggest individual shareholder who remains very much in control.

Another behind-the-scenes person of note: Simon Xie, a co-founder and vice president, is the only person besides Ma who owns the "variable-interest entities" that hold the operating licenses to various Web sites that are critical to Alibaba's business. According to Reuters, the unassuming Xie helps run Alibaba's investment division and is not a member of the 30-person steering committee that manages the company (see below), but he is still "one of Ma's most trusted business partners."

2. Its governance structure is novel, and possibly unprecedented, for a company of this size.

Alibaba Group has an unorthodox approach to governing itself. In filings, it writes that the company has acted like a partnership in many ways since its founders first got together in Jack Ma's apartment in 1999. As a result, in 2010 it established the "Alibaba Partnership," a now 30-member steering committee made up of managers at Alibaba Group and related companies. Alibaba says this arrangement allows executives to focus on the long-term, collaborate better and "override bureaucracy and hierarchy."

In filings, the company also noted it sees this as a better alternative to dual-class share structures, which have been used in other tech giants. In those, votes by shareholders (often founders) who own a certain class of stock carry a disproportionate weight. Alibaba has argued its structure "is designed to embody the vision of a large group of management partners. This structure is our solution for preserving the culture shaped by our founders while at the same time accounting for the fact that founders will inevitably retire from the company."

Yet while those Alibaba managers in the partnership don't have outsized votes, they do have a very special privilege: They get to nominate a majority of the company's governing body, its board of directors.

That means, in effect, they have the power to choose whom they answer to. "You're basically ceding control to management," says Charles Elson, the director of the John L. Weinberg Center for Corporate Governance at the University of Delaware. "It's very unusual. I've never seen anything like it for a company of this size."

3. That — plus Ma's comment that "shareholders come third" — could be a concern for some investors.

Since insiders have so much control over the board, some governance experts wonder what that means for the board's independence and efficacy. Harvard Law School's Lucian Bebchuk, for example, detailed his concerns in a recent New York Times piece. While that risk doesn't seem to be keeping many people away from the huge stock offering, some investors have called it out as a warning sign.

Less worrisome is the comment in Ma's letter to shareholders that Alibaba "will put 'customers first, employees second, and shareholders third.'" Plenty of other business leaders have used similar phrasing, and what he appears to mean is that he intends to focus on the long term rather than give in to short-term whims of shareholders that might arise. Without offering something that's first and foremost valuable to customers, and ensuring the company has happy, talented and focused employees to support that work, "we could not possibly have satisfied shareholders," Ma writes.

4. The gender diversity of its management team is better than that of some big companies in Silicon Valley. But on the board, it's lacking.

Nine of the 30 members of the Alibaba Partnership, or nearly 30 percent, are women. And three of the 12 executives it lists on its Web site as leaders of the company are as well. That's higher than the 21 percent of Google's leaders who are women and the 21 percent at Twitter. (The 28 percent at eBay and Apple are more in line.) Alibaba Group's chief financial officer, head of human resources, and "chief customer officer" are all women.

Yet the gender makeup of its board leaves something to be desired. The lone female on the nine-member board is Yahoo's chief development officer, Jacqueline Reses — and she is expected to step down once the IPO is completed.

5. The annual shareholder letter won't always come from Ma, or the CEO.

That may sound like a trivial thing, but it's not. Annual shareholder letters from big-name companies, such as Warren Buffett's at Berkshire Hathaway or the one written by Amazon's Jeff Bezos (who also owns the Washington Post), are widely studied by investors. They offer shareholders a sense of the big-picture strategy, some insights on how management thinks, and the key priorities for the company. Yet Ma has written that, after the IPO, his "partners in the

Alibaba Partnership will take turns writing the annual letter." That's a very unusual practice — just like plenty of other things about this huge company that's about to go public.