

Orderly succession

Don't let those close to you delay your decision to retire and pass on the baton. Once the planning process is complete, says Tom Davidow, work together as a family and commit to the change – it can be a positive move for you, your family members and the business.

In my last Families in Business article, I encouraged you to embark on the Retirement/Succession journey, to take the risk, to move on to your next challenge. I have another, equally important message for you: go slowly. Retirement is about change. We all resist change. Families muster resistance to it even more formidably than individuals. You may think that you will be able to adjust your role in the family business and move towards retirement when you are ready. Would that it were that simple. A family is like a group holding on to a common rope. If any member pulls on that rope everybody feels it. As the head of both your business and your family, you are not just any member. The impact of your retirement, even the announcement of the possibility of your retirement, will ripple through your family, your employees, and in some instances, your bank, stirring up every family and business issue imaginable.

The primary issue which will arise in your retirement/succession process is loss. Every transition in life, from the first day of school, to college graduation, involves loss of some kind, and as such can trigger insecurity, doubt, sadness, etc. The loss that family and business members experience during the succession process comes from a change of authority. Unlike democratic institutions, businesses and families rely heavily on the person in charge. As the authority in your family and your business, you have been the cornerstone of both. A change in that authority will be perceived as a threat to the stability of the structures to which your family members have become accustomed. Therefore, you will need a serious commitment to seeing the succession process through. Your family will have ambivalent feelings. Any mixed messages that you send them will result in their sending mixed messages back to you.

Always a challenging process, succession is made more difficult when family members act out their feelings and concerns unconsciously. Ivan Lansburg, Ph.D., in his insightful article, "Succession Conspiracy," in *Family Business Review*, points out that once the process begins in earnest, the next generation generally experiences fear and concern, even if they had initially



pushed for succession. The same family members who said they were ready, willing and able to assume control, become consciously and unconsciously daunted by the shift in responsibility, and suddenly make errors and surprisingly bad decisions, signaling their ambivalence at taking over the business.

For example, one client of mine began the retirement/succession process over ten years ago. His commitment and strength of purpose to do it right has been ferocious. Everything is now in place. Collectively, he and his family have structured family governance, business governance, ownership transfer, and management transfer. He has his successor in place, trained and ready to go. He has made the announcement for the change and has set the date. Lately, however, he has been thinking of moving it forward for a few more months, (he's delayed it twice before) to time it with some other event.

What is going on here? Do we need a degree in Psychology to figure it out? Is it him? Yes! Is it him alone? No! People close to him are sending him mixed messages. Some have selfish reasons; others know on some level that the change will create loss. They are going to miss him; it will be the passing of an era. Defending against the feelings stimulated by that loss, they are suggesting that it would be better if he did not leave yet.

Although no one knows how the change in power and influence will get played out, they all know that, for better or worse, things will be different. Their uncertainty creates mixed feelings. What none of them yet understand is that he is not going anywhere. He will continue to have enormous power and influence, despite the institutional change.

If I were a betting man, I would wager that after struggling through his and others' ambivalences, my client will finally appoint the next head of the business on the original date scheduled. I have confidence that the strength of his intellect and his commitment to the process will over ride his concerns. Once he steps down, the thoughtfulness and wisdom with which he planned his succession will come to fruition. Through the systems he helped create, family and business members will dedicate themselves to keeping the legacy of the family business together. Getting there, however, will have been neither neat nor simple.

At the same time, the retirement succession process will not be easy for you, the person initiating the change. What you face is not just the inevitability of his death; in fact, facing death is not the most challenging difficulty. I have found that it is easier for people to think about death—to purchase life insurance policies, and work with their estate planning attorneys to minimize federal and state inheritance tax—than it is for them to address the change in identity that succession will bring. One's identity is not only associated with the image of one's business, it is also connected to the many relationships and daily activities associated with the business. Since our identity and sense of self nurtures the strength of our life force, the older we get the more frightening it is to contemplate a change which could threaten our identity and, thereby, our life force.

Given that change is scary, that it will stimulate issues and themes that are often unrecognizable at first, and difficult to sort out, one must proceed cautiously and gradually. Otherwise too many issues,

and the powerful emotions they trigger, will surface all at once. Making important changes has a pace and timing of its own. The following description, outlined in Prochaska and DiClemente's "Stages of Change Model," may be useful to examine. Recognizing what category you fall into may make it easier for you to take appropriate steps:

- Pre-contemplation: "Ignorance is bliss;" Not currently considering change.
- Contemplation: "Sitting on the fence;" Ambivalent about change;
- Preparation: "Testing the waters;" Some experience with change; trying to change.
- Action: Practicing new behavior.
- Maintenance: Continued commitment to sustaining new behavior.
- Relapse: "Fall from grace;" Resumption of old behaviors.

Once you have reached either the "Contemplation" or "Preparation" stage, the first step is to sit down with your family and have a conversation about how they feel, what they want, and what they think the next steps should be. Expressing their ambivalences about your retirement/succession will abate some of their fears. Furthermore, allowing your family to participate throughout the process is in itself a departure from unilateral decision-making and places a measure of responsibility on the next generation. By being involved in the planning of your retirement/succession, your family will have an immediate experience of the shift in authority.

You will benefit as well from the process. You will have the opportunity to design a relationship both to your family and to your business, and to create structures which will allow you to remain connected to your "life force." The planning process will allow you to gain control over the direction of the family and the business. This experience of control will encourage you to think positively about your future and theirs. When you feel good about yourself, it is easier to think positively about change, to make a commitment to it, and to facilitate it.

Furthermore, having a positive attitude affects not only how we see events and those around us, it also affects our health. Yale University Psychologist Becca Levy suggests through her study, printed in the *Journal of Personality and Social Psychology* (vol.83, No.2, pages 261-270), that one's personality, attitude toward aging and other psychosocial variables may grant extra years or shorten life.

At a recent gathering, a friend of mine was complaining about getting older, how awful and depressing it is. I did not agree. Of course getting older has its drawbacks. No longer walking the face of the earth is not a thought that any of us chooses to embrace. But you can maintain a different perspective. Having addressed and resolved the struggles that you have encountered over the years, having acquired wisdom the "hard way," (and I do not believe that there is any other way) you can now maximize the emotional and financial investments you have made. You can capitalize on what you have learned and put it to good use.

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