

RESHAPING – NOT RETIRING

It can be a difficult time, to have to face the challenges of loosening your grip on a business where you have been the driving force. **Tom Davidow** argues that it doesn't have to be about leaving your business but about reshaping your attachment to it.

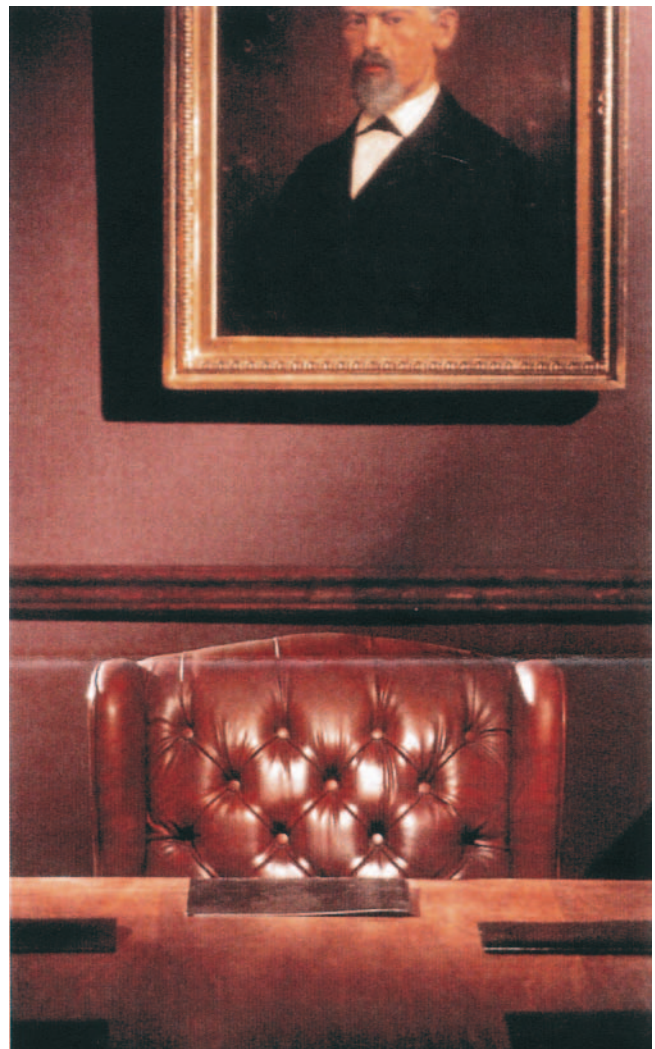


In 22 years as a family business consultant, I have never recommended retirement. It sounds like a death sentence, a decree to live out your life passively once you are old or feeble or incompetent. If you are in your fifties or sixties, like most people in that age bracket, you are more vigorous than previous generations, still capable of living an active,

interesting life. It would be unhealthy to drastically reduce your activities. I prefer instead to fold the word 'retirement' into the idea of 'succession', training the next generation how to run your business. While it is true that business is changing so rapidly today that you need young minds, fresh ideas and the energy that can only come with youth, that energy needs to be tempered with the wisdom of your experience. You are the library of your business, replete with volumes of invaluable information. Why would you want to burn the library? The notion of 'succession', then, offers a more positive framework than 'retirement', and implies the possibility, as you move to another stage of life, of remaining connected to what you have built and to your place in the world.

Once the concept of succession has surfaced, either from your own thinking or at the suggestion of others, you are now called upon to make your next important life decision, or series of decisions. Since we have only so many years on this planet, how we spend them is the most important decision we can make. Our values and what we hold dear are defined by how and with whom we spend our time.

The first step in the process, as obvious as it may seem, is to accept the fact that you are not going to live forever. You would be amazed at the number of my clients who use the phrase "If I die". I consider it real progress when the 'if' becomes a 'when', even when the 'when' is considered a long time away. No way is my experience unique. Milton H. Stern wrote of similar findings in *Inside the Family-Held Business: A Practical Guide for Entrepreneurs and their Advisors*. However difficult it may be for you to accept your



Identity loss: succession doesn't mean losing your place in the office

mortality, you can congratulate yourself when you do come to terms with it. You have reached the point in your life where you are ready to plan your succession.

The next step is to visualize: Where do you want to be in the next couple of decades? Who are the people with whom you want to spend your time? Retirement comes in a variety of forms. Do you want to retire, and spend more time with your spouse or grandchildren? Do you want to remain extremely active but no longer work in the family business? Do you want to semi-retire? How much control do you want to maintain? Are you willing to be a resource versus a decision maker?

Assuming you want your business to continue into the next generation, you need to start the training process now. It takes time to teach and train. You will have to allow family members, whether they are managers or owners, to make decisions on their own and to learn from their experiences. The only way that can happen is for you to go from being a decision maker to an advisor. You can't decide to change that role on Monday and implement it on Tuesday. Succession requires collaboration. If you aren't already a collaborator, a most necessary skill set, take the time to learn to become one. Although you will never have the same level of authority again, that is, people doing things because you tell them to versus doing them because they agree with you, a major benefit of collaboration is that you will have lots of people around you. As we get older, social interaction is the most important activity for our mental and physical health.

The wisest time to start planning your succession is before you turn seventy. In addition to considerable anecdotal evidence, according to Janet K. Belsky's research in *The Psychology of Aging*, we typically become aware in our seventies of a physical difference in ourselves. To ward off the unwelcome feeling of diminished vitality, and to manage the anxiety that the loss of vigor can produce, there is a tendency to hold onto or grab control of what we can around us. Understanding intellectually the need to decide about retirement/succession in some active way allows you to accept the importance of making that decision before you turn seventy, at which point you may not be able to make it, or, more importantly, be able to act on it.

Here's a classic case in point: A son called one day to tell me that he was interested in buying his father out. Although his father always talked about doing it, the son was never able to pin him down or to get him to come to a deal. This process had been going on, off and on, for about fifteen years. By now the father was eighty-three, the son forty-eight.

Applying the seventies rule, I knew that coming to an agreement was a long shot. I invited them all to participate in the meeting, including the mother, who, while she loved and supported her husband, believed that her son deserved his 'day in the sun'. Since she was an emotional force in the family system, I knew that she would play a vital role in the negotiations.

Even though there were no factors, including financial, through which the father could reasonably refuse the deal, the negotiations took longer than one would hope. Eventually, however, we got to the accountant's office to sign the deal. The papers were passed

around. At the moment the father was about to sign the deal, he looked up and announced that there was a problem on page four, paragraph two. The wife/mother, who was sitting next to him, said "HARRY, SIGN IT." He did. When the meeting was breaking up, he went over to his son and asked him if he had to give up his desk and move his office. His son said, "Of course not." The father then admitted that was what he had been worrying about all this time: losing his desk, his office, which were for him the source of his power, respect, and identity. He hadn't realized that if he let his son buy him out, he would still have his place in the business and in the family.

By contrast, I work with another eighty-four year old man who goes to the business at 6:30 A.M., reads the mail and leaves by 7:30 A.M. He refuses to come to any meetings where decisions are made by members of the next generation. He sits on the company's Board of Directors which has had a majority of non-family members for over fifty years. He walks around the company telling employees how much he appreciates them and how valuable they are to the company. He is now on television as the family icon, promoting the business as a cutting edge company that cares about its customers. He is both credible and highly respected. People constantly walk up to him to say, "Hi." He answers them with incredible humility and apologizes to them if he is supposed to know them and doesn't.

During your examination process, you may discover, as both of these stories illustrate, one of the ironies of family business: the people you work with are the same

people with whom you want to spend your time - your family. How do you leave the place that that you love and the people that you love at the same time? You don't. Retirement from a family business is an oxymoron. You never leave your family. If you and your family have been in business together, it does not matter whether you draw a paycheck or ever cross the threshold, you are always going to be attached to your family and to that business.

The challenge of retirement/succession, then, lays less in deciding how to leave your business than in figuring out how to reshape your attachment to it. It is up to you whether to keep your desk and office, or whether to sit in on board meetings, or how available you want to be for advice. If you are a senior member of a family owned business, chances are you have developed your own style by now, and have learned to function in the way that makes the most sense for you. You have made a lot of good decisions to get this far. This is just your next one. As you have in making previous decisions, trust your judgment.

It is likely that you have faced many challenges in your life by now, and that with a combination of honed instincts and sound advice, you have beaten the odds more often than not. Looking at retirement in a healthy holistic way, as this article suggests, gives you the opportunity to beat them once again. ■

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THE NOTION OF 'SUCCESSION' OFFERS
A MORE POSITIVE FRAMEWORK THAN 'RETIREMENT'
