

TRANSITIONING

FROM THE TOP



Personal Continuity Planning
for the Retiring
Family Business Leader

Stephanie Brun de Pontet

A FAMILY
BUSINESS
PUBLICATION

A Family Business Publication

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Transitioning from the Top

Personal Continuity Planning for the
Retiring Family Business Leader

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Preface

Philippe Baillargeon never got to see the full fruits of his labors. A driven and determined man, he built a family business in road construction that a few years ago celebrated its 75th year in operation, and is in the 4th generation of family leadership. But he died in his 50s of a heart attack. I know this because Philippe was my maternal grandfather.

Contrast his story to that of my paternal grandfather: Dr. Andre Brun de Pontet. Also very driven, his sense of curiosity and the circumstances of WWII meant he pursued a variety of professional roles including those of international attorney and founder of a small Wall Street brokerage business. Throughout his working life and well beyond it, he was an avid traveler with an inquisitive mind, involved in everything from building collections for Paris's *Musée de l'Homme* to taking an active role with the Knights of Malta in France. 'Dadika' lived well into his 90s, chasing solar eclipses, promoting appreciation of art and culture, and pursuing other adventures that moved his mind and spirit.

Growing up in a family with two successful, charismatic grandfathers who are central to my family's narrative, I have always been drawn to "larger than life" personas, those people who, to quote Steve Jobs, "put a dent in the universe." Whether their field is business, research, sports, or entertainment, these are the distinctive individuals who are able to focus more, work harder, or come up with the paradigm-shifting innovations that set their accomplishments apart from others.

But what happens after the professional part of their lives – after the curtain closes on the careers they've held for decades, and how ready are they for that next life stage? Seeing my grandfathers' very different trajectories – one never made it to his twilight years and one had a long and fulfilling post-work life – made me think about the idea of "personal continuity" long before I called it

that. I never met my grandfather Philippe (he died well before I was born), but growing up, I was very close to Dadika. As a result, even as a teenager I had an appreciation for the energy, ideas, and capacity of our society's "senior generation" – something our youth-obsessed culture tends to overlook and undervalue – and how those happiest in their senior years have often laid the groundwork for a satisfying late-life stage long before.

I have carried those interests and insights into my many years of work with family businesses. As a consultant I have had the great fortune to meet numerous successful business leaders, whose extraordinary careers have had a powerful impact on their companies, families, and communities. Not surprisingly, these individuals are often passionate about their business, put their heart and soul into their work, and derive a great deal of satisfaction from the impact they achieve through their careers and other activities.

While I admire deeply the contributions these individuals make to society – by solving business and social problems, creating employment opportunities, funding meaningful causes, and others – I also understand that this sort of success cannot happen without significant effort, risk, and sacrifice. A sacrifice that is often borne not only by that individual, but also the larger *system* in which they exist, especially their families. Sometimes the cost is steep but well-understood and willingly shared by the system; sometimes it is deferred or poorly understood, or shouldered primarily by one person.

In my advising work I have seen many situations where family enterprise leaders sacrifice their health or relationships to move their business toward ever-greater success. While this can create frustration and pain, for some these are intentional choices, sacrifices made with open eyes and a willingness to accept any trade-offs. An analogy would be the choices made by a young athlete with great potential; if they wish to succeed at the Olympics or on some other global stage, they (and their family) will have to forgo many aspects of a "normal" childhood and young adulthood for long hours of training and preparation, and may do so willingly.

The ultimate effects of that sacrifice vary. Some individuals are so focused on their long-term objectives that they may not be aware of the costs this single-minded journey incurs in other facets of their life. Their path is so linear that they have nowhere to go and no sources of fulfillment when they reach the end of that road. I have seen multiple successful CEOs shocked to realize how impoverished their personal relationships have become by the end of their professional tenure, and deeply frustrated by their inability to find meaningful pursuits and challenges outside of their business role. The resulting sense of emptiness can be profound; what's more, the fear of confronting this reality often plays a significant role in the leadership transition challenges

so common in family-owned enterprises. The irony, of course, is that a failure to address the issue of personal continuity puts the continuity of the family business (for which that CEO has sacrificed so much) at serious risk, along with creating negative outcomes for the broader system, including family relationships and other components.

On the other hand, I have also met many family business leaders who have found the right balance: They have made significant sacrifices, worked hard, and invested consistently in the growth of their enterprise *while* developing and maintaining other outside personal interests. When these leaders transition away from the CEO role, they have other well-developed passions to pursue. That enables them to feel relevant and energized in spheres outside their role with the family business, and makes the loss of that central role less painful for them, and less burdensome for the system around them. In short, such individuals have explored and invested in the “side roads” on their journey, giving them access to more – and more fulfilling – options at the conclusion of their formal careers and making their transition easier for the entire family, including as this relates to the business succession.

That brings us to the motivation for this book.

Having observed a wide range of issues related to personal continuity over many years of client work, I wanted to explore this topic in greater depth, to better understand the journeys of CEOs who have found purpose and joy in their post-CEO vocation or avocation, in order to share this wisdom with others. Though I have a background in research and studied some of these very topics for my doctoral dissertation, my goal for this book is to share the compelling stories of retired CEOs’ journeys so that other driven individuals may start to imagine a post-business leadership future that inspires and excites them, even if they are a long way from retirement themselves.

While many books and articles have explored risks and challenges to business and family continuity, less has been written on the importance, challenges, dimensions, and consequences of *personal* continuity. That is, how might outcomes change throughout the system if we can help driven, successful individuals imagine and plan for a post-career life of purpose including meaningful goals beyond the business objectives to which they have committed so much of their adult life and energy? In writing this book I wanted to answer an important but daunting question for such leaders: When you have anchored so much of your life around one significant role, how can you fashion new roles that will challenge you and provide you with purpose and joy?

This book will explore the topic with a simple conceptual model (described in Chapter 2) that seeks to illustrate how the individual CEO’s personality and priorities in this journey will interact with the needs of the business, family,

and community. The model is not meant to be predictive nor does it aspire to capture exhaustively all that goes into this process of transition; rather, I use it to provide a visual reminder of how these core pieces in a family business system all affect one another. Even more compelling, I hope, are the stories I will share along the way that bring these ideas to life in the context of real family business leaders who have been down this path.

Moreover, I hope to help readers understand that late-life roles and purposes may take many different shapes, none better than the other – as long as it is authentic to the individual involved. Some of the personal continuity stories here capture aggressive new directions, such as starting up new enterprises; some include more behind-the-scenes roles, including mentoring business/board leaders; still others reflect the spiritual or reflective domain, such as drafting a memoir or engaging in meaningful service work.

There are many paths to joy and fulfillment. My hope is that the ideas and examples in this book will inspire and motivate others to engage in planning their own “Next” with resolve, understanding, and intention.

Chicago, Illinois, United States

Stephanie Brun de Pontet

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First, I want to express my deepest appreciation to the 13 extraordinary family business leaders who willingly offered to be interviewed for this book. Each was motivated to make a difference by sharing their journey and wisdom, to help others navigate this major life transition. Your stories were an inspiration, and your contributions are the heart of this book.

Further ideas and inspiration emerged from what I learn daily from clients and colleagues committed to the hard work of doing 'the right thing' in all spheres they touch. It's a privilege to work alongside such thoughtful client families, and to support their diverse journeys. Special thanks, too, to the full FBCG team, who provided valuable feedback on elements of this book – in particular to Otis Baskin, who provided feedback on manuscript drafts, and to Karen King, who was a vital sounding board for the visuals.

A project of this scale requires a dedicated team, and I am fortunate to have had a great group of hands-on collaborators. Special thanks to Sachin Waikar, who worked closely with me to bring this book together, sharing ideas, reviewing and refining content, and providing much-needed encouragement at every stage. Thanks also to Michael Mok and Ashley Gerou, who did a terrific job on graphics and cover design, respectively. A special note of gratitude to Marcus Ballenger and the entire Palgrave-Macmillan team, who worked tirelessly to get this book produced and out into the world.

While I am fortunate to have had the support of so many professionals in this effort, I would be remiss if I did not acknowledge the family that stands behind me in all my pursuits. First, my mother Joan, who is an extraordinary model of dedication to both family and work – having achieved great success

in both – and who has made her own transition from the top with grace. Second, my partner Jim, an entrepreneur who has made – and continues to make – big sacrifices in pursuit of building a business that can make a real difference in the world. Sharing this journey with him has deepened my appreciation for the vision, passion, and intrinsic reward that motivates this kind of focus and commitment among effective leaders. And finally, my daughters Gabrielle and Ariane, who experience directly the sacrifices that a parent makes when she is likely over-committed to her professional pursuits. My hope is they learn the value of pursuing a professional path that can motivate this kind of passion and joy – and that they can teach me how to achieve a better balance going forward!

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1

Introduction

Dick DeVos is soaring in retirement. In 2010, the past leader of direct-selling giant Amway combined his passions for flying and education to found the West Michigan Aviation Academy, an airport-based four-year high school—just one of the former company president’s many post-career pursuits. “We have 600 students today,” DeVos explains, “and provide kids with a great education strong in aviation, robotics and engineering.” Many students advance to flying solo and earning their pilot’s licenses, opening up multiple career opportunities.

Dick is a great example of a former family business leader who has found fulfillment post-retirement by using his interests to identify and work on meaningful projects. While many former leaders have followed similar paths, others report much less positive post-work experiences as they struggle with loss of identity and meaning. “I had observed people retiring ... and then a year later they would drop dead and that was not how I wanted things to go,” says Frank Schurz, former CEO of Schurz Communications, which had hundreds of millions in revenue at its peak. Inspired by these observations to think ahead, Frank pursued passions for fishing and water-fowl hunting while still working. “I figured once you retire you can convert this hobby into a passion and then eventually to a total compulsion,” he continues. That’s exactly what he did, from becoming part owner of a fishing lodge to joining several conservation organizations, making great friends along the way.

There are countless other positive and negative examples of family business leaders making the transition to post-work life. This book is about how better to make that change, with the goal of not just letting go of the

leadership role that likely occupied decades of your life, but of finding true fulfillment in “life after work.” Success with this transition requires proactive planning for multiple dimensions of your “personal continuity,” as we’ll discuss.

In many ways, the first step to planning ahead is to understand that any leadership transition happens within multiple systems, and thus represents more than a one-time, clearly defined event.

What Succession Planning Misses

A leader’s transition out of a family firm is much more than a one-time succession, or a handover between the outgoing and incoming leader. As Jim Ethier, former chairman and CEO of Bush Brothers & Company, the Tennessee-based food-processing business famous for its baked beans, states, “I wanted to build an organization. Now I am satisfied that it is done, and I have the right people in place.”

Jim went on to speak about the many changes he had championed in the business and its governance, including helping the family develop an ownership vision for the future, creating governance processes and systems that would support that vision, and ensuring family members were appropriately groomed and challenged to be able to effectively step into key leadership roles.

Jim’s efforts speak to the idea that a family business is not just a business but a highly complex *system*. In fact, those of us who live and study family enterprise are always deepening our understanding of how complicated this system can be, with overlapping sub-systems related to family, business, and governance. One outcome of our growing appreciation for family business’s complexity has been a shift in describing “succession planning” more as “continuity planning.” This seemingly subtle change reflects our realization that leadership transition affects much more than the two individuals changing roles—it’s never just about *one* succession—and that this top-level change will have strong impact on the continuity and functioning of the entire enterprise and all its constituents, or stakeholders.¹ Moreover, as “continuity” has an active and positive tone, it combats the resistance many CEOs have to talking about retirement or “succession,” which feels to some like a thinly veiled term for their imminent departure.

“”

I have a friend who is clear on this topic, he says:
‘we don’t use the R-word around here.’

JACK CAKEBREAD, FOUNDER AND HONORARY
CHAIRMAN OF CAKEBREAD CELLARS
(REFERRING TO A FRIEND DISCUSSING
RETIREMENT)

Part of the challenge is that while there’s a lot of thinking on how family business systems and stakeholders may need to evolve to support the continuity of the enterprising family and operating business,² there’s little consideration of the *personal continuity* of a leader transitioning out of their role. Many books and articles have addressed the topic of the CEO’s resistance to “letting go,” but almost nothing has been said about how these individuals might continue to contribute in a meaningful way once they’ve exited business leadership, creating benefits not only for themselves but also their family, business, and broader community.

Another way to think about this important issue is to ask: *Why would healthy, capable and driven people let go of a powerful role they enjoy if they have nothing to move toward afterward?* Indeed, this book’s premise is that lack of clarity or options for meaningful post-CEO roles is a major factor in succession struggles, and can have wider-reaching negative consequences on the family, business, and other systems in which the departing leader is based.

The good news is that retiring leaders can use their passions—including those discovered while running their family business—to guide their post-career decisions and activities, as we’ll discuss at length later in the book. The words of Phil Clemens, former CEO of Pennsylvania-based Clemens Family Corporation, which holds food businesses including Hatfield Quality Meats, exemplify this idea.

“ ”

I don't want to accept money to help people [as a retiree]. I mentor people because it's a passion. I have a passion to promote healthy families and healthy family businesses and healthy non-profits, so that is where I invest my time.

PHIL CLEMENS, FORMER CEO OF CLEMENS
FAMILY CORPORATION

His post-work life involves serving on the boards of several organizations, including corporations, non-profits, and Christian colleges.

What the Research Found

My interest in the topic of personal continuity may have originated in my observations of my grandfathers' histories (see Preface), but has deepened considerably through my work with family businesses and the research I pursued on retiring family business CEOs for my doctoral thesis in psychology.³ My study, which followed retiring family business leaders over three years, found that leaders with a greater capacity for reengagement—defined as the ability to find and commit to *new* goals when a valued goal must be abandoned (see Chapter 4 for more details)—had taken more concrete steps toward retirement planning across domains than those for whom reengagement was inherently more difficult. Unsurprisingly, concrete planning by the outgoing CEO also led to better outcomes for the business.

My study also found that outgoing CEOs felt like they were conceding or sharing more authority than successors felt they were gaining. The classic example of this is the “retiring” CEO who feels that they are increasingly releasing control by spending more time in Florida or some other sunny locale, away from the business, while still calling in to work daily, countering decisions the new leadership team has made, and actively directing team members. Not surprisingly, rising successors in this context do not feel they have much in the way of real, new authority, so they tend to describe the “shift” in authority very differently than the outgoing leader would. These

differences in perception can clearly be sources of conflict. The implication of this is that understanding the challenge and struggling with the question of what comes next for the departing leader may build empathy and better outcomes for *everyone* in the system.

Another interesting result from the study was that incumbent leaders who have an easier time disengaging, or letting go, are less likely to escalate commitment to their leadership role in the face of declining business performance, which helps them make the transition to post-work life. Not surprisingly, I also found a link between active planning for retirement and the ability to commit to new goals. Like any new, important undertaking, creating a fulfilling post-work life needs some level of intentional planning.

In the interviews for this book, when I asked retired CEOs about their non-work-related commitments, it was evident that strong passions and outside interests created a natural platform for ongoing purpose and general fulfillment in their post-leadership life. For example, many talked about their lifelong engagement with faith-based organizations, and most had substantial interests in more than one outside-of-work commitment: former family business leaders Dick DeVos and Phil Clemens, both mentioned earlier, have pursued leadership with multiple faith-based educational organizations, for instance.

Themes of This Book

While my research helped me to identify the many factors that go into personal continuity, this book is anchored firmly in the *application* of research from years of consulting, and the rich stories of CEOs and other key business leaders who have successfully transitioned from their leadership role to a truly satisfying post-primary career life. My goal with this book is twofold:

- To highlight real-life models of success who can provide ideas and inspiration to others facing challenges related to personal continuity;
- To educate and help *all* in the system appreciate why this transition is often more complicated than expected.

To serve these ends, I will cover the themes below in depth.

CEO Transitions Never Happen in a Vacuum

There's significant interplay between the personal "state of readiness" of the individual CEO in transition and the systems this change will touch, including family, business, and broader community, each of which has multiple elements. This interaction among multiple systems is the heart of the conceptual model I will explain more fully in Chapter 2.

Change Is Hard; This Particular Change Is *Really* Hard

It is human nature to resist change because the uncertainty that comes with the unknown almost always causes stress and discomfort.⁴ Further, leaving the role of CEO or chairman is a change that involves a significant loss of identity or sense of self for most, as well as a reduction in perceived prestige and actual power.⁵ These losses represent a real cost to the person in transition. Change related to personal continuity in a family business context is also made harder because of the complex interaction of systems—family, business, governance, community—involved, as mentioned earlier.

Humans Are Purpose Driven

It is well-accepted that humans need direction and purpose in life to feel truly fulfilled. This is true over the entire lifespan; so, as you get older, even if you've accomplished a lot, you'll still search for direction and purpose to give your life meaning. In some ways, older adults have a particularly strong need to feel they have ongoing relevance, as they have already completed their active tenures in roles such as parent and professional.⁶ Moreover, retirement leads to drastic changes in three key areas for anyone: identity, relationships, purpose.⁷

This may help us understand why a future imagined to include only travel and leisure does not feel sufficient or motivating to many, especially those who have enjoyed success in the business world or other domains. Lack of purpose is of concern not only for the individual in question but also broader society, as Marc Freedman suggests in describing "a worrisome dystopian scenario ... in which the largest segment of society [senior citizens] is at loose ends, and under engaged."⁸ He also asks, "Does it make much sense for society to throw away the most experienced segment of the population when it is a long way from obsolescence?"⁹ As such, lack of vision around a purpose beyond retirement may have far-reaching effects.