



Letting Go!

*Exploring leadership transition:
A discussion*

Session Presenter: Lucio Dana

© Copyright 2015 Lucio Dana & Creativity in Business Pty Ltd All rights reserved



Session Panel Members

Angela Ciliberto
C-Direct

Graham Henderson
Mitchell Laminates

Peter Taylor
T & T Corporation



Letting go! Understanding transition **inertia**

The very challenging topic of 'letting go' has multiple dimensions.

This session will focus on the following topics:

1. To occur in a due and timely way, family business leadership transition has to be wholeheartedly **desired** by the incumbent, **feasible**, and **accepted** by the family.
2. Five founder-owner-managers' **exit styles** and their implications for their family business leadership transition process.
3. To move some way towards understanding and addressing inertia and resistance, factors that '**push**' founders to 'let go' need to be supplemented by '**pull**' factors that open up new vistas for them. Critical factors for an enjoyable 'retirement' also need to be identified and addressed.

1 - Desirability, feasibility, acceptability ...

Sharma, P. et al. (2003). Succession Planning as Planned Behaviour. FBR. 26(1), 1-15.

It has been suggested that planning for leadership transition is a function of:

- **The incumbent's desire to keep the business in the family (**desirability** of succession)**
- **The propensity of a trusted and committed successor to take over (**feasibility** of succession).**
- **The family's commitment to the business and its continuity as a family business (**acceptability** of succession)**

Q - What are your views on the above suggestion?

2 - Owner-manager departure styles

Source: Aronoff, C. E., McClure, S. L., & Ward, J.L. 2011. *Family Business Succession: The Final Test of Greatness*. (3rd Ed.) Ch 8

5 ways for family business leader to leave company in the hands of successor(s):

1 - **Cold Turkey** (event rather than process)

2 - **Delay & Delay, and ...** (retains control, promises transition)

3 - **Here, Gone, Here, Gone ...** (hands control, leaves, & returns)

4 - **Gradual/Progressive** (gradual ceding of responsibility over 5/6 years)

5 - **Non-family CEO** (control transferred to non family manager as interim CEO)

Q - What are your views on the above ways of leaving the company?

3 - Basic forces at work on incumbents during transition

- **Push forces** (retiring **from**): mainly generated by successors & others. Experienced as being pushed out of the race professionally & personally. Incumbent's likely response: **resistance!**
- **Pull forces** (retiring **to**): generated by incumbent's interests and needs; e.g. other things to have, to do & to be; a future diary - lifestyle alternatives outside the business. Incumbent's likely response: **interest?**

Push forces + Pull forces = Action?

There is a need to harness & channel both push and pull forces to reduce resistance.

Q - What are your views on the above suggestion?

Critical factors for enjoyable retirement

“Retirement: Plan it, Do it, Enjoy it!”

- **Health & fitness**
- **Financial security & independence** (and disposable cash!)
- **Something to do** (activity and purpose)
- **Someone to do it with** (companionship)

Q - What are your views on the above factors for enjoyable retirement?

Transition > Succession > Retirement?

*The challenging questions: **What will I do; who will I be next?***

- Very little attention is actually given to helping people find coherent & workable answers to these important, life changing, questions.
- Hence the typical resistance that most incumbents exhibit when the topics of succession & retirement are raised.
- The incumbent must be able to envision a positive, productive & meaningful existence away from the business.

Helping founder-owners to design a role for the future

How can CEOs prepare?

- Begin to separate their identity from the business
- Write strategic, personal financial and estate plans
- Need for a secure source(s) of non-business income
- A new focus for their energies - moving **to** rather than **from**
- Install an outside Board of Directors or advisers to assist ...

*Source: Aronoff, C. E., McClure, S. L., & Ward, J.L. 2011. Family Business Succession: **The Final Test of Greatness**. (3rd Ed.) Palgrave Macmillan (FTG)*

LEADERSHIP & OWNERSHIP TRANSITIONS = AWARENESS > ACCEPTANCE > ACTION.

Reminder

People do things for **their** reasons, **not ours!**

- Lecturing, pleading with, or threatening incumbents to let go rarely works! Understanding & support are likely to be more effective methods.
- Why not re-define the issue as owner-managers needing to give themselves more time to consider & articulate their interests & goals for the remainder of their lives?
- And then inspire, encourage, and support them to create the life they want.

Letting go!

Panel members:

Angela Ciliberto, Graham Henderson, and Peter Taylor

Session presenter & facilitator: Lucio Dana

© Copyright 2015 Lucio Dana & Creativity in Business Pty Ltd All rights reserved

Thank You!

Questions?

