Stepping Down from the Family Business

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Retirement is difficult for many people to consider. The stepping-down process is even more complex for family business owners because the dynamics of the family are involved.

Most family business succession seminars feature topics on financial and legal issues, and selecting successors. Few are concerned, however, with what the business owner or leader becomes after stepping down. Too often, professional advisers come up with the "perfect" succession plan on paper, but the plan is not implemented, or fully implemented, because the CEO isn't ready to take action. Much of this lack of readiness comes from the question of what the CEO is to do and be for the rest of his or her life.

The Shift to Stepping Down

For most CEOs, it is very difficult to let go because this means leaving the throne of power and a clear identity to become a "has-been." Because of this perception, the adult mentor's challenge is to help the CEO shift from "has-been" to "I am becoming" to "I am."

For many, it is also a question of who will take care of the business and look after the employees. If the CEO does not have sufficient assets outside the business or a dependable stream of income from the business, advisers must assist in resolving these financial issues. However, these advisers must not forget the importance of future self-identity and personal development.

Everyone in the family, especially the spouse, has an interest in having the CEO experience a "soft landing" away from the business, whether outside the company or in a reduced role in the business.

If there are other opportunities for the CEO to "invest in," including volunteer opportunities, the CEO is less apt to return to the business and interfere with the new management's plans. This is especially true if these other opportunities are ones that the CEO is passionate about, not just ones designed to keep him or her busy.

There are also CEOs who have developed another mission and want to step down but whose family members object. These pressures exist for a variety of reasons, including retaining the former CEO's business experience, serving as a buffer between children in the business, and pressures from non-family employees who believe they have more job security if the former owner is still around.

The Spouse's Perspective

The role of the spouse is important. Several spouses interviewed (all women) said their husbands had more time for them, their children, and their grandchildren, and that they enjoyed traveling. Several also expressed their desire for their husbands to have more friends and develop a wider social network.

Often, if a CEO who has not been home now stays home, the CEO wants to reorganize the home and make it more efficient. This is sometimes seen as invading the spouse's boundaries. An adult mentor's prime client is the CEO. Nevertheless, the spouse or partner may become a secondary client if he or she joins the mentoring process.

Stay Linked to Business?

One of the issues to be resolved is: If the former owner is to have a continuing relationship with the business, what form should it take? Some CEOs may want to downshift and accept a minor role in the business doing something that they enjoy. Retreating to a favorite activity distances the CEOs from management decisions, which now should be made by the successors. If it is decided that the CEO will continue to have some relationship with the business, this relationship should be reviewed periodically to provide the CEO with the freedom to move on when the business is no longer a source of energy or interest.

New Life and Abundance

If CEOs believe that life can be different for them, it can. The third quarter of life the is development of self. It can be one of the most gratifying periods. Many people become less competitive and more collaborative and nurturing.

CEOs need to carry out later-life assessment and reflection. It is helpful to offer to include the spouse or partner in the assessment process because they are also involved in the stepping down process. There is no one pattern or path to succession success and to a new life.

Many CEOs may wish to make a complete break with the business so that they are totally available to invent their new life.

Creating an Advisory Board

Without the familiar structure of business, the CEO must explore other options and make other decisions. The creation of a personal advisory board may be helpful. The group (from 4 to 6) should be varied and will help ask the questions that need to be asked. Members could be other CEOs, spiritual leaders, intuitive thinkers, and planners, to name a few of the desired characteristics. The board should not be composed of only friends and people who know the CEO. Instead, have people who come out of different molds and ways of thinking. The board is advisory, because the CEO must make the final decisions.

The board can meet quarterly. There should be an agenda and progress reports. The meetings can be over dinner at the CEO's home or another dining place with a private room. The board members must understand that confidentiality is to be respected. The board members may also benefit from participating, for doing so may encourage them to assess their own lives and careers.

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