

# LET GO AND MOVE ON

Family leaders can hamper progress and deter successors from taking over the running of the company. **Dennis Jaffe** summarises why it is important to keep a good work-life balance and the need for leaders to be aware of when the time is right to transfer power



**W**e cannot escape tales of traditional family patriarchs who are so fused with the business that they cannot let go. Two sons who built vast media conglomerates out of their fathers' original ventures – Sumner Redstone and Rupert Murdoch – in their 80s show no signs of a life beyond their companies. While Redstone has two

capable non-family leaders in place, and appears to be grooming his daughter for a governance role, and Murdoch faces the resignation of his son and heir apparent (and much earlier of his daughter), neither has any plans to step down.

Two younger company founders may offer another path. Both Bill Gates and Michael Dell stepped aside from CEO posts in their 40s, not leaving the company, but broadening their lives to balance their focus on company with family and in Gates' case, philanthropy. Their great works may be in the future as well as the past.

Over the past century, the average life span in the developed world has doubled. With a longer life, those who own a family business face some interesting life challenges with the prospect of their children and grandchildren growing to maturity while they still have the capacity and desire to work. In the British Royal Family, the challenge of succession is no longer two generational; a capable scion is now caught between two generations. While the Queen shows no signs of retirement, her son has moved through life with something of a career and identity deficit, as his children come of age.

When does a leader decide to leave a family business, and how is the decision made? A decade ago, Yale business professor Jeffrey Sonnenfeld wrote *The Leaders' Farewell*. He studied how CEOs left their companies and named four exit styles, which he specifically applied to family business leaders. The first two styles – the King and the General – are forced out and spend time trying to get back into power. The second pair – the Ambassador and the Governor – leave and also move on psychologically. The Ambassador stays on behind the scenes to

help the company succeed, while the Governor moves on to other pursuits. The latter styles represent people who do not focus their whole identity on the business, but have enough sense of self to see themselves as important even without connection to the business.

The challenge is that the founder/leader's personal identity is fused with that of the company. "I am the state," says the family leader, who may be convinced that the company cannot succeed without his leadership, which in a deeper psychological sense masks a fear that he is nothing more than the company. He does not see himself or feel a life outside of the business, which makes the suggestion that someone else take over into an assault on his self. This sets the stage for deep conflict when family members suggest that it is time to consider succession, or that they are ready to take the reins. The fight between a father and son for control of a company is a deeply wounding war, that often becomes a Shakespearian tragedy.

---

THE FIGHT BETWEEN A PARENT AND CHILD FOR CONTROL OF A FIRM IS A DEEPLY WOUNDING WAR, THAT OFTEN BECOMES A SHAKESPEARIAN TRAGEDY

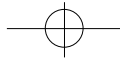
---

What are the alternatives to a family leader who cannot let go, and who may hang on too long or fight like a King or General against his offspring? Outside of family business, along with longer life spans, the model of a single career with a single com-

pany is dying fast. I think we have to shake loose from some inner templates that view the ascension to business leadership as the culmination of one's career, and consequently, stepping aside as tantamount to death, and replace them with models where family business leadership is a period of service to the family in the middle of one's life, with several roles and challenges still ahead.

For other people entering middle age, the challenges of multiple careers, and the delight in shifting from one career to another is becoming more common. After a crisis – say losing one's job (or one's company), or a personal crisis such as an illness – a person is forced to consider new possibilities. After the shock and despair, the new direction leads the individual to expand like a butterfly emerging from a cocoon, and find pleasure and meaning in areas that were not seen before. Why is this difficult for a family business patriarch?

It may be that leading a successful family business may be both addictive and constrictive to one's growth and develop-



ment. There also may be a lack of conflict in that the family business leader – even more than other business leaders – may not have anyone who can challenge his actions until the business suddenly crashes. He lives in a closed system, where new information simply does not enter. Key non-family executives are sycophants, and any of his heirs who challenge him are automatically discredited. The business is wonderful, and the leader need not consider any other options for a good life. Outside forces that bring new information and challenge someone to grow do not get through. The leader who at first was visionary and inspiring, becomes stale, self-satisfied and pompous. This is not good for the business, or for the leader.

Now consider the contrasting view, of the family leader who sees business leadership as one stage of growth and development. He or she has started a business, or has succeeded the founder, at an age where they have served their apprenticeship, developed their skill, defined a new vision, and sets about putting it into action. This is a task for a person in their 40s, and a good family leader should maybe envision a 15-year run. After that time, most any corporate leader begins to get stale, or hold the next generation back.

With this as the guiding assumption in the business and the family, the CEO stage would lead to further challenges, which benefit both the family and the business. At the end of the first decade of leadership, the perspective and job definition would begin to shift. The leader would focus on becoming the mentor to a next generation of leadership. A next generation leadership group – family members and non-family executives – would begin to take on more authority. I recently watched this happen at a great company, closely held by a family, but in an industry that was consolidating to the point where the future might be best with new ownership. Father – a second generation heir of another visionary leader – saw that his son seemed ready to take on leadership, though he had some weaknesses. As a sibling in a large family, he was used to holding back before making a decision, and was much more cautious than his dad. Father (age



*Time off: Bill Gates and Michael Dell stepped aside in their 40s and hired CEOs to run the firm*

62) decided that it was time to step down, and named his son (age 40) CEO, remaining as chairman.

This is not uncommon, but the way that he went about doing it made it successful. First, he moved out of the company, into a small family office in the next town. He met regularly with his son, to listen to him and sometimes challenge him. He and the son together recruited three independent board members who were not old friends of the father, but were highly knowledgeable about the industry. Father stepped back from his habit of making intuitive decisions, and instead probed his son and other executives about their plans. He was like the professor, running a seminar in corporate strategy. When the choices came about the direction of the company, he deferred to his son, and the next generation family council that the siblings had developed.

But he was a young man, who felt that he had at least one more stage in his career. Freed of the daily focus on the business, he found his horizons expanding. Through his service on a university board, he was exposed to new ideas about education and global development. He became a prime resource for the university's development plan. He encouraged his family to fund and become active in a family foundation, which in its initial stages gave to a variety of causes, as the next generation began to feel ownership of it and define a more focused mission for it. And looking at the family's portfolio, he began to

focus on diversification, to add wealth for the next generations by investing in a large land development project. Oh yes, he and his wife went on some adventure and educational vacations, and got to read a lot.

If you ask him, this stage of his life is as rich and challenging as the one that preceded it. He feels younger than when he led the business, and certainly healthier. He is deeply proud of how his children and their spouses are stepping up in their own lives and careers, and has time to get to know his grandchildren. He has an opportunity to give back in a visible and personally rewarding manner. In short, by seeing his service to the business as one of several life stages, he has grown in many ways, using the benefits of his wealth and business wisdom to become an elder, serving his family, the community and himself. He is looking forward to mentoring his grandchildren.

As our life and its number of active years expands, family leaders, like others in society, must begin to think of their lives not as a single ladder, but rather as a journey with several destinations. Business leadership may be one of the middle stages, but we need to develop a positive image and motivation to achieve in the post-business life stages. We need to develop pictures of ourselves as elders, and of the work of a wise elder as a resource for our family, and the world. ■

**DENNIS JAFFE** is a founding member of the Aspen Family Business Group  
[www.aspenfamilybusiness.com](http://www.aspenfamilybusiness.com)