



# ASPEN FAMILY BUSINESS GROUP, LLC

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DEEP RELATIONSHIPS. ENDURING LEGACIES.

## Handing Off and Taking Hold: Leadership Succession in Turbulent Times

by Aspen Family Business Group, LLC

Family business transition is fraught with peril in the best of times, and these are not the best of times. Almost forty percent of family businesses will change leadership in the next five years during the greatest economic crisis to hit the US since the Great Depression. The following steps will help you maximize the success of your leadership succession and help you improve your organization's morale and focus during turbulent times.

### **CAST A WIDE NET**

- Primogeniture, automatically choosing the eldest son, is what almost 30% of US family businesses do. This, however, is often a sub-optimal choice resulting in lower than average performance compared to all businesses. Choosing a leader from a search of the whole family results in better business scores, matching all businesses.
- Selecting leaders outside the family exceeds performance scores of all businesses, not just family businesses. It may be that the fresh perspective of an outsider with the stabilizing guiding influence of family culture/values is a unique chemistry affecting business performance.
- Think outside the box—don't limit your thinking to replacing one person with another. Leslie Dashew's article, [\*Assumptions about Leadership\*](#), in our fall 2008 newsletter explains this point in detail.
- Get input from your family's trusted advisors about the strengths and weaknesses they see in potential successors. Don't argue; don't rebut—just listen.
- Use assessment tools. 360° leadership feedback as well as numerous psychological and ability assessments can help you identify the drivers and derailers of success in potential successors.
- Do a gap analysis of those being groomed before, during and after selection of your successor. Discover the current and desired states for each potential successor in terms of:

- 1) Self knowledge, self mastery, coachability and emotional intelligence. (The non-coachable individual should *never* be promoted to leadership).
- 2) Leadership skills.
- 3) Knowledge of the family business.
- 4) Knowledge of the market, suppliers, customers, competitors.
- 5) General business knowledge
- 6) Relationships, networks, trust, influence and credibility within the family.
- 7) Relationships, networks, trust, influence and credibility within the business.

Create a mentoring/development plan to bridge key gaps in each area. Tell each person in the pipeline that there will be three kinds of benefits to their learning. A) What they learn will help them be more effective in their current position. B) What they learn will help prepare them for some future position, whatever that might be, and C) What they learn will help them be more effective in other areas of life.

This three-fold approach can help offset a mentality of anointment with certainty for the top job. When it comes time to choose you will have *objective* information as well as *subjective* information about your potential successors, giving you a balanced scorecard and helping you make the best decision possible with the highest level of acceptance possible.

Continue the development plans for all concerned, the one chosen and those *not* chosen. This helps develop the talent base for the business, as well as soften the pangs of rejection for the ones not tapped for the top job. [The Gathering 2009](#) will provide in-depth workshops and resources to help those in attendance

## **OIL ON TROUBLED WATERS: THE LEADER'S ROLE IN TROUBLED TIMES**

What can you do to keep employee morale and focus high during turbulent times?

*Over-communicate by a factor of seven.* Don't limit your thinking to the premise that you've already told them a specific set of information. Communication, especially during anxious times, is about much more than transmission-reception-understanding. It is also about connection, caring, and a chance to have voice and to hear the concerns of others. Chiefly, however, it is about your chance to shape and maintain a sense of organizational community.

Stephen Covey once described three circles of power. Imagine three concentric circles. The center circle is the circle of control, the area where you and others can make choices and make things happen without needing approval or additional resources. Losing weight, changing your reading habits, beginning an exercise program—all fit here.

The second circle is the circle of influence—here you can do some things, but you cannot control the outcome. All relationships fall into this circle.

The third and outermost circle is the circle of constraints, where things or conditions affect you but you can't do much about them. Death and taxes fall here. In turbulent times many people shift their focus and attention to this outer circle. That's what they talk about, think about and pay attention to—and then they feel powerless.

By joining the conversation with them you can re-focus them on those areas where they can do something, the inner two circles, reminding them that they need to monitor but not obsess about the outer circle. Employees who focus their attention and action on the inner two circles tend to feel empowered. Empowered employees have higher morale and better focus.

During turbulent times many employee conversations will occur about events, situations and issues in all three of these circles. The natural, unmanaged drift will be to focus on the outer circle. The goal for the outer circle is to be mindful of it, but not have one's mind full of it.

As a leader you have two options—join these conversations, unpleasant though they may be, in order to manage them and re-focus them toward the center, or, you stay out of them and be forced to do the mop-up work when morale and focus drift. It's your choice. Make the right one.