

# Senior Leaders: Prepare Early to Let Go of the Business

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A handover often marks the end of life as the leader knows it and the start of a new and unfamiliar phase. A grieving process is not uncommon.

For entrepreneurs, business shapes self-image and identity so much that it becomes their life's purpose. While this can spur great achievements, it can also threaten the existence of the business in a decisive phase - the handover phase. This is because founders who must untangle their identity from their business face an existential crisis and real grief. This can not only slow down succession but can also prevent it.

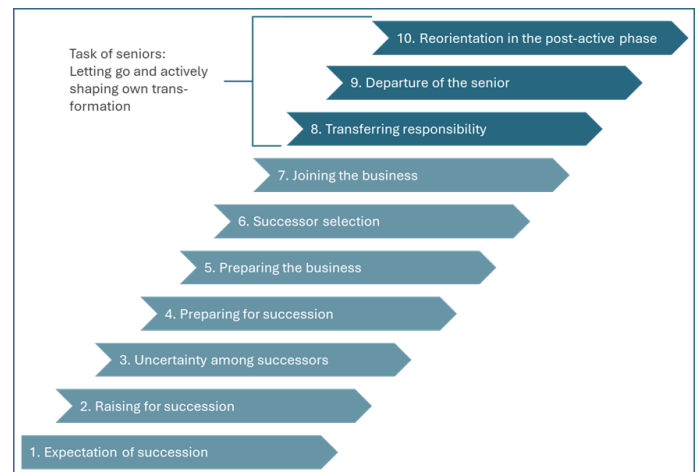
This article presents options that help senior leaders learn to let go during the handover process and proactively shape their own transformation. We discuss the consequences of the impending loss of identity, the significance of grieving processes during the handover, and the importance of finding new meaning. In practice, many handovers fail precisely because the senior generation is unable to let go.<sup>[1]</sup>

## Consequences of the Handover

For the senior generation, the handover often marks the end of life as they know it and the start of a new, perhaps still unfamiliar, phase of life. Thus, processes of separation automatically take place in the context of the family, the ownership and the business. This life-changing event may even involve a grieving process.

The Witten phase model of succession (presented below) offers a framework of when, at the latest, the transition process should be actively shaped by the senior generation (Groth, Rösen & von Schlippe 2020, 5). In general, the model emphasizes that succession

should not be reduced to a specific point in time -- e.g. through a decision on succession. This view ignores many dynamics in business families that have shaped the lives of family members long before the transfer of responsibility and will continue to do so in the future. In this model, succession – or handover – is therefore seen as an ongoing process that can be divided into 10 phases, each with specific challenges.



With regard to the senior generation's transition, Phases 8 to 10 are particularly relevant for a successful succession. This is because succession is an important renewal for the business to ensure its long-term existence. If the senior is unable to relinquish responsibility and make room for the successor, it weakens the successor's ability to act and take responsibility. This inhibits both the successor's development and the business because the necessary potential for renewal cannot be realized. However, even in Phases 4 to 7, those in the senior generation may – whether consciously or not – have to face the finite nature of their own role and come to terms with future changes in status and position, even if they are far off.

The impending loss of the older generation's sense of

purpose in life automatically and sometimes forcefully compels them to face themselves and realize that the handover may mark the beginning of the last phase of their life. Inevitably, they face unfamiliar processes of detachment, reinvention, and mourning. The prospect of a new life can seem difficult and joyless, seen in terms of before and after. They feel their impending loss acutely, which can lead to three undesirable situations:

- Succession is not considered
- The transfer does not take place or is only partial (Phase 8) or
- A board position is created from which the senior can still overrule the decisions of the successor. Although the senior leaves a managerial position in the business (Phase 9), he can still exert his influence from the outside.

When this happens, the senior delays reorienting to the post-active phase (Phase 10), i.e. a life without the burdens of work and the pressure of responsibility. They are not able to make use of their newly acquired “free” time. The outgoing generation faces a dilemma here: On the one hand, they want to preserve, maintain and continue what is already there, yet, on the other hand, they cannot – or do not want to – imagine what lies ahead. The future can therefore be seen as meaningless and empty.

Withdrawing from a leadership or ownership role is, therefore, a process that forces the senior generation to say goodbye to money, power, influence, and status, but also to family history, fears, emotions, love and recognition. Fear is often present – whether recognized or not – in the process of letting go, which hinders the necessary transformation.

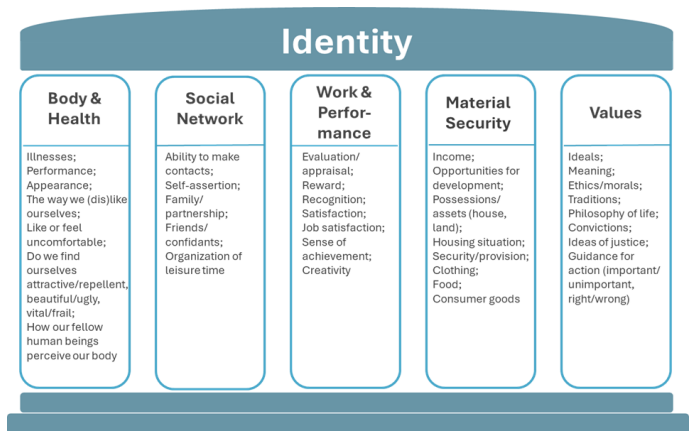
## Recognizing and Developing Resources for an Inner Transformation

The “new life” often begins with taking stock. However, it would be fatal to ignore this turning point until the last moment (Phases 9 or 10), as almost no other experience has such a profound impact on the life and self-image of an entrepreneur. Proactive transformation work, i.e. consciously dealing with the consequences of the handover regarding one’s own identity and the remaining life:

- Supports the older generation in letting go,

- Has a positive effect on the dynamics within the family,
- Empowers the successor, and
- Contributes to a successful succession for everyone.

It therefore makes sense at an early stage (from Phase 5 onwards) to examine and reflect on one’s own motives in life outside the business. The five pillars of identity suggested by the German psychologist Hilarion Petzold (2003) may offer some guidance here. In his model, Petzold assumes that our identity is supported by five pillars that represent the resources on which an individual can draw to support them in coping with their everyday life and in times of transition.



The interplay between these pillars makes up a person. However, it is important to note that each pillar develops individually. If one or more pillars crumble or develop only partially, this may disturb one’s entire identity. Pillars become unstable when people are exposed to stressors, losses, fears, grief, or conflict. The aim should therefore be to ensure that all pillars are as stable as possible to enable them to compensate for the loss of one pillar.

The third pillar is often crucial for family entrepreneurs, for whom work and performance often significantly shape identity and self-image. A symbiotic relationship may exist between them and their business: there is no I (the entrepreneur), YOU (the business), and WE (the intersection of the two). The entrepreneurs’ identity and personality of the entrepreneur becomes inextricably merged with their business. They are extremely dependent on it and feels lost or incomplete without it. Thus, they act and think only in terms of the relationship (WE: I, the business)

If the third pillar breaks down or is destabilized during a handover, the outgoing generation feels their self-realization and social recognition are restricted. Moreover, it has a destabilizing effect on the other pillars if their:

- Dissatisfaction and disorientation affect their body and health;
- Social network consists mainly of work contacts;
- Material security depends on the business; or,
- Values are inextricably linked to the business.

If their health, social network, material security and values weaken, essential resources of strength needed during the handover are lost, making it more difficult to let go. A form of alienation occurs: What has been created is no longer part of them; they can no longer identify with it. This can result in a break in identity and a loss of resources. The senior generation should therefore actively review and reflect on those other identity pillars at the latest from phase 8 and examine how each can be strengthened outside the business.

## Dealing with the Loss of the Entrepreneurial Identity through Grief Work

The identity of the seniors can be inextricably linked to business. Even during the handover process, the seniors have to say goodbye to their business, their own story, and much that is familiar and cherished. Above all, their (entrepreneurial) identity, i.e. their self-image, can be shaken, especially if the business has an influence on their other pillars of identity. Therefore, the (impending) loss of the current identity and the need for reorientation can trigger grieving processes, which in turn can have a negative impact on the handover. Grieving processes occur almost inevitably in the process of handing over and letting go.

Grief does not only occur with the loss of a loved one; it is also experienced at other extreme life events, such as the handover of a family business. This can be an extreme situation for the senior generation, who lose what is familiar and much-loved and may feel the metaphorical rug being pulled out from under their feet. As a result they might cling to their previous life, to what they are used to.

In grief counselling, William Worden's (2018) grief tasks are often used for support, to actively confront grief and

allow it to flow again. These grief tasks can also help the outgoing generation cope with their inner transformation of their identity, let go their business, and find new meaning in their post-active phase. According to Worden, the grieving process is individual to each person but can be actively shaped by the mourner. The phases do not occur one after the other, but intertwine and interpenetrate, with certain tasks dominating at specific times.



### Realizing and Accepting Loss

Accepting and coming to terms with the full extent and finality of the loss is a process that can take a long time. The experience of loss does not end all at once; it can occur repeatedly, with varying degrees of intensity. Sometimes the outgoing generation may feel numb and disconnected from the outside world. Full realization takes time; it is a form of protection from the "terrible and unreal reality." Repression is not uncommon but has a negative impact on the grieving process, delaying it and making it more difficult to let go. The greater the repression, the more energy must be expended. Accumulated feelings can then be released suddenly, potentially leading to conflict. During this phase, it is therefore important that the senior generation not close themselves off from reality, but instead keep reminding themselves of the new situation.

### Processing Grief Pain and Feelings

Grief reactions can be very intense and contradictory for those affected. Unfamiliar emotional states are very irritating, and physical conditions may include insomnia, exhaustion, nerve pain, palpitations, and circulatory problems. This can lead to the senior wanting to return to their old familiar life and thus undo the handover. Many conflicts during handover have their origin in the senior's emotional state of emergency, which places a strain on the family and the business and may also cause them to feel tired of life.

We recommend that the senior generation express their sometimes contradictory feelings. If they don't acknowledge and reflect upon grief and pain, it can be difficult or impossible to feel joy in life again. They would do well to give themselves the necessary time, patience, understanding and appreciation, and to accept these also from their successors, family or environment. Conversations would help here, but seniors often find it difficult to talk about their situation or emotional state, as they still want to project an image of the robust entrepreneur who radiates security and clarity. Admitting the opposite – and talking about it – is often impossible.

## Reorientation

As a result of the handover and impending loss, the familiar daily routine, rhythm and everyday rituals undergo change. This occurs primarily at the business level but can be profoundly unsettling for the senior, especially if their social networks were primarily linked to the business (work and performance). It is important to find and establish new everyday rituals and routines, independent of the business, to strengthen the other pillars of identity.

Without the business as a focus, latent tensions or perhaps personal issues can suddenly bubble to the surface and erupt in the family, between spouses, or in the business, especially if the business played a significant role in communication. It is helpful here to develop opportunities for communication within and outside the family so that the senior can process their fears, doubts, and related questions.

## Establishing a Permanent Connection

A balance must be found between maintaining the business presence while preparing to say goodbye to it if the transition is to succeed. It is therefore a matter of accepting the impending loss, not denying or suppressing it by

- Building a connection to the business.
- Cultivating memories of this shared period of life.
- Celebrating the successes experienced there.

This will help to accept this time with gratitude; remembrance rituals can provide support here.

Creating a business or family chronicle or setting up a business museum, for example, can help to create a new connection. Such remembrance rituals are important as they support the grieving process and, thus, the letting go. Consciously honoring the past is a starting point for embarking on a new phase of life. While referring to the past and coming to terms with it support the process of letting go, and thus one's own transformation, it is also however important to look to the future. The two processes should occur in parallel. This means looking ahead to a new phase of life without the business or a formative role in it, and creating content to fill the time resources that are freed up.

## Reorientation in the Post-Active Phase – Finding Meaning

According to Viktor E. Frankl (2008), people are searching for meaning – this motivates them. The search for meaning is a strong, if not the strongest, motivating force. However, meaning cannot be given by someone or something else; everyone has to find it for themselves. The challenge for the senior generation, especially during the handover, is that their sense of purpose is taken away from them. Their most important motivating source of strength and resourcefulness dries up and they are, in this sense, deprived of their livelihood. However, life must be lived after the handover, and there are plenty of opportunities to continue to live a meaningful life. It is important to note that activities as such rarely provide meaning; this derives rather from the result of the activity and the effectiveness of its execution.

The senior generation should focus not on what they can still expect from their lives, but on what life still expects from them. Above all, the wealth of experience accumulated over decades and the opportunity to pass this on can support the reorientation and thus make it easier to let go. With this experience, seniors can contribute new perspectives and support their successors (Phase 10).

Even if seniors are reluctant to hand over the reins, possibly out of fear of loss, this does not lessen either the need or the loss. Letting go does not mean losing something but, rather, recognizing one's previous entrepreneurial life experience as a resource that can form the basis for a new, meaningful life.

## Conclusion

The public image of an entrepreneur is often one who has "everything under control" into old age. As a result, little or no attention is paid to the central themes of grief, letting go, and finding new meaning, or, frequently, to the psychological barriers that significantly influence the handover. However, dealing with the handover's impact on one's own identity and the need to find meaning away from the business are key aspects of coping with grief and letting go. It offers the senior generation scope for action, enabling them to recognize and accept the opportunities of their new life.

The extent to which seniors perceive the loss as a profound experience depends primarily on their own personality and ability to deal with crises, as well as their vision of how they will organize the next stage of their life. We've seen that leaders and their businesses have the easiest time when leaders understand what gives them meaning outside the business well before the handover.

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[1] The findings in this article are taken from the practical guide published by Caspar, Rüsen and Kleve (2024), which are in turn based on the experiences of the WIFU Foundation's (Witten/Germany) "Learning to let go" working group (established 2017), as well as the personal support provided to the senior generation in their handover.