

# Planning Matters

## The Softer Side of Succession

John Ward, a thought leader in succession planning often quotes, “The final test of greatness is a leader’s commitment to his succession. The best plan of all is the one that is hardly noticed.”

Building wealth and building businesses, requires immense leadership and skill - hours upon hours of one’s life yet many people put very few hours planning for the future. When it comes time to transition, succession should be planned with the best advisors, documented in detail and rolled out accordingly but rarely is – often out of fear for what happens when uncomfortable emotions creep in. The capacity and skill to navigate emotionally charged situations is what keeps the family and the business together. This can only be achieved through trial, error and courage.

The very nature of community, family and workplace is to create harmonious, constructive environments to survive the array of challenges or opportunities that are thrown at them. Unfortunately the desire to preserve harmony can lead to conflict avoidance, which can be counterproductive and lead to greater crisis in the succession process.

Often, the sensitive issue of succession planning can prompt conflict. Inherent in the complicated workings of a family or a business are issues that can include: sibling rivalry, marital discord, ownership dispersion, shareholder’s agendas, identity conflict and role and responsibility differences. In many such cases, emotional issues can override rational business behaviour or economic rationale. Left unattended, these issues can escalate, spawning ill will that festers for generations – an unintended legacy of succession.

What steps can be taken to manage conflict and create healthy succession? In many cases the conflicts we are trying to avoid, and the very relationships we are trying to preserve, will be better served if we address them openly and directly. By putting our concerns on the table we show we are able to face our fears rather than risk breaking the relationship. Addressing conflict requires courage, respect, honesty and often personal humility – the very values that have created the business or wealth in the first place.

The mindset with which people approach conflict resolution can radically shift the outcome. It is helpful if conflict can be approached in a systematic way, as neither good nor bad, but rather as an exploration of possibilities.

The following processes and skills will greatly support the resolution of conflict within a succession process:

**Begin early.** Even if succession is years away, begin integrating those that will be affected. Avoiding surprises and sharing possible plans will be seen as collaborative. Speak with people that are not directly involved such as advisors, family members or board members. As soon as the concept of transitioning through generations becomes an option, open dialogue with the incoming generation – even if they are very young. This is particularly important when a business succession is at stake, but equally so for the transition of wealth and its management. In fact, this conversation should never really end, as succession should be considered an ongoing process.

**Understand the personality differences within the family and the business.** Consider the main players in the succession – nuclear or extended family, step family, charities, or business employees and associates. Conflict can arise from interactions between or within any of these groups. Understanding their different styles and behaviours can significantly reduce the potential sources of conflict.

**Ensure the conversations are dialogues, not lectures or instructions.** Having a dialogue means a mutually respectful two-way conversation, with both parties actively listening and discussing. Active listening means that the other person feels heard. Active discussion means testing assumptions and opinions, and understanding positions. Dialogue typically takes time that many are unwilling to invest but it is essential. It is especially important in cases of intergenerational conflict.

**Separate the person from the problem.** Issues cannot be resolved productively if there is disrespect between parties. Blaming others solves nothing and abdicates responsibility. This problem frequently develops when jealousy develops in the naming of a

successor. It is imperative to understand the perspective of all the relevant parties.

**Ask difficult questions.** Simply put, successions are fraught with difficulty almost always because someone lacked the confidence to ask a difficult question or hear a difficult answer. Ironically, the courage required for these conversations is itself the key to building the trust that engenders strong commitment to maintaining healthy relationships. Getting the process started might call for a professional facilitator, as well as good conflict resolution policy. However people, particularly family members, need to know there is a safe, secure, opportunity for airing their concerns and fears.

**Question assumptions and clarify expectations.** Inherent in the many conversations, procedures and tasks related to managing a successful succession is the opportunity for misunderstanding. It is easy to assume that those involved are in clear agreement. However, it is crucial to be as clear as possible and err on the side of over-communicating rather than under-communicating each step of a plan. Don't assume that everybody understands the process. Many transitions hit roadblocks on account of unclear or divergent expectations, which are often discovered too late in the process.

**Look for mutually agreeable options.** When looking at family or organizational dissonance and dissatisfaction, it is important for the various parties to brainstorm a variety of possible resolutions. Shifting away from entrenched, unilateral decisions and focusing on a variety of options will create a sense of collaboration. Sharing objectives makes it easier for people to make reciprocal concessions, and be less defensive.

Nothing in the process of succession is easy, but the effort is worthwhile – even if it leaves bruises – because the alternatives can be far worse, seriously damaging the business or estate and scarring the tissue of the family.

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