



205 Powell Place
Chesapeake Business Centre
Brentwood, TN 37027
(615) 369-0828
info@BillLindsley.com

Family Business Succession: Changing Roles of the CEO

By Bill Lindsley, Ph.D. © 2006

One of the key roles for any CEO is management succession. But as with many issues in family businesses, the challenges can be amplified by the overlap of family and business. In my work with family businesses, I have observed and identified eight fundamental roles that family business CEOs undertake over the course of the business. Let me briefly describe each role or phase – and outline the major challenges the family business CEO faces in each.

- **Parent/Entrepreneur/Generational Navigator.** At this stage the new CEO is mostly focused on building the fledgling business, putting out fires, setting up basic processes, keeping track of cash flow. He/she is also wearing the hat as parent, and if he or she is taking the company over from the previous generation, the many potential mines have to be navigated, whether it be with parents, uncles or cousins, particularly where major changes are needed.
- **Organization Builder.** During this stage, the CEO is focused on more long-term issues, undertaking such things as strategic planning, filling key management roles, and setting up more professional processes. A major challenge here is to get the family aspect of the business in order, perhaps setting up family councils and drafting family mission statements.
- **The “Decider.”** At this point in the growth of the family and the business, the CEO must make the critical – and sometime painful - choice of successor, whether that be a family member or non-family – and whether it be from inside or outside the company. When there are multiple family members in the business (especially multiple siblings), this can be fraught with problems for a parent/CEO. Communication is key, both within the business and the family.
- **The Mentor.** Once the successor has been chosen (and admittedly before), the CEO must make sure the successor has all the skills, experiences, knowledge, and relationships to be successful in his/her new role. The challenge here is to carve out the time to thoroughly plan the development needs for the successor and to begin to let him/her carve out at least one area where he or she can make an independent contribution to the business.

- **The Relay Racer.** Just like in the relay race, there is a critical point where the baton must be passed. The primary challenge to the CEO is truly letting go and letting the successor have the space (with support) to find his/her wings and move the business forward, often in ways that are different in both style and direction.
- **The Understudy.** At this point, the ex-CEO must find new roles to play. He/she may still play an active role in the company, but in newer and more defined roles. This may be in such areas of real estate, new business, or the like. I have encouraged more than one of my clients to focus on key customer relations and on employee relations. The key is to find where the now former CEO (possibly chairman), can add the most value. The challenge is to redefine yourself.
- **Semi-retirement.** In this stage, the former CEO spends less and less time in the business. Out of direct line responsibility, the individual needs to develop or rather gets the opportunity to develop new interests whether they be hobbies or foundations or even new businesses – while still playing a role in the business. The challenge here is to make sure that your presence at the business is a positive one – and not disruptive.
- **Retirement.** Finally, the former CEO now can spend his or her full time doing outside-the-business activities. He or she can help the new family CEO by helping with his/her family duties (enjoy those grandchildren!), and also being a trusted advisor to the successor(s) and other family members – but without second-guessing or criticizing the new CEO.

In sum, there are many primary roles the CEO must play between his first days as the CEO and retirement. And while these roles may have some overlap (and some skipped altogether – such as semi-retirement), they are crucial roles to guaranteeing the continuity of a family business.