

PASSING THE BUSINESS BATON



The cost of not adequately addressing the psychological considerations in a succession plan can be a high one, argues **Sian Lumsden** and **Ian Mitchell**.

One of the strangest sights at this year's Rio Olympics occurred in one lane of an otherwise empty eight-lane track at a half-empty stadium, when the defending champions in the women's 4x100 metre relay team ran a qualifying round all by itself.

After dropping the baton at a changeover in the semi-finals, the USA team lodged a complaint and were awarded the chance to re-qualify for the final by successfully solo racing against the clock and managing the baton changeovers more carefully. They duly grabbed the chance, qualified in the best time of all the finalists and went on to retain their title.

Unfortunately, in business we are very rarely offered a second chance if we fumble when transferring the leadership baton. Many successful individuals have found

out to their cost that not paying enough attention to the personal detail around the succession process can really damage the legacy they want to leave within an organisation. It can be a challenging time for everyone involved and even when the organisation carefully plans for the optics and processes involved, the moment of transfer itself can create a period of significant trauma for those who have not adequately prepared themselves for the change.

Neuro-linguistic programming (NLP) practitioners have developed a model to help with self-understanding in times of change or stress, and we have found it to be of significant help to clients wrestling with the whole 'baton transfer' issue. The model is built on the notion that our overall personalities tend to be governed by

what is described in the NLP model as a "towards" or "away from" pattern.

By listening to language – our own, and that of those around us – we can see these patterns at work. A sentence such as "I am working and saving hard for a new car" indicates an individual's probable preference for a 'towards' pattern, while "I'll be glad when I don't have to walk or take the bus any more" signifies that the individual is probably more of an 'away from' person. It's not definitive, and people are clearly not one-dimensional around these issues, but it is indicative of something important about us.

PSYCHOLOGICAL NEEDS VS FINANCIAL NEEDS

A 'towards' person will be motivated by goals, will know what she or he wants,

and will tend to focus on doing what is necessary to get there. Meanwhile, their ‘away from’ colleague is likely to be on the lookout for perceived threats, challenges, and pitfalls and will want to avoid disasters, challenges, crises or even difficult situations.

Encouraging a ‘towards’ person to focus on the detail around transferring the baton onto their successor can be tricky – as can being part of a top team when its ‘towards’ leader is replaced by more of an ‘away from’ successor. Or, indeed, vice versa.

At baton transfer time, an organisation’s participating individuals will undergo both an ‘away from’ experience and a ‘towards’ experience as each says goodbye to what is, and embraces what is to come. While this transition is usually a welcome one for the successor, if the organisation wishes to derive maximum benefit from the process as highlighted in the case studies below, care and attention needs to be given to ensuring that the psychological needs of the transitioning leaders receive as much attention as the financial needs. That often requires some work!

**CASE STUDY:
KEEPING IT IN THE FAMILY**

Aoife was excited when her father told her that he intended to hand over the reins of their family retail business to her.

Donal had spent a lifetime growing the company from nothing into its current form with over 2,000 people working in ever-broadening international markets, but he and his wife felt that it was time to hand over to the next generation. So they recruited Aoife from her role as a senior manager in a Big 4 firm and informed the family of their decision.

Six months later, Aoife felt frustrated. “I’ve fully funded the pension schemes and put the monies in place to buy out my parents’ shares. But Dad hasn’t looked at the detail yet, and in fact almost seems to be undermining my efforts to modernise the way we do things. Mum has been easy to work with, but unless Dad changes his approach pretty quickly I’m going to head back to practice and I really fear for the future of our business.”

As we worked with the family, it became clear that Donal had a very strong ‘towards’ preference. What on the surface appeared to Aoife to be his grim reluctance to move ‘away from’ the business was actually his confusion around identifying some life goals and targets that he could aspire to.

He wasn’t yet ready to see ‘successful retirement’ as a valid goal to which he could aspire. In fact, the sight of Aoife

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dutifully funding the pensions and seeking to bolster up his personal finances filled him with dread. “I’m just not ready to be a ‘used-to-be-a’,” he told us. “I still want to achieve things.”

As we worked with Donal and his wife, we asked them to identify and think about their biggest regrets in life. It’s a question we find particularly useful for people who are looking for one last challenge in life; one final ‘towards’. It proved very useful for Donal. Aoife has now fully taken over the family business while Donal works part-time as a company ambassador seeking out new markets.

Meanwhile, he and his wife are in the process of setting up a small family charity with a view to encouraging business start-ups in socially deprived areas. It turns out that their biggest regret was that they had ‘never put anything back’ and this has now become their big ‘towards’, leaving Aoife to get on with running the business.

**CASE STUDY:
AN SME IN CRISIS**

Michael and Denis were co-owners of a successful insurance underwriting business in London. They, along with one or two others, had built the business from a start-up to its current status as one of the more successful underwriting firms in the City.

However, their respective visions for the business diverged somewhat and after much discussion, Denis offered to buy out Michael’s share of the business with a date set for completion.

Unfortunately, Michael – being a ‘towards’ person – immediately began to plan his next venture while Denis, a very strong ‘away from’ individual, proceeded to spend almost 18 months burying

himself in spreadsheets and analysing everything that might go wrong with his buy-out plan.

Michael interpreted this as obstructive behaviour and eventually the two colleagues were discussing their succession plan through lawyers and the atmosphere within the business was going toxic fast.

“I’m not sleeping at night,” said Michael. “Mentally I’ve moved on from this business, but now I don’t trust him to come up with the money and I’m not really able to get on with my plans for the future while he drags his heels on this. The stress is pretty much unbearable for me and I suspect he’s playing me in some way.”

Our work with Michael centred around helping him to see, understand and value the ‘away from’ perspective of his colleague and develop some clarity around how each of their personalities were ‘hardwired’.

We also tried to help his colleague see how his tendency to focus exclusively on tying up the detail of the transition from his perspective was creating a real danger to the overall wellbeing of the business.

Once there was a mutual recognition of each other’s perspectives, the two parties began to work together on their shared agenda more effectively and the financial and legal aspects of the deal were able to close out relatively quickly.

MOVING PARTS

Every succession plan centres around two human moving parts. For the baton change to work effectively, each needs to fully understand the importance of their own – and the other’s – ‘away from’ issues as well as their respective ‘towards’ issues; as do other key figures in the supporting organisation.

The USA 4X100 metre relay team was lucky enough to be given a second chance to get things right. Most firms or businesses aren’t so lucky and a poor succession changeover can cost an organisation dearly.

The cost of not adequately looking after the psychological issues around the main players can be a high one, and it behoves any executive committee to ensure that everyone’s head is in the right place when it comes to handing over the baton.



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