



Handing Off/Taking Hold: The Passing of Power

Darrell Beck, Ph.D., CMC
Aspen Family Business Group

From: Aspen Family Business Group Newsletter, Spring 2009

We like the metaphor of the relay race for family business succession. One leader has run his portion of the race and hands off the baton to the next runner, who must now run her part of the race. The baton is passed. A part of what the baton represents is power. But what exactly is power? What kinds of power can be handed off, or conferred, and what kinds must be earned? Understanding and using power wisely determines both the speed and effectiveness of family leadership transition.

FIRST CATEGORY OF POWER

- **REWARD power** (the carrot)
- **COERCIVE power** (the stick)
- **LEGITIMATE power**—
recognized by law, society, or contract.
Parents can set rules for their children.
A manager can delegate and evaluate the
work of a subordinate.

These three are *positional* (a part of the role you occupy), *conferred* (given or taken away by superiors), and *tangible* (can be seen as a part of the organization chart or job description).

These, like the baton, are passed off in the relay handoff of succession. But these three kinds of power, used alone, can only elicit compliance behavior, what one *has* to do, not commitment behavior, doing fully what one *is capable* of doing. The new family business leader who has only this kind of power is off to a very poor start.



SECOND CATEGORY OF POWER

- **EXPERT power** —
recognized as knowledgeable in a specific area, the “go to” person for information.
- **REFERENT power** —
regarded as a sounding board, advisor, wise counsel or role model by others; respected, admired, viewed as a standard of conduct or a valued source of approval.
- **NETWORK power** —
connected in terms of:
 - a. **Communication** —has access to others.
 - b. **Knowledge** -- knows and can get to the experts.
 - c. **Trust** -- can get others to be open and vulnerable about the real state of affairs.
- **PERSUASIVE power**—
has the communication skills, the character, and the emotional intelligence to influence the attitudes and actions of others.

These four are *personal* (a part of the individual), *earned* (one's boss can't give or take these away) and *intangible* (they can't be seen on the organization chart or job description). These are not and cannot be handed off from one leader to the successor. They must be earned by the successor and the earlier the better.

Two kinds of problems often occur in the family business handoff. Both pose dangers to the new leader's success but both can be prevented.

The Halting Handoff

Imagine a relay race where the handing off runner continued to hold on to the baton well after the taking hold runner had a firm grasp on it. This alone would ensure loss of the race, and that's why it never happens on the track. But it does happen in family succession, and if the handing off is not clear and decisive it reduces the legitimacy of the successor. The retiring leader, board members, other advisors can provide mentoring and coaching for the new leader, long after the handoff. But they need to do it behind the scenes so as not to undercut the sometimes fragile legitimacy of newly acquired power, and of the new successor.

The flat footed runner

Imagine a relay race in which the taking hold runner stood dead still, flat footed, until he or she got the baton. This too would doom the race, and is why all receiving runners get a running start. In family succession getting a running start means acquiring the personal, earned and intangible kinds of power, well in advance of succession. This takes a long time. The handing off successor, others in the family business and in the family itself can help the successor. They can do so by creating mentoring and development opportunities for the successor to acquire the personal, earned and intangible parts of power, well in advance of formal succession.

Mentoring, family councils, internships, jobs in companies other than the family business can all be helpful mechanisms. Thus will the new leader be able to elicit the full commitment and the just consent of the governed. If your family business is facing succession, help the successor get a running start—the sooner the better.

Darrell Beck, Ph.D., CMC, is the principal of Darrell Beck and Associates, Inc. (www.darrellbeckandassociates.com).

Since establishing his consulting business in 1978 he has experience with numerous family, mid-sized and Fortune 500 companies. His major areas are coaching, succession planning, leadership development, and improving teams and groups. In addition, he helps younger family members find "true North" for their life and career, either in or outside the family business. He is a partner in the Aspen Family Business Group (www.aspenfamilybusiness.com).

The Aspen Family Business Group is the premier international consulting resource for families in business. Six premier consultants with over 150 years of combined experience help their clients:

- *Maximize the potential of their business*
- *Promote family harmony*
- *Sustain positive family connections through the generations*
- *Use their wealth and financial resources to serve their families*
- *Preserve and protect family wealth*

Each individual works independently for clients and collaborates when it is in the client's best interest, providing efficiency as well as depth of expertise. Clients appreciate the group's prompt and practical counsel.