

Passing the baton: Predecessor roles during and after instatement of the successor

– Louise Cadieux

Leadership transition in a family-business is like a relay race in which the retiring leader has to carefully pass-on the baton to the successor while ensuring that the momentum is not lost in the process. This process is also important for the retiring leader on personal front as it involves change of role and readjustments in his/her own goals. Family business literature was limited in explaining how the retiring leaders actually deal with this situation and how their roles change overtime. The author closely studied the transition process in family owned firms in Canada and developed a typology of roles played by the predecessor during and after the successor took charge.

The author identifies two distinct stages of leadership transition process – a) **joint management** with successor and b) **withdrawal** phase. These two stages differ from preceding stages of succession because this is where the retiring leader begins to work with the successor and subsequently begins to withdraw from the business. This requires change of the predecessor's roles at each of these stages.

Predecessor's role at 'Joint Management' stage – At this stage the predecessor's aim is to prepare the successor for leadership and introduce them to the business networks. They play the following roles at this stage –

- They assign tasks, oversee the successor and ask them to correct wherever required, thus playing the role of a *supervisor*.
- They also transfer the specific knowledge or 'traditional wisdom' crucial for business success, thus playing the role of a *teacher*.
- The predecessor also plays the role of a *protector* by 'underwriting' the decisions of successors, which may go wrong as they begin to learn by trial and error.
- They play the role of an *introducer* as they mediate between the successor and important people in the internal and external environments of the firm.
- The predecessor appreciates the successor's learning, confirms their knowledge and skills, supports their progress and reinforces their self-esteem thus playing the role of a *mobilizer*.
- As the successor develops skills and confidence of independent working, the supervisory role of the predecessor begins to change into a *collaborator*.

Predecessor's role at 'Withdrawal' stage – At this stage the predecessor's aim is to crystallize the processes initiated during joint management phase and limit their active participation in business leadership. They play the following roles at this stage –

- After detaching themselves from the executive position, the predecessor may assume a position like chairman or mentor while keeping a right to veto for stopping a decision that may be harmful for the business. Thus, they take up the role of an *administrator*.

- Predecessors are regarded as heroes who built it up, faced the odds and grew the business. Thus, they become the *symbol* and people look up to them even after they give up leadership.
- Predecessors oversee the management philosophy, continuation of values and employee well-being thus playing the roles of *safeguard* and *observer*.
- Many a times successors seek predecessor's guidance and advice on complex issues. Thus, predecessors also play a *consulting* role.
- In conflict situations, the predecessors become arbiters, conciliators and moderators to preserve family harmony. Thus, they play the crucial role of a *facilitator*.

The retiring leader must be able to redefine his/her roles as he prepares to detach from the business. The process of letting-go will be much smoother, if the person is able to successfully make the above role transitions.

Source: Family Business Review, 20(2),2007; pgs. 95-109.