The Family Business Advisor

THE FAMILY BUSINESS CONSULTING GROUP

A Founder Dies

By: David Lansky, Ph.D.
The Family Business Consulting Group

There's an old joke about entrepreneurs: "It's not when I die, it's if I die."

Like all humor, this joke has an element of truth to it. It taps into the psychology of many entrepreneurs whose life experiences and successes may contribute to a sense of unlimited resources bordering on immortality.

But the truth is, founders die.

And while we may focus on the structural or economic implications of a founder's death (e.g., will the business survive?), a founder's death has an impact on family dynamics as well. Indeed, due to the complex network of roles and relationships in a family enterprise, a founder's death brings with it a set of unique challenges for enterprising families. In working with business families and families of wealth over the past 20 years, I have noted a few apparently repetitive dynamics that emerge in some families when their patriarchs die. So, while this is by no means an exhaustive accounting, in an effort to help families anticipate and to manage these painful dynamics, I describe below three distinct patterns which I have observed when a founder dies. I also suggest some approaches to preventing or managing these dynamics.

Complicated Grief

Of course, upon the death of a founder, grief is often the first, most natural and expectable family dynamic to occur. Elizabeth Kubler Ross, in her book, *On Death and Dying*, identified five stages of grief through which people progress when they experience loss:

1. Denial: A stage at which one is unable to admit to him or herself that the loss is imminent or has already occurred.
2. Anger: In which the loss or imminence is recognized, and blame is projected onto people, things or circumstances.
3. Bargaining: Which represents a last-ditch — often unrealistic — effort to avoid the loss, through imaginary or actual negotiations with doctors or deities.
4. Depression: When the full impact of the loss is realized.
5. Acceptance: When a person finally comes to grips with the facts of the situation.

While not everyone will necessarily go through all of these stages in exactly this order, in "normal grieving" most people will experience some aspects of this progression, eventually to find themselves in a state of acceptance.

I use the term "complicated grief" to describe the dynamic I have observed in business families and families of wealth because the grieving process for a founder is often colored by his or her complicated role in the family: The denial may be deeper because at some unconscious level family members may have bought-in to the fantasy that he or she could live forever. The anger may be more intense because that fantasy has been punctured. And the depression might be more intense because he or she was so central to the economic life of the family, that what has been lost is not only the person, but some of the fabric of their future.

But the grief is further complicated because families often have mixed feelings about their founders: Love, appreciation, admiration, yes. But also resentment due to frequent control exerted in the course of their financial and business lives. And confusion, because of the esteem and deference paid by outsiders during memorial events, when family members know only too well the "feet of clay" they grew up with and lived with. And fear of what a future without a founder might bring.

So what comes of this emotional stew of complicated grieving?

The best approach to managing complicated grief is to anticipate it and to communicate about it. Of course, this is not easy because it means acknowledging a founder's legacy and gifts to the family in addition to his or her mortality, fears, and impending loss. This level of communication is not always easy in business families who may be more comfortable discussing business strategy and investments than contemplating the meaning of life and death.

When a death occurs suddenly or when preparation has not otherwise occurred, I have found that these business families often attempt to gain comfort through action. There may be an inclination for family members to rush into projects to continue or to correct what a founder has begun. This approach can provide structure and a way of managing the mixed feelings that may accompany the loss, but it doesn't provide what the family probably most needs: Time. Time to recover. Time to get past emotions which may interfere with good decision making. Time to listen and to be heard. So my advice, in light of the rush to action in the face of complicated grieving, is to slow down. I advise families to refrain from non-essential decisions for 12 to18 months following a loss.

And for decisions which are essential and immediate? I believe these decisions should be undertaken with an understanding that they may be driven strongly by emotion. Conferring with trusted third parties who are outside the family system might be beneficial in providing a less emotional perspective on the matter in question.

Big Shoes to Fill

On occasion, when a founder dies, a previously otherwise engaged spouse or child may step in to replace the lost spouse or parent. While this may be a perfectly reasonable solution to a difficult problem, the ensuing family dynamics pose a several-fold risk to the family and the family enterprise.

It may seem natural for a spouse to step in to try and fill a founder's shoes, particularly if the founder and spouse were a "founding couple." A devoted spouse in this situation may have substantial credibility with family, advisors and employees, but that credibility does not necessarily translate into effective leadership. Yet the emotional sequelae of loss coupled with the inherent credibility of a surviving spouse make it difficult for family and others to provide honest feedback to the surviving spouse, which is an essential element of stable business families. The result could be an unstable family dynamic — misaligned, grieving family, emotionally reactive to each other and lacking direction — preventing the family from accepting and adjusting to their loss and its impact.

I have observed situations where a surviving spouse or a child (often an oldest son) has tried to step into a founder's shoes by leading the family and its enterprise in a style that "dad" did. This can be particularly problematic when the founder was an autocratic leader whose vision, drive and business acumen were accompanied by an authoritarian approach to family relationships and family engagement with the business. It's difficult for anyone to step into the shoes of an autocrat, no matter how well-intentioned or well-schooled one is in the autocrat's style, due to marriage or parent/child ties. Children or spouses who try to step into these shoes may have had little preparation and therefore attempt to lead by modeling the only leadership style they have observed: autocratically. But while "dad" could do whatever he wanted because he was the founder and a successful leader, that style may not migrate well to the successor who attempts to fill those shoes. The result may be resentment and opposition from other family members, resulting in a family who are stalled in their efforts to move constructively into the future.

As noted earlier, every grieving family needs time. To the extent possible, permanent decisions regarding family leadership should be delayed until the family has been able to move to the "acceptance stage" of grieving, perhaps 12 to 18 months after a loss. The family as a whole should nonetheless acknowledge the need for leadership, particularly in the immediate aftermath of a loss, patiently accept the party realistically best prepared and most willing to lead in the interim, and understand that permanent solutions might not be agreed to for some time.

Individual family members who have taken the step of "filling big shoes" might consider intentionally inviting feedback on their leadership style, with a willingness to consider a leadership approach which might differ considerably from his or her predecessor. They should recognize that this is a transition point in the life of a family and a business. New leadership may not only be required but might be more effective than the family has known previously. Indeed, while unfortunate, the death of a founder might be an opportunity for a successor to discover his or her own unique leadership style, through individual coaching or leadership development opportunities.

Finally, a sibling who steps into a leadership position following the death of a founder should understand that stepping in means leading not only a business but a grieving family as well, and family leadership by a child — even the best-positioned child — means not leading as an autocrat but as first among grieving equals.

Divided and Conquered

Some founders — in my experience, primarily men — manage the challenges of working with their children by "dividing and conquering." In these families, competition is highly prized and is often viewed as a means of bringing out the best in the children. One child might be dad's favorite employee today, another might be his favorite tomorrow, with the first becoming his favorite the next day. This encourages competition among the siblings and, whether consciously or not, ensures that dad maintains his position of authority while the kids "battle it out."

In my experience, in these families when the founder dies, the sibling group could be left directionless, pitted against each other, with competition their only experience of working together. Whether or not the siblings are active in the business, the resulting dysfunction can threaten the integrity of family relationships and the family enterprise. When this occurs, it is essential that the siblings recognize that at least some of their competition was driven by their lost parent's actions and that their new circumstances require a new perspective. Of course, this is especially difficult in the midst of grieving! The best outcome of a situation such as this lies in the siblings understanding that this transition, albeit most painful, offers an opportunity to recognize strengths, common goals and resilience that their "divide and conquer" history might never have revealed.

Conclusion

Death of a family member is an emotionally painful and disruptive event. Death of a founder in a business family is especially painful and disruptive, precipitating family dynamics that are complex and often unexpected. Although I have not attempted to provide an exhaustive list of these dynamics, I have discussed three distinct patterns that I have observed. These dynamics will be intensified if a death is sudden and they are diminished with effective communication and preparation.

As is the case for most transitions in life, the death of a founder, if approached thoughtfully and intentionally could be the source of new growth in the life of a family. Along with the pain and disruption that accompanies the death of a founder I have observed families wrestle with these painful dynamics, take constructive steps forward and emerge with new family dynamics that are ultimately energizing and restorative, including:

- Newfound gratitude for the contributions made by a founder to family, as well to business
- Appreciation of the complexity inherent in business family roles and relationships
- Understanding the value of communication at a deep emotional level
- Nurturing patience in light of urgent calls to action
- Welcoming and benefitting from feedback as a means of growth
- Creating opportunities for the dreams of individual family members to emerge
- Discovering family strengths not previously realized

So there is hope.

Indeed, in many families I have known, the shared experience of managing loss and transition have resulted in healthy family dynamics that support a new chapter for the family and a meaningful and lasting legacy for the founder.

David Lansky is a principal consultant with The Family Business Consulting Group, Inc., and can be reached at lansky@thefbcg.com or 847.266.1000.

Reprinted from The Family Business Advisor®,
A Family Business Consulting Group, Inc.® Publication