

Six Most Common CEO Exit Types--The Monarch

Kings and queens rule for life; they have no retirement provision in the law. They have no expectation of early departure to compensate them for years and years of presiding over wars, calming social unrest, and (contrary to public opinion lately) leading very visible and demanding socio-political lives. Because succession can not take place while the monarch is alive, many Greek and Roman tragedies and several of Shakespeare's better-known works feature palace revolts and death by poisoning. Monarchs rightly operate on the assumption that they will die with their crowns on.

Many businesses owners rule as if guided by the same principle. Years after the generally accepted retirement age of 65, they still show up daily at work, to read the mail, to make or receive a few calls, and to reverse or second-guess decisions made by next-generation or key nonfamily managers over the last 24 hours. Effectively, they rule the company during a 3- to 4-hour workday.

Monarchs hire and fire a whole series of aspiring general managers, presidents, and chief operating officers. The better they are, the sooner they go, because monarchs do not imagine that anyone could ever replace them. In this context, Dr. Franz Huebel, CEO of Precista Tools, comes to mind. With Huebel hiring and firing four different bridging presidents in the span of five years and resisting the participation of next-generation members in top management, succession came only after Huebel had a fatal heart attack.

Monarchs in business do not talk about succession, nor do they set a date for departure or a deadline for change in responsibility. They genuinely seem to believe that illness and death are things that happen only to others—those poor souls who never ran their own empire. Monarch types are prevalent among business owners because having lifelong control over their own lives, careers, and companies, as well as the lives and livelihoods of their employees, leads them to be the last to accept that time is no longer on their side and what lies ahead may more easily be measured in months than years.

They refuse to talk about letting go, even to their closest advisors. As a result, succession planning never takes place, responsibility that would help to develop the next generation of managers is never delegated downward, and information is closely controlled through the assistance of a loyal accountant or CFO. Consequently, the secret ingredients of the company's success are never fully revealed.

If a monarch rules the family business, chaos will likely follow his or her death. In the vacuum created upon the monarch's departure, greed and a thousand hidden agendas will flourish, destroying in months what took a whole lifetime—or even several generations—to create. The daughters, sons, nieces, nephews, and in-laws of a monarch had best be prepared for conflict, political turmoil, and loss of both individual self-worth and company net worth. A coup d'état seldom works in a family business. Advisors or service providers to royalty find out, sooner or later, that there is no timely way to help a business monarch when succession and continuity are the goal. In the business world, there are no moats large enough, no technology

slow enough, and no competition genteel enough to allow sufficient time for mourning and re-coronation to take place.

Poza, Ernesto J. Family Business. Mason: South-Western, 2004.