

# **Next Up:** Preparing your organization for the next generation of leadership

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**Daniel White**

Vice President

Organizational Development and Family Business





# Agenda

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- Overview of succession needs
- The changing landscape
- Management succession
- Evaluating successors
- Preparing successors

# Succession Overview

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# Statistics

# 11,000

Americans turn 65 daily.



By 2030,

**1 in 5**

US residents will be of  
retirement age.



# Careers have changed.

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- People are living longer
- Expenses have increased
  - Long term care
  - Medical
  - Housing

# The effects:

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- People are retiring later
- People are not letting go (even when they need to)
- Next generation needs to wait longer
- Post-career “careers”



# 27%

of individuals aged 65-74  
are still working

# 9%

of individuals over age 75  
are still working

Both are projected to continue to rise.



# 100%



of workers will leave their organizations at some point, willingly or not!



# Obstacles to Succession Planning

- Highly emotionally-charged decision
- Misconceptions about the transition
- Organization tied to personal identity
- “If it ain’t broke, don’t fix it” mentality



# The corresponding fears

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- Loss of stable income
- Loss of mission
- Loss of stature

# Recommendations

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- Personal financial planning
- Find purpose beyond the role
  - “Pulled out, not pushed out”
  - *From Strength to Strength* – Arthur Brooks

# So where do we start?

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# Succession: Two Paths

## Ownership

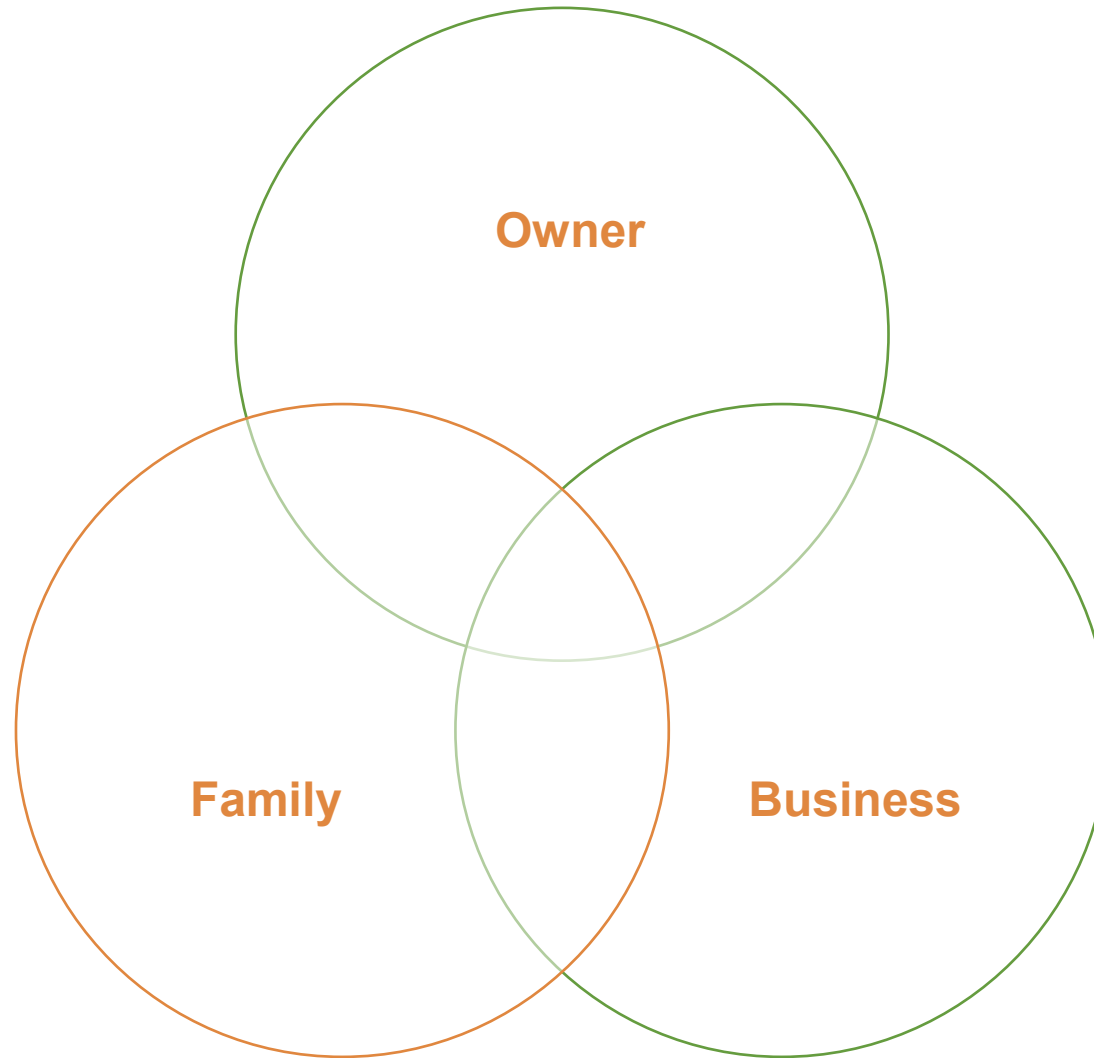
- Who will be future owners
- When will ownership transfer begin / be complete
- How will ownership be transferred (funding, tools, legal, tax, financial, philanthropic...instruments)

## Management

- Who will run the business
- When will the successor be responsible/accountable
- What needs to occur to ensure capable and credible leadership
- How will current leader 'let go'



# 3 Circle Model



Source: Three-Circle Model of the Family Business System, Renato Tagiuri and John Davis, Harvard Business School





# Management Succession

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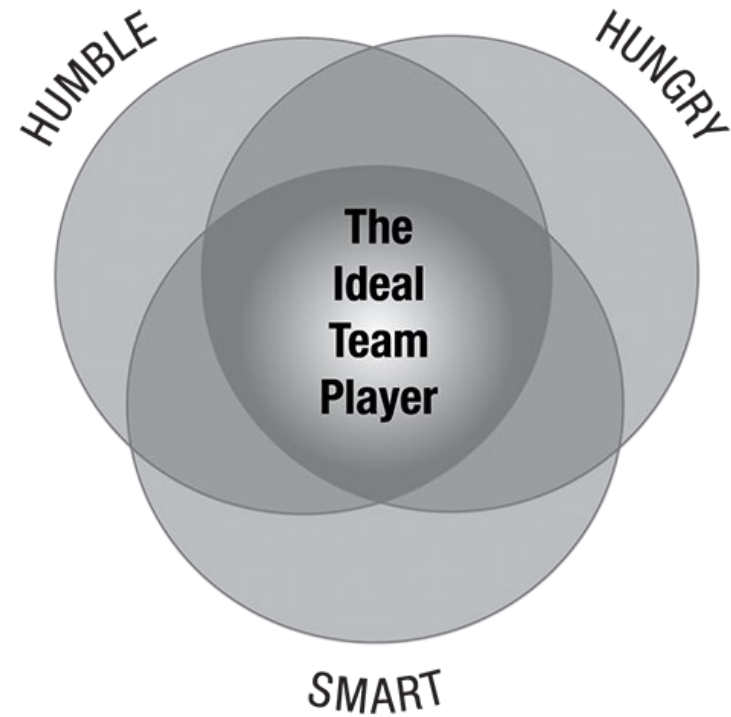
# Fit: Culture & Role

- On the bus: Team Player & Core Values
- Right seat on the bus: GWC



# Culture Fit

- Ideal Team Player
- Core Values



# Role Fit: GWC

- **G**et it
- **W**ant it
- **C**apacity to do it



# Issues in Leadership

- **Power**

- The ability to do something (either directly or through others)

- **Authority**

- The basis to exert power in a given situation

- **Legitimacy**

- Others' perception that someone has the right to exert power in a given situation



# Areas That Will Be Tested

- **Vision**

- Does the leader have a compelling and realistic vision for the future of the company?

- **Skills**

- Can the leader lead? Do they have the skills and experience to fulfill the vision?

- **Values**

- Does the leader's values align with the company's values and culture?

- **Motivations**

- Why does the leader want to lead? Is he or she emotionally mature? Can they create collaboration? Do they know what they don't know?



## Qualities of a Successor

- Diverse experience
- Ability to see strategy
- Self-confidence
- Self-awareness
- Enthusiasm to take risk
- Sensitivity to others' responses
- Ability to integrate other's goals and visions
- Understanding of change process

# Evaluating Successors

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# The Ultimate Question

- *“Are We In Good Hands?”*



# Trust

- Competence
- Consistency
- Integrity
- Caring



# Ways to be Tested

- **Qualifying Tests**

- Education, prior work experience, professional accomplishments...

- **Circumstantial Tests**

- Financial crises, downturn in productivity, family crises...

- **Self-Imposed Tests**

- Performance and accountability against goals and objectives like strategic vision, business plans...



# Stoplight Exercise



# Preparing Successors

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# The Transition



# Transition Stages

- **Preparation** (Founder: mentoring/letting go; Successor(s): education, increasing responsibility)
- **Decision**
- **The Handoff** (communication; role-specific training; relationship transfers)
- **New Normal** (new roles for all)



# Pitfalls

- Not planning / not enough time
- “Sheltering” your successor
- Giving authority and not earning respect





# Wrap Up

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# Summary

- It's a process that takes time
- No matter what stage, you can start now!





Questions?



# Daniel White

Vice President  
Organizational Development and Family Business Services  
Allen, Gibbs & Houlik, L.C.

[Daniel.White@aghlc.com](mailto:Daniel.White@aghlc.com)

[/in/danielwilliamwhite](https://www.linkedin.com/in/danielwilliamwhite)

[@dw\\_white](https://twitter.com/dw_white)

316.291.4017

