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Launching Legacy: Principles of a Successful Succession

By Barbara Kay, LPC, RCC, TIPC

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FINANCIAL PLANNERS spend their careers helping clients prepare for and manage their retirement. Given their expertise, we might expect advisers to carefully plan their own retirement succession. Yet, that's not always the case. Why? It's too personal. Professional identity, career, livelihood, community standing, and client relationships are intimately personal. It's extremely difficult to be objective with anything that personal. Fortunately, the psychological principles used in behavioral finance apply to a variety of circumstances. Four positive transition strategies are particularly relevant to succession planning.

1. Create a Compelling Future Vision

Succession planning involves handing over power, position, control, and leadership to a successor. It can feel like a big loss. That's the problem. Very few people gleefully embrace loss. We avoid it. This is a major reason advisers struggle with succession planning. Logically, they should prepare for their succession, but emotionally it may feel like professional extinction. Moreover, for many advisers, serving clients is more than a job. It's an expression of their values and purpose. It's hard to give up a personal mission. It's even harder when there's nothing compelling to take its place.

“Logically, they should prepare for their succession, but emotionally it may feel like professional extinction.”

The psychological techniques of reframing and visualization are powerful antidotes. First, flip the definition of succession planning. Instead of thinking of succession as giving up an important role, redefine it as the opportunity for an even better role. Then, take time to imagine a totally new expression of professional identity. Don't focus on predefined titles, jobs, or organizations. Instead, visualize doing the things you love best. At the same time, imagine dumping the unpleasant tasks of your current role. Embrace the opportunity to envision an ideal use of your talents and a future of fulfilling

for a smooth transition. Neither party envisioned a series of fits and starts, ending in failure.

I believe the source for this paralysis is intense ambivalence, creating a simultaneous attraction and aversion to the succession. When the retiring adviser is waffling about when and how to retire, it inevitably shows up in their words and actions.

In general, unpredictability is extremely disruptive and distressing. People can plan, if they know what to plan for. At some point, the external disruption caused by the retiring adviser's internal turmoil may become an intolerable grind. The subsequent demise of the succession is a painful loss of time, energy, and resources for all involved.

It's essential that the succeeding adviser gain mental and emotional clarity, then be transparent with the successor. A successor may be willing to give the retiring adviser a long and flexible path to retirement, if that is clear at the start and mutually agreed upon. Transparency and specific commitments are essential to prevent the slow erosion of trust and confidence that undermines too many succession plans.

Get Support

The four strategies outlined above are designed to clear internal conflict and create clarity of vision, guidelines, and goals. In addition to this important preparation, tap into helpful mentors and advisers. A succession is intensely personal for both the successor and the retiring adviser. External advisers bring a level of objective perspective that is immensely helpful in emotionally fraught transitions.

Psychologists have studied the keys to success during difficult transitions. The research found that every—I mean every—successful person sought outside help. They reframed the act of asking for help as a strength, not a weakness. Then they were proactive in obtaining support to achieve their goals. In addition, they were intently focused on driving toward a future vision. This gave them the energy to leave the past behind and forge ahead with vigor. Good practices to emulate for a satisfying and successful succession. ■



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