

SUCCESSION STORIES

Lessons learned from former family office CEOs

While succession is a normal, healthy part of every family's evolution, succession plans are rare. Why is this? Many avoid the topic because they can't imagine life without the trusted family office CEO, who has often been with the family for decades and knows more about the family and its business than any other person. When a family member leads the office, conversations about succession may lead to broader discussions about the sustainability of the family office and the family's desire to stay together. Change is uncomfortable and scary, so many procrastinate.

At a time when many of our family office clients are three-to-five years away from a transition in leadership within the family, family office, family business or with trustees (or all of these at once!), we set out to learn from those who have navigated succession in the family office. We interviewed 32 former family office CEOs to collect their "succession stories" with the intent of sharing their advice and lessons learned to light the path for those for whom such a transition may be on the horizon. While this is written from the CEO's perspective, the family's partnership in the transition is paramount. Nothing here is intended to be prescriptive, and every family's succession journey is unique; our hope is that these stories will help inform your process and give you a place to begin.

We extend immense gratitude to each of the former family office CEOs who gave their time to this effort. They were happy to share their stories — the good and the painful — to help each of you. Their generosity and willingness to pay it forward are hallmarks of true leadership in the family office industry. *Please see the Appendix to understand their breadth and depth of experience and the nature of the families they served.*

KEY LEARNINGS

- **An Opportunity to Reimagine:** The departure of a long-tenured family office CEO causes many families to pause and wonder what else needs to change (e.g., family mission and vision, sustainability, engaging the next generation, governance, service menu). It often triggers a bigger conversation about the future of the family and family office.
- **The CEO sets the tone for the process:** Change is messy and disruptive. Acknowledging this at the start and setting expectations for succession as a process (not an event) frees everyone to get comfortable with the discomfort and open to new possibilities.
- **Start planning now:** A well-planned succession process will likely take at least a year, especially if you intend to grow a successor from within the office or the family.
- **Communicate. Communicate. Communicate:** Craft a communication plan that considers the unique needs of each constituency (the family, the Board, the family office team, trusted advisors). Share the transition timeline and acknowledge the impact of the change on everyone. Transparency fosters trust.
- **Letting go is really hard:** The number one challenge cited by those interviewed was the difficulty of letting go — of a role that was a big part of their life and identity; of a phase of life and the transition to something new; of close relationships and friendships. It's an emotional time for everyone.

WHAT'S INSIDE

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What does a Successful Family Office Succession Look Like?

"It's seamless. Everyone wakes up, and it's business as usual. It's a non-event because it's been a gradual process."

The family and staff have a sense of a new beginning and breath of fresh air. The next generation is engaged and part of the process.

The new CEO takes the family office to the next level. The former CEO has a soft landing and a new beginning of his/her own."

AN OPPORTUNITY TO REIMAGINE

Most of those interviewed used their succession as an opportunity to pause and seek input from the family (especially the next generation) on the state of the family office overall, often as part of a broader strategic planning process. Some hired consultants and conducted family surveys to collect input on what services were needed and valued by the family.

In some offices, the CEO role was divided among multiple hires and led to other staff changes. For others, especially when a family member decided to step away from the CEO role, succession led to conversations about the sustainability of the office and the family's desire to stay together, often resulting in the decision to transition from a standalone family office to a virtual or multi-family office. Some revisited their governance program to ensure that there was proper training and opportunity for the next generation to engage with the family and the office. None described a situation where Jamie decided to leave, so they hired a new Jamie.

The changes resulting from the CEO's succession touched everything from the office's mission and vision to the service menu and policies and procedures. The examples below reinforce the importance of considering succession as part of a broader strategic planning process and understanding its reach. One CEO noted that the strategic plan that they created was a tremendous resource for his successor.

Other changes that resulted from the CEO's succession:

"Though the family had a business continuity plan in place and my role was well-documented, **the Board 'paused' to think about what was needed and hired a consultant** to work with the Board Chair to interview the Board, key clients, officers of the family office, about what was needed in a successor."

"We did **systematic outreach with G4** to see what was needed and created a new management position for client service as my replacement. The CIO went to 40% time. The CFO relocated, and the controller stepped up. **My transition initiated a lot of other changes in the staff.**"

"The **family completed a strategic planning process to decide whether to stay together as a family**. The **focus of the office has shifted** to the needs of the next gen."

"The family **outsourced a lot of my role** to an outside accounting firm. They also sold off the real estate that took a lot of my time and now use an OCIO. My transition led to their **streamlining and outsourcing much of the work of the family office.**"

"My replacement needed a different background because the needs of the family had changed since I started the office. We **revisited the office structure and governance** with the family and **started a governance committee** involving both generations."

TRIGGERS & TIMELINES

The succession stories we heard fall along a spectrum – from sudden changes – one CEO told the story of getting a call from the founder letting him know that he’d decided to go in a different direction and would be closing the office – to multi-year plans within a broader strategic planning process. The majority are somewhere in between.

All of the stories at the sudden end of the spectrum were tied to changes in the family or life events beyond anyone’s control. These sudden changes often resulted in succession experiences that were abrupt and not part of a carefully formulated plan. In many cases, there wasn’t one trigger but a combination of factors. For example, some noted that their desire to think about their next chapter aligned with the fact that it was time for the next generation to have “their person.” Others at the long-term end of the spectrum recognized the need to articulate their succession plans to avoid losing their internal successor to other opportunities. Most of those interviewed initiated their succession.

Family offices who grow a successor from within and families with a family member CEO often have transitions that evolve over many years. The most common timeline for the CEOs we interviewed was between one and two years with two to three months of overlap with the successor.

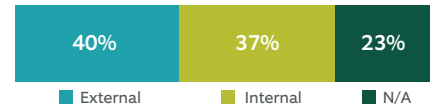
KEY COMPONENTS OF THE SUCCESSION PROCESS

If you’re a family office CEO and are wondering where to begin, inventorying your current responsibilities is a great place to start. As you would imagine, the job descriptions for the successor looked very different from the incumbent CEO because the nature and needs of the family had evolved over time. In most cases, these CEO transitions aligned with a generational transition in the family, so the needs of the next generation were carefully considered in the creation of the successor’s job description. Many noted the importance of securing next generation input on the job description and candidates. This inventory of steps in the process is representative of most of those interviewed. Every situation is unique, and there is no one, right way.

- Inventory the responsibilities of the current CEO.
- Develop a plan for the succession of information (e.g., Family Office Manual) and relationships (e.g., the Board, trusted advisors).
- Evaluate changes in family demographics and secure input from key stakeholders (family, Board, office management) about the family’s goals for the next 5-to-10 years.
- Invest in training future leaders.
- Explore the need for other key hires and maintain transparent and open dialogue with the current family office team.
- Craft a job description that outlines the culture, qualifications and personal characteristics required.
- Decide on an internal/external successor and determine the decision-makers.
- Hire a search firm or draft a transition plan for the internal successor.
- Document a timeline with optimal overlap and training for the successor and host regular meetings with the family leadership and office team.
- Celebrate the departing CEO’s contributions and the family’s growth during his/her tenure

FINDING AND PREPARING A SUCCESSOR

Internal v. External Successor



75%

who hired an external successor used an executive search firm

On the Job Training...

60%

2-3 months of overlap

Those with multi-year plans had more intentional and defined training, including leadership development, gradual exposure to the family and the Board, family office conferences, and coaching.

INTENTIONAL COMMUNICATION

The insight about the CEO setting the tone for the process came through in many interviews. Even in the sudden stories, where the transition wasn't planned or the CEO's idea, there was a real commitment on the part of the departing CEO to leave things as best they could for the family and the staff. There was a recognition that their behavior would set the tone for everyone else. Many noted that they were partners in the process with the family.

Being thoughtful about the communication plan – how to communicate with whom, when – is critical. In a family office, the CEO's succession affects everyone. It is important to consider the impact of this change on each stakeholder and craft a communication plan that honors each relationship. Think carefully about the timing and nature of your communication. Some noted the importance of meeting with key family members in person to share the news and the discretion required early in the process to avoid hurt feelings.

Transparency with the staff is key, especially in small offices where change may cause people to wonder about their own job security. Sharing the transition plan and what it means for each employee gives the staff comfort and may minimize additional turnover. Most of those interviewed told the founder or family leaders first, then key members of the staff, and then the entire family.

GREATEST CHALLENGES

We asked the CEOs to reflect on their greatest succession challenge. Their responses aligned around four key themes shown here:

- 1. Letting go:** This relates to the CEO's readiness, as well as the challenge of helping the family let go.
- 2. It's emotional:** Many were surprised by how emotional the experience was. Leaving a role and trusted relationships you've built over decades of your life, is hard.
- 3. Helping the family navigate the change:** These ranged from issues like securing buy-in on what was needed in a successor to keeping the process moving and working to preserve family harmony.
- 4. Communication:** Some noted the challenge of transferring the knowledge that was in their heads; others spoke of the desire to help others see the opportunity amid chaos and change. Many talked about the staff, specifically about calming their fears.

Letting Go

- "Respecting boundaries to allow the transition to succeed"
- "Helping the senior generation let go"
- "Keeping my hands out of the pie"
- "The ability to truly step away and let go"

Emotions

- "Letting go of long-term relationships"
- "When you're with a family for decades, you're almost like family. The emotional part was the hardest."
- "Helping the family get comfortable with my successor"
- "Doing what's best for the family at my own expense"
- "It was more emotional than I thought it would be"

"The CEO sets the tone for the entire process..."

When you say, 'You're going to be just fine because the infrastructure and culture are solid' and believe it, they will, too.

Ambivalence creates insecurity. The leader models the behavior, fostering independence and resilience."

Family Issues

- "Keeping the process moving"
- "Minimal governance and policies and procedures"
- "Maintaining family harmony"
- "Lack of clarity about what the family wants in a successor"
- "Managing the family's strategic planning process"

Communication

- "Communication was complicated - whom to talk to when"
- "Helping everyone see the opportunity in the transition"
- "Reassuring the staff; they were scared"
- "Preparing the staff for the transition"
- "Getting everything out of my head and on paper for the family"

REFLECTIONS

When we asked the CEOs what, if anything, they would do differently looking back on this experience. The short answer was MORE:

- time on strategic planning
- documentation of roles, responsibilities, procedures
- self-care
- buy-in; the family succession was harder than the management succession
- time on the selection process
- overlap with my successor
- staff and advisors involved

Many said that they wouldn't change a thing because they had done their best with what they had for the good of the family.

ADVICE FOR PEERS

The advice offered by these experienced CEOs is shown below. The upper left essentially encourages everyone to **start planning now**. At the top right we see the reminder that your succession is an opportunity to **revisit the family's goals for the future**. The lower quadrants remind transitioning leaders to **be certain of their readiness to let go** and to **take time to think about what's next for their own futures**. Many wished they had invested more energy in planning their next phase, as well as setting the family and staff up for success.

Looking Back, What Would You Do Differently?

"I wish I had paid more attention to the dynamics and shifts in the family. In hindsight, I saw it coming, but was in denial."

"I would've tried harder to get the younger generations involved with the family office."

"There was so much growth so quickly; I wish I had thought more about my future with the office, sooner."

"I would've worked harder with the family on a common vision for the office. The family needed to work on their relationships and didn't want to."

"It's never too early to be talking about succession."

- 1 Have emergency succession plan in place and start working on a long-term plan **now**.
- 2 Your last gift to the family is to walk them through this. You set the tone for the process.
- 3 Consider having a consultant(s) help you, especially if the succession is linked with a generational transition.

"Make sure you're ready to retire and are not looking over your shoulder."

- 1 Your successor is not your decision. Seek input from those he/she will serve.
- 2 If you stay on, have a defined project and stay away from the family. Let the new leader lead!
- 3 Recognize and celebrate your accomplishments and move on; it's someone else's turn to contribute.

"It's not just about succession; it's part of a broader conversation about the family's strategic goals for the future."

- 1 Revisit the service menu to ensure that it aligns with the needs of the next generation.
- 2 Make sure the next generation is involved in the search process.
- 3 Think about the entire staff and how this transition will affect them.

"Take time to know what you want to do next."

- 1 Periodically stop and pay attention to you - is the role still filling you up? So often we are so focused on the family that we forget to think about our future.
- 2 Make sure to think through your plan before you share it with the family.
- 3 Be transparent and open in discussing your transition. Secure a long runway for yourself to focus on what's next.

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HONORING THE TRANSITION

It is important to celebrate and honor the transition. Many had farewell dinners with the family and the staff where they received memory books and videos with well wishes from the family and the staff.

A few tied their celebrations to anniversaries in the family business or family office to honor the CEO's contribution and the family's growth during his or her tenure.

When the transition is sudden or unplanned and a party is not appropriate, some commemoration of that phase of the family's history and an opportunity for those who remain to process their feelings about it is important.

In closing, we want to acknowledge the complexity of the topic of succession and encourage those of you who have yet to craft your plan to begin to think about this change for yourself and for each of the constituencies you serve. Our hope is that the experiences shared here and the resources in the Appendix that follows provide guidance for your journey.

TO LEARN MORE, PLEASE CONTACT:

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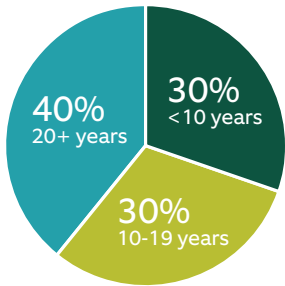
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APPENDIX

DEMOGRAPHICS - 32 CEO INTERVIEWS

About the CEO

Family Office Tenure



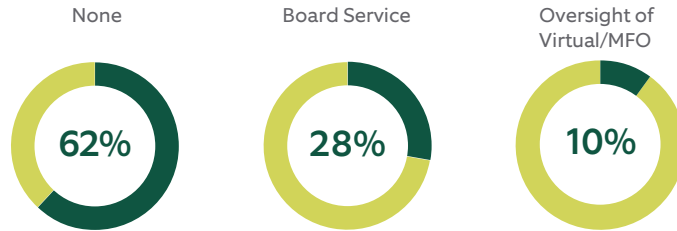
Who Initiated the Transition?



Is the CEO a family member?

87% no

What is your current role with the family?



About the Family

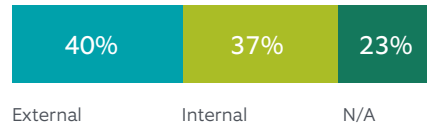
Average Number of Generations Served

3

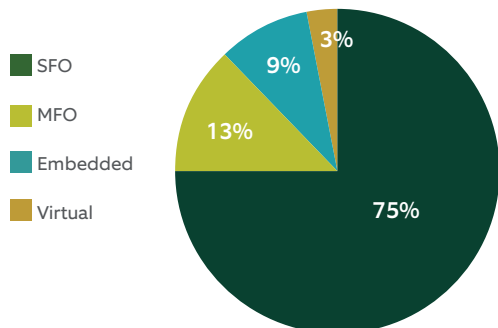
Succession coincides with a generational transition

58% yes

Internal/External Successor



Type of Family Office



Size of Family Office Staff

Average FTEs	Min	Median	Max
18	2	11	100+

The following succession plan is a real-world example. Every plan is unique and should be designed with the needs of your family and family office in mind.

SAMPLE CEO SUCCESSION PLAN

1. **Planned Transition:** Ideally, the current President would communicate his intention to retire at least two years in advance.
 - a. At least nine months should be built into the transition plan for an external search. The Board should plan for at least six months of overlap if an external candidate is selected. The incumbent President would serve in an advisory capacity to the new President if all parties believe this would be beneficial.
 - b. If there is a possible internal candidate, this period of time could be used to provide additional developmental opportunities and to work more closely with the Company's Board of Directors.
2. **Unplanned Transition:** The Company's existing management team can step in on an interim basis in the event of an unplanned transition. The current employees have a good understanding of all aspects of our business and possess the skills necessary to ensure the organization continues to deliver general financial management services during the transition.
 - a. The Board Chair or an appointed family representative shall serve in an oversight role. They may consider appointing a transition team, rather than interim President, while a search is conducted. The Board Chair shall communicate with all interested constituents including: board members, family members, employees of the Company, trustees and clients once a plan is developed.
 - b. Attached is a list of responsibilities which would be divided up during a transition.
 - c. There is an insurance policy if the President passes away unexpectedly. These resources can be used to help fund the process and the position.

Search Process:

The Board Chair shall establish a search committee and may or may not want to serve as head of that committee. It will be important to involve the board members and family members with representation from each of the family branches and generations. The family representatives of the search committee will decide the involvement of outside board members in the process.

Attached is a current position description and internal list of responsibilities. This should be viewed as a starting point that the search committee, with input from the Board and family branch representatives, will modify to reflect the needs and circumstances at the time.

Qualifications and Experience:

- A minimum of fifteen to twenty years with another family office or a related business such as a private trust company, private bank, investment consulting or financial planning firm
- An M.B.A. is desirable
- A broad knowledge of investments and the investment process
- Excellent financial and analytical skills
- Demonstrated experience managing a seasoned group of professionals
- Demonstrated experience operating at both the strategic and tactical level

Where to look: Executive recruiters, Family Office Exchange, other single family offices, multi-family offices, accounting firms and financial institutions.

POSITION DESCRIPTION**President**

Reports to: The Board of Directors

- Sets the strategic direction of Company in collaboration with the Board of Directors.
- Clearly communicates the mission, vision and values and implements the strategic business plan.
- Coordinates the delivery of the eight services provided by the family office.
- Attracts, develops and retains a high caliber group of professionals to further the mission of the family office.

Principal Responsibilities:

1. To manage the Company:
 - Provide supervision and leadership to employees, including hiring outstanding service providers to provide a team approach among all employees and service providers.
 - Present an annual budget for approval by the Board and maintain sources of income required to sustain and grow the business.
 - Provide a long-term vision to the family members.
2. To provide leadership and supervision:
 - Develop and recommend to the owners processes designed to enable them to discuss and clarify their interests and expectations of the Company.
 - Maintain communications with all Directors, especially the Chair.
 - Plan and coordinate the board meetings, family meetings and other meetings of the family.
 - Work closely and educate the family members to provide for a smooth transition to the next generation.
3. To plan and introduce change:
 - Be familiar with trends in the fiduciary, investment and financial services industries which may present opportunities or regulatory challenges for the Company.
 - Develop with the staff ways to use technology to improve the Company's ability to meet clients' requirements.
4. Investments and financial planning:
 - Maintain relationships with existing managers.
 - Evaluate and recommend new investment opportunities to the Board of Directors.
 - Contribute to the financial and estate planning process of branch and individual families.
 - Add perspective and play a "devil's advocate" role to help arrive at the best planning advice.

TRANSITION PLAN

Board Communication: Board Chair

President's Client Responsibilities:

- The Chair of the Board of Directors will appoint a point person for the clients during the transition.
- All communications to clients are documented in SharePoint.

Officer Reporting:

- Chief Financial Officer will report directly to Board Chair.
- Transition team will determine other reporting duties.

Selection Committee:

- The Board of Directors will select a search committee which will have representation from each of the branches and generations along with expertise in conducting an executive search.

Personnel Issues: The Chief Financial Officer can oversee with guidance from the employee responsible for human resources and outside advisors.

IDEAL CANDIDATE CHARACTERISTICS

Personal Characteristics:

- A person whose character demonstrates integrity, ethics, responsibility and compassion
- A strategic thinker
- An educator
- Negotiating skills and the ability to resolve conflict
- Entrepreneurial, highly motivated, imaginative and resourceful
- A self-starter
- Reasoned risk taker who embraces challenge
- An individual who has shown a high level of community involvement and charitable tendencies
- A motivator of the organization, optimistic, inspiring, energetic, loyal and committed
- An excellent communicator who communicates clearly and concisely, both written and oral
- Listens well
- Creates trust and develops relationships, treats others with respect, encourages open dialogue
- An individual who shows a chemistry with family members
- Strong commitment to client customer service
- An individual who thrives in a team environment
- Emotionally intelligent, perceptive and demonstrates inclusiveness

Business and Leadership Skills:

Tends to the Board:

- Utilizes and leverages individual Board members' expertise
- Helps the Chair to develop the Board
- Reports to the Board the investment results and allocation
- Recommends to the Board investment opportunities

Maintains relationships with Key External Stakeholders:

- Family members and spouses
- Key customers

Vision and Strategy:

- Leads the creation of an inspirational vision of a future state which is memorable and evokes strong emotions
- Communicates the vision in inspiring ways to family members and employees
- Sets strategy aligned with the vision

Team Leadership:

- Selects and develops talent with diverse points of view
- Creates and builds a high-performance senior team
- Sets goals and performance standards
- Holds people accountable and monitors key performance indicators
- Decisive in the face of complexity and uncertainty

Educator:

- Ability to blend education into meetings with the family
- Facilitate transitions between generations
- Create a culture of education within the family office

RESOURCES

Managing Change

- [A Survival Guide for Leaders](#) HBR Article by Ronald Heifetz and Marty Linsky (adaptive v. technical change)
- [Decisive: How to Make Better Choices in Life and Work](#) by Chip and Dan Heath
- [Learn to Get Better at Transitions](#) HBR article by Avivah Wittenberg-Cox
- [Life Is in the Transitions: Mastering Change at Any Age](#) by Bruce Feiler
- [Making a Leadership Change: How Organizations and Leaders Can Handle Leadership Transitions Successfully](#) by Thomas Gilmore
- [Transitions: Making Sense of Life's Changes](#), by William Bridges

What's Next? for transitioning leaders

- [A REFLECTION ON THE TRAITS AND CAPACITIES OF FAMILY ELDERS](#) by Jay Hughes
- [Designing Your Life: How to Build a Well-Lived, Joyful Life](#) by Bill Burnett and Dave Evans
- [Portfolio Life: The New Path to Work, Purpose, and Passion After 50](#) by David Corbett
- [The Hero's Farewell: What Happens When CEOs Retire](#) by Jeffrey Sonnenfeld
- [Transitioning from the Top: Personal Continuity Planning for the Retiring Family Business Leader](#) by Stephanie Brun de Pontet

Setting New Leaders Up for Success

- [Center for Creative Leadership](#)
- [The First 90 Days](#)
- [Leafplanner](#), a digital Family Owners' Manual

Business Continuity & Family Business Succession

- [The Continuity Conundrum: Why Succession Planning Isn't Enough](#) FEI article by Jonathan Flack
- [Dealing with the Emotional Fallout of Selling Your Business](#) HBR article by Jeff Giese
- [Successful Transitions in Your Family Business](#) – Family Business Podcast with Jim Grubman

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