

# Siblings and Succession in the Family Business

by Warren D. Miller

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Looking old and tired, 71-year-old John R. “Jack” Williamson III climbed atop a table in the large lobby at Benson Electric, a rapidly growing \$80 million family business in the Midwest. More than 200 employees stood waiting to hear what they already knew: R.L. “Buck” Benson, the second-generation CEO who had led the company since 1963, had died that morning of a massive heart attack. Williamson had been Benson’s closest friend.

“Ladies and gentlemen, most of you already know me. I’m Jack Williamson, and I serve on the board of directors at Benson Electric. I have some bad news to report to all of you.” He paused for a moment. “Millie Benson has asked me to inform you that her husband died this morning.”

Some employees began to cry softly. Others bowed their heads.

“Buck didn’t suffer,” Williamson continued. “For that we can all be grateful. We will all remember him as a big bear of a man who loved life, loved every one of you, and loved this company.

“Millie has asked that headquarters be closed Thursday and Friday. Each of you is welcome to attend graveside services Thursday at 3 p.m. at Evergreen Cemetery. I’d like you to know that your jobs are secure. Benson Electric will continue to be the number-one provider of overhead line-construction work for electric utilities in this region. The company will keep doing what it has done every day for 63 years.

“Buck used to say that we’re all in this together. We’re a family business, and you are part of the family.

“Millie and the board of directors have some decisions to make. We will announce them soon. This is a sad time for all of us, and I want to thank you all for your loyalty.”

He looked around at the people gathered before him. No one seemed to want to say anything. There was nothing to be said, really. So he climbed down, chatted briefly with a few of the employees, and then left the building.

As he walked to his car, Williamson pondered what lay ahead: his friend’s funeral, and then board meetings to choose Buck’s successor. He thought back to Buck’s own appointment as company president. When the founder, Sam Benson, had died unexpectedly, there had been no question about who would take his place. Buck was Sam’s only child—and he had been groomed for the job since birth.

But, Williamson reflected with a faint smile, Buck hadn’t just slid into the position because of his name. In fact, Williamson remembered Buck telling him about a letter his father had written to him on his twenty-first birthday. In it, Sam had told Buck that although he was proud of his son’s work in college, there wouldn’t be a job waiting for him at Benson Electric when he graduated. Sam had written that he first wanted Buck to be successful in a company where his last name didn’t guarantee job security. And if he achieved that goal, Sam would talk to him about joining Benson Electric—but only if Buck expressed an interest.

Buck said that he was hurt by the letter at the time, but that his father’s wisdom had become apparent to him over the years. Buck proved his worth as a manager with successful tenures first at a major electric utility and then at an Oregon-based company similar to Benson Electric. When he joined Benson Electric, his track record kept employees from thinking that he was there only because he swam in the right gene pool. Eight years after his college graduation, Buck told Williamson, he thanked his father for the letter.

Williamson shook himself out of his reverie. Choosing a successor this time wouldn’t be as easy. And he couldn’t help but think that Buck’s ex-wife, Joyce, would somehow complicate the process.

## **Sibling Rivalry**

As Buck Benson's casket was lowered into the ground, Joyce Benson and her children, Bob and Leigh, stood near her son's car. Bob looked back toward the casket, half expecting to see his father.

"I just can't believe Dad is dead. I just can't believe it."

"Well, he is," Joyce said. She frowned. "You *are* going to run the company, aren't you?"

"Wh-what?" he stammered. "Mother, I don't know. I don't know if I can."

"Of course you can. Besides, you're the only son in this family. And it's what your father would have wanted for the company. What's a family business for, if not for the family?"

"Besides, you're the only son in the family. And what's a family business for, if not for the family?"

"I don't know, Mother. Maybe the board won't..."

Leigh interrupted. "Wait a minute. What about me? Why is he so special? You think that just because he's a guy, he's entitled to it? Remember, I'm two years older than he is. I've been at the company longer, I make more money, and I made vice president before he did. Don't forget that."

"Shut up, Leigh," her mother snapped. "Each of you has 10% of the company. That tells us something, doesn't it?"

"Yes, Mother, it does. It tells us that my father, unlike you, didn't play favorites."

"Will you stop the bickering," pleaded Bob. "Just stop. Let's not dance on Dad's grave. Besides, Millie and Julie together own 80% of Benson Electric."

"So what?" snarled Joyce. "I can't believe your father left a secretary 70% of our company. That's all she was, you know. A secretary. Buck's secretary. She hasn't worked a day since the two of them started playing around."

“Mother, do we have to talk about this right now?” Bob sighed. “We just buried Dad, for crying out loud.”

## Good Advice Not Taken

From the shade of an old elm, Sandra Edgell, a professor of entrepreneurship at the local state university, watched the crowd at the graveside slowly scatter. She was one of five people Buck had recruited to become directors of Benson Electric three years before, when he had begun to believe that public utilities would be deregulated. He had wanted different perspectives about what the sea change would mean for the company’s future.

Edgell remembered that Buck had worried about a decrease in profits after deregulation. Electricity prices would fall, he had said. Look at airline fares and long-distance telephone rates. The big utilities would squeeze their suppliers. What could a small player like Benson Electric do?

Edgell, along with the other four directors, had advised Buck that marketing expertise would become a critical requirement in the coming years. Benson Electric had never If only Buck Benson had listened to the board of directors’ pleas that he plan for his succession. even designated anyone to sell, advertise, or promote the business. “Sales just happen around here,” he had shrugged when Edgell asked him about it at the first board meeting she attended. But he had taken the board’s advice.

And over time, Edgell and Alan Roberts, another director, had convinced Buck that computers would also play a major role in an industry with a long tradition of brawn over brains. “Other companies in this business will be communicating with high-cost cell phones and fax machines,” Roberts had told Buck. “But those are archaic technologies in the age of intranets.” Benson had taken their advice by investing in a series of new computer systems, and the company’s performance had not faltered.

If only Buck Benson had listened to the board of directors’ pleas that he plan for his succession.

Edgell pressed her lips together. If only Buck had listened to the board’s pleas that he plan for his succession. He had always said, “I just must do that.” But he hadn’t done it.

## Relentless

Julie Benson-Keene blinked back tears as she helped her mother into the black limousine. After easing herself into the seat opposite her mother's, she leaned forward and took Millie Benson's hands, massaging them gently.

Their car crept past Buck Benson's first family. Joyce was pointing her finger at Bob, while Leigh looked angry. Doesn't Joyce ever let up? Julie wondered.

Her mother frowned.

"Did you see that?" she asked.

Julie nodded. "We might have 80%, but that won't keep Joyce from making a stink."

"It's going to be tough," Millie sighed. "I can't count the times I urged your father to sit down with all of you children and tell you what he wanted. I even offered to sit down with Joyce to discuss it all. But he didn't want to hurt anyone's feelings by choosing one of you over the others. Or maybe by not choosing any of you. He thought the problem would take care of itself. Maybe one or two of you would somehow end up leaving the company."

"He didn't want to hurt anyone's feelings by choosing one of you over the others. Or by not choosing any of you."

"I told him that if anyone left, you would, because you were the only one who could make a decent living in a building that didn't have 'Benson' etched on it. He just didn't want to face up to the idea that he might not live forever. Besides, no matter what he did, some or all of his children would probably be hurt and angry with him, and he certainly didn't want that."

"Well, Mom, I wish he'd listened to you. I'll bet that Joyce wants Bob to be the next president of Benson Electric."

Her mother nodded. Her favorite word to describe Joyce Benson was "relentless."

## Old Wounds

Bob Benson stared into the fireplace. His thoughts of his father were interrupted by his mother.

“When are you going to tell the board that you should be president?”

“C’mon, Mother. Dad’s not even cold in his grave and—” Bob protested.

“Listen to me, Bob. Listen. You just need to tell them that you’re the one for the job.”

“I’m really not in a position to tell the board anything. Besides, what about Leigh?”

“Construction companies are for men, not women. Assert yourself.”

“I’ll say something if I’m asked.”

“What do you mean, ‘if I’m asked’?” his mother shrieked. “That’s my 70% that Mildred Taft has, do you hear me? It’s mine! She stole my husband, she stole my future, she stole everything! Do you hear me?”

“Yes, Mother. I *hear* you.”

“She stole my life!” Joyce bellowed. “I’ve waited 32 lousy years to get something back. Do you know what it’s like to lose everything in a town where everyone knows everyone else? To raise two kids by yourself while their father is cavorting with another woman and starting a second family? Do you know what that’s like? Do you have any idea how humiliating that is?”

Joyce Benson’s face went crimson as she flailed at her deceased husband’s memory.

“No, Mother, of course I don’t,” Bob said, resigned. He knew her script well.

“Well, let me tell you!” she yelled. “Your father said I needed an identity apart from his. He refused to let me work with him. So I got a job teaching. Then he hired Mildred Taft instead of me, his wife, the mother of his children.

“If I can’t be the president of Benson Electric,” she sobbed, “then I’ll at least be his mother.”

## The Short List

On Saturday morning, Benson Electric's five directors met in the company's small conference room with Buck Benson's widow, Mildred Taft Benson. The directors included Bill Clay, retired regional vice president of operations for a large electric utility; Sandra Edgell; John O'Reilly, whom Sam Benson had hired, now retired after running Benson's Nebraska division; Alan Roberts, who'd built a successful consulting business after being downsized out of his job as executive vice president of a \$2 billion equipment manufacturer; and Jack Williamson, the third generation owner of two thriving family businesses.

"Millie," Williamson began, "I know I speak for all of us when I tell you how concerned I am. We all feel terrible about Buck's passing. We'll do anything we can for you."

"Thank you, Jack. Thank you all for being here. You—you're all so kind. Until now, I never understood why Buck insisted on putting outsiders on Benson's board. The board had never been active before you all, you know. It was just Buck and me. We'd have a fifteen-minute meeting every year, and that was it. Thank goodness Buck brought all of you on. We need someone to help us run the business."

"That's why we're here, Millie. We trust that you'll be involved in the process."

"I don't think so," Millie said. "I've thought about it since we buried Buck, and I'm going to call Joyce Benson and tell her that I've left the decision to the board. She probably won't believe me, but I'm going to do it anyway. I want Buck's kids to get along. And I think they'll have a better chance if I'm not involved and if everyone knows that ahead of time. My business knowledge doesn't compare with yours, and what's more, I can't believe that feuding siblings are helpful."

She stood up.

"We'll respect your wishes, then," Williamson said. "But one thing before you go. Do you mind if we consider people other than the Benson children?"

Millie looked surprised. "No. No, I guess not. Whatever the five of you decide will be fine with me. But let me mention two things you may find helpful.

“First, Joyce was forever taking Buck to court to increase her alimony. He finally said he’d hire Bob and Leigh if she’d leave him alone. She agreed, but only if he made them vice presidents. He said he couldn’t do that right away because it would cause too much disruption among the other employees, but that he would do it over a period of several years. She agreed, and the legal hassles stopped.”

“I never knew that,” Williamson said. “My impression was that he was proud of Bob and Leigh and the jobs they’ve done here.”

“Maybe, but he never said that to me. He just felt so guilty about divorcing their mother to marry me. The second thing is this: Buck often said that he thought Julie was the only one of his children with the instincts and temperament to run the company someday.”

“Well, Millie, you can be sure that we’ll think hard about all of this,” Williamson said.

Millie left the room.

Williamson turned to his colleagues. “Yesterday, I took the liberty of getting together with Maxine Sipkins, the HR director, and we put together seven short bios: five current employees and two outside people. In fact, the two outside people are Bill Clay and Alan Roberts.”

“Huh?” Clay and Roberts exclaimed in unison.

“Relax, gentlemen. External comparisons for internal candidates are vital. Besides, if we conclude that no one at Benson is ready or capable, we’ll have to go outside anyway. Utility deregulation leaves us no choice but to be certain that whoever we choose isn’t wedded to the status quo. Having family members on the payroll definitely adds to our complications.” He frowned and then continued.

“We have to figure out how to select a successor to Buck without setting off any major family feuds. You all know the people involved. We need to map out a process that will get us through this situation in one piece. Otherwise, the new president—even if he or she is someone who is absolutely perfect for the job—will fail. And we will be the ones who set that person up to fail.”

With that, he handed a set of candidate profiles to each director.

## Candidate Profiles

### Julie Benson-Keene, P.E.

Vice President of Engineering Benson Electric

#### Education

- B.S. in electrical engineering
- M.B.A. (GPA: 3.8)
- active in several groups for female professionals

#### Experience

- 7 years in engineering at B.E.I.

#### Strengths

- encourages different groups of people to work together
- functions more as a coach than as a manager
- knows B.E.I. and the business backwards and forwards
- grew up around the business
- works in innovative ways

#### Weaknesses

- lacks self-confidence at times
- has difficulty setting priorities
- can be disorganized

How should Benson Electric's board handle the succession process? And who is the most promising candidate for the position of CEO?

**Joseph A. Wolking** is the CEO of PennWell Publishing Company, a family-owned business based in Tulsa, Oklahoma. He is not a member of the family. PennWell, a business-information company, publishes 37 international business magazines, including *Oil and Gas Journal*, *Solid State Technology*, and *Laser Focus World*.

Jack Williamson and Benson's board members have their work cut out for them. But I think their path is pretty clear. I believe that the directors will have to recommend that Benson Electric appoint a CEO from outside the family. Millie Taft Benson is in the toughest spot: as the controlling shareholder, she will eventually decide whether the company will be a family-owned business managed by family members or a family-owned business managed by outside professionals. That may be a painful decision for her to make. But if the board explains to her why the three siblings and the other internal candidates are not qualified to assume leadership at this time, Millie will most likely make the right choice. Ultimately, I think she'll put the company's interests—and thus, the family's security—ahead of her own personal wishes.

Leigh Benson is obviously very bright. Described as "pushy" by Benson's employees, however, she may lack the important interpersonal skills

- fails to follow through
- has no work experience outside B.E.I.

### **Leigh S. Benson**

Vice President of Purchasing Benson Electric

#### Education

- B.A. in economics (magna cum laude)
- M.B.A. (GPA: 4.0)
- has taken many seminars and courses on marketing and on the industry

#### Experience

- 16 years at B.E.I. in purchasing, human resources, and accounting
- 3 years in marketing at a major consumer-products company

#### Strengths

- develops subordinates very well
- is not afraid to hire top performers
- manages by consensus
- works very hard
- was appointed B.E.I.'s media spokeswoman

#### Weaknesses

- can be pushy, according to operations personnel

that are critical in positions of leadership. Her experience is also limited to staff positions, and the company needs a leader with proven marketing ability. With the proper development, Leigh has the potential to become a good senior manager. Right now, however, she is far from ready to take over as CEO.

Julie Benson-Keene possesses good interpersonal skills and a reasonably solid background. (Julie, more than her half-siblings, seems to reflect her father's personality.) She knows the business, and she knows how to work with her peers. But if she has difficulty setting priorities, organizing herself, and following through on her actions, she is not ready for a leadership role. Her lack of self-confidence might be the root of these weaknesses, but a CEO's job is not the place to work on building self-esteem. Julie may in fact be the only one of Buck Benson's children with the "instincts and temperament to run the company someday." The critical word, however, is "someday."

Bob Benson probably should not even be employed at Benson Electric. Any unqualified executive, and especially one who is a family member, can have a demoralizing effect on other employees. His being there sends the wrong signal to the rest of the company and to outside stakeholders, including customers. Bob's poor track record at previous jobs, his lack of motivation, and the turnover in his departments tell all. He needs to go.

- is rumored not to manage personal finances well
- is considered a poor paper-handler

### **Robert L. Benson Jr.**

Vice President of Property and Equipment (P&E) Benson Electric

#### Education

- B.B.A. in marketing
- began part-time M.B.A. program but withdrew after one-and-a-half semesters

#### Experience

- 14 years at B.E.I.
- five jobs in three years before coming to B.E.I.

#### Strengths

- has detailed knowledge of P&E
- has diverse B.E.I. experience (operations, HR, purchasing)
- understands internal politics and plays them well

#### Weaknesses

- is an 8-to-5 person (at best)
- is not well-respected inside B.E.I.
- has run departments (purchasing, P&E) in which there has been heavy turnover

As for Edward Madison and Roberto Padilla, I think they're best left in their current positions. Madison is a status quo fellow who lacks an appreciation of the opportunities presented by deregulation. He's a good engineer. Let's keep him where he is most effective. Similarly, Padilla seems to be a qualified financial officer who does not appear to understand the importance of marketing—even as the company faces a critical time of deregulation and growth. The new president will need a hardworking financial expert to manage the company's balance sheet in the next few months and years.

Which leaves Bill Clay or Alan Roberts—either of whom would be a good candidate for the CEO's job during this period of change and development. I don't think the board would have much luck in signing a truly competent leader from the outside after he or she had studied the company and gained a sense of the current family dynamics. The board would lose valuable time searching for someone—better to appoint Clay or Roberts. (My pick would be Roberts, if he could be wooed away from his consulting business.)

The board won't have much luck in signing a truly competent leader from the outside once he or

- is known for being “technophobic”

## **Edward J. Madison**

Senior Vice President of Operations  
Benson Electric

### Education

- B.S. in mechanical engineering
- is working on executive M.B.A.
- has attended many industry seminars

### Experience

- 22 years at B.E.I.
- worked his way up from lineman apprentice
- has been in current slot for 3 years

### Strengths

- is honest and works hard
- is an excellent engineer
- gets along well with everyone
- has worked at B.E.I. since he was an undergraduate
- is active in contractors’ trade association

### Weaknesses

- has never worked anywhere else
- makes no attempt to hide his contempt for OSHA regulations

she gains a sense of the current family dynamics.

Another reason for tapping the board for a successor? Both directors in question have an intimate understanding of the company, both recognize the complex family situation, and both are knowledgeable about the Strengths and Weaknesses of the family members. They know the territory. And both would be able to coach Leigh and Julie, perhaps preparing them for leadership roles either at Benson Electric or at another company. What’s more, Julie and Leigh probably won’t feel threatened by the appointment of an outsider they already know fairly well. (But Leigh’s outburst in front of her mother indicates that she does have it in her to become a very disruptive employee and shareholder if she is not handled with extreme care during the transition.)

A word of advice for the new president: A 63-year old family business most likely has a unique culture and tradition. Those are Strengths. Try to understand them. In the end, Benson Electric can be a family-owned business that’s managed by competent professionals who understand and appreciate the family culture and traditions and who can leverage those assets.

And a reminder to the board: Benson Electric is poised to increase its shareholder equity significantly. With utility deregulation, strong

- believes that utility deregulation will have no effect on B.E.I.

### **Roberto G. Padilla, C.P.A.**

Senior Vice President, CFO Benson Electric

#### Education

- B.S. in physics
- M.B.A. (GPA: 3.9)

#### Experience

- 6 years at B.E.I.
- 5 years at MegaUtility Company
- 3 years with a national public accounting firm
- Navy veteran, honorably discharged

#### Strengths

- improved liquidity by restructuring and renegotiating loans
- cleaned up B.E.I. balance sheet
- is a bean counter with interpersonal skills
- puts in 65-hour weeks routinely
- has broad, big-company background

#### Weaknesses

- doesn't delegate
- has opposed efforts to set up a marketing department at B.E.I.

engineering, and solid finances, Benson has most of the ingredients for double-digit growth. But the window of opportunity presented by deregulation might be narrow. If the succession situation isn't handled immediately, the company could lose valuable ground, and the new CEO will be forced to play catch-up. This is no time for tentative management. The board should be decisive in its recommendations to Millie. And it should also make sure that she is firmly committed to the agreed-upon path.

One can understand and sympathize with Buck for side-stepping the succession issue. It's painful stuff. But he deserves credit for bringing in a group of insightful outside directors. Not only are these people up to the challenge of guiding the company through the immediate crisis, but they also have the know-how and temperament to help Benson Electric—the new leader, the family members, and everyone else at the company—grasp the significance and opportunities of deregulation. They just have to get moving as quickly as possible.

**Kent Noble** is the CFO of Noble Industries, a chain of retail stores based in Hingham, Massachusetts, that specializes in cameras, cards, and gifts.

The board of directors of Benson Electric faces two challenges: one fairly easy and one extremely difficult. The easy one is selecting the new CEO. Julie's mother, Millie, owns 70% of the company; Julie owns 10%. The two seem to

- believes that the best and only way to compete is with low prices

### **William H. Clay, P.E.**

Regional Vice President of Operations  
(retired) Interstate Utility Company

#### Education

- B.S. in electrical engineering
- licensed professional engineer
- has taken classes ranging from cultural anthropology to C++ programming

#### Experience

- is on the board at B.E.I.
- 42 years with Interstate Utility Company in 17 different jobs (operations, maintenance, engineering) in 12 locations

#### Strengths

- has encyclopedic knowledge of electric utilities
- has many contacts in the utilities business
- has never met a stranger
- is relentlessly curious
- “knows his stuff,” according to B.E.I. operations people

#### Weaknesses

have a close relationship, and together they dominate the other shareholders by a great margin. For all her talk about letting the board do its bidding, Millie has made it clear that she wants Julie to have the job. Julie will be the new CEO. Case closed.

Millie has made it clear that she wants Julie to be the new CEO. Julie will be the new CEO. Case closed.

The difficult challenge is managing the succession process—and from the directors’ actions to date, I’d say they’re botching it up. If they continue to move toward a decision without involving all the family members who are shareholders, they are setting the stage for conflict later on—no matter whom they select. How can they right their course? First, they must recommend that the shareholders—Millie, Julie, Bob, and Leigh (sorry, Joyce)—meet and help to select the new CEO. Second, they must make it clear to these family members that once the decision is made, it will be extremely important for all of them to present a united front to the company’s employees and customers. Benson Electric has more than 200 employees paying mortgages and college tuitions and who knows what, and if those employees or the company’s customers sense discord, the business could be in jeopardy. The board should state firmly that if any shareholder

- has limited construction-industry knowledge
- likes being retired

### **Alan W. Roberts**

Management Consultant MarketMetrix Corporation

#### Education

- B.S. in industrial engineering
- M.B.A. (highest honors)
- Certified in production and inventory management through the American Production and Inventory Control Society

#### Experience

- is on the board at B.E.I.
- self-employed for 10 years
- was executive vice president at Continental Widgets Company
- worked at 3 large manufacturers in various management jobs (operations, industrial marketing, logistics)
- is a Vietnam vet

#### Strengths

- has built a 35-person consulting organization
- knows B.E.I. better than any director, except for John O'Reilly
- is up front about what he doesn't know

is not interested in joining in the decision-making process and presenting a united front—that is, buying in—then he or she should sell out and leave.

I'll acknowledge that buying in isn't always easy. It's fair enough to expect that each family member has an agenda and that if the likely scenario plays out and Julie becomes CEO, Leigh and Bob are going to rant and rave in private. But in public, they must put the family's overall interests first.

The board also needs to address the company's apparent lack of a formal business plan. Benson Electric needs one, so that all of the company's interests are spelled out and are within easy reach. Put simply, such a plan would help Millie, Bob, Leigh, and Julie step out of their roles as family members and look at the business objectively—something they need to do in order to run the company effectively. In the course of the meetings to decide on a successor, the board members should propose that they, along with the shareholders, draft a business plan. (Incidentally, where have these directors been? For all their qualifications, they haven't been doing a good job for Benson Electric. A strong board would have pressured Buck into planning for his succession. They also would have ensured that the shareholders were meeting regularly and that the company had a business plan. Such preparations would have made this whole process much, much easier.) The business plan for Benson Electric—an internal document, for now—should put forth a mission statement,

- speaks his mind, yet tactfully

#### Weaknesses

- has limited knowledge of construction industry
- loves what he's doing right now

outline a reasonable course of action for the company, describe concerns about the future of the business (for example, the implications of deregulation), and provide guidelines for dealing with disagreements or crises. It should also include a process for the valuation and breakup of the company, in the event that the shareholders do reach an impasse.

The plan need not be written in an elevated manner or style. For example, the mission statement could be as simple as, “Our Grandfather founded this business to ensure a secure future for our family. He loved it, we love it; and we want to run it successfully so that it can continue to support us and our children.” And the process for handling disagreements could be as simple as a commitment to take any such conflicts before the board—a neutral party—and abide by its judgment. The point is that such written policies would guide the daily operations of the company. The plan would keep the CEO, the other family members, and the directors out of many a tight spot.

I have two pieces of advice for Julie as she moves into the position of CEO. First, she shouldn't worry about Bob and Leigh. Assuming that she is gracious about her appointment, her half-siblings should be able to adjust—even if Joyce moans and complains in the background. And if they don't want to buy in, well, they both have good résumés; they can find employment elsewhere. Julie shouldn't feel guilty if they leave, nor should she feel particularly grateful if they stay.

Second, she has to begin acting like a leader. Her candidate profile says that she “lacks self-confidence at times.” She needs to get past that problem. Some people are going to say that she got the CEO position because of her name. So what. Sam Benson's beliefs to the contrary, there's no reason why people can't prove themselves in their family's company. In fact, in a well-run family business, there is tremendous pressure on family-member employees to prove themselves. They may be given shares, but that gift only gets them so far. If the overall goal of the family is the company's success, only those who can contribute toward that goal will work in the company over the long term. You have to earn your place. Julie has put in her time. She knows the business backwards and forwards. She can't afford to worry about what other people think. She should concentrate on the job in front of her—it's a big one.

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For the Benson family and for the board of directors at Benson Electric, the most important first step in handling the succession situation is realizing that their task is *not* to pick the new Buck Benson. The transition they face is not about substitutions. In addition, the key players must realize that Buck really held three leadership positions, not one: Buck led the owners, the family, and the business. The three groups—common to all family businesses—overlap but are not identical. Each needs a new leader or a new leadership system.

Selecting a leader who can succeed in the long run—or designing a leadership system in which the family can share the responsibilities of running the company—cannot be accomplished overnight. And obviously, somebody has to fly the plane while the family and the directors make their decisions. That’s why I recommend that an acting CEO be appointed for a specified number of weeks or months.

In most cases, the senior executive who is next in command would take charge. In the case of Benson Electric, the interim CEO could be one of the company’s vice presidents or possibly one of the directors. Clearly, he or she should not be one of the family. The acting CEO’s primary responsibilities will be to right the ship—to reassure customers, employees, and the financial community—and to act as a bridge to the next long-term leader. Given the interfamily conflicts and Buck’s failure to plan for his succession, it would be a mistake for any family member to jump into the CEO’s role right away.

Once the board, with Millie’s approval, has appointed an interim manager, the real work begins. Let’s consider the needs of each of the three groups in turn: the owners, the family, and the business.

Who are the owners of Benson Electric, and how do they intend to exercise their ownership rights? If Millie owns 70% of the voting shares, and if each of the offspring owns 10%, then it's up to Millie to start some hard dialogue about the future. She should begin shareholder meetings immediately among the four of them—and only the four of them: Millie, Julie, Bob, and Leigh. Joyce is not an owner and must not be treated like one. At those meetings, Millie needs to be clear about whether she intends to make decisions unilaterally, with or without soliciting input from the other three, or whether she wants to share control. If Millie intends to appoint Julie as CEO or chair, she needs to say so up front. She should also be willing to discuss her own estate-planning intentions so that a likely picture of future ownership distribution can be established.

Once Millie has made her intentions clear, Bob and Leigh have some critical decisions to make. Do they want to continue as owners of the company, or do they want to cash out as soon as the danger of a so-called fire sale has passed? If Bob and Leigh do not wish to remain in the company, either as executives or as investors, Millie needs to work out a buyout arrangement that offers each of them an honorable and equitable exit option and at the same time protects the company. Benson Electric has been described as “rapidly growing.” If a strong leadership plan is implemented and performance remains good, the owners and the board may consider a number of options to generate the cash needed for such a buyout: recapitalization, seeking a private investor, or even going public, at least with nonvoting shares. This is a perfect example of how management succession planning is inextricably linked to the strategy of a company and the long-term plans of its owners.

If all the shareholders agree to continue as owners, they need to talk about what kind of a sibling partnership they want and whether the right conditions exist to make that partnership feasible—that is, whether the combination of the family culture, the personalities and individual styles involved, and each owner's economic agenda will allow such a partnership. Ownership has had only one voice in the past—Buck's voice. Now it needs to learn four-part harmony—very quickly and under the most difficult of circumstances.

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Now let's turn to the work of the broader family. Buck kept the lid on family conflict while he was alive. Now the lid has blown off, and there is a great danger that pent-up emotions will scuttle any rational planning done by the four family owners. It seems unlikely that Joyce and Millie will be able to work together as the heads of the combined family—even if they were to realize that such an alliance would be in the best interests of all their children.

The three siblings should set up a series of meetings without their mothers present. They have a good chance of forming a working alliance on their own. That's not to say that they won't have to acknowledge the views of other family members, including Joyce and the sibling's spouses (if any). Those other members will certainly influence their conversations and the long-term viability of any solution. But Bob, Leigh, and Julie need to come to some understanding among themselves. If the family has a future, that future is primarily in their hands. Bob and Leigh's most difficult task during this period will be to convince their mother that they need her to support them in whatever choices they make about their own futures.

The three siblings should set up several meetings without their mothers present. They have a good chance of forming an alliance.

Only after the family members have reached some form of resolution concerning their agendas can meaningful progress be made toward selecting a new business leader for the long term. Assuming that Millie really has not made up her mind about Buck's successor, the board must take the lead. Their first and most important consideration should be figuring out what kind of leadership the company needs for the next decade. Selecting a new CEO should be an exercise in strategic human-resources planning, not an exercise in family dynamics. If deregulation is a concern and the industry is changing as rapidly as it appears to be, it is critical to think about the new demands the company will place on its CEO. An outsider may be the best choice. Nobody wins—least of all the family—if an adequate, but not outstanding, family member is selected. (If one of the family members has the potential to be an effective leader but is not yet ready, then the board and the interim CEO could perhaps design and implement a specific development program for that individual.)

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Given the family's history of 32 years of anger and resentment, it is unlikely that the Bensons can pull off a successful, smooth succession without some kind of assistance—either internal or external. Perhaps Williamson can step into the role of quarterback and facilitate the process. Either way, the decisions that need to be made about a successor must be grounded in a comprehensive, long-term plan for the shareholders, the family, and the business. If situations like the one faced by Benson Electric are handled wisely and properly, they can be an opportunity for growth and revitalization. If not, they can derail the most successful company and unravel the closest family. I hope that the members of the Benson family and the company's directors have the courage to do the kind of honest, comprehensive planning that is so desperately needed at the company. If not, prospects are bleak for any one of the seven candidates who gets the nod.

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Williamson and the other board members have little choice but to endorse Julie as the next CEO of Benson Electric. Even though Millie said that she would stay out of the decision-making process, she made it clear that Buck thought that Julie was the only one of his children who was qualified to run the company in his absence. That was the comment most critical to the entire case. Millie controls the shares; Millie controls the company. If she wants Julie to be CEO, Julie is going to be CEO.

But that shouldn't worry Williamson. There's no candidate in the current pool who far outshines the others. And although Julie's credentials aren't perfect, they're manageable. The directors could keep a tight rein on her and offer hands-on training until she is as competent as Buck was at running the company. (They would probably do the same for an outsider in any case. After all, their ultimate goal is to maximize shareholder value, no matter who holds the title of CEO.)

What should be worrying Williamson is how he is going to handle Leigh and Bob. Williamson seems to view Leigh, Bob, and Joyce as a problematic group. But they are individuals and should be treated as such—especially since their reactions to Julie’s appointment can have a tremendous effect on the company’s future.

Let’s start with Leigh. Williamson hasn’t paid much attention to her yet, even though her profile indicates that she is an excellent manager with much to offer the company. Leigh is capable and enthusiastic. It seems that what she wants most is recognition and respect. (In fact, she only seems to want the title of CEO to prove that she is better than Bob; if she had more responsibility elsewhere, she might not be as hungry for the corner office.) The board could offer to expand her role and allow her to carve out a niche for herself. If she accepted, I’m sure the company would only benefit.

Williamson has to realize that family issues aren’t so different from vendor disputes, union negotiations, or disagreements with customers or employees.

Bob, by contrast, doesn’t seem to have a lot to offer the company, but he isn’t hurting its performance either. He doesn’t seem at all ambitious, and he might be content just to remain in his current slot for the long term. I suspect that even a halfhearted attempt at making him feel needed would be enough to keep him in line and performing at least as adequately as he does now.

Of course, there is an outside chance that Leigh and Bob—encouraged by Joyce—will be upset if Julie is named CEO. In that case, they might resign, or they might try to make trouble. If they resign, the directors should help them find secure jobs elsewhere. A family business is supposed to support the family. There’s no reason why that mandate can’t extend beyond the walls of Benson Electric. All that aside, I think Bob and Leigh’s possible resignation is the least likely scenario. They know that it is in their own best interests to continue making the company successful, and an ugly, public conflict doesn’t conform to those interests.

# Emotions run high in cases like this, and it is critical to understand that what appears fair to one party may not appear fair to another.

Williamson’s job probably will not be as difficult as he fears. But right now, Williamson’s attitude is his greatest enemy. He states toward the end of the case that “having family members on the payroll definitely adds to our complications.” Well, there’s no denying that. It is difficult to deal with people whose professional interests are entangled with their personal interests, and whose status as family members may affect their better judgment. But conflict is conflict. Williamson has to realize that family issues aren’t that different from vendor disputes, union negotiations, or disagreements with customers or employees. Emotions run high in all those cases, and it is critical to understand that what appears fair to one party may not appear fair to another. If Williamson maintains his own professional composure and tries to sympathize with all the involved parties—keeping shareholder value as his guiding goal—he’ll get through this ordeal just as he would any other business crisis, and Sam Benson’s legacy will continue to grow and prosper.

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