



Money and Meaning

By David Lansky

Passing the Legacy: A Time for Creative Destruction?

“Psychologically, something has to die before a new self can be born.”

—Gail Sheehy, from her book *NEW PASSAGES*

“It’s not *when* I die, it’s *if* I die.”

—A joke about entrepreneurs

According to Richard Foster and Sarah Kaplan in their book *CREATIVE DESTRUCTION*, in order to maintain excellence and remain competitive, corporations must adopt the strategies of *discontinuity* and *creative destruction*. Rather than simple adjustments or incremental improvements in strategy or operations, successful corporations *transform* their businesses. In order to continue their success, these companies create new businesses and sell off or close down businesses or divisions whose growth is slowing. They also abandon outdated management methods, and adopt new decision-making processes and operational systems.

People who create and successfully follow through with estate and succession plans are practicing what might be called “creative *self* destruction.”

I first thought about this concept as I considered the situation of two clients who are in similar circumstances, but who are facing potentially very different outcomes.

One client, the 65-year-old founder of a manufacturing company, sold his company to a third party because none of his children had the ability or the interest to run the company after he left. He is obese, he smokes cigarettes and he is busy managing his money and real estate interests all the time. Two of his three children have careers in which they have been immersed for years. The third child, a man in his late 30s, has asked his father for help in setting up a business of his own. The business plan is well founded, though the proposed undertaking is much smaller than would suit his father, who has always

proclaimed, “Dream Big!” His father refuses to help him; instead, he insists that his son join him in a real estate venture which he believes will serve his son and his family much better than the son’s plans. The son has refused and the two are in a stalemate. The father is now rethinking his estate plan, because he is so disappointed in his son.

The second client is a man in his early 60s who was divorced five years ago. Just prior to his divorce, he suffered a near fatal heart attack and recovered through medical treatment and a stubborn regimen of healthy diet and exercise. He has dedicated himself to the process of planning for succession in his business. He has discussed with his family his choice of the oldest son to be president of the company, he has led the way in finding a mentor for his son, and he has thrown himself into creating an estate plan that will treat all three of his children well.

The first client is facing a potentially devastating future—alienation from his son, his wife and other family members; ill health; unrelieved stress. He continues to act and think as a CEO whose sole purpose in life is generating money or managing people.

The second client has assumed a new role relative to most of the people in his life—he is less directly involved in business now than he has ever been, he is creating a new relationship with his son, he travels and he is enjoying life as a single man.

In short, the second client has successfully implemented a strategy of “creative *self* destruction”: *He has reinvented himself as he has relinquished his past roles.*

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Gail Sheehy, in her book *NEW PASSAGES*, touches on the concept of “creative destruction” when she suggests that to prepare oneself for the next stage of adult life, one must let go of former ways of thinking and acting, and adopt a new identity that is more appropriate for present circumstances.

I paired Sheehy’s quote above with the joke about entrepreneurs because, taken together, the two thoughts capture the paradox of estate planning for the powerful and successful. One of the essential qualities of the successful businessperson or entrepreneur—the sense of invulnerability that contributes to risk taking and visionary leadership—is also one of the key vulnerabilities when it comes to planning for the future: In my view, engaging fully in estate and succession planning, and following through with the plans, requires gradual dissolution of a previous identity and evolution of a new identity. The ability to engage in “creative *self* destruction” means not only refraining from thoughts of immortality, but symbolically welcoming the changes that death of a former identity and evolution of a new identity can bring.

So, what is it that needs gradually to be “creatively destroyed”? Here are some thoughts:

- The do-it-alone “paranoid” mentality that promotes risk taking and visionary leadership but detracts from working well with advisors
- The narrow focus on work to the detriment of family relationships—their protests to the contrary, many highly successful business people have very limited nonbusiness relationships
- All or none thinking that defines success in one-dimensional terms of financial wealth or career advancement, without considering contribution to the broader community—the notion of *generativity* in Erik Erikson’s terms
- The self-limiting self definition as a commanding battlefield officer who can only be in control and command, as opposed to defining oneself as a coach or a student whose goals are to teach or to be taught by those around you

The move into “creative destruction” is very difficult for entrepreneurs and business owners, but it certainly can be done and is done everyday. Advisors can assist in fundamental ways, by encouraging our clients to focus on both, creative destruction as well as the necessary evolution of a new identity:

- Help your client to create a “personal mission statement” which articulates a vision of the future: Ask questions such as “What is your passion?” “What goals would you like to accomplish in the next five, 10, 15 and 20 years?”
- Encourage your client to look at his or her new identity as comprising *several* roles (not just one) and requiring “portfolio management,” in Charles Handy’s (*THE AGE OF UNREASON*) terms. The “balanced portfolio” consists of five types of work: Wage Work, Fee Work, Home Work, Study Work and Volunteer Work. My associate Dennis Kessler the former co-President of Fel-Pro, his family’s business for over 80 years, has structured a magnificent new identity around these guidelines.
- Suggest that your client request honest feedback from close associates on the strengths and values that will assist them in defining a new identity. Those who do this are often surprised to find that the management or entrepreneurial abilities that they so highly value are relatively low on the list of qualities provided by others.
- Anticipate and give permission for your client to experience the normal depression that accompanies “creative *self* destruction.”

Recent studies have found that nearly 25 percent of all suicides are committed by people over 65, and 80 percent of these suicides are men. How many of these are people who have had difficulty successfully accomplishing the transitions I discussed above? As advisors to people who are in the process of transitioning from one stage in life to another, our counsel may not only ensure financial continuity, but may assist in even more significant life-enhancing tasks as well.

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