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In Their Own Words: How Does the Succession Experience of Second Generation Family Business Owners Influence Future Approaches to Succession?

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In Their Own Words: How Does the Succession Experience of Second Generation Family Business Owners Influence Future Approaches to Succession?

BY

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ACCEPTANCE

This dissertation was prepared under the direction of the *Gaynor G. Cheokas* Dissertation Committee. It has been approved and accepted by all members of that committee, and it has been accepted in partial fulfillment of the requirements for the degree of Executive Doctorate in Business in the J. Mack Robinson College of Business of Georgia State University.

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ABSTRACT

In Their Own Words: How Does the Succession Experience of Second Generation Family Business Owners Influence Future Approaches to Succession?

BY

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    Family owned businesses strive to not only be successful as measured by profit, market position, and other determinants used to gauge businesses success, but they also strive in the continuity of transitioning management and ownership from one generation to the next. This study explores the experiences of second generation successors with the succession process and how those experiences may influence their approach to planning the next generation succession. A qualitative case study approach was followed, using data collected from twelve second generation family business owners. This research examined the succession experiences of these owners in the areas of succession planning, successor development, individual learning, and the culture of stewardship. A contribution to the body of knowledge is made by developing these areas. This research addresses a gap in the literature where no research existed which specifically focused on second generation experiences. A contribution to practice is made by outlining how these areas influenced second generation family business owners as they contemplate approaches to future succession. This research identifies possible areas for future research.

INTRODUCTION

Family owned businesses strive to not only be successful as measured by profit, market position, and other determinants used to gauge businesses success, but they also strive in the continuity of transitioning management and ownership from one generation to the next. Transitioning leadership for family owned firms can be a complex process. Factors such as family roles (both in the business environment and the family structure), family dynamics, successor development, and individual learning are some of the unique characteristics of family businesses which have considerable influence on the succession planning or lack of planning.

Family owned businesses, by their very nature, in most cases restrict the selection pool of successors to those that are members of the family. Van der Merwe (2010) pointed out that much research attention has been given to succession issues by family business researchers. He (Van der Merwe, 2010) further noted that during the 2009 International Family Enterprise Research Academy conference, several policy papers highlighted once more that succession is still one of the major research issues facing the field. Van der Merwe (2010) urged researchers and practitioners to continue to study this unique challenge faced by so many family owned businesses. Hence, this study explores the experiences of second generation successors with the succession process and how those experiences influence their approach to succession planning.

An area of exploration for this research was the influence of successor development. Successor development can be structured as formal or informal. Fiegener, Brown, Prince, and File (1994) stated there are two general types of development experiences predominate with successor development, on-the-job training and relationship-centered experiences. It will be beneficial for family firms to understand how and to what extent each variable of successor

development influenced second generation owners' attitudes about the succession experience as they plan for continuity of family leadership. Another area to be explored is individual learning. According to Bontis, Crossan, and Hulland (2002), organizations ultimately learn via their individual members. Individual learning plays a key role in maintaining competitive advantages for family owned businesses. It is important to understand how individuals take experiences and insights and begin to crystallize them as knowledge (Bontis et al., 2002).

Individual learning does not need to be one-size-fits all. Rather, it can take place through multiple, blended formal and informal learning activities which develop specific competencies (van Dam, 2012). Van Dam (2012) describes formal learning as structured, curriculum-driven learning, such as classroom learning and learning which revolves around the development of specific knowledge based competencies. On the other hand, informal learning can be defined as semi-structured or unstructured learning that is driven by the daily learning and develops needs of the individual. This type of learning can occur spontaneously on the job through interactions with other employees, vendors, and stakeholders engaged with the business. For example, informal learning takes place when workers move into different roles with the organization or work on new projects that challenge them to move outside their comfort zone. According to van Dam (2012) formal learning is planned learning and comprises only 10% of the learning framework. As described by the author, informal learning makes up 90% of the learning framework and includes people learning from other workers' activities.

Within the frame of family businesses, the concept of a stewardship culture has also been explored with this research. According to Baeten, Balkin, and Van de Berghe (2011), a culture of stewardship suggests that the owner's interests are aligned with those of the business principles (i.e. family members and other stakeholders). In the context of this research, there was particular

interest in exploring the motivations of second generation owners in regard to future succession planning.

The goal of this study was twofold. The research makes a contribution to theory in that it adds to the body of knowledge to better understand the succession experience from the perspective of second generation family business owners. Additionally, the study makes a contribution to practice with insights into understanding why some family firms are successful at moving beyond the second generation and why others are not successful.

RESEARCH DOMAIN

In the United States alone ninety percent of all business establishments are family owned firms (Davis & Harveston, 1998). According to Le Breton-Miller, Miller, and Steier (2004), research shows a mere thirty percent of these family owned firms survive past the first generation and only ten to fifteen percent survive to a third generation. This inquiry into the succession experiences of second generation owners increases awareness of what is needed to improve these odds. Truly the transfer of leadership for both management and ownership roles is the ultimate test of a family business (Gersick, Davis, Hampton, & Lansberg 1997). By definition, succession in family firms refers to the transfer of control from one generation to the next (Mitchell, Hart, Valcea, & Townsend, 2009). Parents dream of their children one day taking control of the business and operating it (Gersick et al., 1997). As noted by Gersick et al. (1997), succession is the vehicle that moves the family owned business from stage to stage on the ownership and family dimensions. Having capable willing successors prepared to take control is a key factor in determining the survival of the business. Of equal importance is the impact that the leadership transition has on the family structure. One factor that emerged from the literature as critical to succession was the level of mutual respect and understanding between current and next generation family members (Cabrera-Suarez, De Saa-perez, & Garcia-Almedia, 2001). Handler (1990, 1991) described five indicators that exist when individuals have a good working relationship, including trust, support, communication, feedback, and mutual learning. Eddleston and Kellermanns (2007) argued that developing lines of communication between family members is necessary to institutionalize the process of succession in family firms and to reduce the conspiracy (Lansberg, 1988) or resistance (Sharma, Chrisman, & Chua, 2003; Chrisman, Chua, Kellermanns, & Chang, 2007) associated with succession. Buoziute-

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Rafanaviciene, Pundziene, and Turauskas (2009) noted the healthiest transitions are those in which managers and businesses change patterns simultaneously. Steier (2001) stated that in family businesses the presence of a supportive relationship and mutual respect between incumbent and successor are conducive to the smooth transition of knowledge, social capital, and network from one generation to the next.

A lack of consensus surrounding the theoretical and operational definition of a family firm exists within the literature (Birley, 1997). Researchers have focused upon four key issues when defining family firms: namely, majority share ownership by a single family (Donckels & Fronhlich, 1991; Cromie, Adams, Dunn, & Reid, 1999); perception of the firm as a family business (Johannisson & Huse, 2000); family management (Daily & Dollinger, 1992; Birley, 2001); and inter-generational succession (Churchill & Hatten, 1987; Brun de Pontet, Wrosch, & Gagne, 2007). Chua, Chrisman, and Sharma (1999) asserted that it is unreasonable to use a family firm definition that excludes a large number of respondents who insist that their firms are family firms. Therefore, an inclusive definition was selected for this study to provide a broader understanding of the issues facing family firms. Following Arregle, Hitt, Sirmon, and Very (2007), for the purposes of this study, a family business will be defined as "a business to the extent that its ownership and management are concentrated within a family unit, and to the extent its members strive to achieve and/or maintain intra-organizational family-based relatedness" (p. 74).

Considerable academic research has been done in the area of succession planning and the succession process of family owned firms. Complete discussions have occurred around the ability of first generation owners to let go of the businesses they have created (Dyer, 1986; Dyer & Handler, 1994; Levinson, 1971; Danco, 1982; Schein, 1983; Sonnenfeld, 1986; Bjuggren &

Sund, 2001; Cadieux, 2007). Handler's (1994) research focused on the lifecycle of the founder as well as the lifecycle of the business. This research brought to light the idea that timing plays a part in how smooth the leadership transition occurs. The research of Mitchell et al. (2009) discussed the ability and desire of the next generation to take over the family business. Sharma et al. (2003) used the construct of strategic management as it applies to the succession event and the successor's plan of action. What has not received much research attention is what happens after first generation succession. As stated by Van der Merwe, Venter, and Ellis (2009), family businesses are a primary contributor to economic development and job creation in the world; their general lack of longevity is a cause for concern. In what ways does the taking over control of the family firm by second generation family members change their approach to succession planning? What experiences from the succession process will influence how second generation incumbents approach succession going forward?

The purpose of this research is to address this gap in knowledge. Little attention has been paid to what happens to the thirty percent of family owned firms who are able to successfully transition their leadership from first generation to second. No specific research could be found in the existing literature discussing influences from the succession process on second generational succession planning. Building upon several insightful studies (Handler, 1994, 1992; Lansberg, 1999; Fiegener, Brown, Dreux, & Dennis, 2000; Johannisson & Huse, 2000; Sharma et al., 2003; Van der Merwe, 2010), this study strives to provide evidence surrounding the experiences of second generation family business owners with the succession process. The following question is explored: How does the succession experience of second generation incumbents influence their approach to succession planning? Specifically, data on the involvement of second generation owners with succession planning, the successor's reflection on

development opportunities available, and evidence of individual learning were explored. This study aims to expand upon the research on succession issues of family owned businesses by probing deeper into the reflective perceptions of second generation owners concerning their own succession experience. The findings of this study make a contribution to theory in that they add to the body of knowledge a better understanding of the succession experience from the perspective of second generation owners. Additionally, insights were gained into the understanding of why some family firms are successful at moving beyond second generation and why others are not successful.

This paper is organized as follows. In the next section, a review of existing literature is discussed. The literature review is organized into the four areas: *i*. succession planning; *ii*. successor development; *iii*. individual learning; and *iv*. the culture of stewardship. Subsequent sections will discuss the study's methodology, contributions, limitations, and recommendation for future research.

LITERATURE REVIEW

The following presents a comprehensive review of three literature streams in an effort to better understand the area of leadership transitions of family owned firms. By examining what previous research reveals about succession planning, successor development, and individual learning, this study offers a better understanding of how the succession experience of second generation family business owners influences their intentions towards third generation leadership handovers. In part, this study focuses on existing knowledge concerning the various approaches to succession employed by families as they plan for the next generation to take over the leadership role. The review reveals that a considerable amount of the succession literature focuses on the leadership transition from founder to second generation. Little attention has been given to the issue of how the succession process influences second generation attitudes as they plan to pass down the business to the third generation.

III.I Succession Planning

Family owned firms differ from traditional business in that they are owned or controlled by family members and thus have a great potential for the family to be involved in or to influence business decisions. The succession process is often known to encompass the actions, events, and organizational mechanisms by which leadership at the top of the firm, and often ownership, are transferred (Le Breton-Miller et al., 2004; Chrisman, Chua, & Sharma, 2005). Additionally, Lansberg (1988) defined succession planning as a family business making the preparations necessary to ensure the harmony of the family and the continuity of the enterprise. In the family business literature, succession tends to be understood as the transfer of leadership from one family member to another – a goal shared by a majority of family firms (American

Family Business Survey, 1997). Research has shown that having a clear plan for succession is one way in which family businesses can ensure consistency and coherence in achieving family objectives and goals (Ambrose, 1983; Sharma, Chrisman, Pablo, & Chua, 2001; Dyck, Mauws, Starke, & Mischke, 2002; Aronoff, Astrachan, & Ward, 2002). However, it is up to the founder to structure the business in a way that enables the successor to take over the control of the firm (Mitchell et al., 2009; Hayes, 1981; Kets de Vries, 1977).

Succession planning is not just a process to find a successor. Succession does not happen spontaneously; a process, not necessarily a formal process, must be put in place to transfer leadership from one individual to another (Sharma et al., 2003). It is a conscious process to ensure the continuity of the business operations, the organization's policies, and the organization's culture. The focus of succession planning in the family business literature has been on the process of moving the business from the founder to the second generation of leaders (Stavrou, 1999). Yet by definition succession planning ensures that there are highly qualified candidates for all important positions, not just for today, but for future years. Having a better understanding of what influences the succession planning process for second generation family owners is important to the field of study as second generation owners plan for the on-going continuity of the family firm.

Sharma et al. (2003) argued that there are significant differences in the perceived satisfaction of the succession process by the incumbent and the successor. The two areas found to have the highest degree of perceived disagreement are the propensity of the founder to step aside and the level of communication about the details of the succession plan itself. First generation leaders of family firms often have significant financial and emotional investment in the firm, providing them with legitimacy and power (Bjuggren & Sund, 2001; Cannella & Shen,

2001). First generation owners often find it difficult to separate the business from their own identity (Sharma et al., 2003; Handler, 1990), and, therefore, are resistant to step aside. Sharma et al. (2003) found that in fact incumbents had a higher propensity to step aside than what was believed by the successors; incumbents were just not successful at communicating their intent to the successor.

The Sharma et al. (2003) study suggested second generation and later generations may have compared their own hesitation at the time they took over with the behavior of the incumbents and concluded that the incumbents were more willing than the successors actually were as they develop their intentions toward the succession process. Sharma and Irving (2005) identified four bases of successor commitment – perceived desire, sense of obligation, perceived opportunity cost, perceived need. It is argued by the authors that by using these four bases to better understand what influences the successor during the succession process leads to a better understanding of the successor's perceived satisfaction of the succession process. The degree of satisfaction or dissatisfaction with the succession process on the part of the successor could influence how the successor intends to approach succession planning, if at all.

A successor's experience with succession cannot be void of emotions. As noted earlier, emotions are a part of the leadership transition for all family members. Founders refuse to relinquish power and reassert authority; potential successor candidates (the founder's child/children) have multiple demands of adulthood (marriage, parenthood, and career). Potential successors want to establish their own financial independence and they may even feel guilty about outing a parent (Lansberg, 1988). Incumbents can be jealous, may consider the successor as a rival, and even be distrustful in the successor's competencies and abilities. Lansberg (1988) stated that families frequently exert pressures to avoid the emotion-laden issues

of succession. A focus for this study is to determine how the succession experiences of second generation owners influence their approach to future succession decisions.

Lansberg (1988) noted that western cultural values do not generally support leaders who plan their succession; succession planning is viewed as a sign of weakness. Management scholars have pointed out that much more attention needs to be paid to the topic (Sonnenfeld, 1986; Gersick, Lansberg, Desjardins, & Dunn, 1999; Debicki, Matherne, Kellermanns, & Chrisman, 2011). This attitude could offer a partial understanding as to why there exists a gap in the research literature as it pertains to second generation family business owners and would suggest future areas of research.

III.II Successor Development

Leadership transition offers the opportunity to break away from the old ways of doing things, yet is this desired by family firms? Family firms by their very nature have a competitive advantage with their lengthy leadership tenures, shared value system, and overlap of family and business interest that are nearly impossible for nonfamily firms to replicate. Common predictors of successful succession include the nurturing and development of the successor (Le Breton-Miller et al., 2004). The authors state that variables such as career development, outside work experience, formal education, apprenticeship, and training programs are often mentioned as being critical to successful succession. Fiegener et al. (1994) addressed successor development in family owned firms with their descriptive study comparing family businesses to nonfamily businesses. In their study, top managers of the firm were interviewed; a total of 236 family firms and 224 nonfamily firms were included. Their study noted that family firms have less formal systems for successor development. Family firms rely upon countless unplanned on-the-job

experiences that shape and develop successors (Gersick, Lansberg, & Davis, 1990). For example, founders tend to utilize frequent, informal communication rather than formal policies as the predominant means of giving direction (Miller & Simmons, 1992). Longenecker and Schoen (1978) argued the conditioning required for future leadership occurs within a lifetime of learning and socialization experiences that expose the individual to a variety of meaningful challenges and opportunities. The founder is not limited strictly to business working hours to mentor, coach, and most importantly share knowledge with the appointed successor; this is consistent with Seymour's (1993) study, in which he found most family firm owners were actively involved in training their successors. Much of the business activity development can be handled informally within the family system as it overlaps the business system. The research demonstrates that the successor's development and preparation for a leadership role is one of the most important factors among the successful family owned businesses that survived a succession (Cater & Justis, 2009; Bjuggren & Sund, 2001; Ward, 1987).

Family firms also rely upon relationships as part of the successor development where the incumbent is directly involved with the training of the successor. The first generation owners will serve in a coaching and mentoring role for much longer timeframes in a family owned firm. Founding leaders of family firms are described as having authoritarian management styles and foster paternalistic cultures (Fiegener et al., 1994). This preference is reflected in their supporting management systems, supervisorial style of leadership, and unwillingness to delegate (Lansberg, 1988). These characteristics are particularly strong when the family firm leader is the founder (Fiegener et al., 1994). Second and later generations may have less ego involvement in the original culture and vision of the company than did the founder and so may lead and manage

differently; this may also be reflected in their approaches to successor development and the succession process (Fiegener et al., 1994).

Understanding what about the successor development experience influences the attitude of second generation family businesses owners helps in the understanding of succession planning for subsequent generations. Fiegener et al. (1994) stated that there are two general types of development experience predominate with successor development – on-the-job training (task experiences) and relationship-centered experiences. Following the Fiegener et al. (1994) study, the specific measures of successor development explored by this research are education (for example post secondary academic track, outside of firm, industry specific), on-the-job training activities (with both internal and external stakeholder, task supervision), and professional development opportunities (industry specific associations, non-industry specific networks). It will be beneficial for family firms to understand how and to what extent each variable of successor development influenced second generation owners' attitudes about the succession experience as they plan for the continuity of family leadership.

III.III Individual Learning

One of the key factors that should be examined in any study on organizational succession is the effect of individual learning. According to Stinchcombe (1990), the foundations of organizational capabilities are the skills of its individual members. Koopmans, Doornbos, and Van Eekelen (2006) conducted a broad qualitative study of learning in the fields of engineering, health care, and business. The results of this study concluded that learning from other people and performing the work itself proved to be the most important dimensions of learning. Eraut's (1999) study found that work experiences and interactions with colleagues contribute to the

continued development and refinement of an individual's knowledge base. Understanding the succession experience of second generation family firm owners will determine what knowledge of that experience was retained as part of their individual knowledge as well as what became part of the organization's knowledge. Every organization, for consistent growth in today's hyper-competitive environment, wants to retain its knowledge and continuous learning for competitive advantage (Aslam, Javaid, Tanveer, Khan, & Shabbir, 2011; Marsick & Watkins, 2003).

According to Franz (2010), learning takes place when the experience is transferred and the knowledge is created. In the study, Franz (2010) stated that learning is about change. The author concludes that change is transformative when individuals arrive at new perspectives and action that greatly differ from their past views and behaviors. Meziow (1991) suggested that individuals who learn to transform their frames of reference better adapt to the world around them, become more inclusive and open, and are more discriminating. The author also states that through this transformation process adult learners develop more autonomy in their thinking and decision making. Mezirow (2000) in later writings argued that specific conditions including critical reflection on assumptions and reflective discourse are needed for deep change.

The literature indicates that as individuals learn, their confidence levels increase, allowing them to adapt to new situations quicker, take on more responsibility, engage more fully in the learning process, enjoy learning, be more motivated, and interact more easily with others (Norman & Hyland, 2003). However, in their research, Norman and Hyland (2003) highlighted that although the individual learner can affect his/her own level of confidence, trainers can help increase the learner's confidence by providing support, encouragement, and constructive feedback. The role of the trainer needs to be that of an architect of the learning environment and a developmental facilitator of learning, rather than just an expert of subject matter (Kersh, Evans,

Kontiainen, & Bailey, 2011). Founders assume the role of developmental facilitators when considering knowledge transfer and training of the successor. Developmental facilitators are leading the individual learning of the successor during the succession process. Franz (2005) stated that the developmental facilitators must be learner-centered more than content-centered, create transforming learning environments, use a variety of facilitation methods, be flexible, and also critically reflect on their own learning. Individual learning opportunities are guided by the ability of the founder to encourage and support the learning opportunities.

Learning support, encouragement, and meaningful feedback often happen though a communication process that facilitates a culture of collaboration and information sharing (Slotte, Tanjala, & Hytonen, 2004) and provides transfer (Taylor, Ayala, & Pinsent-Johnson, 2009; Kim, 1993) and recontextualization (Evans, Guile, & Harris, 2010) of learning between work and educational settings. Here it is important to reinforce the individual learning through conversation with the founder. As noted earlier, Handler's (1991) research listed communication as one of the five indicators that exist when individuals have a good working relationship.

Crossan, Lane, and White (1999) presented a model of organizational learning as a process of renewal occurring across three levels of the organization: individual, group, and organizational. These three levels are linked by four broad categories of social and psychological processes: intuition-interpretation-integration-institutionalization. At the individual level, intuition is the process of developing new insights. New insights are the conversion of tacit to explicit knowledge (Bontis et al., 2002), which can then be shared with others. It is important at the individual learning level to understand how novel insights begin to be interpreted (Huff, 1990) and are retained for future benefit. It is the nexus between what individuals can do (capability), what they want to do (motivation), and what they need to do

(focus) that enhances individual learning (Yang et al., 2004). The implication of individual learning for second generation family business owners is understanding and learning from their particular succession experience, interpreting that experience, and creating their own generation of knowledge. In other words, how did the succession process work and what things were learned from the process? What part does individual learning play in influencing the intentions of second generation incumbents as they approach succession planning? The data clearly shows that individual learning took place; however, it does not indicate how second generation owners will integrate their learning into future actions concerning succession planning.

Certainly family owned businesses have continuity through succession as one of their strategic goals. Even if they are not formally referring to their "planning" as succession planning, they still demonstrate activities within the business that could be considered strategically driven to ensure family control of the firm for the future. The literature notes the difficulty that second generation owners have with moving the business to the third generation (Handler, 1992; Stafford & Tews, 2009). This study has explored what was learned in practice from the first generation hand off that would be beneficial and could offer insight to second generation owners as they approach future successions issues.

III.IV Culture of Stewardship

Stewardship theory suggests the agents' interests are aligned with those of the business's principals (Baeten et al., 2011). Having its roots in psychology and sociology, stewardship theory was designed for researchers to examine situations in which executives, as stewards, in particular for this study second generation leaders, are motivated to act in the best interest of their principals (Donaldson & Davis, 1991, 1989; Chrisman, Sharma, & Taggar, 2007). Zahra,

Hayton, Neubaum, Dibrell, and Craig (2008) stated that identification with and achievement of the organizations strategic mission can lead to intrinsic satisfaction and provide a significant source of personal unity for stewards. According to the assumptions of stewardship theory, managers have interests extending beyond purely individualistic and purely economic goals (Zahra et al., 2008). Specifically the steward's interests are directed towards organizational objectives rather than personal objectives (Davis, Schoorman, and Donaldson, 1997; Miller and Le Breton-Miller, 2006). Stewardship theory may therefore take a long-term perspective on the business such as the case in a family business. In family businesses, all family members are stakeholders in the succession process. Sharma et al. (2001) stated that all family members, to varying extents, can affect or can be affected by leadership transitions.

According to Baeten et al. (2011), the steward in a family owned business may be highly motivated to preserve the business for the next generation of the family and gain satisfaction from being an effective steward to the business. A steward's behavior is ordered such that pro-organizational, collectivistic behaviors have higher utility than individualistic, self-serving behaviors (Eddleston, 2008). Even when the interests of the steward and the principal are not aligned, the steward places higher value on cooperation than defection (Davis et al., 1997). The collective behavior of the steward, for example, will focus on organizational growth, profitability, and sustainability. Here the agents act as stewards of the business and pursue organizational goals as opposed to individual goals. This behavior benefits all stakeholders, both external and internal. External owners receive dividends and share prices increase; internal principals gain the satisfaction of being good stewards of the organizational wealth.

Therefore, an appropriate criterion for assessing the impact of stewardship may be found in variables associated with long-term family ownership. Thus, in this study, an examination of

whether a stewardship culture is associated with how the succession experience of second generation family owners is reviewed. Stewardship enhances worker commitment to the organization by aligning worker and organizational needs and goals (Zahra et al., 2008). It is expected that the culture of stewardship in family businesses include high levels of family identification with the business, shared values, and orientation toward the long-term success of the business (Donnelley, 1964; Zahra et al., 2008; Royer, Simons, Boyd, & Rafferty, 2008). Stewardship is characterized by cooperation, rapid knowledge sharing, adaptability, and helpfulness within the organizational culture with high levels of mutual trust (Collins & Smith, 2006). This leads to the argument made by Zahra et al. (2008) that family commitment to the firm interacts with a stewardship oriented culture with regards to its influence on succession development and individual learning. Researchers in the field of family business agree that succession is the most important issue that most family firms face. Succession is so central to the firm's existence that Ward (1987) chose to define family firms in terms of the potential for succession stating that a family business is one that will be passed on for the family's next generation to manage and control.

This was a study of the succession experiences of second generation family business owners and how those experiences may influence their approach to planning the next generational succession. What, if any, successor development methods were used? How does the second generation owner reflectively describe the succession experience, and how has it influenced their succession planning decision going forward?

RESEARCH METHODOLOGY

IV.I Research Design

Qualitative research is often undertaken in situations where the topic is new and there is little existing research (Myers, 2009). Qualitative research methods are designed to help researchers understand people and what they say and do. Moreover, when a study involves an in-depth examination of a topic, qualitative studies are recommended (Myers, 2009; Miles & Huberman, 1994). In order to address this research question, a multiple case study was undertaken.

As mentioned above, this study seeks to answer the question: How does the succession experience of second generation family business owners influence future approaches to succession? As such, it is a study of the succession planning efforts, successor development activities, individual learning aspects of the second generation owners of family businesses, and potential attributes that demonstrate a propensity towards stewardship. It seeks to know what they say, what they do, and how they do it. It endeavors to see and understand the context within which second generation family business owners make decisions concerning intergenerational involvement with the organization. As Myers (2009) stated, these are the key benefits of using a qualitative research method as adopted for this study.

Furthermore, the research question in this study is a "how" question. It looks at contemporary events in which the research cannot manipulate relevant behaviors. As Yin (2009) pointed out in situations involving these conditions, a case study approach may be the preferred research method and hence is the chosen method for this study. As a case study it has the advantages of face validity and allows the researcher to explore within the context of sensitive

situations. Talking to people to find out what they are thinking and understanding their thought goes a long way towards explaining their stories. Such questions as, what is happening here, why it is happening, how has it come to happen this way, and when did it happen was explored as part of this study. Myers and Huberman (1994) pointed out that qualitative data are fundamentally well suited for locating the "meanings" people place on the events, processes, and structures of their lives; their perceptions, assumptions, prejudgments, presuppositions and for connecting these meanings to the social world around them. More specifically this is an exploratory study with the objective of discovering the relevant features, factors, or issues that might apply in the chosen research topic (Myers, 2009).

The study is retrospective. As such, it had the advantage of knowing the "broad picture," how things developed and outcomes that resulted. This *post hoc* knowledge was helpful for interpreting events and constructing a narrative. Unlike real-time observations, as a retrospective study, it has the advantage of afterthought and critical occurrences or events that the researcher was less likely to overlook than if trying to identify them as the process unfolds. Unfortunately, retrospective approaches may create certain biases, minority views may be censored, or events may be filtered out that do not fit (Van de Ven, 2007). Likewise, it also has the disadvantages of case studies, including problems of access, control, relevant focus, and time required (Myers, 2009).

IV.II Philosophical Perspective

Qualitative research, rather than traditional quantitative empirical research, is particularly useful for exploring implicit assumptions and examining new relationship, abstract concepts, and operational definitions (London & Hart, 2004). The objective of this study is to conduct an

analysis of succession as experienced by second generation owners of family firms to build a

better understanding of how that experience may influence their approach to future successions.

The point is that within family businesses the meaning of particular words (i.e., succession,

successor development, individual learning, and stewardship) depends upon its context with the

business family environment.

The research question provides guidance for this study and helps identify meaningful and

relevant activities (Yin, 2009). Specifically, this includes collecting data on the involvement of

second generation owners with succession planning, the successor's reflection on development

opportunities available, and evidence of individual learning. Furthermore, with a qualitative

research method design the quality, depth, and richness in the findings will enhance the results

(Marshall & Rossman, 1989). Interview questions are structured, but are adaptable to allow for

more probing and change based on the participant's responses to previous questions. However,

as McNamara (2009) pointed out, the strength of the interview guide approach is the ability of

the researcher to ensure that the same areas of information are collected from each participant.

DATA COLLECTION

V.I Data Collection Strategy

Qualitative date was collected from in-person, semi-structured interviews with twelve

second generation family business owners. The data collection process took place over a five

week period. Myers (2009) stated that interviews are an excellent "window" into an

organization and can help the researcher find out what people are thinking. This study utilized

the membership listings of two Chambers of Commerce located in southwest Georgia. The

Chamber presidents for Sumter and Crisp Counties served as access points. An information

packet was provided to each chamber president that included a brief description of the study

(Appendix A), a copy of the email sent as an invitation to participate in the study (Appendix B),

a copy of the informed consent which included a statement of participant confidentially

(Appendix C), and biographical information on the researcher (Appendix D). The only control

for participation was respondents be second generation family firm owners, meaning that one

leadership transition had taken place (founder to next generation).

Chamber presidents issued an introductory email to members with an invitation to

participate in the study. Respondent information was forwarded to the researcher. The

researcher then contacted participants to schedule an interview time and to ensure that that

participant criterion, being a second generation owner, had been met. Each interview took

approximately one to two hours. The interview script (Appendix E) was designed as follows.

The initial questions focused on the background of the interviewee as it pertained to involvement

with the business as well as some demographic information; following the rapport building

section, there were sets of questions that focused on areas of their succession experience,

successor development, individual learning, and potential attributes that demonstrate a

propensity towards a culture of stewardship. In closing, the participant was provided time to

make additional comments or ask questions of the interviewer.

Since the selection was necessarily based on accessibility and willingness to cooperate,

the sample cannot be considered random. However, the businesses represent a cross-section of

firm types and sizes. Eight had 20 or fewer employees; three had between 40 and 60 employees;

and one had over 70 employees. Ages of interviewees ranged from 34 to 63. Second generation

owners had, on average, been involved with the family business 30 years (recorded from earliest

involvement), with the least amount of time being 10 years and the greatest being 46 years. Of

the twelve participants, two became active with the business as pre-teens, nine became involved

during teen years, and one became active as an adult. As seen in Table 1, second generation

successors in this study have been in a position of control for as few as four years to as many as

36 years, with the average being 14 years. The businesses represent a spectrum of industry

categories: six retail, three service, one construction, one media/communication, and one

manufacturing.

There was a natural bias in the sample set toward success, since only those family

members who had made a successful transition into the business and those businesses which had

successfully weathered the transition had survived to give the interviews. No data are available

from this study on businesses which failed.

The interview script consisted of standardized open-ended questions: each interviewee

was asked identical questions, but the questions were worded so that responses were open-ended

(Yin, 2009). This open-endedness allowed the participants to contribute as much detailed

information as they wished and it also allowed the researcher to asking probing questions as a means of follow-up (Turner, 2010). A pilot test was conducted. The pilot test assisted the researcher in determining if there were flaws, limitations, or other weaknesses within the interview design and allowed for revisions prior to implementation of the study.

The research question provides guidance for this study and helps to identify meaningful and relevant activities (Yin, 1991). Specifically, this study included collecting data on the succession experience of second generation family business owners in the areas of succession planning, successor development, individual learning, and propensity towards stewardship.

V.II The Cases

This study involves twelve next generation family members associated with twelve family owned businesses located in the southeastern United States. For confidentiality purposes, these businesses have asked that the study conceal their real names. Therefore, the study refers to them as Cases 1 through 12. The researcher chose these twelve cases based upon access as well as their meeting case criteria of being led by second generation family members. The cases are similar in some ways. They have all successfully transitioned leadership from first generation to second. All continue to operate under family control. Employment numbers range from seven to seventy-six with the average number of employees being twenty-eight. In the study, the businesses ranged in age from twenty to sixty-six years of operation. Other descriptive categories for the twelve cases – number of family members employed, number of years the successor has been in position of leadership, and industry category are found in Table 1 below.

Table 1
Case Descriptions

Case Number	# of Family Employed	Total # Employees	Years of Operation	Years Successor Control	Industry Category
1	5	60	20	6	Hospitality
2	6	20	21	14	Retail Pharmacy
3	1	10	66	26	Retail Men's Clothing
4	2	7	39	4	Construction
5	3	7	52	17	Media – Radio
6	3	15	37	8	Retail Agri-business
7	7	76	48	7	Whsl-Retail Fuel
8	3	15	54	14	Insurance
9	2	19	65	24	Retail – Lumber/Const.
10	6	55	36	36	Manufacture
11	1	8	29	5	Interior Plant Design
12	5	45	49	4	Retail – Food/Fuel/Convenience
AVG	4	28	43	14	

The researcher had no involvement in or connection to any of the family businesses

which took part in this study. All the businesses which participated in this study met the

criterion of having experienced a first to second generation leadership transition. Only one

individual per organization was interviewed. This made it possible to do an in-depth study of

second generation successors across the cases. In other words, the purpose of the research was to

focus exclusively on what second generation family successors had experienced personally. Initially fourteen businesses responded to the invitation. Two of the fourteen were willing to participate; however, time and scheduling did not allow.

DATA ANALYSIS

VI.I Data Analysis Strategy

Case studies generally attempt to understand phenomena through the meanings that people assign to them (Myers, 2009). They are designed to help researchers explain how and why people see the world they way they do. Miles and Huberman (1994) outlined a variety of means to display the data. These include matrices, graphs, and charts that enable the information to be assembled in organized and compact formats. Qualitative research is an iterative process. As data was reduced and displayed, preliminary conclusions were drawn and verified. Patterns, regularities, and propositions from available data were inevitably forming the basis for preliminary conclusions. In turn, these conclusions would become increasingly grounded and explicit throughout the process (Miles & Huberman, 1994).

Multiple-case analysis begins with synthesizing the data for each second generation business owner into an individual case history (Eisenhardt, 1989). These case histories were utilized for two types of analysis, with-in case and cross-case (Bingham & Eisenhardt, 2011). From the perspective of Miles and Huberman (1994), data analysis consists of three concurrent activities: data reduction, data display, and conclusion drawing and verification. The three types of analysis and the data collection form an interactive, cyclical process.

The first step of data reduction was to transcribe the interviews verbatim. Then the process of selecting, coding, simplifying, abstracting, and transforming the data was undertaken (Miles & Huberman, 1994). A coding scheme based on the interview protocol was developed and was applied to all the interviews (Appendix F). Interview scripts were then coded according to this scheme. The coding system for this study used both descriptive and inferential

codes to identify words and text at varying levels of complexity. Trends and themes between the interviews were tracked and compared. This data was organized onto a comparative grid to establish patterns (Appendices G - J). The analysis identified a set of themes and clusters of thoughts and phrases which were read and reread for connective language to build a framework for analysis (LeCompte & Goetz, 1983).

Inter-rater reliability statistics are a quality indicator of measurement reproducibility. Coding reliability was conducted with the assistance of two independent coders who were asked to read three case transcripts and then score the interviews with the designated coding scheme. Kendall's coefficient of concordance was used to quantify the extent to which the raters agreed in their assessment (Gwet, 2012). The coding from the independent coders was checked against each other and the coding of the researcher for agreement. This was an iterative process. Overall the results indicated a very strong degree of agreement and are significant as can be seen in Table 2.

Table 2
Kendall's Coefficient of Concordance

	Interview 1	Interview 2	Interview 3
Kendall's W	.8164	0.934	0.8831
ChiSq	217.990	249.3689	235.795
df	89	89	89
p	<0.0001	<0.0001	<0.0001

When the SPSS predictive analytics software is utilized to assess the distribution, the results set forth in Table 3 substantiate the hypothesis that the distributions of the three interview coders are the same.

Table 3
Analytics Results: Case 1

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distributions of J, R and L are the same.	Related-Samples Kendall's Coefficient of Concordance	.305	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

VI.II Data Reduction

Miles and Huberman (1994) referred to data reduction as a process of focusing, simplifying and organizing the data that appears in transcriptions. As suggested by these authors, when appropriate and in order to improve validity and help in analysis, the researcher should use methods for summarizing (paraphrasing, teasing out themes and patterns); methods of thinking about data (marginal and reflective remarks); different approaches to coding (at both descriptive and inferential levels); and methods for producing extended reports (vignettes). These methods of transforming the data were used continuously throughout the life of the project to its completion.

VI.III Data Display

There are a variety of means to display (visualize) the data. These include matrices and tables that were created in the process of the analysis and enabled the information to be assembled in organized and compact formats. Miles and Huberman (1994) referred to data displays as a means to organize and compress the information in ways that permits conclusion drawing and action. For this study the data was coded, patterns were noted; themes were organized into vignette tables, such that plausible reasons for why things happened could be

drawn. Through a continued process of review and sense making the data was compressed and order into summaries.

VI.IV Conclusion Drawing and Verification

Explanations, regularities, patterns, and propositions from available data will inevitably form the basis for preliminary conclusions (Miles & Huberman, 1994). Guided by the procedures outlined by Miles and Huberman (1994), the researcher held lightly these conclusions in the beginning, keeping an open mind until they became increasing explicit throughout the process. Each data source is one piece of the "puzzle", with each piece contributing to the researcher's understanding of the whole phenomenon (Baxter & Jack, 2008). Conclusions were also verified as the plausibility, "fit," began merging from the data. People are meaning-finders, even in the most chaotic data sets (Miles & Huberman, 1994); plausibility, clustering, and noting patterns became pointers, drawing the researcher's attention to conclusions that looked reasonable and sensible. The researcher verified these conclusions in the analysis process for their sturdiness and conformity through an iterative process of auditing the data.

VI.V Guides for Coding

Following the procedures prescribed by Miles and Huberman (1994) the researcher coded all transcribed interviews to facilitate interpretation. The researcher used both descriptive and inferential codes following the study's focus areas of succession decision, successor development, individual learning, and evidence of propensity towards a stewardship culture. This coding helped to identify salient themes and organize the data. Further, the researcher revised the coding throughout the data analysis processes to develop the most appropriate set of codes for the study.

RESULTS

Second generation family business owners interviewed for this study were asked to reflect upon their succession experiences as it pertained to the four focus areas identified for this research – succession decision, successor development, individual learning, and culture of stewardship. In particular, the researcher sought information on how does the succession experience of second generation successors influence future approaches to succession. The results are discussed below.

VII.I Succession Planning

The failure to plan for succession is one of the greatest threats to the survival of the family firm (Van der Merwe, 2012). Having the founder plan to disengage from the business is necessary but by itself is not sufficient to ensure a successful transition. Other specific factors explored by this study were successor selection, timing of the decision, and communication of the decision.

Contrary to the assumptions of earlier family business research in the area of succession planning, the effect of the founder's resistance to let go of the reins was not evident in the sample set of this study. Eleven of the twelve (92%) businesses who participated in this study did not indicate that the founder was unwilling or resistant to pass off control of the business to the next generation. As outlined in the following sections of this paper, the founder played the key role in the successor's development through mentoring, which was identified as the top development opportunity taken advantage of by successors. The study also indicated that when founders were actively engaged in the mentoring of the successor, sharing their personal knowledge of the business, they also encouraged on-the-job training within the boundaries of the family business.

Founders enjoyed teaching the successor and in fact offered the successor employment with the family business.

The case interviews presented in the research were collected from volunteering participants willing to share their succession experiences. The researcher, therefore, assumed that a majority of those who volunteer to be interviewed had a positive succession experience overall.

When respondents were asked questions about the communication and timing of the succession, one interviewee remarked, "You know I never expected him to just completely back off and retire like he did but he has enjoyed his retirement" (Case 5). Another participant acknowledged that she didn't expect the founder to break all ties with the business once the decision had been made. However, that was exactly how it happened; "One day she was in charge and the next day I was in charge" (Case 12). Other second generation leaders described the timing of the succession decision experience as, "I got it by default" (Case 1); "I was the sole heir apparent so to speak" (Case 9); "He [founder] always hoped I would work here and take over the company" (Case 7).

A follow up question to the timing of the decision was how the decision was communicated. It was found that in most of the cases the communication was done through general conversation: the founder and successor did not engage in formal meetings until they had worked through the decision by simply having day-to-day open conversations. Case 2 described their communication as follows: "He never pressured me to do it and he was always open to me doing anything else so I knew he wanted me to but he never said, Sam[1], go be a

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[1] Name has been changed to protect confidentiality of participants.

pharmacist, I need someone to pass this down to. Because he would have been content selling it to somebody else I think. I think he was happy when I decided to take this route" (Case 2). Statements such as these indicate also that second generation family business owners perceive the successor selection decision as not being a difficult one to make by the founder.

Although in each of the twelve cases it appeared that the founder did not struggle with letting the second generation successor move into the leadership role, in most of the businesses (nine of the twelve) there was a critical event that triggered the transition. However, in contrast to prevailing thought, neither age, health concerns, nor death were cited as being the most common critical event that signaled the change in leadership. In one case it was a natural disaster, in another it was the successor returning after completing college. What was found to be the most common trigger among the study's sample set was the founder's lack of knowledge in the area of information technology. Six of the twelve cases named the growing push to use information technology as the critical event which led to the successor's rise in power. One successor stated, "The computer age was kicking in … he [the founder] didn't want any part of computers, you know he still had all manual systems" (Case 9). Another interviewee remarked, "…with this new technology, everything changed. Dad still did the books by hand. He didn't want to learn how to do it on an excel spreadsheet" (Case 6). One participated noted that once he joined the business fulltime their financial resources had to be managed and used more wisely, especially when the business was upgrading computer hardware systems (Case 5). In this particular case, media/radio communication, the industry was changing and the successor was aware that in order for the business to survive, a technology conversion was necessary. The founder, as described by the successor, was "just tired" and pushed the successor to take the lead on the project.

As demonstrated by the cases in this study, succession does not happen spontaneously, even when it takes a less formal structure. As evident with the family businesses included in this study, succession was more likely a process, not necessarily formal, and in most cases took an informal path. The informality of the plan or decision was evident in the sample set of this study. One successor commented that he wished his succession had been more formal; that he felt as if he was a victim of circumstance (Case 4). Even though leadership succession in family business is an emotion-bound issue, the study revealed that from the perspective of the successor they desired a more formal, even step by step, plan for the transfer of leadership. That being said, the findings demonstrate that there is room from improvement as family businesses prepare for succession.   A successor who had been in control of the family business for 15 years still reflected upon her succession saying, "I think if there is a successor, like me, it would have been good to know at what point the roles kind of change. Having a process, what's first, what's second would have been good just to know at what time it's going to happen" (Case 12).

A majority of the cases expressed that the communication of the decision was also done informally. Three of the interviewees described the communication of the decision as just being understood. They shared comments such as, "… it was kind of one of those things that was always known" (Case 4); "Daddy just didn't talk much about that kind of stuff. We pretty much knew how things were laid out…" (Case 7); "There was never a formal discussion. It was very informal and it was understood and you know once you grown up and get past wanting to be a pro-football player, you realize you wanted to work and run the business. So it was more understood; it was never a formal succession plan" (Case 9). One successor even said that he and his father could read each other's minds (Case 6).

As far as how and when the successor decision was shared with other family members and stakeholders, second generation owners felt that the founder's decision was accepted without comment. A successor who was the youngest of four siblings stated, "I'm sure my dad told my family – I mean he talks to them every night. I'm sure he told them what the plans were. They were all good with it. Nobody had a problem with it. They were glad that I was always here and wanted to work with him. So, everything was out front with everybody and nobody had a problem" (Case 5). Another participant commented, "It was never communicated. He [the founder] had always been giving me stock. When he died he left the rest of the stock to me. My sisters got other assets and I got all the stock in the business" (Case 3).

In the sample set of this study, the succession and successor decisions were mostly part of general conversation between the founder, successor, and others who were actively engaged in and with the business. One interviewee remarked on how he remembered about the succession decision, "It was solely just dad's decision. So, I guess all the customers just kind of grew to expect it. They saw me here working all the time so at least that was good." (Case 2). It appeared that even though there was not a formal announcement of the succession plan, there was commitment on the part of the founder and the successor to implement the leadership change and to legitimize the selected individual in the eyes of the family, the customers, and other stakeholders. It appears that it was understood the leaders of the family businesses included in this study desired to keep business under control of their families. Table 4 provides a summary of the themes, prevailing thoughts and participant remarks on succession planning as explored in this study.

Table 4
Succession Planning: Vignette Summary

Theme	Prevailing Thinking	Illustrative Comments (Case #)
• Founder has to let go	• Much of the academic literature has focused on the resistance of the founder to step aside and allow second generation to take control. (Sharma et al., 2003; Handler, 1990)	• Dad retired (3) • He backed off (5) • One day I was in charge (8) • It was a clean division (9) • Parents were ready to leave the business for other outside activities (12)
• Successor needs to be selected	• Nature of being a family business, pool of potential candidates limited to members of the family (Savrou, 1999)	• Always known (1) • By default (2) • Heir apparent (4) • Only one interested (5) • Sole heir (9)
• Decision is communicated	• Decision is part of general conversation (Sharma et al., 2003) • Other family members acknowledge successor (Mitchell et al., 2009)	• It just happened (1) • Here it is, go and get it (3) • Pretty much knew how things were laid out (7) • Why don't you hang out here (11)
• Timing of decision	• Even though the succession plan is a process, usually a critical event accelerates the action of putting decision in place (Gersick et al., 1997)	• Dad's lack of knowledge about technology (1) • When I returned from college (2) • Offered another job making more money (3) • New technology (6) • Butting heads on the computer deal (9)

VII.II Successor Development

The training successors go through to acquire knowledge and develop capabilities is said

to be a vital factor in effective succession (Morris, Williams, Allen, & Avila, 1997). For the

purpose of this study, there were three areas of interest under the heading of successor

development – development opportunities which were available; development opportunities

which were not available; and the alignment, or lack of alignment, of the successor's career goals and interests with those of the business.

Of those interviewed, all stated the founder was very willing to share his or her knowledge of the business. One interviewee stated, "I'm going to learn everything I can and the great thing with my dad is that anything I ask him, he would always explain it to me why. Sometimes he over explained and would go on for an hour or two on one question" (Case 1). Another interviewee said, "One of my father's best assets or traits has always been he's a very good teacher and he's always been very patient. He'll take time to teach you to better yourself instead of just saying get out of the way I can do this faster" (Case 4). Having a founder willing to share his or her knowledge of the company provided the successor with a firsthand account of how the business maintains its customers, vendors, employees, and financial sustainability which was described by the interviewees as a valuable part of their personal development. The research literature calls this knowledge "tricks of the trade" or "insider knowledge," which would take a manager from outside of the family much longer if ever to grasp (Cabrera-Suarez et al., 2001). This study found that such activities for knowledge sharing instilled confidence in the second generation as they prepared to take over the day-to-day management of the business. In all twelve cases of this study, the founders acted as mentors, counselors, and instructors, transferring explicit and tacit knowledge with the selected successor. In most cases, the knowledge sharing began at an early age when the successor was still in school and worked part-time for the business. One successor who has owned the business for the last seventeen years began helping his father with equipment maintenance and repairs as a teenager. He indicated that he continues to learn from his father.

>*"I guess the best part about it is having someone there to actually consult with. I think to be a successful and good individual in any trade you never quite learning. It's always been good to go back and ask my father how would you have done this or what are your thoughts on this, just to have a second opinion. And the best part is he's willing to give me his opinion; he's still willing to come out and help"* (Case 4).

Another successor echoed the same sentiment saying, "Before my father would go out on sales calls we would sit down and talk about who he was going to see and what our odds were to sale the account, what angle we should take, who was supplying them at the time, what we could do for them that our competitor couldn't do. This was great training for me" (Case 10). In Case 3, the founder did not limit his mentoring of the successor to just the operations of the business. He also exposed the successor to industry organizations and leadership opportunities within those organizations. The participant felt these were special development opportunities that provide him with industry contacts and networks that may not have been available otherwise. As seen in the cases used for this study, being mentored by the founder allowed the successor to become increasingly familiar with the businesses operations, built confidence in his or her own capabilities, and provided paths for future development.

Another focus of interest under successor development was evidence of on-the-job training as part of developing second generation owners. Past research has discussed the importance of an early entry into the business by the successor to create a sense of commitment and loyalty to the business (Cabrera-Suarez et al., 2001). However, the literature has not thoroughly discussed the affect of on-the-job training as it specifically pertains to members of the second generation moving into the role of leader. Interviewees confirmed that on-the-job training played a significant role in their development process. Comments such as, "I truly started at the bottom as a grunt" (Case 9); "I came from the grass roots. Started digging the ditch

and worked myself up to number one" (Case 4); "I think I learned 90% of everything from just hands on" (Case 6), acknowledge how important on-the-job training was to the development of the successors capabilities and competencies.

Only three of the successors included in this study had outside of the family business work experience. Even though these three shared their experiences on this particular developmental opportunity, only one felt it had served as a crucial component in her ability to be successful in the family owned business: "My background was in media design and production. So when I came back here I was already prepared to handle the creative side of the business" (Case 11).

Eight of the twelve successors interviewed for this study highlighted their lack of knowledge in the area of small business accounting and how they wished their successor development had included more opportunities to learn specific skills in that area. One successor expressed that in college he had taken accounting and did well. However, it was not until he began working with financial statements and reports did the principles begin to have relevance and make sense. Another interviewee put it this way – "I wish I had more accounting knowledge. I've learned a lot and understand the business financial reports, but I do wish I knew more about risk calculations and such" (Case 7).

Other areas the participants in this study wished they had had more development opportunities included, training in human resource management, sales presentations, and human psychology. Case 10 expressed the lack of comfort, not lack of confidence, when doing a business presentation for clients of larger accounts. He further explained that he could talk and explain all the bid information to the client, but wished that the "packaging" of the information

could have a more professional look. Case 12 felt that if her training in human resource management had been better, it would have saved her from making some of the hiring and firing mistakes from her early years as the leader of the business. Case 8 stated that he would have taken more psychology classes to improve his skills in negotiations and peacekeeping within a family owned business.

The last area of interest under successor development was the alignment, or lack of alignment, of the successor's career goals and interests with those of the business. The researcher felt this was an important component in examining the successor's development as it may have determined a certain academic path or other educational/training opportunities. The study suggests that successor's career goals align well with their opportunities within the family business. One successor explained it like this, "I didn't think I could work for somebody else. I had a wild streak and was a little rebellious in the beginning. I'm not sure the fuel business was what I would have chosen if I'd had a ton of money, but it is a business that I know" (Case 7). One can imply from this statement that working for the family business was a conscious decision for a career path after weighing other career options. Another example of career alignment was expressed as, "I would say they definitely align…I just want to keep growing as a hotelier" (Case 1). In this particular case, the successor stated that at a young age he knew he wanted to stay in the family business. However, as with most of the cases in this study, his career goals have continued to evolve over time. In the very beginning, he planned to own a hotel franchise with eighty hotels. Today his goals have in his words "become more realistic" (Case 1). Today his goals are to work on joint projects with partners and investors as he expands his presence in the industry. Case 2 expressed that his decision to return to the family business once he was accepted into pharmacy school: "Yeah, I had to get a pharmacy degree first, that was my first

goal. Then come back to home to work with my father" (Case 2). This participant also

discussed how fortunate he was to have had a professor who was very interested in promoting

independent pharmacies who encouraged him to fill elective classes with business courses. In

the opinion of the successor this was a development opportunity he may not have taken

advantage of otherwise and it proved to be beneficial when he took over the family business.

Table 5 provides a summary of the themes, prevailing thoughts, and participant remarks as

successor development was explored for this study.

Table 5
Successor Development: Vignette Summary

Theme	Prevailing Thinking	Illustrative Comments (Case #)
• Development opportunities taken/available	• Mentoring by the founder and on-the-job training were key to successor development (Le-Breton-Miller et al., 2004; Cabrera-Suarez et al., 2001)	• He never minded exposing me to different aspects of the business (3) • It started out as a summer job (4) • He's still there if I have a problem (5) • I think I learned 90% of everything from just hands on (6) • Daddy was always there to answer my questions (7) • He would offer advice (8)
• Development opportunities not taken/unavailable	• Gaps in successor development need to be identified (Bjuggen & Sund, 2001)	• I wish I had more accounting (6,7) • Few more psychology classes (8) • Better training with sales presentations (10) • More training in HR (11)
• Career and business goal alignment	• Second generation owners want to maintain the success of the business (Cater & Justis, 2009)	• I just happen to love the industry (1) • Not to screw things up (2) • To see the company grow (10) • Beginning goals aligned with what I wanted at the time, now they very much align. (11)

VII.III Individual Learning

Learning is about change.   This study seeks to explore the individual learning of second generation family business owners by asking them to reflect upon what they learned in regards to succession from their own experience.   Task- relevant training and development is often the key to successful individual learning in a performance context. The challenge with this study was

having second generation leaders be reflective about their learning experience, particularly what was learned through their succession and what changes in behavior resulted.

The data from the case interviews demonstrates that mentoring and on-the-job training were mentioned most often as being sources which the successor utilized for his or her personal development within the family business. A majority of the participants stated that their succession process included hands-on work experience and they intended to follow this developmental approach with their children. For example, one participant said,

> *"I learned from doing the different job functions within the company. I started out in the foam fabrication area and gradually moved to sales and administration. For my two boys, I have had them work two to three weeks in each area. They needed to experience all areas of the business. You know I learned as I did, and they are just walking in with everything already done. I want to give them the benefit of my knowledge, but they need to have hands on too" (Case 10).*

Another interviewee made a similar comment, "I worked in it (the family business) all my teenage years …I've been here pretty much the whole time learning on the job" (Case 3); yet another remarked, "I needed to attend the school of hard knocks and growing up in the business has served me well" (Case 7). From these statements and others that were similar in content, it appears second generation successors gained valuable knowledge about the family business from their on-the-job training experiences. It was also indicated that they plan to pattern future successions after their own experiences in the area of successor development, requiring next generation leaders to have on-the-job training within the family business which would allow third generation members to work their way up the ladder so to speak.

The data also pointed to the value of having a clear timeline for the leadership transition as another outcome of individual learning that successor's gained from their own succession

experience. A majority of the successors included in this study were aware at an individual level of the benefit of having a defined timeline for succession; however, it appeared that learning and having experienced the problems associated with the lack of a timeline was not sufficient to influence their current behavior. The existing literature argues that learning must be captured and embedded in ongoing systems, practices, and structures to intentionally improve changes (Watkins & Marsick, 1993). Second generation owners expressed their desire to have a more structured timeframe for succession as compared to their less structured experience. One participant said, "Having a specific timeline for succession would have been helpful. Not having one created uncertainty and stress." (Case 11) However, none of the participants included in the sample set had taken action to prepare a succession plan for future generation owners of their family business. All stated that succession planning was indeed important to the success of moving the business to members of the third generation; they also acknowledged that the family was very supportive of their decisions concerning succession and their choice of successor. Nevertheless, all have failed to incorporate the lessons they had learned concerning ways in which to avoid ambiguity in how and when the transition would occur by developing a clear well defined plan. One interviewee even noted that their son wanted a formal plan – "He wants a plan on paper of how we're going to do it . . . I guess he wants to be sure things go smoothly" (Case 9). Case 5 stated, "I was fairly satisfied with the leadership transition. But I don't think I'm just going to sit down and write down a future plan" (Case 5). Another participant put it this way, "It was a learning experience. I don't think we really thought through everything beforehand and maybe we should have" (8). The desire to have a more defined succession plan was explained by one participant as "you know it would've been good to say alright here is stage 1, here is stage 2, here is stage 3, and slowly evolved into it instead of saying here you go" (Case 4). The

academic research has found that less than 10% of family owned businesses transition leadership to a third generation (Handler, 2009); hence, it would be of benefit for second generation successors to share what they know with other family members and to use what they have learned to improve the opportunities of having the business succeed beyond their personal involvement.

A third focus of interest in the area of individual learning was to explore what the successors had learned through their succession experience about their personal career goals and about their goals for the business. A common theme found in the case interviews was the fact that personal goals seemed to align well with the business goals from the beginning and continue to be aligned. That being said, in most cases the goal was to grow the business, followed by sustainability. As one interviewee stated, "I always wanted to see the business grow. You know our industry has changed over the years and we have had to explore other ways to expand. My current goals are the same - to keep the business viable and to develop new services in market areas" (Case 8). Other interviewees had similar comments – "I want the business to continue to grow and support the family" (Case 7); "I just wanted to build the business, be successful, not the riches, but support the needs of the family. I pretty much have the same goal personally and for the business" (Case 10). It appeared that even though they were in the early years of their tenure, successors had had more aggressive goals, which evolved over time in their perspective to be more aligned with the capabilities of the business. In other words, second generation owners learned through experience how to incorporate their personal and business goals by managing the business to success. There appeared to be a genuine concern to maintain the continuity of the business. As one respondent stated, "My goal in the beginning was don't mess it up. I just hope I don't screw this thing up" (Case 2). Another interviewee said, "In the

beginning I was probably just working all the time and hoping that everything was going to work out. But I am proud of what we have been able to accomplish and plan for us to keep going strong" (8). Such statements indicate that most of the successors in this study had consciously set goals in the beginning of their tenure to nurture their family business into the future. These comments also demonstrate a culture of stewardship which will be discussed with more detail in the following section.

Lastly, second generation owners learned to reach beyond the boundaries of the family business for learning opportunities by seeking external industry specific knowledge providers. Six of the twelve interviewees worked outside the family business before returning to work for the family. One person interviewed stated he had learned the importance of working long hours from his previous employer (Case 6). Additional knowledge providers listed by the participants were industry associations, former college professors, and financial advisors for example. The research literature argues the importance of founders sharing their knowledge with successors. The data from this study supports that finding and adds to the learning experiences those contributions from external areas, such as formal education, trade associations, and time spent working outside the family business. As one interviewee remarked, she began working with an executive coach as soon as it was clear her mother desired for her to take over the business and she personally made the decision to stay with the business (Case 11).   In this case, the founder did not seek outside professional assistance when working through a business decision; the participant stated that her mother prefers to think about how to handle the situation. However, the successor had sought the expertise of outside advisors in her earlier work history and saw it as a benefit to her and the business while the leadership transition was happening. As examined

for this study, themes, prevailing thoughts, and remarks on individual learning are summarized

below in Table 6.

Table 6
Individual Learning: Vignette Summary

Theme	Prevailing Thinking	Illustrative Comments (Case #)
• Successors satisfied with individual learning	• Had educational opportunities that were geared towards the business/industry (Marsick and Watkins, 2003) • Increased confidence (Norman and Hyland, 2003)	• Learned a lot and will continue to learn (6) • Happy as a lark (7) • Enjoy working here (12)
• Contributors other than founder	• Literature argues the importance of founder sharing their knowledge (Handler, 1991); data indicates other knowledge sources are also utilized (Eraut, 1999).	• Professor steered towards business classes (2) • Worked for another firm (4,6, 8,10, 11) • Trade association roundtables (9)
• Alignment of personal and business goals	• Goals evolve and adapt with time (Huff, 1990)	• Goals are more realistic now (1, 4) • To enjoy work every day, to provide good jobs in the community (2) • Back then I was more of a risk taker (3, 4) • To run a successful business that maybe my son will take over (9)
• Learning applied to future plans	• Learning becomes integrated into successors knowledge (Crossan, Lane, and White, 1999)	• Satisfied with leadership transition; not going to sit down and write a future plan (5) • Important to have a plan (7) • Next succession will be more formal (9) • Successor development to include job rotation within business (10)

VII.IV Culture of Stewardship

The final area of exploration for this study was whether the propensity of the family business towards a culture of stewardship would influence how the successor will approach future successions. One factor this research explored was how well the family members who had a financial stake in the business resolved conflicts. In other words, did the family members who were actively working for the business and those who had a financial interest in the business work well together? How did they resolve difference when they occurred?   Academic research on stewardship orientation emphasizes long-term rather than short-term financial performance (Davis et al., 1997), which is generally thought of as being a primary goal for family businesses. The business needs to be financial sustainable in order to be passed down to the next generation. Hence, a long term orientation for a family owned business by its very nature includes the desire to pass the business on to subsequent generations (Cater & Justis, 2009; Danes, Teik-Cheok Loy, & Stafford, 2008). Furthermore, according to the 2007 American Family Business Survey, 87% of family owners believe that their business will remain in family hands for the next five years (Glavin, Astrachan, & Green, 2007). Additionally, family businesses demonstrate high levels of shared commitment to the firm (Eddleston & Kellermanns, 2007), which is considered an attribute of stewardship.

Evidence of a culture of stewardship was demonstrated by the cases included in this study in several ways. One interviewee stated, "I think the benefit of the stewardship culture for our family business is that you know the company is the lifeblood of the family for our income. So if you don't focus on it doing well then your family won't do well" (Case 4). It was noted by most of the cases included in this study that they actually do not have many, if any disagreements. This would suggest that should a situation in which there is conflict arise, it is

resolved quickly through open discussion. For example, Case 8 said, "We talk about them. Fortunately we don't have too many conflicts anymore. We have learned to express our thoughts without getting angry or upset . . . We learned to work together. We are a strong team." Another participant said, "In our situation there is not much disagreement. We are past that. I talk to her every day about the business and take her advice. She has worked longer in the business than me and I respect her opinion" (Case 11). In this particular case the successor and founder initially had a hard time expressing differences of opinion and had agreed to not allow their disagreements to come between their personal relationship. The successor noted that they both understood that whatever the decision, it had to be good for the company, not necessarily good for them individually. This statement follows the concept of stewardship in that a steward's interests are in the organizations success rather than personal success. Eddleston and Kellemanns (2007) noted that stewards who are able to improve the performance of their businesses are generally satisfied on a personal level as well. Most research focus has been on how family relationships can have a negative effect on the family business (Eddleston & Kellemanns, 2007); more recently it has been suggested that strong family relationships can be a source of competitive advantage for family businesses. This type of competitive advantage is unique to family owned businesses (Sirmon & Hitt, 2003). It can be implied that a culture of stewardship can therefore have a positive effect on family business sustainability hence creating a fertile environment for future generational successions.

All second generation successors interviewed for this study repeatedly responded that their personal goals aligned with those of the business. Again, this was an example of stewardship as demonstrated by the associated strong relationship between the success of the business and their personal success. In eight of the twelve cases, participants exhibited

characteristics of collectivism. As described in the literature, collectivists subordinate their

individual goals to the goals of the organization (Davis et al., 1997). This attitude was

demonstrated in the sample set of this study. For example, Case 7 stated that he wanted the

business to continue to grow and support the family, not just him individually. Case 2

commented, "In the beginning, for me it was just to enjoy coming to work every day. Now my

goal is to provide good jobs for people in the community." This particular comment was not

unique among the respondents. It appeared their sense of stewardship extended beyond the

immediate family and also included the community at-large. Another participant explained his

aversion to risk as being attributed mainly to his desire to guarantee the continued success of the

company, not only for his livelihood but also for the jobs it provided his employees (Case 4).

When successors are stewards of their family's business, they are motivated to fulfill the goals of

the business which align well with their personal goals.

   Additional key components of the stewardship culture exhibited in the sample set were

trust and respect.   The respondents used the words trust and respect to express how the

successors' viewed the founders of their family business. It can be assumed from the data that

the successors regard these attributes in high esteem and desire to use these approaches as they

continue to lead their family businesses. This was best illustrated by the comments of Case 7, "I

know it's good to have a plan, but Daddy just didn't talk much about that kind of stuff. We

pretty much knew how things were laid out and we respected and listened to each other."

Furthermore, Case 11 expressed how she had enjoyed working with her mother and learned a lot

about the business from her. However, she still regards her mother's feedback with respect. She

further stated they had learned to trust the judgment of one another. For this successor, the more

absent her mother became from the business, the more trust her mother had in her to run the

business.   Stewardship has been argued to be common among family businesses (Corbetta & Salvato, 2004) and provides motivation for the ones in control to behave in the best interest of the business. In other words, stewardship creates an environment of trust, specifically trust that the leaders will do the right thing for the business because their personal goals are met when the business goals are met – to ensure continued success of the business.

Trust also reduces the degree of uncertainty within the family business. This may explain why the formalization of the succession plan was not seen as being necessary. As demonstrated in the data, second generation owners who participated in the study described how their succession experiences were positive.   In each of the cases the participant stated he or she was pleased with how the succession occurred and in these cases there was no example where the founder demonstrated resistance to turn over control of the business to the successor. In all of the cases, the successor also stated that he or she felt having a succession plan was important. Yet none had formalized a future plan. This could be explained by the existence of a stewardship culture, one that is characterized by trust and respect. Through the research lens of succession, it can be assumed that the successors will draw upon their own experiences with trust and respect as they approach future succession plans. Furthermore, they expressed that they will continue as stewards of the business and plan to do the right thing for the business. One interviewee explained his future approach to succession this way, "I will probably do the same thing with my kids that my Dad did with me. If they like it [working in the business] we'll work it out" (Case 2).   The understanding gained for this comment was even though there had not been a formal succession plan for his transition, he trusted that he and his father would be able to work out the details, which they did.

Another component of stewardship which was a focus for this study was how the family spent time together outside of the business. The belief that those that play together stay together was used to introduce how the members of the family owned businesses engage with one another outside the activities of the business. Of the twelve cases included in this study, six stated that they have weekly meals with family members. Case 2 stated, "We have dinner with my parents on Friday nights and then Sunday after church we [founder, successor, successor siblings, and third generation children] all go out as a group to eat." Another interviewee said that he and his father, the founder, have lunch together at least four times a week (Case 10). Case 7 expressed that he has lunch with the founder and other family members working for the business almost every day.   He went on to say much of their conversation at these meals did not focus on business operations; it was general conversation – activities of children, current events, weather, etc. He, his brother, and the founder (his father) have coffee together every Sunday morning. He explained that this time had a more business focus as it provided a quite time for the three to discuss topics related to the business without interruption. Most respondents expressed that the family (multiple generations) often enjoyed outside activities together; examples given were hunting, fishing, golfing, traveling, and cookouts. They also stated they shared holidays and special family occasions together. None of the cases included in the sample set stated they had relational conflicts which prevented them from spending time together. These findings support the notion that the opportunity to engage in outside of the business activities, "play," does have a positive effect upon keeping the family together. The implications of these results are discussed in the next section of this paper. Table 7 summarizes the themes, prevailing thoughts, and participant remarks as the propensity towards a culture of stewardship was examined for this study.

Table 7
Culture of Stewardship: Vignette Summary

Theme	Prevailing Thinking	Illustrative Comments (Case#)
• Family members work well together	• Open communication is imperative to resolving tensions (Daily and Dollinger, 1992)	• Have weekly meetings (1) • Fairly conservative when it comes to making big decisions. (7) • We talk about them [conflicts] (8) • If we have a problem, we talk about it and the next day it's over (10) • I respect her opinion (11)
• Family non-work relationships shape the work experience	• Family members enjoy activities outside of the business together. (Corbetta and Salvato, 2004)	• We play golf together or grill out once a week (1) • Once a week we have lunch together (8) • Dinner on Friday nights and Sunday after church (2) • Celebrate all family events together (6) • Daddy and I still have lunch together 3-4 times a week (10)
• Plan is important, however lack of action	• Importance of succession planning (Zahra, 2003)	• I hadn't thought about it until today (2, 3) • Plan is important to success (4) • Important, just haven't written it all down (5, 6) • Dream of mine for the business to continue in the family (8) • Planning and sharing plan with children (12)

DISCUSSION

In this study, the researcher investigated the succession experiences of second generation successors by exploring four areas of focus – succession decision, successor development, individual learning and propensity towards a culture of stewardship.

Following the interview script, the first area of examination was on the succession decision that led to their transition into to the leadership role. There were four areas of interest– the founders' decision to let go, successor selection, communication of the decision, and timing of the decision. Upon examination it was found that the founders in this research were actually not reluctant to let go of control. As discussed earlier, in most of the cases the founder turned over control of the company without demonstrating resistance and with little to no fanfare. Also indicated by these cases, the successor was identified early on; often the successor did not even consider a career outside the family business. In the sample set for this study, there were interested and viable candidates who expressed they wanted a career within the family business. The third factor included with the exploration of the succession decision was the communication of that decision. In all the cases of this study the decision was communicated informally through day-to-day general conversation. The last area of interest under this heading was timing of the decision. Even though the succession plan is a process, usually a critical event accelerates the action of putting in place the decision. The most often mentioned "trigger" was the founder's lack of technology knowledge. It is acknowledged that age was a contributing factor in founder knowledge in this area; however it was not the determining factor. The growing environment of technology innovations is a better explanation. Most of the successors interviewed took control of the family business within the last fifteen years. Within that timeframe we have seen many technology innovations, for example, marketing via social media.

The next area of examination was on the development of the successor. Of those successors included in this study, all responded that the mentoring they received from the founder was the most important development opportunity during their succession experience. Family businesses stand to gain competitive advantages when knowledge is shared between generations. The founder created the business and has tactic and explicit knowledge to share. Knowledge about customers, suppliers, stakeholder relationships, etc. is an invaluable asset to the family business. Nine of the twelve successors began working for the family business during their teen years; the case average was 29 years. On average, 16 of those years were worked during the reign of the founder (see Appendix G). Most of the participants remarked on the willingness of the founder to share this knowledge and that in many cases they continue to seek input from the founder. A second development opportunity they indicated strong agreement on was on-the-job training. Many of the successors interviewed stated that they had begun working for the business at the bottom and worked their way up, taking advantage of hands on experience. The successors expressed having the opportunity to experience on-the-job training aided in their development by building confidence in their own abilities to lead. One interviewed said, "I needed to attend the school of hard knocks and growing up in the business has served me well" (Case 7).

The one consistent development opportunity noted by four of the twelve cases as not available or not taken advantage of was a desire to have more training in the area of business accounting. Even though this was not a specific area of knowledge development during the succession experience for these cases, the successors later sought opportunities after moving into the leadership role that filled the gap. The identification of this gap in the development of

successors does offer guidance to other family businesses as they plan future successor development opportunities.

Continuing to follow the interview protocol, the third area of examination for this study was individual learning. Here four themes were explored – successor satisfaction with their individual learning, contributors to learning beyond founder, career and business goal alignment, and influence of learning on future approaches to succession.

The first theme to emerge from the data collected on individual learning revolved around the successors' satisfaction with their learning. The interviewees were asked if they were satisfied with their succession experience. All twelve stated that they were satisfied with their experience; however, several had thoughts on how to improve the process. One successor explained that having a specific timeline for succession would be helpful. She further stated that not having one creates uncertainty and stress (Case 12). A second theme which was explored was the importance of learning experiences that were gained from mentors other than the founder. Successors in the sample set found mentors within industry specific associations which helped fill gaps in learning experiences. Several participants grew up working for the family business; as stated earlier, many started at entry level positions with limited responsibility, gradually working their way up through the ranks earning more and more responsibility. By doing so, successors learned how the business operated from the inside by working closely with key employees other than the founder. Other participants worked outside the family business before returning to the family business and stated the time they spent working for external employers was beneficial. For example, Case 4 worked for a larger company than his family business and expressed the knowledge gained from this experience helped him be a better communicator. He spent time in the field dealing with the interactions of co-workers,

subcontractors, and project managers. From this experience, he learned the importance of maintaining proper records when documenting contracts and client expectations, skills he used today in the management of his business.

Another theme to emerge had to do with the alignment of the successor's personal and businesses goals. The data suggested that the personal and business goals of the successor aligned well prior to and after attaining their leadership position. However those goals had not remained stagnant. When questioned about how well the goals aligned in the beginning, most respondents stated that their career goals were strongly aligned with their goals for the business. However, in several cases the successor had adapted their goals over time to reflect, in their perspective, what was more realistic. An example of how one case's goals evolved can be seen in the following statement – "I wish this store had been in a larger town – I think it would've been fun to have expanded a little bit and gone to a bigger town. I wish we'd tried. We looked at two locations and I talked myself out of it. Now I'm glad we didn't" (Case 3). Clearly their goals for the business were different in the beginning of their tenure; however, they were aligned with their personal goals at the time. The same is true for this case's current goals. The comment reflects how the successor's business goals have evolved with time, yet have remained aligned with his current career goal of continuing to operate a successful business.

The last theme to emerge from the data under the focus area on individual learning pertained to successors' integration of what they learned into plans for the future succession. Here the results show several examples of the successor integrating their learning as they approach future succession and other examples of where they have not. As stated earlier, one successor has already implemented the action of having his children learn the business by revolving through the different operational areas of the business (Case 10). Another stated he

would recommend having outside work experience, as he had had, to the next generation of leaders (Case 8). Case 9 reported, "My son wants a plan on paper of how we're going to do it. Because when I grew up there was no formal plan; I guess he wants to be sure things go smoothly." Most often mentioned by those in the sample set was the acknowledgement of the importance of having a plan. Comments from having an outline of stages (Case 4), to having a written plan (Case 5), to having a clear understanding (Case 1) of how the leadership will transition was shown by the data that successors see the benefit of formalize a succession plan as they approach future successions. Yet there also appears in the data examples of the successor acknowledging the importance of a plan and not taking action to see the development of a plan. One case stated, "I think it's important we just haven't written it all down" (Case 6). Another remarked, "He's earned it. So, I feel good it's going to happen. Now have we done the formal stuff, no. So a lot of times it's you know what to do but you don't always do it. I got to get there quickly" (Case 9).

Lastly, the propensity towards a culture of stewardship was examined in this study. Here the results show the second generation successors interviewed perceive their business as having characteristics which are associated with a culture of stewardship. In order to explore this likeliness, successors were asked to rate family support to three statements.

- How would you rate how your family supports your wishes to take on new activities or directions?

- How would you rate how your family supports your wishes in regards to succession planning?

- How would you rate how your family supports your choice of successor?

The following scale was used: 1) not supportive, 2) somewhat supportive, 3) supportive, 4) very supportive, 5) extremely supportive. Eight of the twelve cases reported their families were 4)

very supportive of their wishes to take on new activities or directions. Two cases reported 5)

extremely supportive and one case reported a 2) somewhat supportive. Follow-up questions

were asked specifically in regards to family support of successor's wishes of succession planning

and support of your choice of successor. Each yielded similar results, more than a majority of

the cases included in this study perceived their family to be very or extremely supportive of their

decisions. According to academic literature support serves as an indicator for a culture of

stewardship (Zahra et al., 2008).   Clearly the successor perceives that other family members

trust him or her to do the right thing when it comes to the business and the family.

Further exploration brought to light that conflict rarely occurred among the businesses

included in the sample set. When there was conflict it was openly discussed and resolved

quickly. One case stated they simply did not have time for conflict (Case 10). Another

remarked that he was very fortunate in that his family business didn't have much conflict (Case

5). The low incidents of conflict could be attributed to how the family spends time together

outside the business. The results of this study show that the participating successors enjoy

spending time outside the business with family members. In all cases it was reported that the

families spend holidays and special family occasions (i.e. family member birthdays) together. In

seven cases the families shared weekly meals. Positive relationships were found to exist

between family members who were active in the company. The participants expressed that they

enjoyed working with family members as well as sharing time with family members outside the

business. One case stated that her mother (the founder) was her best friend (Case 11).

From this discussion several conclusions are offered below.

CONCLUSION

IX.I Key Findings

In this study, the researcher investigated the succession experiences of second generation successors by focusing on four factors. Specifically, an examination was done on the succession decision, development opportunities of the successor, the individual learning which occurred with the successor, and lastly the propensity of a stewardship culture in family owned businesses. These four areas of focus were used to develop theory vital in the area of succession planning in family firms. As such, this study provides a starting point for further investigations into these four factors as they apply to second generation family business owners. This stream of research may supply advances in not only theoretical knowledge but also the management of the succession process in family businesses, which is of importance given the high failure rate of leadership transition from second to third generation.   This study also extends prior research by applying these four factors in relation to the influence they have on future approaches to succession.

Family businesses are as unique as the individuals who own them. There are those that last for many years, managing the transition across generations with apparent ease as the succession process selects children who are able and willing to join and work in the business. In contrast, there are those where children have been given limited flexibility in choice of successor development. This study has added to the body of knowledge in the area of family business research, and provides an important step in gaining insights into the succession experiences of second generation family business owners and how those experiences influence their future succession decisions.

In conclusion, from the cases included in this study it appears that a pattern of informal succession planning will continue. The successors in the sample set acknowledge the importance of having a formal succession plan and the data shows most desire a more formalized process. Yet none of the cases have integrated the learning from their own exercises into approaches to future succession.

IX.II Contributions to Research and Practice

Christensen (1953) suggests that succession from founder to next generation is very different from that occurring in later generations as the process becomes institutionalized. This is the first study to explore succession planning, successor development, individual learning, and culture of stewardship as specific factors that are thought to be contributors to family owned business succession. This researcher contends that in general, at a minimum an informal process of succession planning is preferable to no succession planning because it allows for the views of the stakeholders to be considered and, in varying degrees, to be incorporated into the process itself. Here the notion of informal planning by the families in this study was evident in how they prefer the succession plan and/or the succession planning process be done in a fluid and flexible way. It appears the successors were satisfied with an open-ended, "to be determined" later approach to succession planning. Therefore, as demonstrated by the second generation owners of this study, general day to day conversation was an effective method to express who would succeed the founder and how the succession would be done. However, it is suggested that there are ways in which to improve the uncertainly on the part of the successor by identifying a specific timeline, even if this is done informally through general conversation. This merits more in-depth study and is suggested for future research.

In addition, post research, there appears to be much more to the concept of formal and informal successor development. There are nuances in the data in the area of training which also offers opportunity for further systemic examination.

IX.III Limitations and Suggestions for Future Research

This study's examination of the experiences of the succession experience of second generation successors in the areas of succession decision, development opportunities, individual learning, and propensity towards a culture of stewardship provides an empirically grounded basis for future research. Because this research involves a sample set of twelve cases, the findings are considered in need of support from future research investigations. As such, the findings reported cannot be generalized to the general family business population.

Despite difficulties in accessing information, future studies could strive to include failed attempts in successor leadership. Research comparing varying sizes of family firms in the development of successors would also be of interest. A longitudinal study of these twelve businesses may be of interest for future study. This study was limited geographically to participants located in the Southeastern United States; future studies could compare different geographical regions and possibly larger geographical areas. Findings from this study provide guidance toward the next logical step in research – namely, involving broader samples.

REFERENCES

APPENDICES

Appendix A: Brief Study Description

This is a study of the succession experiences of second generation family business owners and how those experiences may influence their approach to planning the next generational succession. Specifically, this case study will include collecting data on the involvement of second generation owners with succession planning, successor's reflection on development opportunities available, and evidence of individual learning. The goal of this study is to help us better understand the succession experience from the perspective second generation owners. In addition, it is expected that this understanding will shed insights on why some family firms are successful at moving beyond second generation and why others are not successful.

Appendix B: Chamber Introductory Email

Dear Chamber Members,

You are invited to be a participant in a research study examining succession experiences of second generation family business owners. Gaynor Cheokas a faculty member at Georgia Southwestern State University in the School of Business Administration is conducting this research project as part of her dissertation. Many of you know Gaynor as she has always been a friend to the Chamber serving on various committees and participating with Leadership Sumter (Crisp) orientation. I encourage you to contact her if you are interested in participating. Gaynor can be reached at gaynor.cheokas@gsw.edu; list "Research Project" as the subject line. She may also be research by phone at 229-938-8440 (c) or 229-931-2726.

Attached you will find – Gaynor's biographical profile, a brief description of the project, and an informed consent explaining confidentiality.

Thank you for considering this request. Second generation owners, here is your chance to tell your story.

Regards,

Chamber Director

Appendix C: Informed Consent

Georgia State University
Robinson College of Business
Informed Consent

Title: In their own words: How does the succession experience of second generation family business owners influence future approaches to succession?

Principal Investigator: Karen Loch, PhD
Student, Principal Investigator: Gaynor Cheokas

I.   <u>Purpose:</u>

You are invited to participate in a research study. The purpose of this study is to investigate the experiences of second generation successors with the succession process. Why are some family firms successful at moving beyond second generation whereas others are not successful? You are invited to participate because you are a second generation owner of a family owned business. A total of 24 participants will be recruited for this study. Participation will require 1-2 hours of your time over one day.

II.   <u>Procedures:</u>

If you decide to participate, you will be interviewed by one doctoral business student. The interview will last 1-2 hours and will be digitally recorded. The interview will be conducted in person in a mutually agreed upon location during normal business hours. Participant preference will determine the location of the interview, such as in your personal office or a closed private room at the Chamber of Commerce.

III.   <u>Risks:</u>

In this study, you will not have any more risks than you would in a normal day of life.

IV.   <u>Benefits:</u>

Participation in this study may not directly benefit you personally. We hope to gain understanding into how the succession experience of second generation owners influence future approaches to succession. The researcher will share the findings of the study in aggregate form with participants identities removed.

V.   <u>Voluntary Participation and Withdrawal:</u>

Participation in this research is voluntary. You do not have to be in this study. If you decide

to be in the study and change your mind, you have the right to drop out at any time. You may skip questions or stop participating at any time. Whatever you decide, you will not lose any benefits to which you are otherwise entitled.

VI.   Confidentiality:

We will keep your records private to the extent allowed by law. Dr. Karen Loch and Gaynor Cheokas will have access to the information you provide. Information may also be shared with those who make sure the study is done correctly (GSU Institutional Review Board, and the Office for Human Research Protection (OHRP). An interview key sheet will be created where each interview is assigned a case number. This is strictly for internal management of the data. The key sheet and all records of the data, including the digitally recorded interview and its transcription, will be stored on a private computer protected by a firewall and password. All data will be destroyed upon the completion of the study. Your name and other facts that might point to you will not appear when we present this study or publish its results. Use of vignette information will have prior approval of participant. You will not be identified personally.

VII.   Contact Persons:

Contact Dr. Karen Loch at 404-413-7295, kloch@gsu.edu ; Gaynor Cheokas at 229-931-2726, gcheokas1@student.gsu.edu if you have questions, concerns, or complaints about this study. You can also call if think you have been harmed by the study. Call Susan Vogtner in the Georgia State University Office of Research Integrity at 404-413-3513 or svogtner1@gsu.edu if you want to talk to someone who is not part of the study team. You can talk about questions, concerns, offer input, obtain information, or suggestions about the study. You can also call Susan Vogtner if you have questions or concerns about your rights in this study.

VIII.   Copy of Consent Form to Subject:

We will give you a copy of this consent form to keep.

If you are willing to volunteer for this research and be digitally recorded, please sign below.

_____   _____
Participant   Date

_____   _____
Principal Investigator or Researcher Obtaining Consent   Date

Appendix D: Researcher's Biographical Profile

Biographical and Study Description will be sent as one attachment; informed consent will be second attachment to above email.

Researcher's Biographical Profile:

Gaynor Cheokas
Faculty/Director
Center for Business and Economic Development
Georgia Southwestern State University
Americus, Georgia

Education:

E.D.B., Business Administration, Georgia State University, Atlanta, GA (expected 2013)
M.S.A., Business Management, Georgia Southwestern State University, Americus, GA
B.S., Political Science, Columbus State University (Columbus College), Columbus, GA

Profile:

Ms. Cheokas currently serves as Faculty/Director for the Center of Business and Economic Development at Georgia Southwestern State University housed in the School of Business Administration. This position affords Gaynor the opportunity to work with many existing small businesses as well as consult with pre-venture entrepreneurs during their start-up phase. As Director, she consults one-on-one with entrepreneurs, provides support services to economic development agencies and local governments, and teaches continuing education classes on a variety of business topics. Her area of interest is working with family owned entities as they plan leadership transitions and develop succession plans.

Gaynor's faculty responsibilities include teaching undergraduate courses and advising first and second year business major students. Ms. Cheokas currently serves on the management, undergraduate, and strategic planning committees for the School of Business Administration at Georgia Southwestern State University. She is also a member of the University retention committee where serves as chairperson of the customer service initiative subcommittee.

Before joining GSW, Mrs. Cheokas served as Area Director in Americus for the Small Business Development Center network of Georgia. Her background includes twenty-one years of work experience in the private sector; nineteen of those years were spent in middle and upper management positions. As Director of Stores for The Tog Shop, Inc., she was responsible for the planning and management of all retail interest owned and operated by The Tog Shop. She planned and implemented promotional programs to achieve projected annual sales, planned and administered budgets, and tailored merchandising plans for each location. Gaynor has extensive knowledge and experience in

marketing, customer service, and small business management; specifically having a well rounded background in multi-unit retail management.

She is a graduate of the Georgia Academy for Economic Development and is a member of the Georgia Oglethorpe Award Board of Examiners. Additionally, she is currently pursuing her doctorate in business from Georgia State University.

Ms. Cheokas remains active in her community; currently serving on the Americus Rotary Club board and Innovative Senior Solutions Advisory and Foundation Board. Her hobbies include going to the movies, spending time with family and friends, reading, and traveling. She is married to Mike Cheokas and they have three children, Brittany, Athan, and Lexie.

Appendix E: Interview Script

In their own words: How does the succession experience of second generation family business owners influence future approaches to succession?

Interviewer: _____

Location: _____

Interviewee (#): _____

Time: _____ _____

Date: _____

Industry category: _____

Interview Script:

Thank you for being willing to talk with me today. As you know, we are going to talk about your succession experience in your family business, and more specifically, what you think about, and how you feel about future succession. Please feel free to ask me questions at any point. To start off, I'd like to ask you some background questions about your family business.

HEADING: BACKGROUND

1. How many total employees, other than you, work for the business? (fulltime, part-time)

2. How many family members are actively working in the business? At what levels / roles? (sketch org chart if possible)

3.   How old is the business?

4. How many years have you been involved with the business?

5. Please walk me through your time with the company – different positions/roles and their timing to the present.

Now I'd like to ask you to reflect on your personal experience with the succession in the family business.

HEADING: SUCCESSION DECISION

6. Tell me about (the story of) how the family decided how they were going to pass the business along.

    (a) Who made the decision (made alone by founder(s), others involved, what were their roles)

    (b) How the decision was taken (informal discussion with family members, formal family meeting – votes, others involved and their roles)

(c) How was the successor(s) identified? (age, skills, experience, eldest, son, etc.)

7. Let's talk briefly about the timing of the succession decision. I'll make a few statements; please indicate which statement best represents your family business' experience. (timing of succession decision and triggers) (Note: probe choice of statement)

   (a) The succession was always planned.

   (b) There was a critical even that accelerated the succession decision.
       Can you elaborate about the critical event (health, retirement, availability of successor – return from college, coming of age, etc.)
   (c) Other

8. How was the decision for leadership succession communicated?

   (a) By whom, to whom (respective roles)
   (b) Formally – written, legal
   (c) Informally – verbal, discussed in general terms and openly known amongst family members

9. What was the timing of the communication of the leadership succession to the various parties?
   (a) To you
   (b) To other family members,
   (c) To non-family employees
   (d) To external stakeholders (vendors, suppliers, customers, financial)

HEADING: SUCESSOR DEVELOPMENT

10. What development opportunities were provided to you by the founder(s)?

    Education – post secondary professional (industry specific), outside of firm work
           experience
    OTJ training – learning from doing, working with mentors other than the founder(s)
    Professional development – workshop, conference, industry specific external training
    Mentoring by founder(s) – all knowledge sharing; including but not limited to CEO role
    Other

11. Why or why were they not possible development options?

    Education – post secondary professional (industry specific), outside of firm work
           experience
    OTJ training – learning from doing, working with mentors other than the founder(s)

Professional development – workshop, conference, industry specific external training
Mentoring by founder(s) – all knowledge sharing; including but not limited to CEO role
Other

12. Did your career goals and interest align with those of the firm?
   - If yes, how so?
   - If no, how so?

HEADING: INDIVIDUAL LEARNING

13. Were you satisfied with your succession experience?
   - If yes, how so?
   - If no, how so?

14. Are there things from your experience that you would use for future successions?
   - What?
   - Why?
   - How would you make these changes?

15. Are there things from your experience that you would not use for future successions?
   - What?
   - Why?
   - How would you make these changes?

16. What goals did you have in the beginning, and currently, for the business?

17. What goals did you have in the beginning, and currently, for yourself within the business?

For this next set of questions, I'd like for you to answer using the following scale. 1= not supportive, 2 = somewhat supportive, 3 = supportive, 4 = very supportive, 5 = extremely supportive.

How would you rate how your family supports:

18. How would you rate how your family supports your wishes to take on new activities or directions?

19. How would you rate how your family supports your wishes in regards to succession planning?

20. How would you rate how your family supports your choice of successor?

As you know, the nature of a family business is that the family and the business frequently overlap; hard to separate sometimes. In your case…. (begin with Q21)

21. Describe for me how family members with a financial interest in the business resolve major business related conflicts and differences with one another? (Ask for an example)

22. How do you and other family members spend time together outside the business? There is a saying "Those that play well together can do business well together." How might this saying be representative of your family business? (Ask for an example)

In closing (or - - As we windup) –

23. (Name), how important do you think a succession plan may be to the future of your family business?

24. To what extent is the younger generation being involved in the business?
    - How is this being done?
    - How does this reflect what you learned from your experience with the succession of the family business?

25. Tell me about your experience with the leadership succession of the family business.

26. Do you have a succession plan?
    - If yes, - can probe for thoughts on timing and how it will be communicated.
    - If no, - (i.e. not at this time), probe to see if there is a trigger when s/he thinks s/he will make a succession decision.

Before we conclude, I'd like to ask if there is anything you'd like to add about your family business or your experience? Or in general? Do you have any questions for me?

Thank you for spending time with me today. Should you have any follow up questions or comments, please feel free to contact me.

Appendix F: Coding Scheme

Coding Scheme:
1 Background
1.1 Number employees
1.2 Number of active family members
1.3 Years of operation
1.4 Successor involvement
1.5 Successor roles/position
1.5.1 Family relationship – child, cousin, niece, etc.*
1.5.2 Founder age
1.5.3 Successor age
2 Succession Decision
2.1 Decision maker
2.1.1 Founder
2.1.2 Advisors
2.1.2 Others involved
2.2 Formal
2.3 Informal
2.4 Successor identified
2.5 Timing
2.5.1 Planned
2.5.2 Critical event
2.5.3 Other
2.6 Decision communication
2.6.1 Formal
2.6.1.1 Written
2.6.1.2 Announced
2.6.1.3 To whom
2.6.2 Informal
2.6.2.1 Always assumed
2.6.2.2 General conversation
2.6.3 Timing of communication
2.6.3.1 To successor
2.6.3.2 To family members in business
2.6.3.3 To family members not in business
2.6.3.4 To non-family stakeholders
3 Successor Development
3.1 Development opportunities taken
3.1.1 Education
3.1.1.1 Post secondary
3.1.1.2 Outside of firm
3.1.1.3 Industry specific
3.1.2 On the Job
3.1.3 Professional

3.1.3.1 Industry specific associations
3.1.3.2 Non-industry specific networks
3.1.4 Mentoring
3.1.4.1 Family members
3.1.4.2 Non-family members
3.1.4.3 Number
3.1.5 Other
3.2 Development opportunities not taken
3.2.1 Education
3.2.2 On the Job
3.2.3 Professional
3.2.4 Mentoring
3.2.5 Other
3.3 Career goals
3.3.1 Beginning personal
3.3.2 Current personal
4 Individual Learning
4.1 Satisfaction with succession experience
4.2 Future succession
4.2.1 Duplicate
4.2.1.1 What
4.2.1.1 Why
4.2.1.1 How
4.2.2 Delete
4.2.2.1 What
4.2.2.2 Why
4.2.2.3 How
4.2.3 Change
4.2.3.1 What
4.2.3.2 Why
4.2.3.3 How
4.3 Business Goals
4.3.1 In beginning
4.3.2 Present
4.4 Personal Goals
4.4.1 In beginning
4.4.2 Present
4.5 Family support (rating)
4.5.1 New activities or direction
4.5.1.1 Physical expansion
4.5.1.2 Technology
4.5.1.3 Diversification product/service
4.5.2 Succession planning
4.5.3 Choice of successor
5 Stewardship

5.1 Resolve conflicts
5.2 Outside of business time
6 Importance of future succession plan
7 Personal Experience
8 Plan exist

Appendix G: Participant Age, Employment Years, Role

Case Number	Age	Introduction Age	Total Worked Years	Years under Founder	Years in Leadership
1	35	18	17	11	6
2	37	6	31	17	14
3	63	17	46	20	26
4	34	16	18	14	4
5	50	14	36	19	17
6	56	18	38	30	8
7	48	16	32	25	7
8	45	16	29	15	14
9	52	12	40	16	24
10	57	19	38	2	36
11	43	33	10	5	5
12	42	14	28	24	4
Avg.	**47**	**15**	**30**	**16**	**14**

Appendix H: Succession Planning Theme Vignette

Succession Planning Vignette

Vignettes	Interview extracts	Interview extracts
Theme 1: Founder has to let go **Much of the academic literature has focused on the resistance of the founder to step aside and allow the second generation to take control of the business. From the data this attitude does not seem to carry over into the thinking of the second generation as they approach future successions.** **Insights** • **Founder dreams of child(ren) one day taking control of business – continuity of the business** • **Second generation successors are not aware and/or not influenced by founders resistance to step aside** "I think it's important to remember that the parent is emotionally and mental involved with the transition. The child, me, I had to gain her trust." (11) "One day she was in charge and the next day I was in charge." (12)	"I kind of wish dad would take some time off and retire, and you know, slow up some. He won't do it, I mean, we can – Wally and I can handle it." (6) "Dad is still very active in the business; he looks after the flowers in the greenhouse and stuff like that. He's 70 years old and he'll probably die here and so, you know, we just continue to change." (6) "It was a clean division." (9) "My father was 57 when we started the company. He was willing to put everything up for us to do this. Let me back track a little. Where we had been working had been having some financial issues for a couple of years and we were concerning about our livelihood. So he really didn't have a problem letting us take over. Now he still has an office at the plant, a place to hang his hat and read the paper, but he's 92 and not really active in the business anymore." (10)	"We were challenging each other a lot and it was a big trust factor for him to let me in." (1) "My dad, he had the old-school way of doing things, and you know, because he'd done them for so long doesn't necessarily make them right but he didn't know any better. You know obviously there's easier, better, more efficient ways to handle certain situations and you know, he's just old school". (1) I had let him know that – hey you had your opportunity you did it your way, it is what it is but when I'm coming in its going to be my way – And you know like I said it's got to be the right way, they common sense way. I always go asking him for advice." (1) ""We actually work well together in that aspect of he kind of pulls me back a little bit but I'm also out there driving to find new opportunities. So it's a good balance." (4) You know I never expected him just too completely back off and retire like he did but he has enjoyed his retirement." (5) When Dad retire, I'd of never thought that he would've just walked off and left me alone out here, just knowing Bob but he has really surprised me. That's the biggest surprise. I never thought he would've just sat back and just waited on me to call him and ask him to do something, but he's ever tried to

Theme 2: Successor needs to be selected

Founder makes decision on who will lead the business upon his/her exit. How is the decision made?

Insights

- **Always assumed who will be successor**
- **Successor desires a career with the family business**

"I was the sole heir apparent so to speak." (9)

"Steve and I had started with the company from the beginning. There really was no question as to where just the two of us would own the company one day." (10)

"It's just me and my mom. We worked together and we have a very good relationship. " (11)

"After working outside the business for a number of years I came back home and started working not thinking I would take over, just liked it, had the talent and skill set that fit and worked alongside with mom/" (11)

"I think if you'd asked daddy, he always hoped that we would both work here and take over the company. That's why he left the name__ Bros. after be bought his brother out. He knew he had two sons and why change the name if they were going to take over." (7)

"I knew there would always be a place for me here if I wanted." (7)

My succession was more or less a victim circumstance. I wish my succession had been a little more planned. I think having more of a planned succession would've been better." (4)

"It wasn't ever an issue because I was the only one that was even interest in living in Americus and running the business." (5)

"I'd always planned on you know – I was always interest in working at the radio stations. One of the biggest expenses of the radio station is having somebody work on your transmitters and equipment and stuff. You do a lot of the work at night. I was always real interested in all that." (5)

interfere – he'll suggest stuff, what he would do and stuff, but he's always been really supportive.' (5)

"You know there's a lot of dynamics of a family business, not all the siblings always get along, there's always a lot of personal matters and it's very frustrating when you're working for your father because he holds you to the highest of standards." (1)

"I got it by default" (2)

"He never pressured me to do it and he was always open to me doing anything else so I knew he wanted me to but he never said, Lee, go be a pharmacist, I need somebody to pass this down to. Because he would have been content selling it to somebody else I think, or , you know he's kept it up until now but I think he was happy when I decided to take that route." (2)

"I kind of gradually just filled in, just grew up working here. But I mean, I guess my freshman year in college is when I was 19 that for sure this is what I would do." (2)

"When I was at pre-pharmacy, out here (GSW), I probably worked about 30 hours a week as a technician, helping fill prescriptions and stuff, doing that, then when I when off to pharmacy school the next 4 years I would come in and work as an intern during the summer and even on weekends. You get a little more responsibility going from a technician to being an intern, then a full-fledged pharmacist." (2)

"When he became president of Menswear Retailers of America, it pretty much took him out of this business for a

year. So he was all over everywhere but that's when he pretty much decided that he was retiring. There was never a discussion about me taking over, it just happened. The only discussion we ever had about me taking over was that we never had the same personalities." (3)

Theme 3: Decision is communicated

Decision is generally communicated informally in the beginning and more formally near completion

Insights

- **Mostly the succession decision is part of general conversation**
- **Other family members acknowledge successor**

"There was never a formal discussion. It was very informal and it was understood and you know once you grow up and get past you want to be a pro-football player, you realize that I wanted to work and run the business so it was more understood – it was never a formal succession plan. '(9)

"There were informal meetings. We had the company valued and there really was never an issue. I think Steve and I paid him off in 5 years." (10)

"My mom was the owner and she said why don't you stay and run the company, you seem to like it." (11)

"He and I have been working together for like I said for over 30 years and it just, I can read his mind and he can read mine most of the time. He's just turned a lot of it over to us. He's just resisting retiring and he keeps saying he's going to slow sown but he won't do it." (6)

"Communication has been informal. He just verbally, he's always told us that he's going to leave it to us and he said, y'all do with it what you want when I'm gone, as long as you're here, he still put in his 2 cents worth." (6)

"I know it's good to have a plan, but daddy just didn't talk much about that kinda of stuff. We pretty much knew how things were laid out and we respect and listen to each other." (7)

I'm sure that there were family discussions about me coming to work in the beginning, but they were all good. I don't think my brother was upset or disappointed

"I don't think it was ever a day when Dad sat down and said – hey you're going join the family business. It just happened that as the years went on, I started getting more and more passion for it." (1)

"I was in pharmacy school when we stated planning." (2)

"It was a verbal handshake until after pharmacy school and then when I graduated we signed all the papers within the first year." (2)

"It was solely just dad's decision. So, I guess all the customers just kind of grew to expect it. They saw me here working all the time so at least that was good. It's been a gradual transition of him working a little bit less from 40 to about 20 hours a week, but now he's probably going to work as long as he can, I think. (2)

It never was communicated because I was the boss and I guess we left out one little part of it, he had always been giving me stock. When he died he left the rest of the stock in the company to me. My sisters got other assets and I got all the stock." (3)

"I came back from NY and had always wanted to own my own business. The decision to stay was not intentional. Not planned in the beginning. Mom said why don't you hang out for a while here and work. So I started working and found I was really an entrepreneur and good at it. So at that point I started working with an executive coach." (11)

"I think if there is a successor, like me, it would have been good to know at what point the roles kind of change. Having a process, what's first, what's second would have been good just to know at what time it's going to happen."(12)

that he was not going to be the only one. We have a good working relationship, but he did want me to earn the position and be a responsible contributor to the company." (7)

"We had a family meeting at my parent's house. Uncle Ted and dad did most of the talking, really by then the decision was made and it was just a matter of communicating it to everyone openly." (8)

It's just been kind of here it is, go and get it, maybe you should do this."

"Well I guess it was never formally – it was never really a plan, it was never kind of planned out, it was kind of one of those things that was always known." (4)

"Yeah, I'm sure my dad told my family – I mean he talks to them every night. I'm sure he told them, you know, what the plans were. They were all good with it. Nobody had a problem with it. They were glad that I was always here, wanting to work with him. So, everything was out front with everybody and nobody had a problem." (5)

Theme 4:Timing of decision

Even though the succession plan is a process, usually a critical event accelerates the action of putting in place the decision

Insights

- **Most successors identify a critical event that pushed the formalization of the succession plan**

"I don't know when it was, probably in college, high school – he brought

"Dad retired when we had the fold in '94. He was planning on actually we had there were 2 separate owners, WDEC and WISK and we were in the process of buying the WDEC. I was buying it and Bob still had WISK and that's when we had the flood. There was an AM and we had the 2 FMs after the flood and I tell you what happened. Me and Bob had already agreed on a price to try to buy the WISK. He was planning on retiring. And then we had all of that happen and he was like, he was ready to just kind of back off and wash his hands form the thing. So, you know, we already had agreed on a price and I went

"Dad's lack of knowledge about technology pushed me to start becoming more active in that area." (1)

"Paul, our GM, had cancer right after I started working at the Quality Inn. That and the fact that we were losing a quarter of a million dollars each year demanded my attention." (1)

"I came back just as a pharmacist and then bought into the business over the next couple of years. I took on more management role as my dad stated slowing down, so it kind of just transitioned from him to me." (2)

"I was offered another job and would be making more money. I came up here

me in the office and said you know do you want this business or do I need to think about selling it one day? I said, no sir, I want it, I'm in." (9)

"I would say when I got out of college in 1983. The computer age was kicking in and I started getting involved in a buy-in group called Buildermart of America. It was a group of independent lumber dealers and they had a computer system just for lumber dealers, but I was pushing him probably while I was in college and he didn't want any part of computer, you know he still had all manual systems." (9)

"He and I butted heads extremely – you know very difficult, butting heads on the computer deal because I wanted it and he didn't because it was a big change. Now at that point we computerized in '85 and that was probably when it was that we finally made the decision. He finally turned loose and let me do it and it was pretty much at that point where he turned me loose." (9)

"It pretty much started changing hands at that point, in '85; he let me take control and I'm a strong willed, I don't know how to say it, type A personality. So I just took over." (9)

"Attorney brought it to our attention about 5 years after we started. He had just worked with a family business that didn't have a plan and had lots of family members involved

to the SBA and borrowed the money and that's what we did." (5)

"No a critical event – but this new technology, everything changes. Dad still does the books by hand. He doesn't want to learn how to do it on a spreadsheet. It's hard to keep up with the pace of things. An example – he doesn't know any of the feed business, you know now everything with the computers and stuff he done' even know the passcodes to in to order the stuff. That's probably a bad thing but we could happen." (6)

"Yes, however we didn't know it at the time. Uncle Ted's health was bad and he just didn't have the interest or energy for the business anymore. And by then Daniel and I had proved ourselves capable of buying and running the business. The date was set and everything flipped in one day. (8)

and I told him, you now one of us need to go. Because either I'm going to have to go take a job somewhere and make more money or either you're going to have to retire. And he was in his mid-sixties and I'm going because I have to have more money. And he said, well I hadn't been feeling real good lately. You know then he started the poor pitiful me deal, which is okay, I mean, I would've done the same thing and he said, well I'll just retire." (3)

"Yes, there was an event that accelerated the move; my dad was injured a few years ago, so as soon as I finished school I thought about coming back. But first I worked for a large commercial firm in Albany, then I was ready to come back because he needed me, the company need someone that was going to be here every day." (4)

"Obviously when I went through college I kind of wanted to come back and do – be a part of this company." (4)

"No critical event. Daddy has slowed down, but he'll tell you he's not going to retire. (laugh)" (7)

and he recommended that we do it then. Dad was 62 and the company was doing well, so the time was right for us to buy him out." (10)

"When I got married about 5 years ago, she said I'm leaving. When she makes a decision she moves quickly." (11)

Appendix I: Successor Development Theme Vignette

Successor Development Vignette

Vignettes	Interview extracts	Interview extracts
Theme 1: What development opportunities were taken *Insights* • ***For most on the job training offers the best development opportunity, with mentoring by founder and industry specific groups also playing a part in the successor's development.*** • "Really to begin with I just had on the job training. Daddy was always there and all the guys (employees) were great mentors. Now I attend association meetings, conferences, and all that kind of stuff to network and attend seminars." (7) "I needed to attend the school of hard knocks and growing up in the business has served me well." (7) "After we took over, I would go to my dad to ask him how I should do something and he say – no –no it's your business now so you decide. Of course he would offer advice but they were both adamant about it being OUR business and this was part of our learning." (8) "My dad was a great mentor. So was Uncle Ted. I had lots of one the job training, but they both felt very	"When I was younger in high school I learned about a few things, some little tricks here and there just by being out in the field, being by my father's side during the summers and stuff like that , just learned some of the ins and outs of the business. He was always saying come here let me show you this." (4) "one of my father's best assets or traits has always been he's a very good teacher and he' always been very patient. He'll take time to teach you to better yourself instead of just saying get out of the way I can do this faster." (4) "I guess the best part about it is having someone there to actually consult, you know, I mean, I think to be a successful and a good individual in any trade that you do you never quit learning as you do. So, it's always been good to go back and maybe ask my father how would you have done this or what are your thoughts on this, or you know, have someone's second opinion there and the best part about it is you know he's willing to give me that opinion. Now there's a lot of times I don't always agree with it but, you know, it's there.	"I'm going to learn everything I can and the great thing with my dad is that anything I'd ask him, he'd always explain to me why. Sometimes he over explained and would go on for an hour or two on one question." (1) I've kind of grown up in the business." (1) "When I started working at the hotel, it kind of gave me confidence because I've done front desk, I've done housekeeping, I've done the restaurant, and I've done the kitchen. I've done every department in the hotel that you can imagine." (1) "You go to school to learn, but there's nothing like hands on learning." (1) "The franchise has provided a lot of education and education material. I've been able to look at all of my friends (in the industry) resources. I can pick their brains and you know for me I do have I'd say 5 or 6 mentors that I lean on and if there's theories or things I'm not quite sure about how I should handle, I just shoot tem an email and they kind of guide me in the right direction to let me know that my thought process is right." (1) "I mean he has been my mentor. He's been excellent. I mean, so just to be able to grow up and watch that and just copy what he's done, and where he's succeeded because of that. And he is willing to share his knowledge." (2)

strongly about education, industry specific training. Daniel and I attended insurance school at different time, We still go to as many association meetings, workshops, and seminars as we can." (8)

"I've truly started at the bottom as a grunt. Then worked into sales behind the counter. You'd ask somebody 'can I help you?' and they would say I want to talk to somebody that knows something. So that's part of like, is you're going to get rejected." (9)

"Besides the school of hard knocks, growing up in the business, I went to a young lumber dealer groups, I went to seminars, I had a group of mentors at Buildermart of America – group management, people developing young lumber dealers in management skills and loss prevention and computerization…" (9)

"One of the biggest things that helped me was out trade association, Construction Supplier's Association. One of the strengths that we have and I've told a lot of people in other big industries, they wish they had the same kind of organization. We have roundtables, a group of noncompeting dealers who share ideas. We do evaluations for each other – financial, key ratios, asset turnover, employee turnover, wages, etc. It's a two day event. We'll also do a yard (lumber) critique. We discuss forms of management, inventory control, employee morale, procedures.

And it's encouraging to know that he's still willing to come out and help and do.' (4)

When I got out of high school, I went to college for 4 years. But during that when I was younger, 14 -15, we had DJs running the board on the AM station – so I did that. But when I cam back from college I started out helping him in sales. I'm an electrical engineer so I also helped with the computers, transmitters, and stuff like that." (5)

"We used to work a lot together; we'd do a lot of work at night together on the transmitters." (5)

"He's still there if I have a problem with something, I can call him and ask him, so – but he helped me so much with just – there's a lot of tax stuff with withholding taxes and it's just a lot of stuff to do like that that's had for somebody to just start. Because there's really no – because if you're in business for yourself, you don't have a teacher to teach you how to do any of that stuff. I mean I probably called him for 5 years, about once a month about when would I file this and I'd write down and I may lose it or it's just if you have it late a few times they fine you for it – that'll speed up the learning curve." (5)

"Some of those, like an emergency stuff, where you're off, you've got

I had a great professor in pharmacy school too. He was very interested in promoting independent pharmacies. He had a PhD in business administration for pharmacy basically, that was his niche, and he taught me a lot of the book work and accounting. He really kept us on the business side of healthcare. So yeah, he was just absolutely incredible. I gleaned so much business information about how to do books and how to look at what the accountant gives you back and if you're going in the right direction." (2)

I say I was really blessed to have Dr. Jackson there who enforced every time I could take an elective class, to take one in business." (2)

"I worked in it all my teenage years and I probably started working in college when I started at GSW in 1967 and I went off to school for a while and I also went to the army for a little while, I've been here pretty much the whole time learning on the job." (3)

I had on the job training from birth I guess you'd say. Because my father was a disciplinarian and my house may not be clean and it may not be that everything's put where it should be and it may not be folded and my closet is a disaster, but this sore, I demand that it stay straight." (3)

"He never minded exposing me to different aspects of the business. I think I was lucky to get that. I don't think the success that this store's had would've ever been achieved without the discipline that he instilled. I'm glad I got old enough to recognize it because I hated it." (3)

"I was well schooled (by founder) in how

Identify strengths and weaknesses." (9)

"The point I'm making is we can call each other (trade association). We can ask questions. We ask 'how do you do this?' 'What do you do here', how would you do that and that's just an invaluable networking group I've been involved in since the 80's." (9)

"I had worked for another company doing the same thing on the manufacturing side. Real hands on." (10)

"Before my father would go out on sales calls we would all sit down and talk about who he was going out to see and what our odds were to sale the account, what angle we should take, who was supplying them at the time, what we could do for them that competition couldn't do. This was great training for me and Steve." (10)

"My background was in media design and production. So when I came back here I was already prepared to develop the marketing aspects of the company. On the business side I have really pulled from my executive coach who came from a corporate background and has lots of business experience. She also connected me with other providers who had objective views."(11)

Theme 2: Specific development opportunities were not available

to work on it but it's just over the years I've always enjoyed working with him (dad). And you know I've been thousands of hours working with him – that's been the biggest help." (5)

"He's still there if I have a problem with something, I can call him and ask him." (5)

I graduated in 1980 from college, but one of my things was I did a co-op and I did here. It was on ordering product. I inventoried our feed everyday and that's where I learned how to order feed and I've been ordering the feed at the store for probably 30 years." (6)

I think I learned 90% of everything form just hands on. I went out and made some sales calls and worked with salesmen and stuff like that, taught me a lot. I go to tradeshows and buying shows a couple of times a year. But no professional training. Dad has been a terrific mentor and shares his knowledge daily." (6)

"I think we have taken advantage of all the opportunities we needed. I'd probably had taken a few more psychology classes. Working with family can be a challenge. We had some rough

to run a clothing store." (3)

"it started out as a summer job. And I – it was everything from being a casual laborer to overseeing a couple of guys one summer and then evolving slowly evolving into becoming more – learning more about the office, the way the inside stuff works and the of course when I went to college for construction management. So that was a big step forward for me. So um, I came from the grass roots. Started din the ditch and worked all my way to number 1." (4)

"Oh, there's a lot that I wish I would have had. I have certain friends that came from a hospitality school and because they came from a hospitality school, they can get jobs at a Marriott. So, in that respect , you know, I wish I

- **In some cases successor expressed a need for further knowledge development in specific areas**

"The one thing I probably which I would've done is gotten my MBA. You're supposed to run your own practice but they don't teach you any business sense." (2)

"I've never thought about it to be honest with you. Everything is running well." (5)

I probably wish I had more background in accounting and I wish I'd had majored in accounting, I guess, rather than just general business." (6)

"I made too many hiring and firing mistakes in the beginning. Guess I could have used more personnel training." (12)

times in the beginning – and I just thing if I could understand people better it could give me an edge in the business." (8)

"I wish I had had better training with sales presentation to large accounts. It's not that I wasn't confident; we were just a small company in Americus, GA." (10)

"In the beginning we needed more training in HR. We had lots of turnover; we were not good at hiring the right people. I bet it was 10 years before we had an employee handbook." (10)

"I'm very good at finding and using outside counselors and advisors with things I need help with. Mom, when faced with a decision she says, well let me think about it. That's not how I deal with it, I know I need help. Could be a generational thing." (11)

would have went to a better school because I think from networking all the way around, it would've jumpstarted me off a lot more." (1)

I wish I had more accounting. You know you've helped us with some of our spreadsheets. I've learned a lot and understand the business financial reports, but I do wish I knew more about risk calculations and such." (7)

Theme 3: Career goals and interests align with businesses

Insight

- **Successor goals for business often are to maintain the success of the business – sustainability.**

"Coming out of college you want to be the biggest, the best, and the brightest." (4)

Personal goals were just to be I

"I don't know that I've really set goals. Probably should but things just keep happening." (5)

"I didn't think I could work for somebody else if that's what you mean. I had a wild streak and was a little rebellious in the beginning. I'm not sure the fuel business was what I would have chosen if I'd had a ton of money, but it is a

"It would just happen to be that I love the hotel industry. I figured at a young age I'm going to become mast of this and my dad was just a sounding board for me." (1)

'I would say they definitely align. …when I was younger my goals were to basically start my own hotel franchise and have like 80 hotels. Now they're more realistic. So for now I just want to keep

guess unfortunately I've always been money driven. You know how much money can I really make? And then since being married for awhile, it's shifted quite a bit. It's slowing down, taking time, spending time with the family and really evaluating the things that really mean the most to you. Instead of you know it's not all about the money. My mother's always had a good say of do something that will afford the lifestyle you want to live. So I'm transitioning in to the kind of lifestyle I want to live. There are more things that are more pertinent than to making the dollar and doing the next job." (4)

business that I know." (7)

"Yes, I just worked and wanted to see the company grow. I don't think I ever thought too much about long term goals." (10)

"Beginning, goals aligned with what I wanted at the time. Now they very much align." (11)

growing as a hotelier, you know if I have 5 or 6 properties, I'm fine with that as long as my house if paid off, my is paid off, my family's comfortable, that's very, very important to me but I want to be able to get into better projects." (1)

"I wish this store had been in a larger town – I think it would've been fun to have expanded a little bit and gone to a bigger town. I wish we'd tired. We looked a t two locations and I talked myself out of it." (3)

"Before It was let me get small hotels, I want 100%. Now I'm open to partners, I'm open to investors; I'm open to not having all the risk on a 10 million dollar project." (1)

"He (founder) knew I was like, 'yeah I want to come back to Americus' and he was like 'well you're going to be my partner." (2)

"Yeah, I had to get a pharmacy degree first, that was my first goal. Then come back to Americus to work. " (2)

Appendix J: Individual Learning Theme Vignette

Individual Learning

Vignettes	Interview extracts	Interview extracts
Theme 1: Successors are satisfied with their individual learning *Insights* • ***Having educational opportunities that are geared towards the business*** • ***Increased confidence in one's own ability*** "I enjoyed working with my mom and learned a lot from her. It took us time to learn to trust one another about the business. It was easier for her to just not be around. Her absence became more and more as she trusted me to run the business." (11) "Having a specific timeline for succession is helpful. Not having one creates uncertainty and stress." (11)	"I'm happy as a lark with the succession. Daddy has been trying to phase out even if me and Sam don't' want him to." (7) "I learned from doing the different job functions within the company. I started out in the foam fabrication area and gradually moved to sales and administration. For my two boys, I have had them work 2 to 3 weeks in each area too. They needed to experience all areas of the business. You know I learned as I did, and they are just walking in with everything already done. I want to give them the benefit of my knowledge, but they need to have hands on too." (10)	"I don't know what I'm going to do but they (my children) are going to go to a good school system. "(1) "I've been working at cleaning up shelves since I was 6 up here, so I've worked here all my life" (2) "It's been satisfying like, I guess work wise I enjoy being a pharmacist. I enjoy working with my family; just enjoy being in a small town and not being in Atlanta." (2) "I think one thing is I was a pretty good athlete. I'm a team player. I've always wanted to be – I'm just big on teams. It's always been about the team. And as the leader of the team it's my job to build and put together the team. And it's my job to make sure that everybody's happy." (3) "I've learned a lot. I'll continue to learn – everything changes. It's always something new coming along in this business, especially seed and technology and stuff and the market changes. We've been seeing ups and downs and different trends." (6)

Theme 2: Important contributors to successors learning were internal and external mentors other than the founder.

Even though the literature argues the importance of founders sharing their knowledge, the data demonstrates that other sources for learning are also being utilized by successors.

Insights

- **Successors found mentors within industry specific associations.**

- **Successors learned a great deal from working with other employees while on the job; support, encouragement, feedback.**

"Actually I started out working for Roy Lee for a year out there getting fresh farm products, then came back here because it was just seasonal work. But he (Roy Lee) taught me a lot, working long hours. (laugh)." (6)

"I wish I knew more about risk calculations. Our CPA helps a lot and Rick (financial advisor) does too." (7)

"I say I was really blessed to have Dr. Jackson there who enforced every time I could take an elective class, to take one in business." (2)

"I worked for another firm. They were bigger. They were doing construction and I was an assistant superintendent. So as they say, I was very green coming out of college but learned along the way. There was good knowledge gained from the larger company standpoint From there I went to another smaller firm, kind of a boutique firm that was focused more on just management of construction jobs. Less hands on, more paperwork and managerial. It was a little bit of a blessing though. I was out in the field dealing with interactions to co-workers to subcontractors, and dealing with the paperwork and the bind the scenes stuff and still dealing with the project managers and the other superintendents and stuff like that." (4)

Theme 3: Successor's personal and business goals change over time.

Insights

- **Goals are more aggressive in the beginning of tenure with business.**

- **Goals become more realistic as time passes.**

 "For myself, just to be the best salesperson I could be. That's true for the beginning and currently.

"In the beginning my goal was to drive this company to the highest profit that it could make without breaking it which goes back to kind of bookkeeping and you know we had there was always a goal for me and this was and I don't remember the year, but it was a long time ago and my goal was to do 1 million dollar in business. For a little town like Americus, I thought was a monumental amount and somebody came in

"My goal in the beginning was don't mess it up. I just hope I don't screw this thing up." (2)

"Whenever I first moved back here, Just handling the growth was overwhelming, we're constantly having to change something and then we've levelled off a little bit and now, I guess right now, realizing I've got to figure out what to do to move it up to the next level because it's almost like we've got a little

Now that doesn't mean that I want to continue being out on the road 4 days a week. I do want to be home more now that I have a family. It may take a few more years but that's the goal – to be able to spend more time in town so I can have more time with the family.' (8)

"I'm a poor goal setter. Hadn't always do it right for sure, but as far as my goal – my goal was to run a successful business, retire and be happy. Then for my son to take over." (9)

"As I said earlier, I just wanted to build the business, be successful, not the riches, but support the needs of the family. I pretty much have the same goal personally and for the business. You know we do set business goals at least not long term goals. We just want to see continuous growth, because if you aren't growing you're going backwards." (10)

"Beginning, goals aligned with what I wanted at the time. Now they very much align." (11)

"At the time I was probably just working all the time and hoping that everything was going to work out. But I am proud of what we have been able to accomplish and plan for us to keep going strong." (8)

here and they told me if you do over that what you're going to realize is that you're going to have more problems than are associated with that because you're going to have to hire more people. You're going to have to have more money to run the company, etc." (3)

"I just needed a pay check in the beginning. Now I want to see the aviation division grow. That's my focus right now. Having it has created pretty natural division between the c-stores, wholesale, and aviation. Again that's when I wanted to get something of my own started." (7)

I always wanted to see the business grow. You know our industry has changed over the years and we have had to explore other ways to expand. My current goal is the same. To keep the business viable and to develop new services in new market areas. We were fortunate to be able to take over a very successful business and we, I think, have done just as good if not better with the business." (8)

complacent." (2)

"In the beginning, for me it was just to enjoy coming to work every day. Now my goal is to provide good jobs for people in the community. To provide good service to my customers." (2)

"I consider myself young, I'm a little more riskier at this age to go and do something whereas, you know this is where it come into me talking about my father and consulting with him. He's a little more guarded. He wants to really do the figure in the nuts and the bolts and make sure all the T's and I's are crossed and dotted and I'm more of the mentality of get in there get it done, let's go, go, go, go." (4)

"I don't have to be incredibly wealthy but I just want to grow it and make sure I'm doing the best with what I'm given." (2)

"To have a profitable year – plus the weather affects us greatly too. Just to have a good year." (6)

"I want the business to continue to grow and support the family." (7)

"I saw my father's success and I liked the lifestyle. I always liked the insurance business. So I guess it all worked out." (8)

Theme 4: Successors integrate what they have learned into plans for the future.

I'd like to see Hank (nephew) step up to the plate. He's worked here 11 years. But you know, it probably about like my father said about me, he's not ready yet. (3)

"Lead by example." (3) (4)

"You know, it would've been good to say alright here is stage 1, here is stage 2, here is stage 3 and slowly evolve into it instead of saying here you go." (4)

"I was fairly satisfied with the leadership transition. But I don't think I'm just going to sit down and write down a future plan." (5)

"I would try to work it with more time off than I have and more time with family and stuff." (6)

"It's probably real important to have a plan. The two of us have talked about eh future of the company some. I know that daddy sought outside advice from Rick (bank president) and others on who to handle the transition (financial/legal)." (7)

"For one thing working outside the business was a great experience from a learning perspective. So having outside experience was good and the industry training for sure." (8)

"It was a learning experience. I don't think we really thought through everything beforehand. We would have strategy meetings in the war room every year which really helped keep us all on the same page. Other than that we kinda just evolved and of course things accelerated with Uncle Ted getting sick." (8)

"What I've learned is that I assume that the boys know what I'm talking about when I ask them to work on a project. Sometimes they do and sometimes they are not sure. So what I have to remember is that I've been working for the business from the beginning they have not. So I try now to have more time for informal meetings to share information, such as taking them on sales calls so they can see how other companies operate. They have learned from these observations and it helps them relate to what we are doing. I guess that's what I've tried to incorporate for their development." (10)

"Succession was very informal and it was more understood and so, yeah nothing formal. Now that's different than today, for the next succession it will be more formal." (9)

"Wade wants a plan on paper of how we're going to do it. Because I grew up, there was no formal plan and I'm not a formal guy. He has an older brother who is not involved with the business, and I guess it was to be sure things go smoothly." (9)

"In a succession plan, I learned from the first time that it needs to be understood or you're going to create havoc if you give them all shares. I'm going to do them a favor and not split the business – fortunately I have other assets. " (9)

"I'm not sure. My situation is a bit different. I don't have children, only stepchildren and I don't see them coming in at all. I may consider a key employee operating for me when I want to retire." (11)

"I learned that you need to understand your parent and the dynamics of their development." (11)

Appendix K: Culture of Stewardship Theme Vignette

Stewardship Culture Vignette

Vignettes	Interview extracts	Interview extracts
Theme 1: Family members who are active in the business work well together and are able to build consensus. *Insight* • **Family members prepare well for pitching new ideas to other active family members** • **Communication is imperative to resolving tensions** • **Less risk taking; sustainability is goal.** "Mom is his advocate. She'll come to me and let me know when I'm not doing what all the things I ought to be doing and most of the time she's right." (9) "We have all worked together for 37 years. If we have a problem we talk about it and the next day it's over. Communication is the key and we respect each other. Now when my father was here he would be the mediator. He was the problem solver. Really in the beginning we didn't have time to fight. We were all working so hard that I one of us had a strong opinion about something we would just say do it, so we could get back to work. Couldn't stop you know." (10) "In our situation there is not much disagreement. We are past that. I talk to her very day about the business and take her advice. She	"I think the benefit of the stewardship culture for our family business is that you know the company is the lifeblood of our family for our income. So if you don't focus in on it doing well then your family won't do well. So, uh, you know, you kind of got to keep the focus of the company and its best interest a little bit before of just your personal interest. And not only is it just supporting my family but it's also supporting the other 6 employees that are involved." (4) "We just have been very fortunate because we never have conflicts as far as the business or anything goes. Really anything, yeah. We don't, I just I guess we're just fortunate to have out parents alive."(5) "I think we are all fairly conservative when it comes to making big decisions, like the one to build out here. But we respect each other's opinion and as long as the other has done their homework, we are pretty supportive." (7) "Once a week we have lunch with dad and most of the time we get his input too. We have a commitment to make the business and the family work."(8)	"I've got a father who came from nothing to give me 2 hotels. It's my job to take 2 hotels and turn that into 6 or 8 properties over time." (1) "All those with generations are very protective of their children making sure they study, making sure they hang out with good people, you know one thing about my dad is that he never cam to my soccer games but he'd always look at my grades." (1) "So it's very – you know, we feel really proud that we finally got it clicking in the right engine and the game plan is to keep taking it up a notch." (1) "You know, one reason why we did well is when the economy was going bad, we were proactive and become very lean in our operations." (1) "We're pretty good about having meetings on a weekly basis. I mean we do our daily huddles where we meet every day, kind of give everybody the synopsis of what's going on, what we need to do, what they're doing for the day and then once a week we'll have a proper meeting where we're talking about, you know, what's coming up in the next month." (1) "And we (2 gen and wife) wanted to strangle each other. I mean, it was – you see each other at work, then you go home you see each other, then you get home and you talk about work, and then, you know it's just – there was no time for us, you know?" (1)

has worked longer in the business than me and I respect her opinion. It wasn't always easy to have conversations. There were times I questioned if I could do it. But we are past that now. We had conversations where we said we will not let this come between our relationships. It has always what's best for the company and what's best for her and I." (11)

"It can be frustrating working with family. Somebody's always watching you; somebody's always calling you out. It's nothing negative about it but just to make sure that - hey you said you were going to X, Y, Z; why the hell have you only done S and Y? You know just holding people honest on it."(12)

"We talk about them. Fortunately we don't have too many conflicts anymore. But we have learned to express our thoughts without getting angry or upset. It took us a while. Once Daniel and I became the owners and had debt and bills to pay, we learned to work together. We are a strong team." (8)

Risk – "It's kind of funny you say that because we're thinking about branching out and opening a second pharmacy out by the hospital and we're like, that's too risky right now. You know that's exactly what we're like – gosh should we do that, should we not? We were all, let's just all think about it and we all came back and we're all like we're not ready to do that. You know that's just too much money to sink in and possibly lose." (2)

"We can talk all day. I get their input constantly. It comes down to as long as 2 of us agree, but I would like to think we wouldn't do something if any of us had a strong disagreement." (2)

Theme 2: Family that plays together stays together

<u>***Insight***</u>

- **Family shares meals together often (weekly)**
- **Family spends special occasion together (holidays, birthdays)**
- **Family will spend leisure time together**

"We have everyone together for special family occasions – holidays. Daniel and I do go fishing when we can with everybody down at the river." (8)

"Of course we vacation a couple of times a year together. We have 200 acres behind our house that we own for hunting and we take our

"The girls (wives) go off together. They go to the beach, NYC, and stuff – I work so they can play." (6)

"I wouldn't fly with him. Very seldom. I said if something happened to me and you, nobody's going to be there to open up and same with Wally now. We don't want for one of us to fly together because there'd be nobody that opens the store the next morning." (6)

"We have lunch together almost every day and get a lot of talking done then. Sunday morning are probably more productive from the business stand point because it's just me, brother, and daddy.

"We play golf together or grill out at least once a week." (1)

"We have dinner with my parents on Friday nights and then Sunday after church we all go out as a group to eat." (2)

But for the most part we all, a large group of us on Friday nights and Sunday afternoons." (2)

"Well besides the occasional family dinner get-together, you know, it's definitely a balancing act having a family business. You can't get too angry at someone one minute then have to go eat dinner with them that night. So, I mean, outside of our activities of just the situation we don't have a whole lot of you know activities that we do. We

contractors hunting. He and I work on it together and we take them quail hunting at least 2 or 3 times a week from first of January through the middle of March. So we spend a lot of time doing that together and we also eat lunch together on Sunday's after church." (9)

"We're close we tell each other we love each other, you know, 2 men, we do that. We pray together, a lot of morning we come in, we sit down and we pray out loud together and we also pray together for our relationship to have unity." (9)

 "My mother is my best friend. We visit her often at her home in Florida." (11)

We share birthdays, holidays, and vacations. But with vacations never are all three of us gone. One of us will hang here to 'mind the store" while the other two are gone. We blend personal talk with business talk, which works for us. We really do enjoy being together as a family and we like, no love each other and get along well." (7)

"Daddy and I still have lunch together 3 to 4 times a week. Sometimes the boys join us. They all have different things they want to eat. But we hunt together and we have a river place that we spend time together. But now that the children are older, and we are too, we don't do that as much." (10)

do social event together, but other than that just family dinners." (4)

"Of course, we eat supper or eat dinner together a good bit,. And birthdays, stuff like that, a little golf. Of course, they're 2 miles down the road from me, so I can just drop by their whenever I need something." (5)

'Not a whole lot. We generally spend so much time together when we're off we don't want to be around each other but we do on Christmas and Thanksgiving and birthdays. We always get together and celebrate all of the family events together." (6)

Theme 3: 2nd generation agrees succession planning is important

Insight

- **Most state they will be clear with plan earlier than it was shared with their experience**

"Yes, having a plan is important, I mean in order to be a successful business you don't need 2 people doing the same job. You need to know who the primary decision maker is." (4)

Yes, there has to be a point where I'm not here. Or if I stay here in a limited part-time role whenever, whatever, then I'm not going to answer their questions or address their needs, I'm going to say 'go see

"Well, you know, I would like – AJ kind of acts like he wants to come back to the radio station but I don't know with the – and I'll be honest with you, the way – you're talking CDs and MP3s and it's just – there's so many different ways for people to listen" (5)

"Just me sitting down and writing down something, no. As far as just sitting down structured and writing something in detail, I just, it's just I just don't think it's going to happen. No reason other than just me, just being very realistic." (5)

"Well I think it's important we just hadn't really written it all down how we're going to do it. We just

("It's very important because as we get older and we have families, we need to know what each person's stake in this is. I mean, if we want to expand, if we want to continue to grow together, there needs to be a written understanding of what's going to happen in the event that one of us dies, if we sell one of the properties." (1)

"I really struggle with that, like, I'm always kind of like my dad – let them kind of decide what they want to be, and that's kind of tough because I'm like 'dang, when do I retire? You know." (2)

Am I going to sell it out to one of them or am I going to pass it off, I just have – it's so hard with our kids being young, its

Wade'. Of course I do mentor him. When I have a situation to deal with, I try to get him involved and if he can't get involved I'll immediately leave him a voicemail." (9)

"He's earned it. So, I feel good it's going to happen. Now have we done the formal stuff? No - so a lot of times it's you know what to do but you don't always do it. I got to get there quickly, yes.' (9)

"Yes, very important and I am so glad that we did it how we did and when we did. We don't have a formal plan yet, but I have my two sons who are working for the company and they want to stay. I want to give them as much ground floor experience as I can and also give them the benefit of my knowledge. I probably need to start thinking more about it. Everything we go by a bookstore in the Mall I look through the business book section and have even bought a couple of books on how to plan succession. They are on my bedside table and haven't read too much, but I have good intentions." (10)

"In terms of longevity I do think about keeping it but there are other options. And when the time comes we'll look at the best option at the time." (11)

pretty much know how it's going to work out, I mean, because there's nobody else." (6)

"I think it is important and you know I hand' gotten to that point where Wally and I worry about what's going to happen after us, but at some point we will. I guess as I get older but we hadn't – beyond us two, we hadn't really worried about it, but we joke about it." (6)

"Next generation is already working here. Sam is training his son and I'm trying to keep my two step sons interested. You know I think the oldest one has promise and he'll be a key employee, but not ever an owner. The youngest is still trying to find himself. But maybe one day they will all be part of the leadership team." (7)

It would be a dream of mine for the business to continue as a family owned business. As I mentioned, we don't have any third generation involved currently. But it is my wish that someday we will. When and if we do, I will be happy to teach them everything I know." (8)

so hard to think about." (2)

I guess, yeah, I'm probably going to do the same thing with my kids and if they like it we'll have to work it out."(2)

"We get along well. I think they'll be very supportive of my decisions."(2)

"I hadn't thought about it until today but I guess it's pretty important, I'll put that as a very important." (2)

I just don't know what to say. I really don't know what to do. But I don't plan on going anywhere for a few years. One day I might – you know, one day I may – this is what I've told people really, that one day I'm going to walk in here and I'm going to be just minding my own business and doing what I do and somebody's going to make me a mad and I'm going to say, okay that it get out, I'm closing the door. But you know the thing that bothers me about that is all these people that work here have been good to us and a lot of them have been here a long time. I don't feel good about do that to them." (3)

"What's going to evolve, but I would like nothing more than for AJ to take an interest. He does odds job around here now while he finishes school. He's more interest in school right now."(5)

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