

EXECUTIVE INSIGHT

Retirement – The Final Executive Challenge

The Legacy of a Good Retirement

WHAT WE THINK

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It is anticipated eagerly by many, dreaded by others. Some see it as freedom, others panic at the thought of the lack of structure and routine. The mere mention of the word stirs the emotions relating to life and livelihood. Is it the beginning or the end? Does it represent renewed vitality or the inevitable decline? Is it a period of fruitfulness or uselessness?

Retirement represents such a major life change that it is almost always addressed from the individual perspective. Much has been written about the psychological adjustment to retired life and the challenges for the individual preparing for life outside the workaday world. But contemplations on retirement from the organizational perspective are scarce.

Perhaps that reflects a lack of recognition of the fact that poorly planned and executed retirements can be unpleasant, destructive and sometimes even disastrous for a company. They can leave an organizational unit unprepared to carry on its mission, hinder the company's attainment of objectives and, in the

worst cases, represent a serious impediment to profitability.

The fact is, with careful planning and implementation, the turmoil and potential destruction can be avoided. A plan must take into account the retiree's perspective, but at the same time, attend to organizational needs. It must necessarily involve the individual or group to whom the retiree is presently accountable. From the company's standpoint, retirement should be viewed as an opportunity to take stock of the retiring executive's position and its impact in order to enhance organizational functioning.

A healthy outlook spawns many of the components of a successful retirement. To address the organization's needs, it is first necessary for the individual to understand and accept the inevitability of retirement and be decisive in his or her plans.

Impediments to Grasping Retirement's Reality

Executives must mentally prepare for retirement. That is not easy when you consider all the implications of this

major life change and the emotions evoked. Retirement symbolizes for some the inevitable physical decline and awakens their sense of mortality. It represents a loss of power, influence and prestige. Work enhances one's self-concept; lack of work can diminish self-esteem. These factors may cause the executive to avoid or deny the impending retirement and fail to take the necessary steps to retire gracefully.

Sometimes retirements occur at the time of exciting new thrusts for the company. Executives naturally regret that they will not be part of these changes. The impending changes may cause remorse in the executive over not having engineered such initiatives, or even generate feelings of anger that others are moving so aggressively to make their mark.

For many executives, the retirement transition can be highly emotional and confusing. When a positive company event brings discouragement or a company problem brings a tinge of elation, it can be difficult for the retiring executive to understand his or her feelings. Left unchecked, these

emotions can fuel an unhappy, anger-laden retirement.

The executive who deals with these dynamics alleviates much of his or her anxiety and is more likely to find ways to compensate for the anticipated losses. Unfortunately, many a stellar career has been tarnished at the end by the executive's inability to depart cooperatively and helpfully.

Overcoming Reluctance to Discuss Retirement

Executives are understandably reluctant to be definitive about their retirement plans. This is often fueled by the notion that, once an executive mentions the word retirement, he or she might be encouraged to accelerate the process and be viewed as a "lame duck." Consequently, people become guarded about the issue and are reluctant to set their retirement dates. This can create major difficulties for the individual or group responsible for ensuring an orderly transition. Not knowing of an executive's retirement intentions makes it difficult to be anything but reactive.

Sometimes an individual is unwilling to discuss retirement because he or she has not clearly accepted retirement and considered life beyond the company. This underscores the need to prepare to answer the inevitable questions from others. Having post-retirement plans can alleviate resistance to discussing it.

Seven Steps to Leaving the Organization Better

Once the individual has accepted the inevitability of retirement and addressed the aforementioned issues,

the following steps will assist in preparing the organization to carry on:

Review Past Retirements

A review of past retirements from the company helps set the stage for the individual. Talking with people in departments that continued to function well following a key executive's departure can yield valuable insights. Conversely, the retiring executive may gain a greater understanding of what to avoid by looking into business units where the executive's retirement left the organization in poor shape. Casual conversations with the retiree's successor in each of those cases can be enlightening.

Inventory Current Job Activities

An impending retirement is an opportunity to reflect on job activities, both formal and informal, and their impact on the company. Such an inventory highlights the areas that are most important and serves as a guide for the successor. This also helps identify and eliminate tasks having minimal impact.

Considerable maturity and objectivity are required of the retiree in this step. People are naturally hesitant to admit that some tasks they have done for years are no longer necessary.

Conduct a Future Job Analysis

The retiring executive should be actively involved in analyzing the future needs of the job. This should happen during the early stages of retirement planning. The structure and talent of the retiring executive's department may be fine for now, but inappropriate for the future.

Productive discussions should take place to identify the challenges on the horizon and the requirements to meet them. This analysis allows for the creation of a template that can be used to evaluate potential successors.

Create Objectives to be Accomplished Before Retirement

Once an executive has decided to retire, there is some risk of losing interest in the job. Defining the last objectives to be accomplished before retirement is wise. Clear goals help the executive stay interested and focused on job requirements. Some of these objectives may also be bridges to retirement. The company may need someone to chair a task force or serve on the board of a public service organization. The schedule of these activities can transcend the retirement date, helping the executive move smoothly into retirement while serving important organizational objectives.

Identify, Evaluate and Develop Possible Successors

Identification of possible successors should begin as much as five years ahead of the retirement date for the most senior levels, two to three years out for other executive positions. Each candidate, of course, will have individual strengths and weaknesses. A long lead time allows the retiring executive to observe the candidates to determine whether they can handle the responsibilities identified in the future job analysis. This allows for the highest quality decision about a successor. In addition, the experience is certain to enrich the abilities of all candidates. Sometimes it is best to announce the successor well before the retirement

date. For the most senior positions, this could be a year or more in advance. The successor and the retiree should work together to decide how best to coordinate their actions during the transition period. Determining how to communicate the transition of duties to the rest of the organization is also important to reduce uncertainty among direct reports, peers and customers.

Create an Inventory of Content Knowledge

Retiring executives need to inventory what they know about their position that is critical to impart to their successor. This can be specific functional knowledge, or even more broad-based business or industry knowledge. Sometimes a retiring executive has historical or other knowledge that captures values and important cultural dimensions of the company. Consciously and actively transmitting this information can be invaluable for the smooth functioning of the organization.

Create an Inventory of Process Knowledge

Executives often do things instinctively and may not fully appreciate what they know. It is important for them to become more conscious of this process knowledge that, in the broad sense, may be defined as how to be an effective executive. This includes

attitudes, values and behavioral norms, such as how executives conduct themselves in the executive suite; informal ways of maintaining vigilance and taking the pulse of the organization; how the executive chooses issues on which to work; and how he or she rejects ideas without creating ill will or dampening enthusiasm. These are extremely important for the development of younger executives.

Facilitating the Shift of Responsibility and Power

Retiring executives may feel guilty about their declining workloads. This is especially true with hard-charging types. Such highly active people often experience the most difficulty in rescaling their expectations of themselves. Retiring executives must concentrate on relinquishing responsibilities in order to test and improve the skills of their successors. They must realize that the less time they spend on their old activities is an indicator that they are properly performing their role.

They must also recognize that people quickly read the shifting sands of power and will begin responding differently. An executive with significant power in an organization is fussed over and sought out. Retiring executives will

likely feel uncomfortable at first with their change in status and with the concomitant change in others. Once the retiring executive accepts this as natural and healthy, he or she is able to help others become more comfortable with their own changes in behavior. The secret is to give up power actively, don't wait for it to slip away.

The Legacy of a Good Retirement

A single retirement can have significant influence on subsequent retirements in the company. The more it can be seen as a model for how it should be done, the greater the positive impact.

Retirement is challenging. Its attendant anxiety encourages people to become self-focused at the very time when an organization focus is necessary. The ability of the individual to consider the well-being of the organization, in addition to his or her own needs, is fundamental to engineering a seamless and effective retirement.

The last, difficult test of an executive truly is how well he or she can retire. The ability to engineer a retirement that results in little organizational disruption is the mark of a fine executive. Leaving an organization in better condition can be the capstone of a career. Ultimately, it takes a psychologically mature executive to meet this final challenge.

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