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Routamaa, V., Varamäki, E. & Pihkala, T. (2006). Parties' Mutual Self-knowledge and Successful Succession - Case Example. *World Conference Proceedings of the 1st International Entrepreneur & family Business Association*. Bali 20th - 21st November 2006.

Abstract

Only 30 per cent of family firms survive into the next generation, and just 15 per cent survive into the third generation. That is, to motivate and to coach the successor to take over the business requires special skills. The introduction of the second generation in a family business involves the transfer of both explicit and tacit knowledge and the network knowledge. In the transfer of business ownership, this personal knowledge is in danger of being lost. The succession process is a lengthy period, including the transfer of ownership to the successor and the learning of the essentials of the business. The process is called mutual role adjustment, where the roles of the owner-manager are incrementally transferred into the role of a consultant, while the successor proceeds from a no-role situation to the role of a helper, of the manager and, finally, of the leader. To coach the successor to be a skillful leader and successor, a good mutual interaction of the counterparts is required. How the interaction works depends a lot on the fit of the personalities or on the understanding of personality differences. Learning styles is a way to measure personality differences. In this paper, the aim is to discover theoretically the importance of self-knowledge in a succession process and demonstrate it in the light of one family case involving parents and potential successor couples. Kolbs' learning styles are used to describe and analyze different learning styles and their importance in the introduction of the second generation into the family business.