What Entrepreneurs Can Learn from HBO's 'Succession'

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HBO's *Succession* centers around Logan Roy—an archetypal patriarch declining in health who rules his family and business with a cold, iron fist—and his four dysfunctional children: Kendall, Roman, Shiv and Connor. The family owns controlling shares of Waystar RoyCo., a media conglomerate presumably once owned privately by Logan Roy that is now publicly traded. While entirely fictional and filled with over-the-top drama, the series does focus on a very real dilemma that many entrepreneurs face: what happens to the empire they build when they retire or die?

Business succession planning can be complicated and requires a great deal of attention and advanced planning to carry out effectively. Also complicated are wealth succession and legacy succession planning. The problem is that business, wealth and legacy are all too often conflated into one big problem.

Business succession planning involves grooming the next generation of leadership who will take over a company when the current leadership retires or dies. This is central to HBO's *Succession* storyline, as Logan Roy ponders who he will choose to succeed him as CEO of Waystar Royco while the family plots and plans against each other to be chosen for the role. Wealth succession, on the other hand, focuses on preserving family wealth for multiple generations. This has proved historically challenging, as statistics show that there is a 70% chance a family's wealth will be lost by the third generation and a 90% chance it will be gone by the fourth. Wealth succession typically involves a combination of estate and tax planning,

as well as investment and wealth management. Finally, legacy succession is about defining and preserving the purpose your life serves and the impact you have on the world.

While the viewer is never told exactly how Waystar Royco was built into a multi-billion-dollar public company, it would appear it was Logan Roy who created and initially owned the news-media company before going public. In other words, Logan Roy was an entrepreneur who started and grew a successful business. In fact, Waystar Royco seems to be Logan Roy's most significant contribution to society and culture and embodies his life's work. Like many entrepreneurs, his business produced an extraordinary amount of financial wealth—the bulk of which continues to be tied up in the company he built. As a result Waystar Royco is an asset owned or controlled by Logan Roy that has business succession, wealth succession and legacy succession implications. Unfortunately, Logan Roy is unable to distinguish between the three. More unfortunate, however, is that fact the too many real entrepreneurs make the very same mistake.

Your legacy is the impact you have on the world and those around you. It is the meaning or purpose your life serves. While we know that Logan Roy created Waystar Royco, what we do not know is why. Aside from desiring money and power, we do not know Logan Roy's purpose in life. Neither money nor power is a purpose. They are both tools or resources that must be applied towards achieving some purpose in order to have any value. This is the fundamental flaw with every character in the story—nobody has a real purpose in life. The entire series is an exercise in what happens when you accumulate financial wealth for the sake of accumulating financial wealth: disaster. The crazy thing is that is exactly what we are taught to do in life—to just make money. With rare exception is a child encouraged to figure out how they can make a difference in the world or have an impact on society. Instead, from a young age we are all pushed to figure out what we are

going to do to make money. We are asked “what” are you going to be when you grow up, instead of “why.”

So, we set out to make as much money as possible with the dream of becoming as rich as Logan Roy. Why? Because that is what we are made to believe we are supposed to do—to make money. Then, if we are fortunate enough to become super rich, we want all of that money to last for generations. Why? Most would say because we want our children to be happy and to have the opportunities that we did not have growing up. As a result, the wealth management and estate planning industries earn tens of trillions of dollars every year growing and trying to preserve family wealth. The problem is they are failing—miserably.

As mentioned, statistically (and despite the efforts of estate planners, wealth managers and other professionals) 70% of wealth is lost by the second generation and 90% of wealth is lost by the third. The reasons commonly cited for this colossal failure is a lack of communication and trust among family members and a lack of preparing heirs, not that families lack an estate or wealth succession plan. While these are definitely contributing factors, they stem from one bigger problem—a lack of purpose. Without a clearly defined purpose, there is very little to communicate to your heirs except the amount of money they stand to inherit. Without a clearly defined purpose, it is easy to speculate and begin questioning the motives of other family members who have been taught to care about nothing except having as much money as possible. Without a clearly defined purpose there is no guidance or direction as to how to prepare heirs. Purpose is everything; yet, purpose is almost always lacking.

Such is the world we live in, and such is the world depicted in HBO’s *Succession*. The result is a very dysfunctional, and very unhappy, family. After Logan Roy’s inevitable death, the likelihood is that the financial wealth he worked so hard to build will be lost. So, take note entrepreneurs. If you want

to leave a lasting legacy and for your business to continue to thrive, if you want to create generational wealth, the Roy family is the poster child for what *not* to do. Here are a few concepts to keep in mind:

1. **Do Not Confuse Your Legacy with Your Financial Wealth.** Your legacy is not your financial assets. Financial assets are resources that must be applied towards some purpose. Preserving your legacy is an example of a purpose, as is providing your family members with the opportunity to thrive and live fulfilling lives. Therefore, assets you own that embody your purpose and legacy (e.g., a business like Waystar Royco) must be treated differently and managed separately from other assets.
2. **Do Not Expect Your Children to Take Over the Business.** One of the most common mistakes made by entrepreneurs is insisting on choosing family members to succeed them in controlling a business that embodies their legacy. Everyone has a purpose in life that will bring them fulfillment. Rarely is your children's purpose the same as yours. Your children need to be supported and encouraged to go out into the world and discover their own purpose. Business succession planning—i.e., grooming the next generation of business leadership—should only involved qualified individuals who see that role as fulfilling their purpose. This will ensure they have the passion, talent, skills, drive, values, etc., required to ensure the success and continued growth of the business, and to ensure the business continues to serve its intended purpose and impact.
3. **Make Sure Your Financial Wealth Serves Your Family, Not the Other Way Around.** Instead of worrying about how you are going to make your money last for multiple generations, you should be worried about how your money is going to enhance the lives of your family for multiple generations. That is, instead of making your

family serve the family’s wealth, you should be making the family’s wealth serve your family.

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