MODULE 3 · SESSION 3

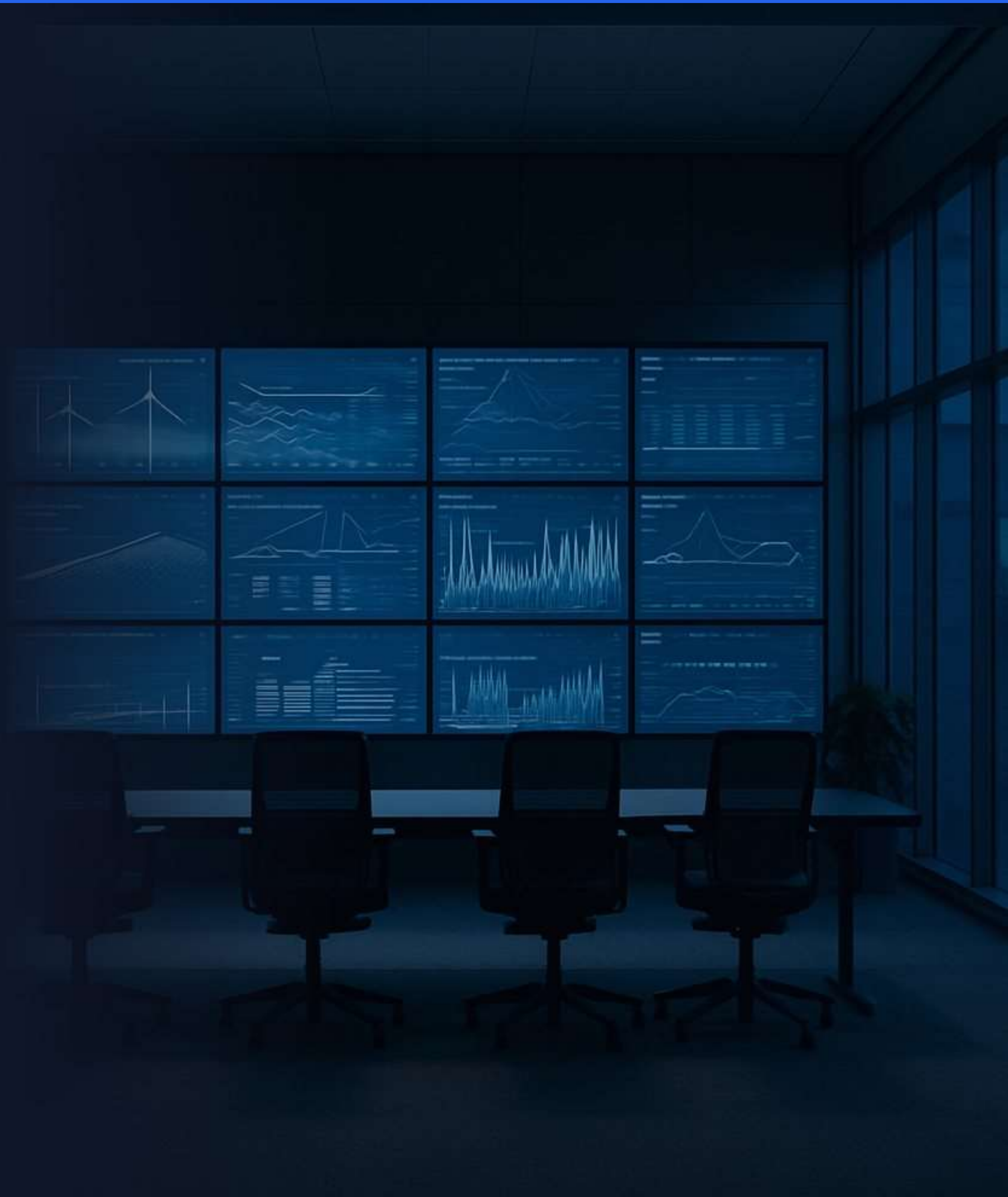
Governing the Founder's Succession

How succession choices, safeguards and continuity mechanisms determine whether a company outlasts its founder's tenure.

Theory session

Advanced

Running case: AsterGrid



ORIENTATION

Where this session sits

The final session: continuity when the person at the top changes

MODULE 1	MODULE 2	MODULE 3
From Founder to Leadership System	Culture as an Operating System	**Strategic Continuity Under Pressure**

SESSIONS IN THIS MODULE

3.1 Designing Incentives for Strategic Behavior
Aligning executive behaviour with durable outcomes

3.2 Leading Through a Company-Defining Crisis
Preserving judgment, trust and capacity under disruption

3.3 **Governing the Founder's Succession** — YOU ARE HERE
Succession choices, safeguards and continuity mechanisms

SESSION OUTCOMES

What this session explains

Making a leadership change a planned transition rather than an event

01 **Founder succession is a distinct problem**

Identity, relationships and informal authority do not transfer with the title.

02 **Timing is a governance decision**

The question is which capability the next phase needs, not whether the founder has failed.

03 **Inside and outside are different bets**

Each carries a characteristic risk, and the choice should follow the strategy.

04 **The handover is a designed process**

Announcement, overlap, relationship transfer and a defined founder role afterwards.

What does not transfer with the title

Four forms of founder capital, only one of which is formal

POSITIONAL AUTHORITY	Transfers immediately and completely on the appointment date.
RELATIONSHIPS	Investors, key customers, regulators. Transfers only through deliberate introduction.
INSTITUTIONAL MEMORY	Why decisions were made the way they were. Transfers only if written down.
SYMBOLIC IDENTITY	The founder as the company's meaning. Does not transfer; it has to be rebuilt.

THE COMMON ERROR

Treating it as an appointment

Announcing the name and the date handles the first row only, and the other three cause every failed succession.

THE SWIFT CURRENT FRAMING

Continuity of direction, change of profile

The growth platform was retained explicitly; what changed was the executive experience leading it.

Wasserman, N. (2003). Founder-CEO succession and the paradox of entrepreneurial success. Organization Science, 14(2), 149–172.

Success itself triggers the transition

Wasserman's finding, which reframes the whole conversation

WORKING DEFINITION

Founder-CEO succession is most likely after a success event — a major raise, a product milestone — because success raises the stakes and expands the capability the role requires. The transition is a consequence of achievement, not of failure.

1

The implication for boards

Frame the conversation around the next phase's requirements, not the founder's shortcomings.

2

The implication for founders

A planned handoff at a moment of strength preserves far more influence than one forced later.

3

The Swift Current timing

Nearly a decade of service, then a stated hand-off. The timing is what makes it legible as a plan.

Wasserman, N. (2003). Organization Science, 14(2), 149–172.

Internal successor or external appointment

Two different bets, each with a characteristic failure

INTERNAL

Known quantity, known context

WHAT YOU GET

Institutional memory, existing relationships, and a shorter ramp.

WHAT YOU RISK

Continuity where change is needed; the successor inherits the assumptions too.

CHOOSE WHEN

The strategy is sound and the requirement is execution at greater scale.

EXTERNAL

New capability, new assumptions

WHAT YOU GET

Capability the company does not have, and freedom from its existing commitments.

WHAT YOU RISK

A longer ramp, unknown fit, and higher observed failure rates.

CHOOSE WHEN

The next phase needs a capability that cannot be developed in the time available.

WHY STATING THE BASIS MATTERS

Swift Current appointed externally and stated the basis: storage-building and growth experience. Naming the specific capability is what distinguishes a considered choice from a search for a safe pair of hands.

Zhang, Y. & Rajagopalan, N. (2010). Once an outsider, always an outsider? Strategic Management Journal, 31(3).

The handover as a designed process

Five stages; the last two are the ones usually omitted

DECIDE — NAME THE REQUIREMENT

The board states what the next phase needs, before any candidate is discussed.

SELECT — STATE THE BASIS

The stated reason becomes the successor's initial mandate.

ANNOUNCE — TIMING AND CONTINUITY

Date, what continues, and what the founder does next — all at once.

TRANSFER — RELATIONSHIPS AND MEMORY

Deliberate introductions; decisions and their rationale written down.

SETTLE — DEFINE THE FOUNDER'S ROLE

Explicit, bounded, and with no residual operating authority.

THE STAGE MOST OFTEN SKIPPED

Transfer

Relationships and institutional memory are the two forms of founder capital that move only with deliberate effort.

THE STAGE THAT DECIDES IT

Settle

An undefined founder role is the single most common cause of a succession that technically happened and practically did not.

Four post-succession roles, and what each requires

The distinguishing question is whether operating authority actually ends

Role	What it works for	The condition
Executive chair	Strategy, investor and regulator relationships.	No operating decisions, and the CEO reports to the board, not to the chair personally.
Board member	Institutional memory and long-horizon judgment.	One voice among several; no separate channel to the executive team.
Focused executive role	A specific domain — product, technology, a market.	A defined remit inside the new CEO's structure, not alongside it.
Clean exit	A genuine change of direction that the founder should not constrain.	Honest about the relationships that leave with them.

THE FAILURE IS THE UNDEFINED CASE

Each works. What fails is an undefined role — presence without remit, which reconstitutes the old authority informally and undermines the successor without anyone intending it.

How much should change with the person

The board's most consequential framing decision

CONTINUITY

Strategy and platform retained; the change is in execution capability. The Swift Current framing.

RECALIBRATION

Direction retained, priorities and pace revisited openly within the first two quarters.

RESET

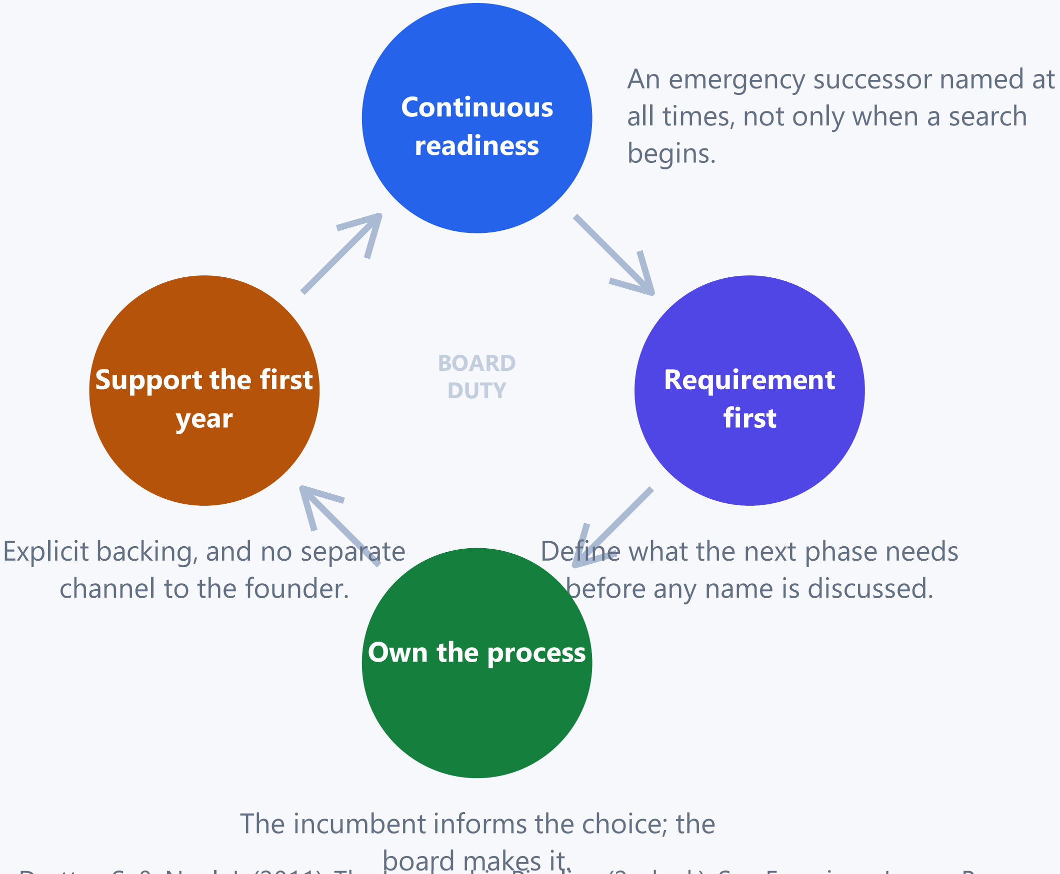
A new direction. Legitimate, but it must be stated as such rather than arriving by increment.

WHY THE FRAMING MUST BE EXPLICIT

If unstated	What happens
Employees assume continuity.	Every subsequent change reads as a broken promise.
Investors assume a reset.	Ordinary operating decisions get read as strategic signals.
The successor assumes a mandate.	And discovers its limits only when a decision is reversed.

What the board owes the process

Succession is the board's work, not the founder's



Charan, R., Drotter, S. & Noel, J. (2011). The Leadership Pipeline (2nd ed.). San Francisco: Jossey-Bass.

THE MOST NEGLECTED DUTY

Continuous readiness

Most boards begin succession planning when succession is already needed, which removes every good option.

THE STRUCTURAL SAFEGUARD

One reporting line

If executives can still route around the CEO to the founder, the succession has not occurred.

Three successions that do not take

The first is the most common by a wide margin

The founder who does not leave

Looks like A new CEO, and a founder still in operating conversations.

Why it fails Staff route around the new authority to the old one.

Fix A bounded role, one reporting line, and a stated end to operating involvement.

The unstated mandate

Looks like An appointment with no statement of what continues.

Why it fails Everyone assumes a different answer and each change breaks someone's expectation.

Fix Say explicitly whether this is continuity, recalibration or reset.

The unrehearsed emergency

Looks like No named successor when one is suddenly needed.

Why it fails The choice is made under time pressure from whoever is available.

Fix A named emergency successor reviewed at every board cycle.

CASE STUDY

Swift Current Energy

A founder-to-executive handoff framed as a planned transition rather than a departure.

A planned hand-off, not an unexplained departure

Founder tenure, stated basis, and continuity of the growth platform

THE FOUNDER TENURE

A decade of founder leadership

THE FORMATION

Swift Current Energy was founded in 2016 by Eric Lammers and others.

THE TENURE

Lammers served as chief executive from 2016 through 2026 — nearly a decade.

THE PLATFORM

Grid-scale renewable development, including Steel River at 2.5 GWdc solar and 2.9 GWh storage.

THE TRANSITION

A deliberate hand-off

THE APPOINTMENT

Michael Arndt was appointed chief executive on 6 April 2026, succeeding co-founder Lammers.

THE STATED BASIS

Relevant growth and storage-building experience — the capability the next phase required.

WHAT WAS PRESERVED

The strategic ambition and project platform continued; only the executive profile changed.

READING THE CASE

Succession is legible as a plan rather than a rupture when the timing, the basis for the choice and the continuity of direction are all stated explicitly.

Drawn from the session case pack.

Bringing the theory to AsterGrid

Building the succession the company will eventually need

Step	What you put in place	AsterGrid example
Name an emergency successor	Now, and review it every board cycle.	The COO, with a written 90-day continuity brief kept current.
Define the next phase	The requirement before any candidate.	Storage and grid-scale delivery capability, stated by the board in writing.
Transfer relationships early	Deliberate introductions over quarters, not weeks.	The founder co-attends investor and regulator meetings with the successor for two quarters.
Write down the memory	Decisions and their rationale.	A decision log for the ten commitments that shaped the current platform.
State the framing	Continuity, recalibration or reset.	Announced as continuity of platform with a change in execution capability.
Bound the founder role	Remit, duration, reporting line.	Executive chair: strategy and external relationships; no operating decisions; CEO reports to the board.

WHAT COMES NEXT

This closes the course: the founder's role, the leadership system, the culture, and finally the mechanism by which all of it outlasts any individual.

SUMMARY

What to carry out of this session

1. **Succession follows success, not failure.**
   The stakes and the capability requirement rise together — frame it that way.

2. **Only positional authority transfers automatically.**
   Relationships, memory and symbolic identity require deliberate work.

3. **State the basis for the choice.**
   Swift Current named the capability; that is what makes the decision legible.

4. **Define the founder's next role, precisely.**
   Presence without remit is the most common way a succession fails to take.

5. **Say whether it is continuity, recalibration or reset.**
   Unstated, everyone assumes a different answer and each change breaks an expectation.

Sources for this session

Primary references behind each concept

FOUNDER SUCCESSION	Wasserman, N. (2003). Founder-CEO succession and the paradox of entrepreneurial success. *Organization Science*, 14(2), 149–172.
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