

Barclays Wealth Insights*

September 2010

A case for coaching?

Not all preparations for the later stages of life – however defined – are financial. The wealthy need to think through what they want to do, and to prepare themselves mentally as well. For those who plan to keep on working, it is still important to plan what a work/life balance may look like as age increases – and for those who are planning a conventional retirement, the transition from working life to leisure can be a difficult one.

Helen Pitcher is chair of IDDAS, which provides mentoring, coaching and advisory services to senior executives facing career transitions. Some senior executives are moving up to the board level whilst others are stepping down, in retirement, to become non-executive directors or go into the not-for-profit sector.

“Most of the people we work with” says Helen Pitcher “resist retirement like mad.” She thinks that this has little to do with money, but is rather due to their job providing a sense of self-worth. Men find the process more difficult than women.

“Most of the people we work with resist retirement like mad”

What factors have driven this distrust of retirement? Helen Pitcher believes these factors include outlook, energy and life expectancy. As she observes “The average 55 year old is a lot younger than the 55 year old from 10 or 15 years ago.

” Whilst she thinks that money, at a fundamental level, does not lie behind decisions to keep working – the money still has to be there. Clients who are working to rebuild the value of a stock portfolio that has collapsed in value over the last few years may find themselves resentful of the fact that they ‘need’ to work – having previously suggested that they ‘want’ to work

In addition to jobs providing a sense of purpose and meaning, at a more mundane level they provide a sense of time and structure to the day. The prospect of an

empty day after retirement can unsettle. But rather than being panicked into rushing into whatever part-time roles are available, individuals need to think through

what they have done with their life – and what they want to do. Some of these wishes, ignored before, may be possible now. She also suggests that individuals take six months off between retirement and going into another role, arguing that they need to ‘let go’ of their executive persona.

Ms. Pitcher reckons that, after the six months off, about 75% decide that they want to return to work; those that do not have perhaps connected to family or pastimes. Individuals who have retired young – maybe through selling their business and moving abroad – often have second thoughts a year or two down the road.

When individuals retire, they can move from being chief executive to someone at a different point in the command chain. As Helen Pitcher puts it, “The biggest change is to move from execution and control to influence.” Often they realise that they have had ‘positional’ power for many years, meaning that if they simply ask for things to happen, they happen. Now they have to convince people why certain things should happen. Old habits can die hard, and she recommends to “always try to do it with humour.” Again, this comes back to a process of self-analysis and she notes that many of the most successful adaptors have started discussing retirement perhaps 18 months before it happened. At a time when boards are being encouraged to be more transparent about succession issues, this process can also be seen as desirable in a corporate context.

Ms. Pitcher believes that there will be a growing acceptance that people will be leaving the workforce later on in life. Retiring in your 50s will be seen as outdated, and there will be more people routinely on boards in their 60s and 70s. The positive side is that companies will be able to draw on the abilities of people who, for example, have experience leading firms through deep recessions. But one negative is that there may not be sufficient space for younger people to step up to the board level, if older people aren’t moving over. Currently, Ms. Pitcher believes that this isn’t a problem, as she perceives the pool of available people for senior appointments is not that large.