

Transformation from Business to Personal Strategy with a Focus on Retirement

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Abstract

The paper outlines a transformation of various concepts from business to personal strategy with a focus on retirement: type of strategy, multiple objectives, product life cycle and prediction, strategy development, direction and concentration of effort, strategy implementation and performance evaluation, change readiness and corrective action.

We propose that conceiving together a personal strategy and change readiness is a logical way to combine deliberate planning with flexible tuning to unanticipated events. In similarity to business, multiple objectives are essential for achieving life satisfaction. Priority among these objectives needs to be modified according to retirement life stages, which are reviewed. The paper presents an approach to assessing the decision to concentrate on various life satisfaction objectives versus enjoyment in the here and now.

Three stages of change readiness with adaptation to retirement situations are outlined: trigger identification, preparation for action, and mode of action. Even with high inertia at an advanced age, it is better to change before one has to, and the paper offers some insight about the way this can be accomplished.

Recent research publications on longevity and happiness point to the value of planning and the role of relationships. These findings fit the strategic approach to retirement. In conclusion, we support the notion that life satisfaction, happiness, and longevity are determined more by plan than by luck.

Keywords: Personal, Strategy, Change, Readiness, Retirement, Life Satisfaction, Longevity.

1. Introduction

The purpose of this paper is to explore a transformation from business to personal strategy. Personal strategy in this paper is focused on a segment of people in retirement who are in reasonable health, are educated, and have sufficient financial resources for the essentials of retirement. Attention is given to managers and professionals in the golden age, following retirement, who belong to the above segment. Many are familiar with constructs of business strategy and therefore may find the transformation to personal life useful. Managerial and professional occupations now make up 44% of total employment (The Economist today, Dec. 4, 2022).

A recent Wall Street Journal article (2022) reported interviews with four retirees, with substantial financial resources and managerial backgrounds, about their retirement experience and reflections. The article generated 1700 comments! The editorial stated that most people get little guidance, or give little thought, to what to do with their savings once they retire. One person who attended a retirement seminar was told that "most people spend more time planning their annual vacation than they do planning their retirement". The interviewees expressed some anxiety about spending levels during retirement. They shared opinions on the importance of having a sense of purpose in the post-career years, keeping engaged, and periodically re-evaluating one's needs and desires in response to aging and other changes.

Models and processes of business strategy are oriented towards satisfying customers and earning a profit. Personal strategy is designed to satisfy one person or a family. While economic well-being is an important personal consideration, it is usually not the primary goal. Over many years, business strategy has received a lot of research attention and there is evidence that thinking strategically in business increases the probability of success, (Nohria N., Joyce W. and, Roberson B., 2003). In similarity to business, people need to think about their goals in life, and this is true about retirement when they leave a structured environment built over years. "The key idea is that the same causal mechanism that drives big business can be just as effective in driving our personal life" (Nobel, 2012, interviewing Clayton Christensen).

The benefits associated with the tasks of developing and implementing a personal strategy have some empirical support. A study, with The Longevity Project name, based on 80 years of a massive longitudinal study of 1500 children, had the following finding: " Striving to accomplish your goals, setting new aims when milestones are reached, and staying engaged and productive are exactly what those heading to a long life tend to do". The thoughtful planning, sense of control, accomplishments and perseverance". "Longevity, for most, is determined far more by plan than by luck." (Friedman and Martin, 2012, Greenwood, 2011).

The paper explores the relevancy of key elements from business to personal strategy. These elements include:

Type of strategy

Multiple objectives

Product life cycle and prediction

Strategy development (internal and external analysis)

Focus: direction and concentration of effort

Strategy implementation and performance evaluation

Change readiness and Corrective action

2. Type of Strategy

Mintzberg and Waters presented two types of business strategy: deliberate and emergent. A deliberate strategy is a structured form with goals and a plan to follow. An Emergent strategy is an adaptive form where policy direction is based on developing opportunities and threats. Similar to business situations, people need to think if they want to plan their retirement life, or simply adjust to unexpected and developing circumstances. There is value in deliberate planning and there is value in being flexible. (Mintzberg and Waters, 1985; Christensen, 2010). The paper points out how the two approaches can be effectively combined.

3. Multiple objectives

The starting point of business as well as personal strategy is asking what you want. "To manage a business is to balance a variety of needs and goals. And this requires multiple objectives." (Drucker, 1974). The building blocks are borrowed from the Balanced Score Card methodology. (Kaplan and Norton, 1996). The strategy consists of the following set of linked multiple objectives aimed at an overall personal goal of life satisfaction (Seligman, 2011, Mandel, for Kahneman, 2018):

Financial well-being

External Relationships: Family, friends, community, external engagement, and travel.

Internal processes: Good health, the joy of living, internal engagement.

Learning and Growth: personal development.

With multiple objectives, we always have to set priorities. Retirement and aging require a rethinking of the relative importance of goals and the priorities are expected to change with time.

4. Product life-cycle and prediction

In similarity with stages of a product life cycle, four retirement stages have been identified: A pre-retirement stage, a celebration stage, a comfort stage, and the wind-down stage (Drake 2022, Protective life). Each of these stages will likely lead to a revision of priorities. Pre-retirement is the phase when people start thinking about what their new life will be like. A well-prepared plan can ease the transition and increase the chances of achieving a satisfactory period of retirement. People know that this stage is coming, they can save and set financial goals, but few have a realistic idea of what they will do when the time comes. On-going demands tend to postpone serious preparation.

The celebration stage occurs right after leaving the world of full-time work. Many individuals have reasonably good health, high energy, and the ability to make significant changes to their lives. External engagement, travel, and the joy of living are likely to get high priority. Many can see the first stage as an opportunity for joy, as well as learning and growth. Retirees may ponder financial spending between the short and the long term. At early retirement, a long-term perspective may be common, with a concern for assuring sufficient resources for the long term. Many retired managers who were used to a busy schedule with appointments and phone calls are likely to ponder what to do with their time. Search for meaningful engagement could receive priority. Possible projects include part-time work, volunteering, or developing a hobby.

The comfort stage could be characterized by a clearer realization of aging. Priority is likely to shift to health maintenance, to family and friends, to internal engagement, and more passive forms of joy. The Joy of travel and adventures would decline depending on fitness conditions. Leaving a legacy could become an interesting priority with projects like writing a memoir, or a book of photographs. A move to a retirement community might be considered.

In the wind-down stage, after many years in retirement, significant occurrences force major adjustments. Health will be a major concern, and mobility is likely to be limited. For some retirees, financial and accommodation issues will be critical. Dependence on family relationships will likely increase, and leaving a legacy could get even more attention. In similarity with succession planning in business, consideration may be given to family and personal property after departure.

Similar to product life prediction, we can attempt to estimate the number of years left to live. This can be aided by statistical apps based on key personal variables. The predictions have a wide margin of error, but can help in making some life strategy decisions. It can guide the financial and investment plan, affects the purchase of an insurance policy and can influence a short versus a long-term plan of activities.

5. Strategy development

To develop a strategy, we need to perform an internal and external analysis. The internal analysis reviews personal strengths and weaknesses. While we should be aware of weaknesses, the strategy should be built on strengths. What am I good at? What do I enjoy doing? Whom do I like to be with? What did I learn from my past experiences? Understanding abilities and interests is key to formulating an effective retirement strategy, because activities built on personal strengths are likely to increase joy, success, and satisfaction.

The external analysis includes a review of opportunities and threats. In planning to retire, you will need to explore whether your savings or pension are likely to be sufficient. If you think about changing your location, you need to explore the conditions of the area to which you want to move. While internal analysis requires a review of our past, in external analysis we look more to the future, to living with uncertainty (Zif, 2016).

The internal and external analyses provide the foundation for setting up specific projects and programs for each objective. What are you going to do to maintain your health? To learn new skills? To plan a move to a new location? To develop a hobby? To learn a new topic? To improve or maintain the financial situation?

6. Focus: Direction and concentration of effort

Most managers are aware of the 80/20 rule, or the Pareto principle in business. The rule maintains that 80% of the outputs stem from 20% of the inputs. The implications are to discover the most productive inputs and focus on them. In the same way, we need to identify which projects would bring the most satisfaction during retirement and assign them a priority. The decisions about the way to spend time and resources are vital.

In general terms, most people want to be happy. It is useful, however, to distinguish between enjoyment in the here and now, and one's personal view of life satisfaction. I feel happy when I eat an enjoyable meal with friends, but my overall view of life satisfaction is influenced by achieving goals and meeting expectations. To be happy right now you don't need a strategy; just do what you enjoy. But achieving life satisfaction over the long term requires a plan. We can, therefore, view happiness in terms of short and long-term dimensions: current enjoyment and life satisfaction. The desired focus of attention could be affected by the relative position of people on these two dimensions (See Table 1).

Table 1. Happiness Direction

HAPPINESS DIRECTION

		LIFE SATISFACTION	
		Low	High
CURRENT ENJOYMENT	Low	Learn and apply the sources of happiness for you	Increase attention to enjoyment - NOW
	High	Assign priority to life strategy and implementation	Maintain good life and change readiness

Someone with a high level of fulfillment with ongoing joyful activities, but low contentment with various aspects of his life could benefit by focusing on a strategy to improve his life situation. Another person who is satisfied with his overall life situation, but lacks day-to-day joy, could benefit by devoting ongoing attention to activities that raise mood and provide fun and excitement.

Fortunate people with a high level of both current enjoyment and life satisfaction can work on maintaining their blessed position and get ready for changes that come with age.

The road is more difficult when both life satisfaction and current enjoyment are at low levels. A diagnosis is needed to identify critical sources of happiness that can be successfully pursued.

It is important to acknowledge that feeling happy could, for many people, reflect a natural tendency, unrelated to a situation or activity.

The most critical factor affecting life satisfaction may depend on situational conditions and individual reactions. Encountering a substantial health problem, or a serious financial deterioration could severely reduce life satisfaction. However, when we explore what influences life satisfaction for the majority of people, one factor stands out: good relationships. The Harvard study of Adult Development has followed the lives of two generations of individuals from the same families for more than eighty years with the following key findings: "The stronger our relationships, the more likely we are to live happy, satisfying, and overall healthier lives. The Harvard Study of Adult Development reveals that the strength of our connections with others can predict the health of both our bodies and our brains as we go through life." (Waldinger and Shultz, 2023). Another major study found that loneliness and depressive symptoms had a major influence on life satisfaction for older individuals (Puvill et.al., 2016). The desired approach would be to develop projects and activities that improve the scope and quality of the relationships.

7. Strategy implementation and performance evaluation

Strategy implementation requires that we have outlined clear objectives which can lead to projects and tasks. For example, we can choose to improve physical fitness with joy as an objective and plan to implement it by taking a course in freestyle swimming. Following some exploration, we can choose a specific program with a timetable and a budget.

Retired persons usually enjoy sufficient time availability, but may be hesitant to follow through as a result of inertia, insufficient energy, or limited funds. Ways to stimulate implementation might be to turn to relevant mentoring or support, use phased stages, collaborate with friends, and arrange additional resources.

We are more likely to succeed if we set up targets instead of a general initiative with a non-specific idea. Since reality is likely to be different from expectations, feedback is critical for making timely changes to plans. Specific targets make it simpler to monitor performance and to evaluate the need for change.

8. Change readiness and corrective action

But no matter how retiring people think and shape their strategy, at some stage, they could face life challenges under more difficult personal and external conditions than they are used to. Typical undesirable circumstances that require change for retirees:

Health failure or decline. Financial deterioration, like heavy unexpected expenses or a sharp reduction in the value of funds. Relationship deterioration, including the loss of a partner and friends. Strategy failure or unsatisfactory outcome.

Some circumstances that may call for change are not necessarily negative:

Goals achieved, or projects completed, with time for new challenges. When a couple that used to work separately is now together all day long. Growth of the family, like new grandchildren.

Change readiness can be considered from different points of view. One point of view deals with the psychological willingness to change. Based on personality and background, people differ in their willingness to change when not forced to do it. There is an inclination for aging people to do things the way they were always done. Many tend to become more rigid with age, relying on familiar habits and behaviors. A second viewpoint emphasizes the social and economic environment which supports, or hinders, change readiness. The third, strategic approach explores when to change and how to activate it for optimal satisfaction. The three approaches are complementary. This paper focuses on the strategic approach based on three variables: 1. trigger identification, 2. preparation for action, and 2. mode of action (Timmor and Zif, 2010, Zif 2016, Zif 2021).

Early recognition of threats and opportunities is important to take timely action to prevent deterioration or missed prospects. Typical mistakes that people make at this stage are denying a threat signal, and concluding that there is no problem or no need for action. Some tend to disregard early signs of health or financial issues. Being aware of a personal tendency to reject signals with threatening consequences could help in making a more objective assessment. Signals need to be examined to identify meaningful events. Some observed signals can reflect natural variations in health, relationships, or external conditions when no action is necessary, or desirable. Some developments indicate an opportunity rather than a threat. For example, an unplanned meeting with a person who could become a close friend or a partner.

A quick and proper response can be linked to the early recognition variable. Slow recognition of a threat, or an opportunity, usually allows less time to respond properly. In medical issues, for example, early recognition of a problem increases the likelihood of successful intervention (Ansoff 1984).

Response time can be viewed as two parts: the delay between the trigger identification and the beginning of action preparation, and the time it takes to prepare for action. The lag in response may be influenced by personal background, specific circumstances, and by the potential impact of action delay. Retired persons have more time to deal with difficulties, but the attitude for quick response is negatively associated with older age. It has been argued that the speed with which one moves to turn trigger identification into action is the most critical component for successful strategic change (Kotter, 2008).

Mode of action refers to the appropriateness of the choice of response to the environmental trigger. Confusing the need for a major change with incremental moves is a typical mistake.

Jack Welch, the former CEO of General Electric, said, "Change before you have to." During retirement, people will most likely need to change, but they can also make major changes before they need to. Typical bold actions during retirement include:

Active search for a new mate following the death of a partner. Selling the house and moving to a new location. Selling the car and ending driving. Change from a thrifty orientation to

pleasure, funded by accumulated savings. Improved financial situation with reversed mortgage. Volunteering for a variety of social causes. Learning new skills

Can older people alter their lives? Based on a large body of research, Waldinger and Shultz (2023) conclude that even at an old age "everyone can make a positive turn in their life". The findings of Friedman and Martin (2012) suggest that people can and do slowly change their patterns and habits.

At an older age, it might be too costly in time and resources to search for the most optimal solution. Some ideal options may not be available anymore. The concept of a "good enough" solution is a useful transformation from business strategy (Christensen 1997).

9. Conclusion

The paper outlined a transformation of various concepts from business to personal strategy with a focus on retirement.

We propose that conceiving together a personal strategy and change readiness is a logical way to combine deliberate planning with flexible tuning to unanticipated events. In similarity to business, multiple objectives are essential for achieving life satisfaction. Priority among these objectives needs to be modified according to retirement life stages, which are reviewed. The paper presents an approach to assessing the decision to concentrate on various life satisfaction objectives or enjoyment in the here and now.

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