

THE LONG CLOCK · CHAPTER SEVEN

Handing It On

Chapter Seven of The Long Clock

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Chapter Seven of The Long Clock. The whole book, with every chapter, is at business.hautelumiere.life/library/the-long-clock (DOI https://doi.org/10.5281/zenodo.23989072).

A NOTE BEFORE YOU READ

This work is offered for education and leadership development. It is not legal, financial, accounting, investment, medical or psychological advice; take the advice of a qualified professional who knows your circumstances. Companies and events are described from the public record as the author understands it; characterisations are the author's analysis. Examples are illustrative, and no particular outcome is promised to any reader.

ABSTRACT

Every company that outlives its founder meets one decision that no strategy document anticipates. It arrives quietly, often in a solicitor's office, sometimes at a kitchen table, and it is always the same question: when I am no longer here, who will own this, and what will they be free to do with it? Most founders answer it by selling. That is a reasonable answer and often a generous one; a sale can reward a lifetime of work and pass a company to owners better placed to grow it. It is also the moment the shortest clock in this book strikes. Ammanuel Santa Anna's Ecstatic Economics names it the exit problem, and states it in a sentence chapter 5 has already quoted: a founder eventually retires, and if the company can be sold to the highest bidder, years of culture "can be dismantled overnight by a new owner with different priorities."

CHAPTER SEVEN

Handing It On

The founder's last decision

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Chapter 6 read three companies whose ownership was settled into foundations, in two cases after the founder's death. This chapter reads two founders who settled the question in their own lifetimes and handed their companies to a trust while they could still watch what happened. One did it in California in 2022, in a single announcement. The other did it in London in two stages, in 1929 and in 1950, and the company he left is still owned the way he arranged it. Read together, they show the hand-over not as a gesture but as a piece of design, and they show what each design leaves open.

The claim of the chapter is narrow. A founder who wants a company's long clock to survive her can separate the vote, the money and the right to sell before she leaves, and the clearest cases of this are as notable for what they had to decide as for what they gave away.

California, 2022

On 14 September 2022 Patagonia, the outdoor clothing company Yvon Chouinard founded, published a press release under the headline "Patagonia's Next Chapter: Earth is Now Our Only Shareholder."[55] Its first figures are the whole design.

The Patagonia Purpose Trust "owns all the voting stock of the company (two percent of the total stock)." The Holdfast Collective, a nonprofit, "owns all the nonvoting stock (98 percent of the total stock)." Patago-

nia, the release says, "will pay out an annual dividend of roughly $100 million, depending on the health of the business," and the Collective "will use every dollar received from Patagonia to protect nature and biodiversity."[55]

The two entities do different jobs, and the release is precise about both. The Purpose Trust "exists to create a more permanent legal structure to enshrine Patagonia's purpose and values," and to help ensure "there is never deviation from the intent of the founder."[55] It elects and oversees the board. The Collective receives the money and spends it. The family does not disappear from the arrangement: "The Chouinard family will continue to sit on Patagonia's board," and will guide the Trust in "electing and overseeing Patagonia's board of directors" and the Collective in its philanthropic work.[55] The company remains a business. "Patagonia will remain a B Corp and continue to give one percent of sales each year to grassroots activists."[55]

Chouinard's own words in the release are short. "It's been a half-century since we began our experiment in responsible business," he says, and later: "Instead of extracting value from nature and transforming it into wealth, we are using the wealth Patagonia creates to protect the source."[55]

Read against chapter 6, the structure is a compact version of the Bosch separation. A small class of voting shares carries control and sits with a body bound to a purpose. A large class of non-voting shares carries the money and sits with a body that spends it on something the company's purpose also serves. Nobody holding either class can sell control for personal gain. The family keeps a voice, but not the right to cash out.

Santa Anna's book names Patagonia directly in its survey of steward ownership, describing a founder "who in 2022 transferred ownership of the company to a trust dedicated to fighting climate change" as perhaps the most visible example of the model.[54] The book's own principle for the model is the one the release puts into legal form: to "Adopt ownership models that separate profit extraction from control, ensuring that organizations serve their missions sustainably."[54]

What Patagonia's case cannot yet show

The house gives the limits plainly, because the case is now cited so often that its age is forgotten.

It is young. The arrangement is three years old as this is written. A purpose trust's real test is the first chief executive who did not know the founder, the first hard decade, the first time the board must choose between the dividend the Collective expects and the investment the company needs. None of that has happened yet in public view.

The dividend is a projection. The release ties it to "the health of the business." It is not a commitment and should not be quoted as one.

The cost is not stated. The release does not discuss taxes, and press commentary at the time debated the tax treatment of the transfer. The house does not settle that debate here and makes no claim about it. A reader

considering anything similar needs advice on her own jurisdiction's law and tax; nothing in this chapter is that advice.

And the case cannot show the counterfactual. Patagonia was already a company with a strong purpose and a founder who had resisted a sale for decades. Whether the trust will hold the company's clock longer than his presence did is exactly what the next twenty years will show.

London, 1929 and 1950

The older case is less famous outside Britain and more instructive, because it has had nearly a century to show what happens after the founder.

John Spedan Lewis was the son of the founder of a London drapery business. As a young man running the family's Peter Jones store he became troubled, as the Partnership tells its own history, by the gap between what the owners took and what the staff earned. He spent much of his life closing it, and he closed it in two legal steps.[56]

The first came in 1929. Spedan Lewis transferred his shares in the businesses he controlled, John Lewis, Peter Jones and the Odney estate, to trustees, so that profits would go to the trustees for distribution among the people who worked there rather than to him.[56] He did not give up control. He kept the practical direction of the business for another two decades, which is the part of the story most often left out. The first settlement moved the money. It did not yet move the decision.

The second came on 26 April 1950, which the Partnership marks as the date the Second Trust Settlement took effect. Spedan Lewis transferred all his remaining shares and gave ultimate control to a new company, John Lewis Partnership Trust Limited, "whose trustees include the Chairman, Deputy Chairman and the three Trustees of the Constitution."[56] At the council meeting that marked the change, a Partner named Enid Lockett put the result in a sentence the Partnership still quotes: "The Partnership now in essence and in fact belongs to all employed in it."[56]

Today the business describes itself as "one of the oldest employee-owned businesses in the UK," and states the trade-off it believes the structure allows: "Being owned by our Partners, rather than shareholders, allows us to prioritise what matters most – our customers."[57] Its purpose, in its own current words, is "to work in partnership for a happier world."[57]

What the Partnership's case shows, and does not

Seventy-five years after the second settlement, the John Lewis Partnership is the longest-running large-scale demonstration in Britain that a company can be owned in trust for the people who work in it and still trade in a hard market. That is what it shows.

It does not show that the structure protects a company from difficulty. The Partnership has had hard years in public, including years in which it paid its Partners no bonus, and the retail sector it trades in has changed beneath it. A trust owner does not make a business immune to its market. It changes who bears the consequences and who decides how to respond.

It does not show that employee ownership is better than other forms. The house's book on employee ownership, *Owning the Work*, reads the research on that question, which is more careful and more mixed than either side of the argument usually allows.

And it does not show that the structure was easy. It took Spedan Lewis twenty-one years and two settlements to move first the money and then the decision. The slowness was not a failure. It was the design.

The two-stage hand-over

Set beside each other, the two cases show something the shorthand hides. A hand-over is not one decision. It is at least two, and a founder can take them in either order or together.

Move the money. Decide who will receive what the company earns once the founder no longer does. In 1929 Spedan Lewis moved it to trustees for the staff. In 2022 the Chouinards moved it to a nonprofit for the planet.

Move the decision. Decide who will choose the board and hold the purpose. Spedan Lewis kept it for twenty-one years before moving it in 1950. Patagonia moved it on the same day as the money, but the family kept a seat in the room.

Remove the sale. In both cases the final arrangement leaves no party able to sell control for private gain. That is what lengthens the clock. A company whose control cannot be sold cannot be drawn down before a sale, which is the moment chapter 5's composite manufacturer met.

Each step has its own risk. Moving the money without the decision can leave a founder in control of a company whose profits she no longer receives, which is stable only while she is present. Moving the decision without the money can leave a purpose-holder with authority and no stake, and chapter 3's objection about accountability returns. Removing the sale without building a present, informed owner produces the absent patience Hansmann and Thomsen warned about.[58] The good hand-overs are the ones that take all three steps and build the owner who will hold them.

Two beneficiaries, one clock

The two cases differ in the most obvious respect: who benefits. John Lewis's trust holds the company for the people who work in it. Patagonia's arrangement sends the money to a nonprofit for the natural world.

It is tempting to read them as two philosophies, one about workers and one about the planet, and to choose between them.

Read through the two clocks of chapter 4, they are closer than they look. In each, the party that benefits from the company over the long run is a party whose interest runs on a long clock. Partners who expect to work in the business for decades want it healthy in twenty years. A nonprofit that expects a dividend each year for as long as the company trades wants it healthy indefinitely. Neither beneficiary gains from a drawdown this year that is paid for in a decade. That shared feature, more than the identity of the beneficiary, is what lengthens the clock.

It also tells a founder what to look for when she chooses her own beneficiary. The question is not only whom she wishes to reward. It is whose interest runs as long as the assets the company depends on. A family that wants to cash out in three years, a buyer who plans to resell in five and a fund that must return capital in seven are all legitimate owners. None of them is on the company's long clock.

The body of the owner

Santa Anna's account of why the structure matters is not only legal. It concerns what ownership does to the people inside the company.

His book's description of worker ownership is physiological. "The nervous system of a worker-owner is fundamentally different from the nervous system of a wage employee," he writes, and the worker-owner's attention turns outward, "scanning for threats *to* the organization."[54] Of the change in the people at Mondragón's cooperatives, he puts it more simply: "This felt ownership changes everything."[54]

The book is equally plain about the limits of its own example. It records that Mondragón "has faced serious challenges, including the 2013 bankruptcy of its appliance division, Fagor Electrodomésticos — a failure that tested the cooperative model severely and produced real suffering for the worker-owners involved."[54] That sentence is worth keeping beside the John Lewis story. Ownership in trust changes who watches the long clock. It does not stop the clock running down if the market turns.

In the language of chapter 4, a trust owner is an arrangement for restoring feedback. The people whose skill and trust are the company's long-clock assets are, in John Lewis's case, the owners' beneficiaries and voters. In Patagonia's case, the beneficiary is the natural world the company's purpose names, and the Trust is charged with keeping the company's decisions aligned with it. Either way, the signal from the slow asset reaches the people who decide.

For a founder, in an ordinary company

Neither case is a template, and a founder of a twelve-person firm should not imagine she needs a purpose trust and a nonprofit. What she can take is the order of questions, and the order costs nothing to answer.

Write down what the company is for after you. Chapter 2's purpose sentence, written by the founder for the company's next owners, not for this year's staff. It is a different sentence, and usually a shorter one.

Decide who will receive the money. The family, the staff, a cause, a buyer, or some mix. Write the mix down before a buyer arrives and makes the decision for you.

Decide who will hold the decision. A board, a trust, a family council, an employee body. Write down who appoints whom.

Decide whether control may be sold, and on what terms. A full sale, a sale only to a buyer who accepts the purpose, a sale only after a period of notice, or no sale. Each answer sets a different clock.

Give yourself a second settlement. Spedan Lewis took twenty-one years between moving the money and moving the decision. A founder can plan two stages deliberately: one now, one at a date, with what must be true before the second.

Take advice. Every choice above has legal and tax consequences that differ by country, and some of them are irreversible. The house gives none of that advice.

The house's book on the history of gainsharing, *The Gain Was Always Shared*, is a companion for the founder whose question is not ownership at all but how the people who build the company share in what it gains. *Ecstatic Economics* is kept at .

A composite: the workshop in two settlements

The case below is a composite built for teaching. The firm is not real, and its details were set by the writer to show the order of decisions rather than any figure.

A founder in her early sixties runs a joinery and fitting workshop she started thirty years ago. It employs thirty-one people, eleven of whom have been with her more than fifteen years. Two competitors have asked about buying it. Her children work elsewhere and do not want to run it. The workshop's long-clock assets are plain to anyone who walks through it: the skill of the senior joiners, who take five or six years to train a new hand to their standard; the reputation with three architects' practices that send most of the work; and a building the business owns outright.

Her first instinct is the ordinary one. She asks an adviser what the business would fetch. The adviser, reasonably, asks what profit it makes and notes that the training of two apprentices costs the firm a noticeable sum each year. She recognises the conversation from chapter 5. If she cuts the apprentices for a year before selling, the price rises, and the gap appears five years later in someone else's hands.

So she takes the questions in the order this chapter sets out. She writes the purpose for the next owners in one sentence: the workshop exists to make fitted joinery to a standard the region's architects can rely on, and to train the people who will keep making it. She decides the money first. Over the next three years, a

share of profit each year goes to a trust for the staff, and she takes the rest as she always has. She keeps the decision. She writes down what must be true before she moves it: two senior joiners willing to sit on a board, an outside director the architects trust, and three years of accounts showing the apprenticeship continued.

At the end of the third year she signs the second settlement. Control passes to an employee trust whose deed names the purpose sentence and forbids the sale of control without a vote of the staff and a period of notice. She stays on the board for two years more, then leaves it. The building is held by the trust and leased to the company.

What the composite cannot tell anyone is whether she is better off in money than she would have been after a sale; that depends on the price she was offered, the terms of the trust, her own needs and her country's tax law, and she took advice on all of it. What it shows is the shape. She moved the money first and the decision second, kept the long-clock assets intact while she did it, built the owner who would be present, and removed the moment when the company could be drawn down before a sale. It is Spedan Lewis's order at the scale of a workshop.

A household's hand-over

The same questions arise at home, usually without the word *settlement*. A family that owns a house, a small business, a parcel of land or a set of savings meant for a purpose faces the founder's question when a parent ages: who will hold this, and what will they be free to do with it?

The order of this chapter works there too, and nothing in it is legal or financial advice. Write down what the asset is for after the present holder: a home for whoever needs one, a business for the child who wants it, a fund for the grandchildren's education. Decide who will receive what it yields. Decide who will make the decisions about it, which is often a different person from the one who receives the benefit. Decide whether it may be sold, and on what terms. Then take advice, because the legal forms and tax consequences are particular to each place.

The households that do this well tend to do what Spedan Lewis did: they take two steps rather than one, and they talk about the second before it is taken. Chapter 12 returns to the household in full.

The finer points

Read the release, not the coverage. Patagonia's arrangement is described in its own words in one press release. Much commentary describes it inaccurately, in both directions. Quote the company.

Date the decision and the money separately. For any hand-over you study or plan, write the date the money moved and the date the decision moved. In John Lewis's case they are twenty-one years apart, and the gap is the lesson.

Look for the founder's seat. In both cases the founder or the family kept a role for a time. Ask what that role is, how long it lasts and what happens when it ends.

Count the years. Seventy-five years after the second settlement is evidence. Three years after a transfer is a promise. Weight them accordingly, and write which you are relying on.

The Tool: The Hand-Over Ledger

For a founder, a family or a board considering what happens to control. One page; revisit it each year.

1 · The purpose after us

- What this company is for, written for its next owners: _____
- The long-clock asset it must never sell to pay for a hand-over: _____

2 · The three rights, now and after

RIGHT	HELD NOW BY	TO BE HELD AFTER THE HAND-OVER BY	DATE IT MOVES
The money (dividends, distributions, proceeds)			
The decision (votes, board appointments)			
The sale of control			

3 · The stages

- First settlement (what moves, when): _____
- Second settlement (what moves, when): _____
- What must be true before the second stage: _____

4 · The founder's seat

- The role the founder or family keeps: _____
- For how long, and what ends it: _____

5 · The owner who will be present

- Who will read the accounts, visit, and ask hard questions after us: _____
- How they are kept at a distance from daily management: _____

6 · The honest note

- What we do not yet know (tax, law, family wishes, the market): _____
- The advisers we will consult, and by when: _____

Two signatures

The two settlements of the John Lewis Partnership are dated twenty-one years apart. Each is a signature on a page, and neither looked like much on the day it was signed. The first moved the money and left the founder in charge. The second moved the decision and left him a Partner. Seventy-five years later the company still sets its hours by the second one.

Chapter 8 turns from the owners who set a company's clock to the clock most listed companies set for themselves: the quarterly forecast, and what happened when one of the largest companies in Europe stopped giving it.

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3. John Lewis Partnership, "75 years of the Partnership's Second Trust Settlement" (jlpjobs.com, read 19 October 2026). The 1929 date is given on that page as twenty-one years before the second settlement and is confirmed by the Partnership's memory-store archive titles; the memory-store pages themselves refused a direct fetch. The account of Spedan Lewis's motives is the Partnership's own. The Partnership's Constitution was not read in full for this book, and its principles are not quoted.
4. John Lewis Partnership, home page and "Partnership model" (johnlewispartnership.co.uk, read 19 October 2026). Statements as made by the company.
5. Hansmann, H., & Thomsen, S. (2013). Managerial distance and virtual ownership: The governance of industrial foundations. SSRN. https://doi.org/10.2139/ssrn.2246116 (resolved by Crossref, 19 October 2026). Danish foundations; it does not study either company in this chapter.

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