



PRACTICAL GUIDE

SUCCESSION TO THE MANAGEMENT ROLE

HOW TO SUCCEED

by
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Where this practical guide includes references to persons in the masculine, these apply equally to persons of any gender.

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PREFACE

Family businesses are characterised by their inter-generational orientation. Their future viability can only be ensured by constantly managing the succession process as responsibility is passed from generation to generation. One of the most important elements of this form of future-proofing is making the best possible appointments to the managing bodies of the family business as part of a sound and professional succession process.¹

Filling senior leadership positions in the business requires, firstly, interest to be shown by suitable members of the owning family. Secondly, there must be agreement within the family on a common mental model² or a jointly supported family strategy framework.³ A family business governance that is based on these principles will create conditions conducive to family members' participation in the business's management bodies.

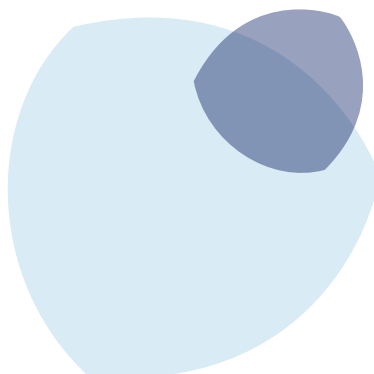
This practical guide focuses on the introduction of the next generation to a managing role within the family business. It examines which stakeholders from the business and its environment should be involved in the succession process and how they should be involved. The focus is on designing and developing a new management team and governance bodies that work together. The successful organisation of a business succession can only be

achieved if it is seen as a joint project. It involves role changes – sometimes far-reaching – within the family, business management teams and supervisory bodies. These need to be planned carefully, intensively, and flexibly, and to be supported during implementation. The explanations in this practical guide focus on the three key stakeholder groups that are crucial to ensuring that NextGen gets off to a good start and can successfully contribute to the management of the business: the family of the family business, the top executive management team and the ownership governance structures. If integration is successful, the energy and enthusiasm for innovation and change that inevitably accompany the arrival of a new generation can be released quickly and effectively.

Through this practical guide, the authors aim to establish a conceptual framework that can guide business families involved in, or likely to be involved in, such processes.

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¹ See also Fernández-Arároz & Iqbal (2024) in the international context, and specifically Fernández-Arároz (2020).

² See Rösen et al. (2022a), particularly for a discussion on models of patriarchal/matriarchal logic and the managing family.

³ For a detailed discussion, see Rösen et al. (2022b). A clarification of the questions surrounding the involvement of family members in the family business (Field 4 of the twelve-step process model) supports the development of an appropriate governance framework and the definition of essential internal family decision-making processes.

1 | INTRODUCTION

The survival of a business over several generations should by no means be taken for granted. In Germany, almost one-half of family businesses are in their second or third generation of family ownership,⁴ but only around one-fifth manage to keep the business in the family for longer than this.⁵

In the coming years, many businesses will have to face the challenge of whether they too can succeed in taking this step: according to a recent survey by the IFO Institute and the Foundation for Family Businesses,⁶ 43% of the family businesses surveyed in Germany alone will transfer the business, or shares in it, within the next three years.⁷ However, only about one-third of these businesses have recently found a successor from within the family. These figures show that handing the business over to the next generation is a major challenge – and one that many business families fail to meet.

The management of the operational succession is only one part of this. The 'Witten Phase Model of Succession'⁸ describes succession as a long-term process that goes well beyond simply handing over leadership responsibilities. The question of succession first arises with the birth of a child and is by no means resolved with the handover of leadership responsibilities to the successor.

The course of succession can be divided into ten typical phases. Their duration is based less on a specific number of years than on the issue at stake. The topics covered in this practical guide fall mainly within Phases 5 (Preparing the business), 6 (Selection of the successor), 7 (Entry into the business), 8 (Gradual handover of leadership responsibilities from the current generation to the next), and 9 (Current generation leaving the business).

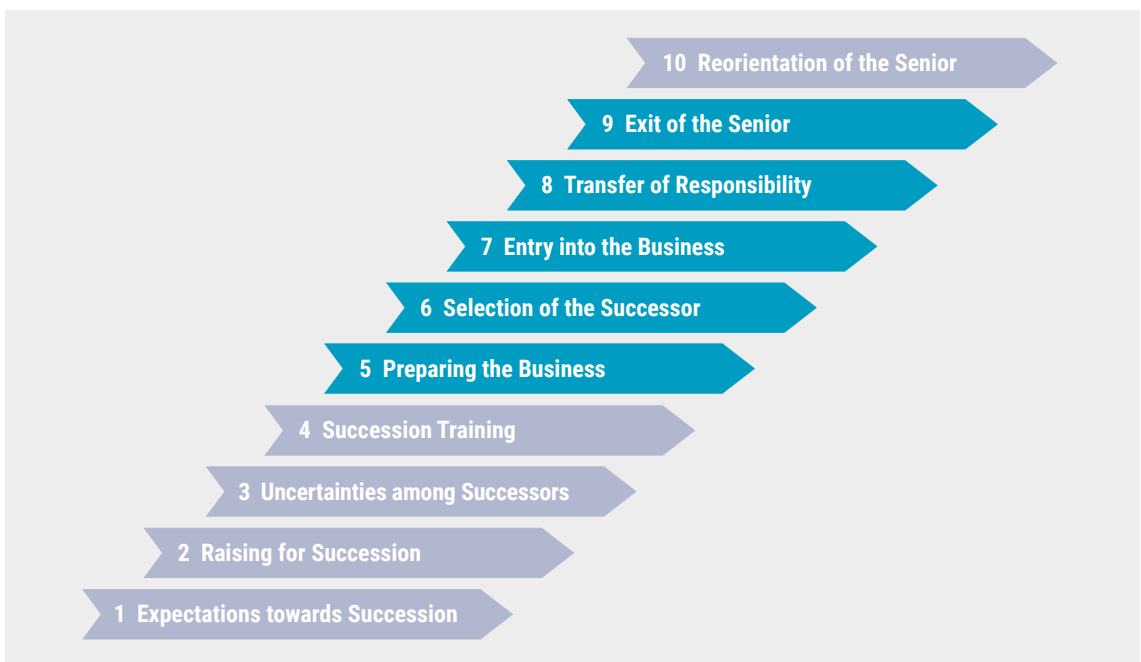


Figure 1: The Witten Phase Model of Succession; taken from Groth et al. (2020), p. 5, and slightly modified

⁴ See Garnitz, von Maltzan & Müller (2023). This study was based on the FamData research dataset. The FamData database compiles the results of numerous surveys commissioned by the Foundation for Family Businesses. Since 2017, between 1,500 and 2,000 entrepreneurs from both family and non-family businesses across a range of sectors and business sizes have participated annually in these surveys. The present analysis draws exclusively on data from family businesses..

⁵ Ibid.

⁶ Ibid.

⁷ Ibid., p. 48.

⁸ Groth et al. (2020).

Ideally, internal family succession is preceded by a structured decision-making process around one or more successors, involving the participation of the supervisory and control bodies, and including a formal assessment of the relevant individuals (typically within Phase 6 of the model).

Both the family members and the board of directors should carefully consider which NextGen family members possess the right personality, attitude, expertise, development potential and interest in the challenge at the time.⁹ Candidates should also be suitably prepared for the task at hand and have the necessary knowledge and practical experience. It should be noted, however, that even with good preparation, successful generational change is by no means a foregone conclusion. Indeed, the issue is far wider than the personal challenge involved for the successor.

When succession processes fail, the NextGen members involved are often blamed. However, a closer look at the internal dynamics of failed successions frequently reveals a lack of support structures. In many cases, there was a lack of willingness to allow change in established management teams and leadership cultures. The new generation was expected to subordinate themselves and fit into the existing structures, with no account taken of their needs, skills and goals. Generations Y, Z and Alpha, in particular, have fundamentally different perspectives on hierarchical structures, how teamwork works, the relationship between remote and in-person working, and informal culture, among other aspects.

There is no doubt that management continuity and stability during a succession process send important signals to the business's stakeholders. However, this does not mean that long-standing advisers, supervisory and advisory boards, long-serving employees, management teams or management styles should remain unchanged. An approach solely focused on continuity reduces the new decision-maker to a "filler" role, blocking innovation

as well as the necessary structural and cultural changes.¹⁰ In such situations, NextGen representatives are forced into pre-determined structures and behaviours, unable to contribute their skills and personality to the maximum benefit of the overall business.

Research into the factors behind the success of long-established family businesses has shown that generational change provides an opportunity to boost innovation and modernisation within the business. Given the increasingly rapid pace of major social and economic change, this is a critical success factor.¹¹ Conversely, it may be argued that the NextGen successors want to transform everything when they join the firm: highly motivated, they push for modernisation and fundamentally question the established strategy, culture, structure and leadership. However, they lack the experience, standing and competence to implement such far-reaching changes alone and thus run the risk of making strategic mistakes and not being taken seriously by employees and other stakeholders. In such a scenario, the business runs the risk of medium- to long-term damage and loss of future viability.

The task of changing the leadership of a family business cannot be viewed in isolation as a change only at the top level. Egon Zehnder's decades of practical experience and the Witten Institute for Family Business (WIFU)'s 25 years of research on this type of business both make one thing clear: a holistic, systemic-theoretical perspective must be adopted; it must be assumed that mutual influences characterise both the family and the business.¹² The resulting tension between the different logics must be balanced by both the owners and the bodies acting in their interests.¹³

Within this framework, business succession is a task to which all the various stakeholders must contribute. The members of the business family – in particular, the "SenGen" representatives who hold a managing role in the business or on super-

⁹ See Felden et al. (2023) on this.

¹⁰ The notably inadequate openness to digitalisation on the part of medium-sized family businesses can, in part, be attributed to this. NextGen successors often fail due to entrenched patterns of thinking and behaviour, which hamper the development of new perspectives on product, process and business model innovation. See Rüsen et al. (2021) and Rüsen et al. (2022b) for an in-depth discussion.

¹¹ The broad spectrum of leadership challenges is comprehensively addressed in Busch et al. (2023) and, in particular, in Najipoor-Smith & Gerhard (2023).

¹² See Wimmer et al. (2018) as well as Simon et al. (2005).

¹³ See von Schlippe (2020).

visory bodies – must create structures and teams that enable the next generation to develop their strengths in the best possible way for the long-term success of the business. At certain stages of the succession process, this may require far-reaching changes to the advisory board, the board of directors and all other management bodies.

Founders or owners who were “thrown in at the deep end” themselves as successors and who fought for their own success within (or even against) the family, may find that a complex and supportive handover process requires some patience. Those who want to make their business and family fit for the future, however, have to recognise that an ongoing assessment of the position of the next generation, who want to find out what activities within

the family business are both beneficial to them personally and in the long-term interests of the business, is part of a modern and successful succession process.

One thing is clear: business succession can only be successful when it involves collaboration. Changes in roles within the family and existing management teams can be far-reaching and require intensive and flexible planning and support. The following section focuses on the three key stakeholder groups that can help NextGen get off to a good start and support sustainable success in running the business: the family of the family business, the top executive management team and the family business governance bodies.

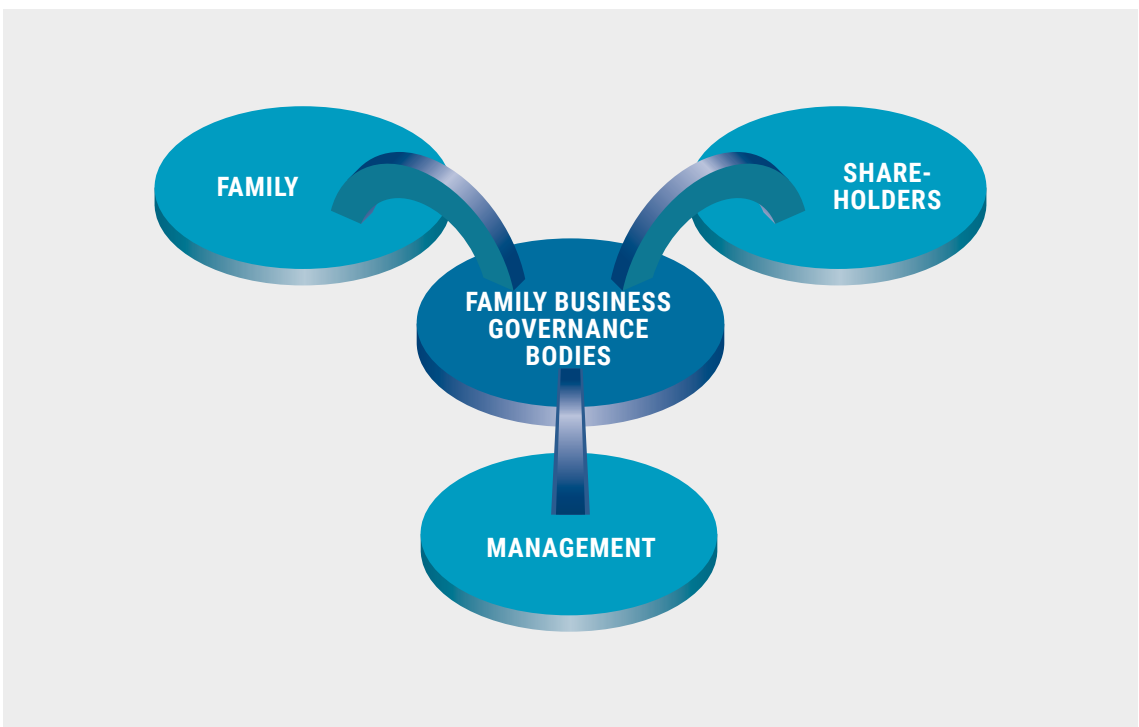


Figure 2: Three-circle model with family business governance bodies; own illustration based on Kirchdörfer et al. (2024)

2 | THE CONTRIBUTION OF THE FAMILY OF THE FAMILY BUSINESS

Family stakeholders encompass all family members – both those actively involved in the business’s decision-making processes and those not directly involved. Family members may take an active role as shareholders, employees within the business or decision-makers at various management levels of the business. These active roles may overlap in different contexts, as Figure 3 shows: active family members may take on a shareholder role only, or a managing role only, or they may act as both shareholders and managing decision-makers.

However, family members who do not play an active role in the shareholding, decision-making or

supervisory bodies also play an important role in succession planning as they contribute to the formation of opinions and expectations about the NextGen in the home environment of the decision-makers. Private conflicts and competitive thinking between individual family branches can play a role here and may explain why a “junior” member of the family, whose weaknesses and strengths are well known within the private environment, should be trusted with a leadership role.

The cultural attitudes of the family members working in the business are also shaped within the wider family environment. Is asking for help and

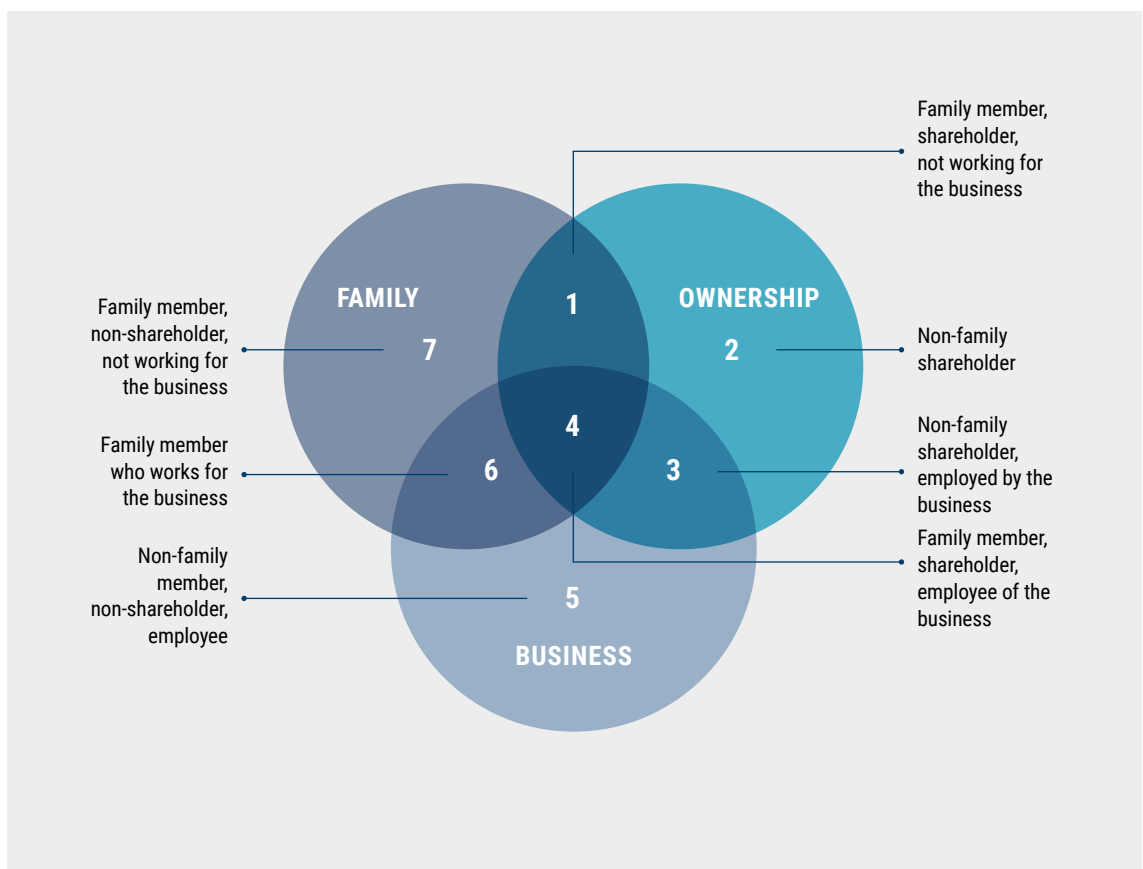


Figure 3: The three stakeholder groups of a family business and the different roles of the various actors (own illustration based on Gersick et al. (1997))

support seen as weakness? Is change seen as positive? Do family patriarchs usually dominate events, or is there cooperation with others on an equal footing? How does the family deal with conflict? To what extent are female family members recognised as equals in their role as successors?

These factors can be summarised as follows: the support of the entire family circle of stakeholders is important for the individual positioning of the next generation, their ability to realise their development potential and, therefore, the success of the entire succession process.

2.1 | THE NEXT GENERATION AS A PIVOTAL POINT IN THE FAMILY STAKEHOLDER GROUP: WHAT PATH DO THE SUCCESSORS TAKE?

Many business families are characterised by a desire to retain the business assets within the family in the long term and to fill management positions from within the family. The idea that the eldest son should automatically take over as crown prince is extremely rare these days. The old “crown prince” rule has now been replaced, to varying degrees, by a professionalised and regulated selection and assessment process, in which suitable candidates are identified and nominated from within the family.¹⁴ This does not mean, however, that those selected in this way already possess all the necessary professional and personal skills to the required extent. In fact, in most cases, more suitable “ready-made” candidates for the vacant management positions could be found on the “free market”, i. e. from outside the business, simply in terms of professional training and experience.

However, succession planning in family businesses is always about broader issues and goals than just filling a management vacancy in the short term. The decision to pursue an internal family succession is, therefore, on the one hand, a decision to develop selected candidates from within the family into the management positions to be filled. On the other hand, it may also be necessary to adjust the structure of these leadership positions and the management teams around them, taking into account the goals, skills and personality profile of the successor, so that they fit the designated NextGen candidates.

From this perspective, the NextGen becomes the focal point for all decisions made within the business family system during the succession process. Supporting and empowering the successors at this critical stage becomes a top priority for all involved in the process. This process requires sufficient time and good planning with clear milestones.

2.2 | PLANNING, ENTRY AND DEVELOPMENT: MILESTONES ON THE ROAD TO HANDING OVER RESPONSIBILITIES

How business families optimise the transition to a new generation is a highly individual process. It depends on the skills, experience and personality of the successor, as well as existing business structures, the timeframe within which the handover must take place, and wider factors such as the overall economic situation. Nevertheless, there are certain critical and universal milestones that business families should not miss along the way.

¹⁴ See Felden et al. (2023)

MILESTONE 1 “YES, I’M IN.”

Ready to go: The decision has been made.

A candidate from the family has been selected and has agreed to take over the business. This is very good news and should be celebrated as an essential milestone in the family circle. The next step is to get down to work: an individual development plan needs to be drawn up.

MILESTONE 2 “HOW MUCH TIME DO WE HAVE?”

Thinking from the end: the goal is clear.

When drawing up the development plan for NextGen, it is advisable to think from the end. The first step is to ask the SenGen when the current leaders want to retire and hand over responsibility. All the development steps can then be planned back from the target date. The choice of handover date will determine the speed at which NextGen and the business need to move towards handover readiness. If possible, the current generation of leaders should give themselves and NextGen three to five years for the handover process.

MILESTONE 3 “WHAT DO I BRING TO THE TABLE?”

Positioning: The starting point is clear.

If this has not already been sufficiently assessed before the decision was made on the successor, now is the time for an individual assessment. At this point, both the outgoing and incoming generations should ask themselves the following questions, if necessary, with the support of external coaches or confidants. At what point will I be ready to hand over (SenGen) or take over (NextGen)? What do I still need to learn and do before this (for both generations)? What criteria will we use to decide when or whether we are ready? What are our mutual expectations?

Once this milestone has been reached, the parties will be clear on the competencies and skills that NextGen successors will need to develop in order to assume overall responsibility for the business in the future.

The SenGen representatives will also have clarified for themselves where they can obtain support to help them let go gradually.¹⁵ They will be aware of the behaviours and attitudes they can adopt to best support NextGen on the next part of the journey.

MILESTONE 4 “WHAT TO DO AND WHEN?”

The plan is in place: NextGen’s development matches the pace of the organisation’s development.

The next step is to align these personal development steps with the development steps needed in the organisation: what decisions need to be made in the business, what changes need to be made in terms of people, structure and strategy, and when do these need to happen? This milestone is reached when the individual’s development plan is aligned with the organisational and personnel changes needed in the business. The path to this fourth milestone is analysed in more detail below.

¹⁵ For details on SenGen’s ‘Learning to Let Go’, see: Caspary et al. (2025).

2.3 | CONCRETE STEPS TO LEADERSHIP RESPONSIBILITY IN THE BUSINESS

The individual development of the next generation's leadership skills must be coordinated with the development of the business's management structure and organisation. There are several critical success factors here, primarily related to the gradual integration of the successors into management tasks in the course of the learning process.

If the next generation starts at a lower management level or has little professional or management experience, a clear roadmap is needed for these steps. Clear and binding target agreements and a defined timetable for the development required are important success factors. In this way, the NextGen will acquire management autonomy and decision-making authority similar to that of a classic career ladder, albeit at a faster pace. Direct entry into top management requires a similar plan to take on people management and departmental responsibility.

At the same time, however, all those involved should be aware that the roadmap can only ever be drawn in pencil, as the NextGen development process will not always go as initially envisioned. Personal and professional strengths and weaknesses, particular areas of interest, and unexpected needs for support may only emerge during the handover process.

Regular reviews, in which all those involved are satisfied that the path taken is still the right one, are therefore crucial to the success of this process, as is a willingness to adjust the development path if necessary. In this context, it is particularly important to create reflection sessions for SenGen and NextGen participants. In these sessions, those involved in the process should meet at regular intervals outside the firm (possibly with a facilitator) and offer each other open feedback on the status quo

of the handover process. This allows them the opportunity to discuss any grievances and annoyances, as well as their wishes and expectations of each other. Key questions might include:

- What aspects of the handover process are already working well and should be continued?
- What aspects of the handover process are not working well and should be addressed as soon as possible?
- What has been particularly good about the collaboration so far?
- What has been difficult about the collaboration so far?
- What are each of our wishes and expectations for the future?

Another critical success factor is a keen sense of how to manage the tension between the need to develop expertise and the need to build reputation and standing within the business. While some of the learning process for the next generation, such as acquiring technical and general knowledge, can still occur outside the business, many practical business and management skills are best learnt by the designated successors directly within their own business.

There is a strong case for junior managers to gain experience and expertise "on the job" in different parts of the business – not only to see their own business through a strategic lens, but also to learn the intricacies of day-to-day managerial challenges in various business areas. Following this path to overall responsibility, they should gradually take on responsibility in individual areas, growing personally and professionally as they do so.

However, this means that the learning process – and all the initial mistakes, uncertainties and stumbling blocks that it entails – must take place in full view of employees and other stakeholders, such as customers and business partners.

Amid this tension, the following questions need to be addressed:

In which business areas and fields of activities can NextGen gain relevant experience without being too closely monitored?

Subsidiaries and foreign locations, for example, as well as business units that are operationally largely independent, are suitable options. It may also be a good idea to earn managerial spurs during the training and travel years in other friendly family businesses or with business partners in the upstream or downstream value chain.

How far down the hierarchy and in what role should the learning process begin?

In some family businesses, tradition requires that designated successors, especially those who join at a relatively young age, should first work on the “shop floor”. This means that these successors have to earn their credibility, so to speak, at a very low level in the business hierarchy, for example by doing practical work in production or sales, before they are allowed to take on management tasks.

However, this can have the detrimental effect of creating an image of the designated successor as an inexperienced trainee, perhaps clumsy in practical matters, in the eyes of “shop floor” staff and middle managers. With this in mind, it may make more sense to place the NextGen within business unit management for a clearly defined period and to assign them to specific people or project management tasks. These could include areas such as strategy, digital transformation, process optimisation or sustainability. These positions allow the NextGen to get to know the business as a whole, while taking on responsibility in a limited area and at the same time coming into direct contact with

employees from a wide range of work areas. In the next step, they will then be ready to take on operational responsibility in a strategically important business area – and ultimately, overall responsibility.

Establishing a mentoring role has proven helpful. For example, long-serving members of top management or the supervisory board, or experts specialising in succession, could take on a coaching and mentoring role. Questions, uncertainties, or critical feedback from the organisation can be reflected upon, classified, and, if necessary, adjusted in regular meetings.

How can clear lines of responsibility and authority be drawn between successors and seniors?

For NextGen, having to learn in the immediate sphere of work and influence of the SenGen decision-makers can hinder their optimal development. This is particularly the case in a business in which structures and processes are strongly tailored to the patriarchal founder or manager. It is then challenging to create separate areas of responsibility for the successor where SenGen cannot constantly “inter-vene”.

If the business is not of a size or structure to find entry-level roles outside SenGen’s immediate sphere of influence, then the senior and junior generations need to divide responsibilities and establish clear rules for working together and dealing with each other.

Again, it may be helpful to provide the next generation with experienced mentors with whom they can discuss potential problems and conflicts in working with the senior generation. It is essential that such mentors have experience in running family businesses and, where appropriate, knowledge and experience in succession planning.

CASE STUDY A

An entrepreneur arranges for his daughter to set up and develop a foreign subsidiary in Southeast Asia. There, she gains management experience and assumes responsibility for a limited area of the business outside her father's direct sphere of influence.

In a second step, she takes over as Head of Corporate Strategy and Corporate Development at the business's headquarters. In this role, she liaises with managers and teams across the business. She can also drive future issues in limited pilot projects without having direct overall management responsibility.

In the third step, at an agreed time, she will assume overall responsibility for the management of the business from her father.

Possible conflicts and rivalries, or challenging combinations of personality profiles, should consistently be recognised and uncovered at an early stage through team development exercises. In most cases, those involved will have known each other for many years, but only within a family context. Professional cooperation and the ability to make and coordinate decisions together – and also to deal with different views – must be developed and accepted as the norm, as in any other management team.

It is crucial for success that professional differences between those in a close relationship are tolerated and not exploited as a weakness or a basis for continual (self- or external) devaluation. With external support from mediators or coaches, group-dynamic experiences can be reflected upon constructively. This is most likely to succeed if the successors are clear about their own strengths, weaknesses and goals and how these may contrast with those of other family members. Behavioural patterns that have been practised in the family for decades may also play a role, such as rivalries between siblings or long-established family dynamics whereby older siblings do not want to “subordinate” themselves to younger family members.

2.4 | CO-LEADING OF SIBLING TEAMS

Clearly defined areas of responsibility and competencies – from the start of the induction and development phase to the final handover of the management position – are also key to success when not just one member of the family wants to take over the operational management of the business, but two or more siblings¹⁶ (or, in the case of family businesses with several branches, several cousins).

Ideally, in such cases, a decision should be made at an early stage (as part of Milestone 3: Positioning) regarding the leadership role in which each NextGen representative envisions themselves and the position in which their skills and personality can be best utilised. For instance, which of them aspires to overall responsibility in the CEO role? Who is primarily interested in operations and could see themselves in a COO role or leading a specific business unit? Are there other positions, such as CFO or HR Director, that might be suitable?

Modern industrial and organisational psychology has developed a number of easy-to-use tools that can be used at the beginning of a collaboration.¹⁷ Appropriate sociometric analyses can be conducted to predict the expected dynamics of the collaboration, creating clarity and transparency. Strategies for dealing constructively with differences are also available. Once the respective goals and desired leadership roles have been clarified, each individual can follow an individual development path that best prepares them for their chosen future role and avoids destructive, unproductive conflicts.

It is, however, vital to bear in mind that conflicts and rivalries are often unavoidable when multiple successors seek to take over the management of the business. Therefore, it is not uncommon for families to decide on a family strategy that clearly sets out the criteria according to which career decisions will be made and by whom they will be made.

¹⁶ For more details, see Lehner (2021).

¹⁷ Examples include the Myers-Briggs Type Indicator (MBTI), the Bochum Inventory, the Reiss Motivation Profile, Spiral Dynamics, the M³ Model by Egon Zehnder outlined further below, and many more.

Such rules should always be laid down in the shareholders' agreement. This is the only way to prevent unresolved succession issues from causing unrest within the business, the family or the shareholders. For example, provisions may stipulate that only one successor or only a limited number of family members from one generation may assume management responsibility at the same time. Or, to limit the number of potential candidates, the family may decide that only those of a certain age, or with specific educational and professional qualifications, or with several years of management experience, can be considered potential successors.

Such arrangements can also lead to conflict within the family, for example, if several qualified candidates are interested in a limited number of management positions. However, clear succession rules, combined with a conflict management process enshrined in the family constitution, can ensure that defined procedures exist and that expectations within the family are managed. These important components of family governance will help make conflicts manageable at the family level in accordance with the agreed-upon rules, thereby reducing the risk of such conflicts spreading into the operational business.¹⁸

CASE STUDY B

The founder and CEO of an industrial firm has two sons. Both decide to join the family business after studying business administration and gaining their first external work experience.

The family come to the conclusion that they trust both sons to take on management responsibilities and work together to identify the management positions in which the sons can utilise their strengths most effectively. Both sons initially take on responsibility in sub-areas of the business:

- One son starts with operational responsibility for a business unit. Then, as his father's successor, he aims to take on overall responsibility for the business's management.
- The other son heads the business's internal training unit, which provides in-house training for sales staff, international sales representatives and the firm's customers. The business's highly technical products and their broad applicability are its main competitive advantage and therefore important to its overall success. The son's role is strategic: to develop the training programme and strengthen sales skills and customer relationships.

The two leadership roles are communicated as equally important in family communications from the outset.

Conclusion: There is usually more than one important leadership role in a business. If families can communicate that multiple leadership roles are equally important and of equal value in terms of successful succession planning, this can open the door to multiple successors who can contribute their strengths in the best possible way.

¹⁸ See von Schlippe & Rösen (2022).

2.5 | THERE ARE MANY WAYS TO GET THERE: PLAN B

Conflicts in the family system can also arise when things do not go according to the development plan originally agreed; for example, it may transpire that the NextGen successor is falling short of their development goals, or the designated successor may realise that they do not want the job or the responsibility.¹⁹

In such cases, the development plan must allow for detours and workarounds. Although it would be for many families a nightmare scenario to cancel a succession process prematurely, the worst alternative is that an unsuitable or unmotivated successor has full management responsibility, or that the family is divided over unresolved management conflicts. It is therefore essential to have a Plan B. A clearly formulated, individual development plan entailing a step-by-step assumption of responsibility and clearly agreed learning and development goals also creates opportunities in stages, where each milestone reached can also be a moment to pause and consider. How has the NextGen successor performed in their area of responsibility? Have they been able to develop the desired competencies? What were the successes and setbacks? Can the next steps be taken as planned, or does the plan need to be adjusted?

Families should check these points at each milestone:

- Has the successor achieved their personal and professional learning goals?
- Have any unexpected gaps in competence or skills come to light?
- Are the goals and motivation for the subsequent development steps still the same as at the beginning of the succession process?

Feedback discussions with the successor, with colleagues and other companions can be helpful, but the question remains: What should be done if a milestone is not reached as planned and the entire succession plan is suddenly at risk?

➤ Keep calm

If it is clear from the outset that the succession and development path is only “pencilled in” and can be adapted at any time, this will alleviate the pressure. Instead of seeking a solution with an all-or-nothing attitude, everyone involved should recognise that obstacles can arise along the way and minor changes to the route and the odd detour are a necessary part of the journey together.

➤ Get to the root causes

What obstacles or difficulties have stood in the way of achieving the development goals? Can they be removed?

➤ Find detours and ways out

Rather than insisting that the next generation take the planned steps towards full responsibility, business families can allow detours and workarounds, perhaps in the form of sabbaticals to gain distance and clarity about their own goals, or offering a position on the supervisory board or in the family office instead of operational management responsibility.

➤ Avoid losing face

A change in the development plan and a new role in the family and business can be perceived as a “step down” and lead to a loss of self-esteem, even within the family structure. The family should credibly communicate to its NextGen that a failure or change in the succession plan is not the end of the world, and that there is always a Plan B.

¹⁹ Using the practical example of Knauf, see Grundke et al. (2014).

CASE STUDY C

In a family business, a daughter of the current director was identified as the preferred successor following an internal assessment. She fulfilled the family's wishes and aimed to assume overall responsibility in the medium term. Initially, she took on management responsibilities in various business areas. A fixed date was set for the transfer of overall responsibility from father to daughter after five years.

After two years of gaining operational management experience in various business areas, she began to have doubts about the plan. Shortly before she was, in the next step in her development, to take on greater responsibility in the overall management of the business, she informed her father that she did not feel up to the next step and that she did not want to succeed him after all.

After much discussion, the daughter decided not to leave the firm altogether, but to join its advisory board for a time. As such, she continues to be involved in important business decisions while gaining further professional experience in other firms.

The board is using the time to find and develop an external successor. The goal of handing over the business after five years remains in place, and the family remains open to the possibility that the daughter, as the internal successor of choice, may be ready to take on operational management responsibility at a later date.

Conclusion: Both sides now have the opportunity to reorient themselves without the handover process failing completely, and the daughter may try again at a later date.

CASE STUDY D

The founder and managing director of a business nominated his nephew as his preferred successor at an early stage. The nephew agreed, joined the firm in his mid-twenties and gained experience in various management positions.

After the first few years, however, the patriarch began to have doubts about his nephew's suitability as a successor. Over a period of 15 years, he repeatedly transferred him to other positions in the business but did not inform him of his now fundamental doubts. The nephew continued to believe that he would eventually assume overall responsibility and worked towards this goal.

When the senior boss reached retirement age, he hired an executive search firm to find an external successor, and presented his nephew with a fait accompli. The nephew left the business disappointed and upset and embarked on a completely different career path.

Conclusion: Both sides invested a significant amount of time and energy over many years following the originally planned development path towards internal family succession. As a result, both have missed out on development opportunities and put their personal relationship at risk.

3 | CONTRIBUTION OF THE BUSINESS MANAGEMENT TEAM

Successors are not only dependent on the support of family stakeholders during the generational change, but also on that of the management team within the firm. However, the existing management team has usually been aligned with the SenGen leader for a long time and has been shaped by their leadership style, attitudes and behaviour.²⁰ They have often worked alongside the SenGen leaders for many years and adapted in terms of their skills and ways of working to provide optimal support. However, they are not necessarily ideally placed to take on this role for the NextGen successor when he or she is ready to assume leadership responsibility.

The NextGen can undoubtedly benefit from and learn from the experience of long-standing managers. However, when it comes to setting their own management priorities or changing processes and working methods, successors often encounter resistance from the “old hands”. It can therefore make sense to rejuvenate the board and the second-line management team. There is a particular need for action with regard to the management team if the business has been run by a classic patriarch who has delegated little responsibility and kept the reins in his own hands.²¹ Such businesses often lack a strong second tier of management, and this can jeopardise the transferability of the business, as younger, less experienced NextGen successors are overwhelmed when asked to take on such an extensive management role. They find that the full weight of responsibility lies on their shoulders, rather than being spread across the management team.

Preventing this type of situation is a challenge for the SenGen. While NextGen successors are gaining experience in individual business units or branches as part of their development plan, senior managers should already be working to ensure that their successors have a team around them that can best support them when they take over overall responsibility. For SenGen leaders, this may mean letting go of old comrades and bringing on board younger managers whose specific skills and personalities

complement the designated successor. It may also mean that senior managers, in consultation with the designated successor, actively build or develop a strong second and third tier of management and hand over some of their management responsibilities to them.

This kind of forward-looking human resources planning and management development is a challenging task. Young, motivated managers need to be recruited and developed during the transition period, but they are often torn between the old and new management worlds until the actual handover to the successor. Several organisational and personnel requirements must be met if this challenging process is to be successful.

3.1 | ORGANISATIONAL AND PERSONNEL REQUIREMENTS

While the NextGen is working on its succession and leadership capability as part of its development plan, SenGen is ideally working on the “handover capability” of the business. It is vital to set clear priorities and address the need for change early. Entrepreneurs should ask themselves the following questions:

- Which management areas should be changed, which new issues arise and which management areas should be added?
- Which members of the “old” management team still have a role in the planned new structure and direction? Who will support the next generation, perhaps in a mentoring role, providing guidance and support in the early years? Which senior members of the management circle are not suited to such a role? Who is more likely to slow down the young successor and, therefore, needs to leave?
- What new management talent can best fill the gaps in the successor’s expertise on the board and in the second tier of management, and align with the successor’s vision of a modern management culture?

²⁰ See Wimmer (2021) as well as Wimmer, Groth & Simon (2022).

²¹ See Wimmer (2021).

- Which tasks should or will the NextGen successor take on themselves, and which can be taken on by non-family managers?
- When does the modernised and possibly expanded management team need to be ready to hand over to the NextGen successor?

The answers to these questions should be incorporated into a roadmap for the development of the management team and become part of the overall handover plan.

3.2 | CORPORATE CULTURE

Corporate culture plays an important role in the composition of the new management team. The outgoing leader and the successor should work together to determine which aspects of the culture need to be preserved and which aspects of the succession plan offer an opportunity to develop the culture in a targeted way.

From three different perspectives, corporate culture is an important factor both for the succession process and the long-term success of the business.

- **Business perspective**

Businesses with a strong consensus on cultural norms perform better financially.²² This has been demonstrated in practice: companies that make an explicit effort to change their culture experience twice the revenue growth of businesses that focus less on developing and modernising their culture. In terms of the succession process, this means that if the change in leadership leads to inconsistencies in the culture and definition of leadership norms, or if there is a failure to actively address the culture, the success of the business may be at risk. On the other hand, addressing strategy, leadership structure and culture can create a momentum that lasts for many years.²³

- **Leadership perspective**

Leaders have a decisive influence on the corporate culture, and this influence is particularly strong in family businesses. However, when it comes to achieving controlled and comprehensive cultural change, experience shows that new leaders often face numerous hurdles.²⁴ In terms of the succession process, this means that successors should be aware that unwritten rules and behaviours that have shaped their predecessors' actions can often continue to influence the business for a long time to come, sometimes in unexpected ways

- **Employee perspective**

Corporate culture is one of the most important factors in determining where people want to work. A newcomer's cultural fit is closely tied to vital success factors – job satisfaction, the reciprocal commitment between employees and the organization, and employee turnover. In terms of the succession process, this means that everyone involved should be aware that changing the culture (or maintaining a culture that may no longer be relevant) has far-reaching implications for both existing and potential employees.

There is often a hope or expectation within organisations that cultural change will happen “by itself” as part of a generational change. Once the younger generation is at the helm, it is said, outdated, patriarchal structures and mindsets – and blind adherence to outdated management styles and working methods – will simply disappear.

However, this confidence is often misplaced. The inertial forces of the existing culture then lead to frustration for all concerned: for those who feel that the “new” leaders suddenly want to do everything differently and who therefore no longer feel valued, as well as for those who hope for rapid cultural change and find themselves thwarted by perceived “diehards”.

²² See O'Reilly et al. (2014).

²³ For an in-depth discussion, see Voigt & Nimz (2023).

²⁴ See also Voigt & Nimz (2023).

Cultural change, as part of a succession process, should therefore not be taken for granted, but actively shaped and communicated. Ideally, the SenGen representatives should initiate the transformation process before they leave their positions of responsibility. It can be helpful to view culture as the result of recurring patterns of behaviour. To develop an organisation's culture, leadership teams can adopt, model, enable and encourage new behaviours, thereby creating new norms.

No single, specific culture or strategy leads to superior performance; rather, the precise alignment of cultural and strategic priorities leads the overall organisation to success. However, this will only happen if the new management team, as a whole, can agree on common goals for this transformation process and consistently adopts and promotes the behaviours that contribute to these goals.

The cultural alignment of the management team, i. e., its alignment with the corporate culture, therefore becomes an essential factor in the success of the succession process, and cultural fit becomes an essential criterion in the selection of internal and external candidates for the management team.

3.3 | SELECTION AND DECISION-MAKING PROCESS FOR INTERNAL AND EXTERNAL CANDIDATES FOR THE MANAGEMENT TEAM

As an interim conclusion, it is in many cases necessary not only to integrate a single family successor into an existing management team, but also to revitalise or complement, at the right time, this management team with suitable internal and external candidates.²⁵

What, then, is important in the selection and decision-making process for assembling the manage-

ment team? This process of recruiting complementary management personalities who will optimally support the family successor begins with the coordination of a strategic, value- and competence-based specification. Based on this profile, suitable candidates can be identified and assessed at the appropriate time.

REQUIREMENTS PROFILE: SUITABILITY, IDENTITY AND POTENTIAL

To assess the suitability of candidates for the management team to support the NextGen decision-maker in the critical handover phase, board members, managing directors, and governance officers should look beyond past experience and performance to focus on suitability (for present needs) and identity and potential (for future needs).

A Requirement profile – suitability (present)

Whether candidates are suitable for the leadership team during this phase of the transition depends on their competencies, identity, cultural fit and personality.

Competencies

What skills and abilities does the candidate bring to the table to develop areas of work and responsibility that the internal successor will not be managing?

Identity

How strongly does the candidate identify with the values and goals of the business and the family? What attitude do they bring? Particularly amid current geopolitical and economic uncertainty and polycrisis, there should be no fundamental lines of conflict running through the leadership team.

²⁵ Further methodological examples can be found in Ritter (2014).

Cultural fit

Analysing the emotional core is often the greatest challenge for family businesses attempting to create a suitable profile. What can, or should, the external managers bring to the business to add to the profile of the selected internal successor? What experience, motives and values are desired? What behavioural patterns or informal, unspoken

rules apply in the business, and what is it in a candidate's profile that suggests they will support these informal rules? What are the decision-making structures within which the new managers will operate, and how much creative freedom can and should they be given, especially in view of their supporting role for the next generation of decision-makers?

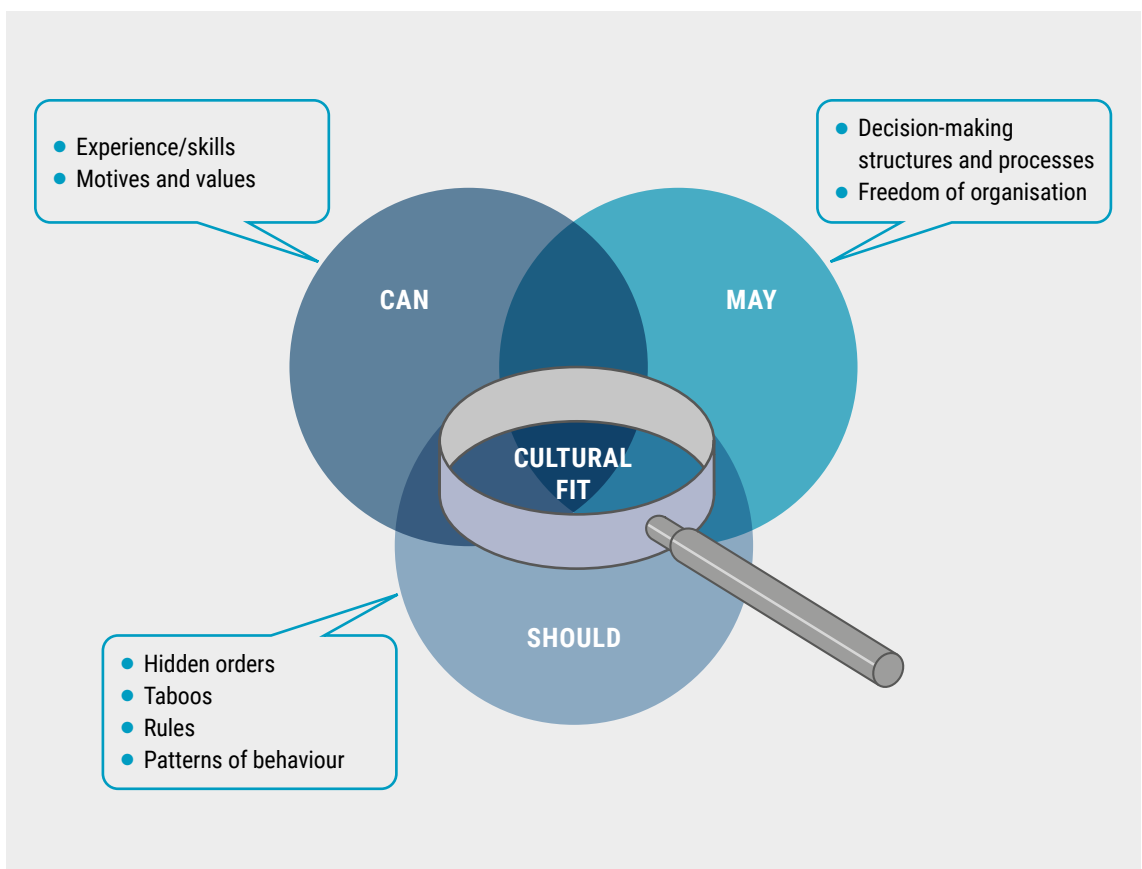


Figure 4: The Cultural Fit (own illustration)

Personality types

The ideal personality profile of those in the management team depends on the personality and skills profile of the internal successor. The aim is to select personalities that will best support the successor and whose selection will lead to the best results in terms of business success. The geopolitical and overall strategic situation also plays a role in a highly complex world.²⁶ Three personality types of non-family co-leaders can be distinguished:²⁷

The counterpart

Will the successor benefit from having an equal partner in the management team who can proactively drive change in the family business while preserving its values? If so, suitable candidates will demonstrate during the selection process that they are independent, confident, proactive and ambitious.

The steward

Does the successor primarily need managers to help them implement their own visions and strategies effectively and professionally? If so, suitable candidates will show during the selection process that they are respectful, cooperative, flexible and communicative.

The governor

Do the internal successor and the family want the support of a manager who can run the business largely independently within a clearly defined governance framework, while the internal successor focuses on a more “presidential” role, preserving the family values? If so, suitable candidates will demonstrate during the selection process that they are pragmatic, hard-working and have a strong operational focus.

B Requirement Profile – Potential (future)

The management team that a business puts in place for its NextGen successors should not only see the successors through the challenging transition period itself but also continue to support them afterwards. To assess the development potential of a candidate for the NextGen management team in

this respect, it is worth looking at these four potential drivers:

Curiosity

Does the candidate seek out new experiences, ideas and knowledge? Do they actively seek feedback and adapt their behaviour accordingly?

Cognitive ability

Does the candidate proactively collect and manage a wide range of information, offer new insights, revise previous opinions and establish new priorities?

Persuasiveness

Does the candidate appeal to the emotions and logic of others to communicate a compelling vision of the organisation and foster commitment to it and its leadership?

Determination

Does the candidate drive the vision forward in the face of challenges, while continuing to seek out information that may contradict assumptions within the organisation?

CASE STUDY E

An entrepreneur who had been performing multiple management tasks alone was gradually, over a period of five years, handing over responsibility to a new management team. The board of directors was expanded, and a second level of management, which had previously been limited, was established. Ultimately, the entrepreneur retained only the overall strategic responsibility, having delegated all the other functional management tasks, thus streamlining his own management role.

Over the same period, his son (his designated successor) took responsibility for a smaller operational unit and then for a strategic transformation project. At the same time, the advisory board was rejuvenated and strengthened in certain areas. >>

²⁶ See Wolters & Najjipoor-Schütte (2021) as well as Ritter, Wagner & Sadowski (2014).

²⁷ This typology was developed based on findings from the Egon Zehnder study Management of Non-Family Talent; see Akzente: Fernández-Aráoz, Iqbal, Ritter & Sadowski (2015).

When the father himself finally joined the advisory board after the planned five years, the son took over the “slimmed-down” management position that his father had already been leading for several years, a role perfectly tailored to his skills profile.

Conclusion: By handing over responsibility early, and in stages, an outgoing senior manager will be optimally prepared for the transition to the advisory board and the handover. Their successor will find a leadership role in which they receive optimal professional and personal support from the board and the second level of management. Overall, the business benefits from a broader and more sustainable management structure.

- a) A clear, shared direction: the leadership team agrees on a common strategy and vision, establishes efficient decision-making processes, and allocates time and space for coordination meetings.
- b) A strong sense of togetherness: the team creates a safe and trusting space where it is acceptable to take risks and make mistakes.
- c) Effective coordination of leadership tasks: the leadership team can handle setbacks and learns from them. It knows how to manage conflict rather than avoid it. It creates space and time for discussions about team dynamics and holds its members accountable.
- d) Collective drive: the team is motivated and enthusiastic about achieving common goals and has trust in its capability to succeed.

C Selection process: timing and onboarding

“Onboarding” is the term now commonly used for the process of integrating new managers into their businesses. The analogy with boarding a ship is deliberate: thorough preparation makes it much quicker and easier to steer the boat. However, experience shows that onboarding management teams is anything but a surefire success, especially in family businesses and particularly during the succession phase.

The aim should be to achieve the effective integration not just of the successor but of the entire newly assembled management team. Integration here is a far-reaching goal that extends beyond traditional onboarding: new managers are not only prepared for their tasks as quickly, smoothly and sustainably as possible, but are also fully integrated into the team. The aim is to create an excellent management team. Such teams have four characteristics:

The path to this ideal management team can be seen in the context of holistic onboarding as a “Team Journey”, i.e., a shared journey undertaken by the entire management team. The M³ Team Journey²⁸ is explained here as an example. The first M, at the beginning of this journey, stands for “Measure”, or the analysis process: What are the strengths and development potential of the newly assembled team? What motivates and inspires individual members of the management team?

In the next step, the management team should summarise the results of this analysis in a joint reflection, illustrated by the second M, which stands for “Mirror”: What does the team want to prioritise? What assumptions underlie this prioritisation? What implementation path do the managers want to take together?

Then it is time for joint implementation, the M for “Move”: the leadership team consistently models the desired change and the behaviours that will lead to the shared goals.

²⁸ This is one of several models commonly used in practice; see also footnote 15.

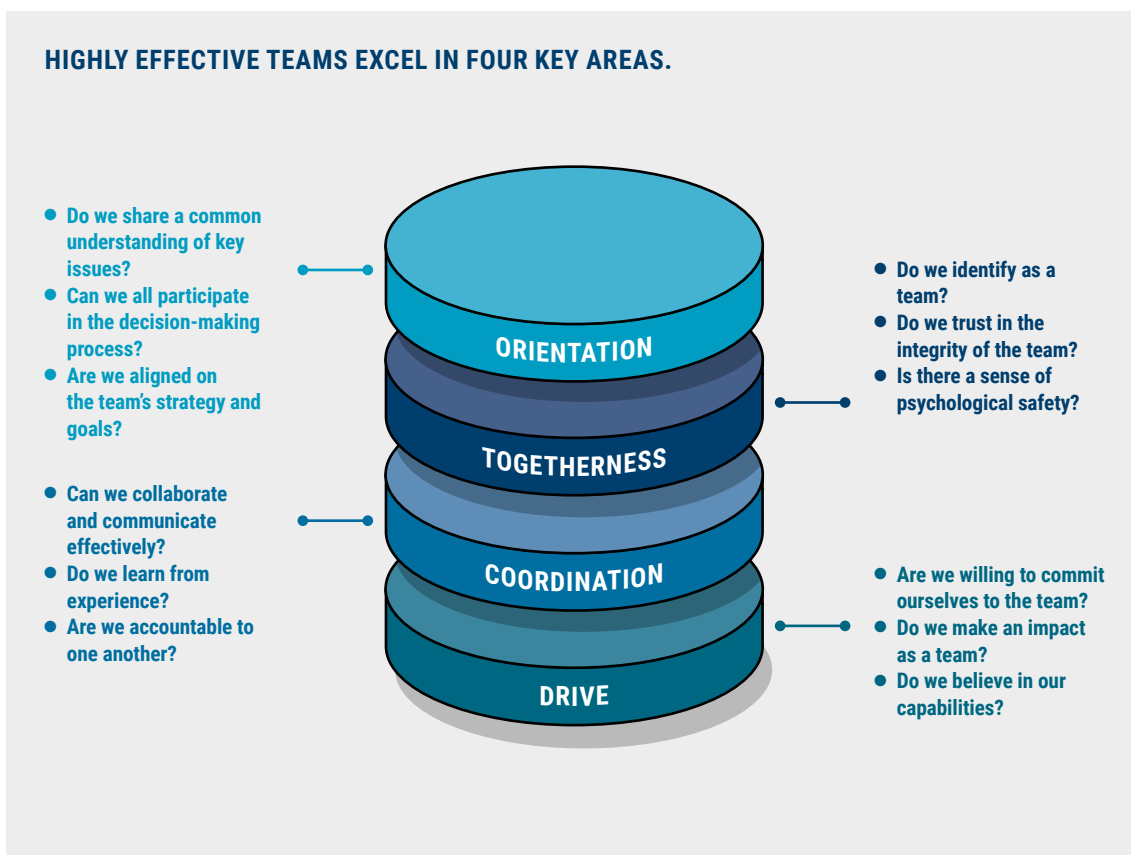


Figure 5: Orientation, togetherness, coordination, drive (own illustration)

To complete a holistic and guided onboarding process for a new management team is, admittedly, time-consuming. Instead, too many businesses still tend to welcome their new managers on a “sink or swim” basis. This can jeopardise the future viability of the entire business, especially when it comes to succession.

Practice shows that offering managers professional onboarding support can reduce the time it takes them to reach full performance by up to 40 per cent (or from six to four months).²⁹ This can be particularly critical when the handover process requires multiple managers not only to be “on board” at the right time for critical milestones but also to be “fully operational”. New managers need to take on and meet the needs of the operational

management role as quickly as possible. To this end, they need to build and win over the team; internal stakeholders need to be identified and involved; and the new manager needs to understand the corporate culture while communicating their strategic intentions convincingly.

Effective integration is possible when all the managers in the newly formed leadership team have defined their priorities in these areas before taking up their new roles. The better the support that companies offer their new leaders in this process, the sooner these new leaders can realise their full potential and ensure that the desired results are achieved quickly and measurably. This creates teams where the NextGen and SenGen work well together.

²⁹ The figures provided here are based on an internal analysis of more than 1,000 projects conducted by Egon Zehnder.

4 | CONTRIBUTION OF FAMILY BUSINESS GOVERNANCE: ADVISORY AND SUPERVISORY BOARDS³⁰

The third element on which the transferor and the successor rely during generational change is the governance team. During the succession process, the business is at its most vulnerable. A paradigm shift occurs and the issue of succession becomes a top priority. Supervisory boards are therefore particularly challenged at this time. The profile of requirements for supervisory and advisory board members and their tasks may change during this phase. This can have consequences: if generational change occurs in the operational management of the business, the same often applies to its advisory and supervisory boards.

NextGen successors often want to see younger members and new skills represented on the board in areas that are important to them personally, such as transformation, digitalisation or sustainability. When filling positions as part of the succession process, business families should not only look for an alignment in character and working style with the NextGen, but also for a good overall balance of competencies and profiles. This alignment includes shared values, similar perspectives, and the ability to understand one another effectively.³¹ For example, it may make sense to appoint board members who have practical experience of succession in family businesses, which will enable them to identify potential problems and signs of failure in the hand-over process at an early stage and make all those involved aware of the consequences of inter-generational conflict.

Not only the NextGen successor but also the SenGen representatives need a peer on the board who understands their perspective. Senior managers often move to supervisory or advisory boards after retiring from management. It is then imperative that the board contains independent and self-confident members who ensure that the outgoing manager does not try to interfere in the operational business of the board. A good strategy here can be to fill positions with “bridge builders” – candidates who are between the NextGen successor and the outgoing leader in terms of age. They can play a mediating role between the generations and bring an important additional perspective.

Members of these supervisory and advisory boards may also come from within the family. Indeed, for many families, it is vital that family members take responsibility not only in the operational management of the business but also on the supervisory boards, where they represent the family’s values and interests. In this sense, a successful succession plan for operational management will also include handing over responsibility for governance to the next generation – and organising a governance team of independent and external members who can best complement and support the family representatives on the supervisory bodies.

4.1 | THE ROLE AND RESPONSIBILITY OF THE SUPERVISORY BOARD IN THE SUCCESSION PROCESS

A professional succession process requires adherence to modern governance principles. Like other types of business, family businesses need independent oversight and a clear separation between family and business matters. Consequently, many family businesses have established professional governance structures, such as a family code of conduct or a supervisory, advisory or administrative board. These bodies play a significant role in the critical phases of the succession process, as the management of generational change ties up substantial resources within the business.

While the NextGen representatives work on developing their operational management skills and the SenGen creates the organisational and personnel conditions to prepare for the business handover, the supervisory board must maintain an objective external view of the process. It may prove beneficial to set up an HR subcommittee within the supervisory board composed of non-family board members to ensure the most objective assessment possible. This subcommittee has several essential functions:

³⁰ For the sake of simplicity and readability, the term “supervisory board” or “supervisory body” will be used throughout.

³¹ A worthwhile read on this is Obermaier (2019) and (2020).

A Monitoring and guardianship³²

The governance team should be consulted at each milestone of the succession process to assess progress. Those responsible for governance should not only ensure that the succession process and the planned milestones are designed, implemented and adjusted according to plan. They are also in effect “guardians” of the overall process: they should therefore ensure that the succession process as a whole is carried out in accordance with the family’s fundamental principles and values.

B Mentoring and coaching

Experienced supervisory board members can also position themselves as regular interlocutors and confidants for both parties involved in the hand-over. The succession process is often emotional and challenging; both sides need dialogue partners who can objectively assess what is happening and offer advice. The supervisory board members involved may also belong to the respective age cohorts of SenGen and NextGen, promoting close relationships of trust based on age.

C Corrective force and a guarantee of stability

In contrast to external advisers, supervisory board members have a secure and sustainable position: if conflicts arise between the SenGen and NextGen representatives, they can easily blame an external adviser who has been hired as a service provider and disregard any unwanted advice. A supervisory board member with a clear governance mandate cannot, however, be so easily ignored or dismissed. This can act as an important corrective in the succession process, ensuring continuity and stability. In this context, it may also be helpful to appoint a dedicated “succession officer” from the governance committee.

D Facilitation and an external perspective

A succession officer can play a moderating role between the generations and also between shareholders and management. Ideally, the supervisory board will help the board of directors or the chief executive to achieve the shareholders’ objectives in the context of succession. A certain distance from all parties involved can be helpful; the succession officer should therefore be an external candidate, or at least come from outside the family.

CASE STUDY F

As part of a succession process, a business expands the executive board and the second tier of management of the family-owned business at the operational level. At the same time, the supervisory board is rejuvenated, with younger family members and external experts joining the board. In particular, a supervisory board member with experience in succession planning from his own business joins the board. After handing over his operational responsibilities, the outgoing director takes over the chairmanship of the supervisory board.

Conclusion: The supervisory board is more diverse overall, especially in terms of age. It also includes experts who can support the strategic goals of the new CEO and who have experience in succession. The inclusion of members who bring different perspectives to the business also reduces the risk that the outgoing executive, in his new role as chairman of the supervisory board, will try to “interfere” in the operational business. If he attempts to do so, he can expect to face resistance from the rest of the board.

³² “Guardianship” refers here to the process of creating safe environments and systems that proactively consider all relevant risks and vulnerabilities in order to ensure the protection and safety of all those involved.

4.2 | INTERACTION BETWEEN SUPERVISORY BOARDS AND SHAREHOLDERS

Experienced supervisory board members act as a bridge between shareholders and management, not only during the acute phase of the business transfer, but also in the phases before and after. In addition to the long-term preservation of value and future viability, it is, however, imperative in this critical period to regularly protect the business's position, because shareholders in family businesses are far more than just investors, even if the individual ties to the family business may be rather loose in some cases. In the background lies

a historical, sometimes unwritten family strategy agreement among the shareholders that answers these questions:³³ What is the purpose of the business, and how does the family see itself? Are we an entrepreneurial family that invests where it sees fit, based on the values of the business? Or are we first and foremost an entrepreneurial family that manages the business and passes it on to the next generation? What holds the family together at its core?

Succession is an ideal time to check whether all partners still share this (hopefully) unified identity. Is it more important to strengthen the existing self-image in the context of succession or, rather, to engineer a fundamental change in it? These con-

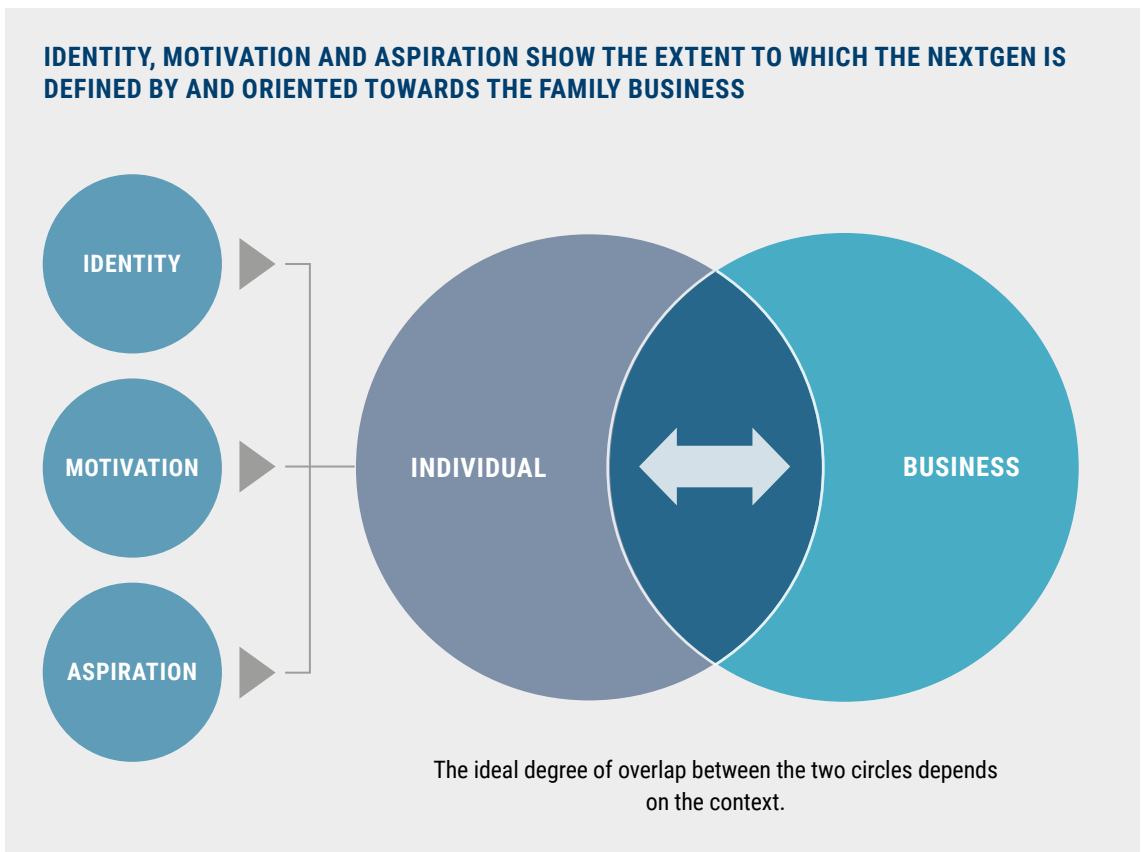


Figure 6: Identity, motivation and aspiration of the NextGen (own illustration)

³³ Ideally, this agreement is set out in a family constitution, or at least in part in the shareholder agreement (for example, in the preamble). See Rösen, v. Schlippe & Groth (2022b) for a detailed discussion.

siderations will, in turn, have an impact on the role that NextGen representatives can and will play. Depending on the phase in which the family business finds itself, a particularly high or rather lower degree of identification with the business may be advantageous.

Supervisory boards fulfil their role best when they can assess the issues surrounding both the next generation and the overall business situation. In this sense, they should understand the specific values, traditions and history involved, as well as the dynamics of the ownership structure within the succession situation, and should be able to match the DNA of the family business to management practice. Ideally, they will ensure that the three stakeholder groups responsible for the future viability of the business and the success of the succession can work together in the best possible way. At the heart of their work is a recognition that the family – and the leaders it appoints to executive and supervisory boards – form the centre of the “family gravity” that holds the family business together as a whole.³⁴ It is therefore in the interests of all concerned, not least the supervisory board members, to assess and support this family gravity.

IN FOCUS: TOGETHERNESS

The concept of family gravity³⁵ emphasises the central importance of a strong sense of togetherness within family businesses and business families, particularly during periods of succession. The aim is to create a solid foundation that enables the business to continue to thrive while keeping the family together. To achieve this, it is important to cultivate shared values and visions. This can be achieved through regular family meetings, joint activities and open communication, or targeted interventions such as facilitated workshops. Through exchanging ideas and experiences, family members share their values and visions, and work together on a long-term strategy for the business. The formation of a strong family unit strengthens the business and makes it better able to respond to external challenges. At the same time, succession planning becomes easier, as the family already has a solid common base and can therefore hand over the management of the business with a good balance of continuity and fresh impetus.

³⁴ See Fernández-Aráoz, Iqbal & Ritter (2015) as well as Fernández-Aráoz et al. (2019).

³⁵ This concept has proven effective in Egon Zehnder’s consulting practice.

5 | CONCLUSION

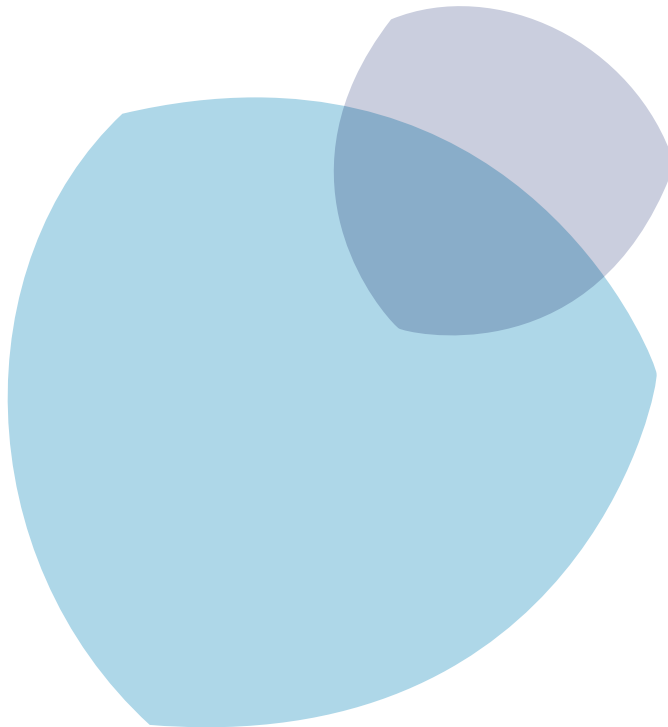
Succession is a particularly challenging and unique phase in any family business. It is always about more than just filling a single management position. Rational decision-making criteria characterise the formal side of the process, but in reality, this period is also characterised by a multitude of emotional issues. Forward-looking and holistic HR and team solutions are critical to success here and can support the transition of responsibility for managing the business to the next generation. All three stakeholder groups in the family business – the family, the management team and those responsible for governance – need to bring their specific perspectives, skills and roles to the table to make this process a success.

The first step in a good succession process is to define the strategic goals to be pursued throughout the succession. From these, the requirements for

the leadership role can be derived. The succession process should not begin until all stakeholders are on the same page in this respect.

The process aims to give NextGen a good start and enable sustainable success in running the business. In this sense, business succession can only be achieved by all parties working together. The associated role changes within the family, existing management teams, and advisory and supervisory boards can be far-reaching and require intensive but flexible planning and support.

The authors hope that this guide will contribute to successful operational succession. If the contents presented here prove helpful to the reader in the relevant processes, the authors' wish will have been fulfilled.



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The non-profit WIFU Foundation, founded in 2009, is committed to promoting not only Research and teaching, but in particular practice transfer in the field of family entrepreneurship. Our most important supporters include around 80 family businesses from German-speaking countries. The focus of our activities is the acquisition, communication and dissemination of high-quality and current issue-related knowledge on family businesses and business families.

Our funds are primarily used to establish and maintain chairs, to support research projects and to award scholarships to young scientists. One focus of our funding is to support the work of the Witten Institute for Family Business (WIFU), based at Witten/Herdecke University, with its three research and teaching areas of business administration, law and psychology/sociology. The WIFU has been making a significant contribution to the cross-generational sustainability of family businesses in the field of research and teaching for more than 25 years.

Another focus of our work is the organisation and execution of congresses and other events on family entrepreneurship-related topics. Practice-oriented knowledge and skills to promote succession in the management of family businesses within the business family are conveyed in working groups, training courses and other formats. Our events are characterised by a protected framework which provides room for an intimate and open exchange. A comprehensive and active public relations work for research results in the field of family entrepreneurship completes the range of tasks of the WIFU Foundation.

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Egon Zehnder is one of the world's leading firms in the executive search and leadership consulting field, and is the market leader in Germany. Its clients range from family businesses and large corporations to private equity firms, start-ups and public-sector institutions.

The Family Business Advisory Group supports entrepreneurial families, owners and executives in navigating the complex challenges of leadership, succession and governance across generations. Its services include the design and assessment of professional governance structures, guidance through generational transition, and the development of leadership talent within the family. The group also helps appoint advisory board and executive roles, drawing on candidates from both within and outside the family. Clients benefit from the expertise of over 600 consultants worldwide, including more than 70 based in Germany.



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